The London P&I Club

The London Steam-Ship Owners' Mutual Insurance Association Limited

Annual Report & Financial Statements for the year ended 20 February 2024

Registration number: 10341

Contents

Board of Directors & Members' Committee

Board of Directors

The following persons served on the Board during the year, and at the date on which these Financial Statements were approved (unless otherwise stated):

Chairman
John M. Lyras
Lyras Maritime Ltd.,
London

Vice-Chairmen
Robert A. Ho
Fairmont Management Ltd.,
Hong Kong

Vassilis J. Laliotis
J. Laliotis Maritime Group,
Athens

John L. Harbor*
Surrey

John L. Lawrence
London

Amnon Lion†
Eastern Pacific Shipping Pte. Ltd.,
Singapore

Ismini Panagiotidi
Pavimar S.A., Athens
Appointed 17 October 2023

John J. Raggio
Sealift LLC,
New York

Josef Sedlmeyr
Northern Shipping Holding,
Hamburg
Appointed 17 October 2023

Sophocles N. Zoullas
Zenith Shipping LLC,
New York

Managers
Ian E. Gooch
A Bilbrough & Co Ltd.,
London

Anthony G. Jones
A Bilbrough & Co Ltd.,
London

Iain Paul
A Bilbrough & Co Ltd.,
London

*** Risk Committee Chairman**
† Audit Committee Chairman

Registered address
50 Leman Street, London, E1 8HQ

Members' Committee

The following persons served on the Members' Committee during the year, and at the date on which these Financial Statements were approved (unless otherwise stated):

Chairman
John M. Lyras
Lyras Maritime Ltd., London

Vice-Chairmen
Robert A. Ho
Fairmont Management Ltd., Hong Kong

Vassilis J. Laliotis
J. Laliotis Maritime Group, Athens

John Anagnostopoulos
EPS Shipping (UK) Ltd., London
Resigned 6 May 2024

Sreeganth Bangaroo
Raffles Shipmanagement Ltd., Singapore

Marcus Dodds
Capital Maritime & Trading Corp., London
Appointed 12 July 2023

Stamos J. Fafalios[‡]
Fafalios Ltd., London

Peter Hadjipateras
Dorian LPG (USA), Stamford

John L. Harbor
Surrey

Wenguang Ji
SITC Shipping Group, Shanghai

John L. Lawrence
London

Michael C. Lemos
C.M. Lemos & Co. Ltd., London

Amnon Lion
Eastern Pacific Shipping Pte. Ltd., Singapore

Zahid Osman
MISC Berhad, Kuala Lumpur
Resigned 20 February 2024

Ismini Panagiotidi
Pavimar S.A., Athens

Vassilis Papageorgiou
Tsakos Group, Athens

John J. Raggio
Sealift LLC, New York

Nikolaos Savvas
Cosmoship Management S.A., Piraeus

Josef Sedlmeyr
Northern Shipping Holding, Hamburg

Zhongyi (John) Su
Erasmus Shipinvest Group Ltd., Athens

Shmuel Yoskovitz
X-Press Feeders, Singapore

Shen Zhao
China Shipbuilding Consulting Co. Ltd., Shanghai

Sophocles N. Zoullas
Zenith Shipping LLC, New York

[‡] **War Risks Committee Chairman**

Chairman's Report

Dear Members,

The Association's result for 2023/24 was an overall surplus of US$36.3m, lifting our free reserves to US$149.8m. I am also pleased to note a substantial improvement in our technical performance, with a combined ratio of 83.1%.

This progress was driven by several principal factors. Firstly, there was a significant reduction in the cost of random higher severity claims. Secondly, we saw the effect of action taken over recent years to restore rates and deductibles to sustainable levels. As part of this there was – and remains – a strong focus on individual fleet loss records and risk profiles, targeting an equitable contribution to a balanced underwriting result from all our Members. As I noted last year, this approach meant that there were some instances where renewal terms were not offered or could not be agreed, and there was a dip in our entered tonnage as a result. However, the strategy was supported by the vast majority of the membership and during the year now under review the Association's mutual tonnage increased by 8.9%. Following the February 2024 renewal, our mutual book stood at 44.1m gt, in comparison to 40.5m gt seen 12 months prior to that.

Additionally, the Association's investment portfolio achieved a healthy return of 5.4% and I would like to highlight the important work and effective control environment of our subsidiary and quota share reinsurer in Bermuda. On the subject of our Group more generally, we were delighted to welcome Nicos Syrimis, the Chair of our subsidiary in Cyprus, to a Members' Committee Meeting in July. This subsidiary was established to enable the continued underwriting of our EU/EEA located risks after Brexit and Nico, his fellow Directors and our local Management team oversee and arrange the discharge of its responsibilities, including compliance with the EU's Solvency II regime and engagement with the Cyprus insurance regulator, the Superintendent of Insurance.

In addition, I would like to note the work of AB Korea, the team in Seoul, and the progress that they have made in re-establishing and expanding the Association's position in the local market. This complements our progress elsewhere in Asia, where our base in Hong Kong drives our growth and supports the delivery of a top-class service in the region. The Board and Members' Committee have long recognised the strategic value of a London Club presence in key shipping centres, also including Piraeus, and the location of our global resources is something which we keep under review.

"IAN GOOCH IS STEPPING ASIDE AFTER 15 YEARS AS CEO AND 21 YEARS AS A BILBROUGH DIRECTOR, AND I WOULD LIKE TO THANK HIM FOR ALL HIS DEDICATED SERVICE TO THE ASSOCIATION, WHICH DATES BACK TO 1991."

During the year there were atrocities in the Middle East, followed by attacks on shipping in the Red Sea; and the war in Ukraine continued. Our thoughts are with the victims of such outrages. From a P&I insurance perspective, there can be implications for our reinsurance arrangements, and one of the main ramifications involves the significant attention required to what are a very wide-ranging and complex set of global sanctions – which continued to evolve in 2023/24. Connected to this, I have previously noted the valuable work of the International Group's Sanctions Committee, this being but one of the areas of IG activity which our Members' Committee considered with interest over the last twelve months. In addition to guidance on sanctions, other important IG initiatives include education and industry outreach, support for IMO's Liability Conventions, and sustainability. Our Members' Committee recently reviewed the range of IG Committees and Working Groups attending to such matters and we were pleased to note our Management's strong engagement and participation on the most active of them.

The Association's increasing attention to sustainability is described in the ESG section of the Strategic Report. As a P&I insurer, the role that we play in casualty response is fundamental and is something to which the Members' Committee gives particular attention. In recent years the Association has seen several claims which highlighted the adverse environmental impact of pollution by plastic pellets – nurdles – and in late 2023 we received reports of another such incident. These cases underline the importance of industry measures to minimise the risk and magnitude of damage caused by spills or loss of nurdles. So, it is to be hoped that during 2024 there will be progress with the regulation of the stowage, packaging and with any other relevant provisions surrounding the cargo, to enable its safer carriage. It is a subject that the Members' Committee is following closely.

During the year, we were pleased to announce that Ismini Panagiotidi and Josef Sedlmeyr had been appointed to the Association's Board. We were also delighted to welcome Marcus Dodds to our Members' Committee, from which we saw the resignation of Zahid Osman, who has our wishes for all good fortune in the future.

I would also like to note developments involving our Management. Steve Roberts stood down as a Director of Bilbrough shortly after the end of the year. Steve had been in that position since 2008 and while he will continue to assist the team, it is appropriate that I pay tribute to and thank him for his commitment to the work of the Association throughout his long service. Additionally, Ian Gooch is stepping aside after 15 years as CEO and 21 years as a Bilbrough Director, and I would like to thank him for all his dedicated service to the Association, which dates back to 1991. James Bean will take over from Ian during the year. James has extensive industry experience and knowledge and was recruited following a thorough process. He will have all best wishes from the Board, Members' Committee and our Membership for his new role. I am pleased to say that Ian will remain with us, supporting James and the team in delivering the highest standards of service and increasing our Membership, in line with the goals of the Board and Members' Committee.

John M. Lyras
Chairman

Strategic Report

PRINCIPAL ACTIVITIES

The principal activity of the Group is the provision of Protecting & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks insurance for Members on a mutual basis. The Association also provides P&I and FD&D insurance cover on a fixed premium basis for owner and charterer assureds.

KPIs

	GROSS EARNED PREMIUM	COMBINED RATIO	MUTUAL P&I TONNAGE
2023/24	**US$142.6M**	**83.1%**	**42.0M GT**
2022/23	US$136.5M	128.5%	44.6M GT

	OPERATING SURPLUS/DEFICIT	INVESTMENT RETURN	YEAR-END FREE RESERVES
2023/24	**US$36.3M**	**5.0%**	**US$149.8M**
2022/23	-US$50.5M	-3.9%	US$113.5M

FINANCIAL OVERVIEW

The Association reported an operating surplus of US$36.3m (2022/23: deficit of US$50.5m) for the financial year under review. This strong positive operating surplus lifted free reserves at the year-end date to US$149.8m (2023: US$113.5m).

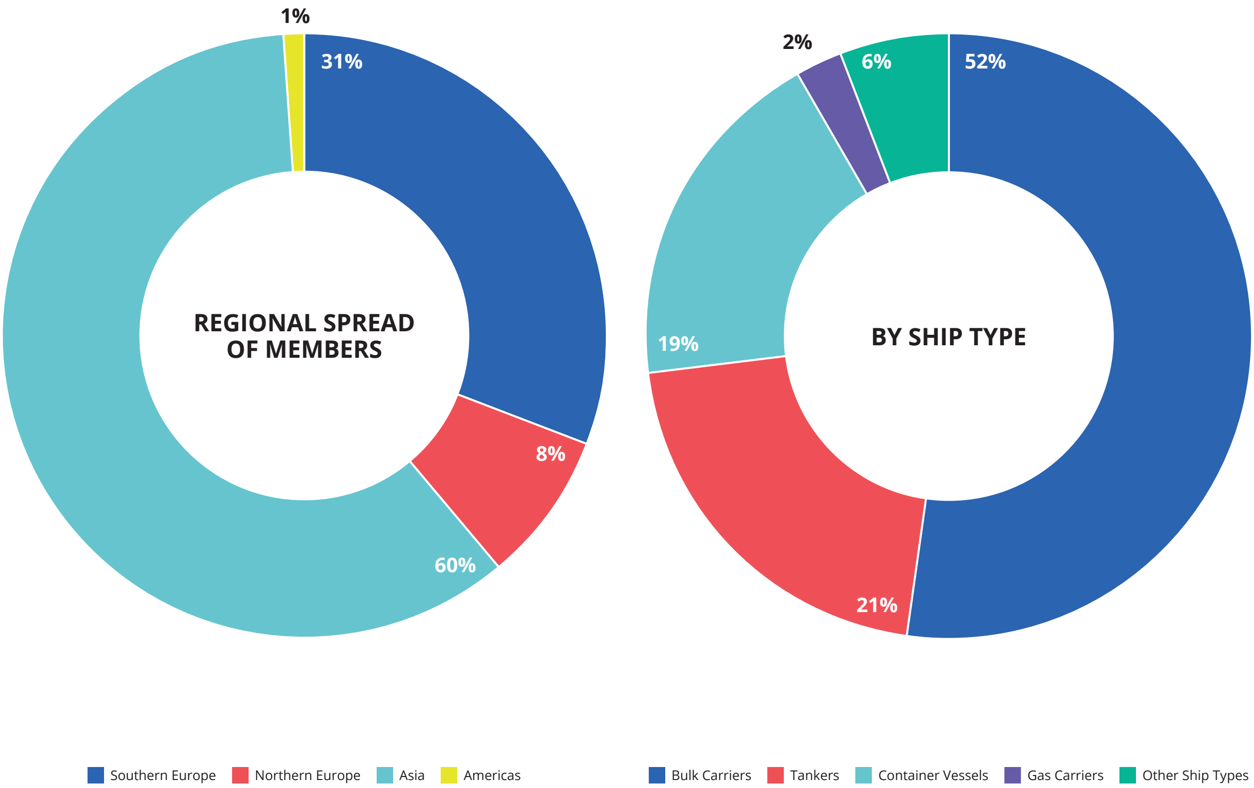
Gross earned premium income increased from US$136.5m in 2022/23 to US$142.6m in the year just ended, an increase of 4.5%. Further remedial action taken at the February 2023 renewal to bring pricing into line with claims and associated expenses was sufficient to more than offset the impact of a 5.8% reduction in Mutual P&I tonnage on risk year-on-year. The fixed premium P&I products for Charterers and the owners of smaller ships represent an important and growing segment of the Association's business, accounting for 21% of overall gross revenues in 2023/24.

The much-improved operating result for 2023/24 was attributable in the main to a favourable net incurred claims cost for the year of US$77.0m (2022/23: US$125.1m). There was an improved outturn for claims across the severity bands – in excess of US$5.0m, in the US$1.0m to US$5.0m layer, and at the sub-US$1.0m attritional level. The reduction in the latter – comprising the Association's highest frequency claims – came despite strong inflationary headwinds and provides the strongest evidence of the effectiveness of recent actions, including de-risking to improve the Association's risk profile.

The financial year combined ratio for 2023/24 was 83.1% (2022/23: 128.5%). There is already evidence of an increase in medium and higher severity claims experience in the current year, making a repeat of this exceptional technical result unlikely. The Board's core strategic objective of a balanced underwriting result in an average claims year is, however, a realistic expectation following the actions taken at recent renewals to adjust rates and terms across the product range.

The Association recognised net investment income for the year of US$17.4m (2022/23: US$18.2m loss), equivalent to a 5.0% return on the group's invested assets and cash. There was, as expected, a partial unwinding of the mark-to-market fixed income losses of 2022/23 although it took until the last quarter of the Association's financial year for this to materialise. The Investments section later in this Review provides further insight into developments in financial markets throughout the financial year.

OWNED TONNAGE PROFILE 2024/25

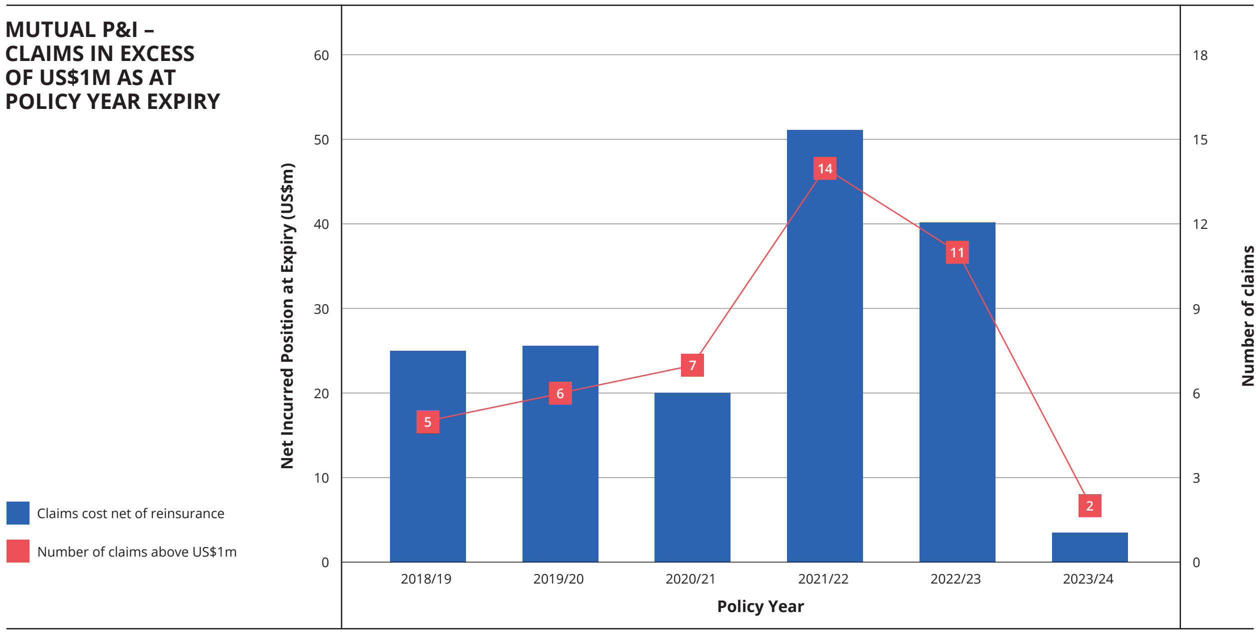


UNDERWRITING

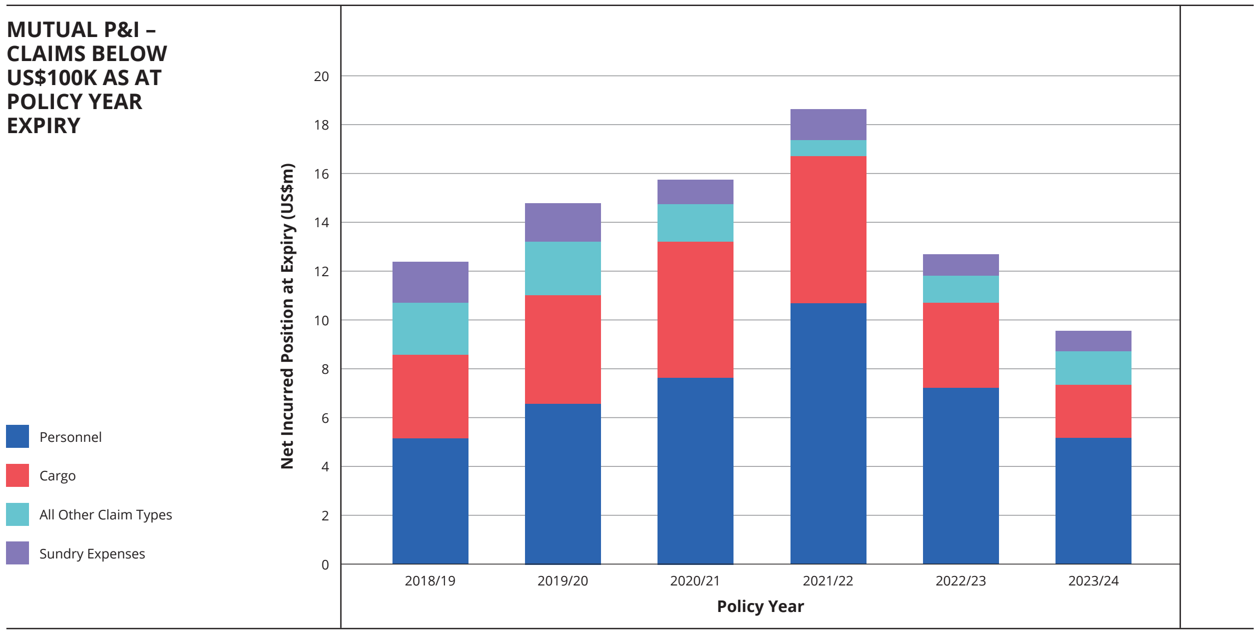
During 2023/24 the Association's mutually entered tonnage increased to 44m gt, representing year-on-year growth of close to 9%. The additional tonnage came from existing as well as 38 new Members, drawn from countries including China, Singapore and Greece and involving a range of ship types. There was also growth in the Association's fixed premium business on the charterers and smaller ships sides (the latter including further entries from assureds engaged in support for offshore wind and other construction projects), as well as in the membership of the War Risks Class.

The improvement in the Association's technical result, noted elsewhere, reflected work undertaken in recent years to address discrepancies between fleet premiums and risk profiles. As a result, rates and deductibles have been restored to more sustainable levels, which served to ameliorate the level of increases and other measures required at the February 2024 renewal, where our premium targets were met and Member retention levels were once again strong and in excess of 90%. Such continued progress provides the foundation for the further controlled business growth that forms an important part of the Association's underwriting strategy.

MUTUAL P&I – CLAIMS IN EXCESS OF US$1M AS AT POLICY YEAR EXPIRY



MUTUAL P&I – CLAIMS BELOW US$100K AS AT POLICY YEAR EXPIRY



CLAIMS

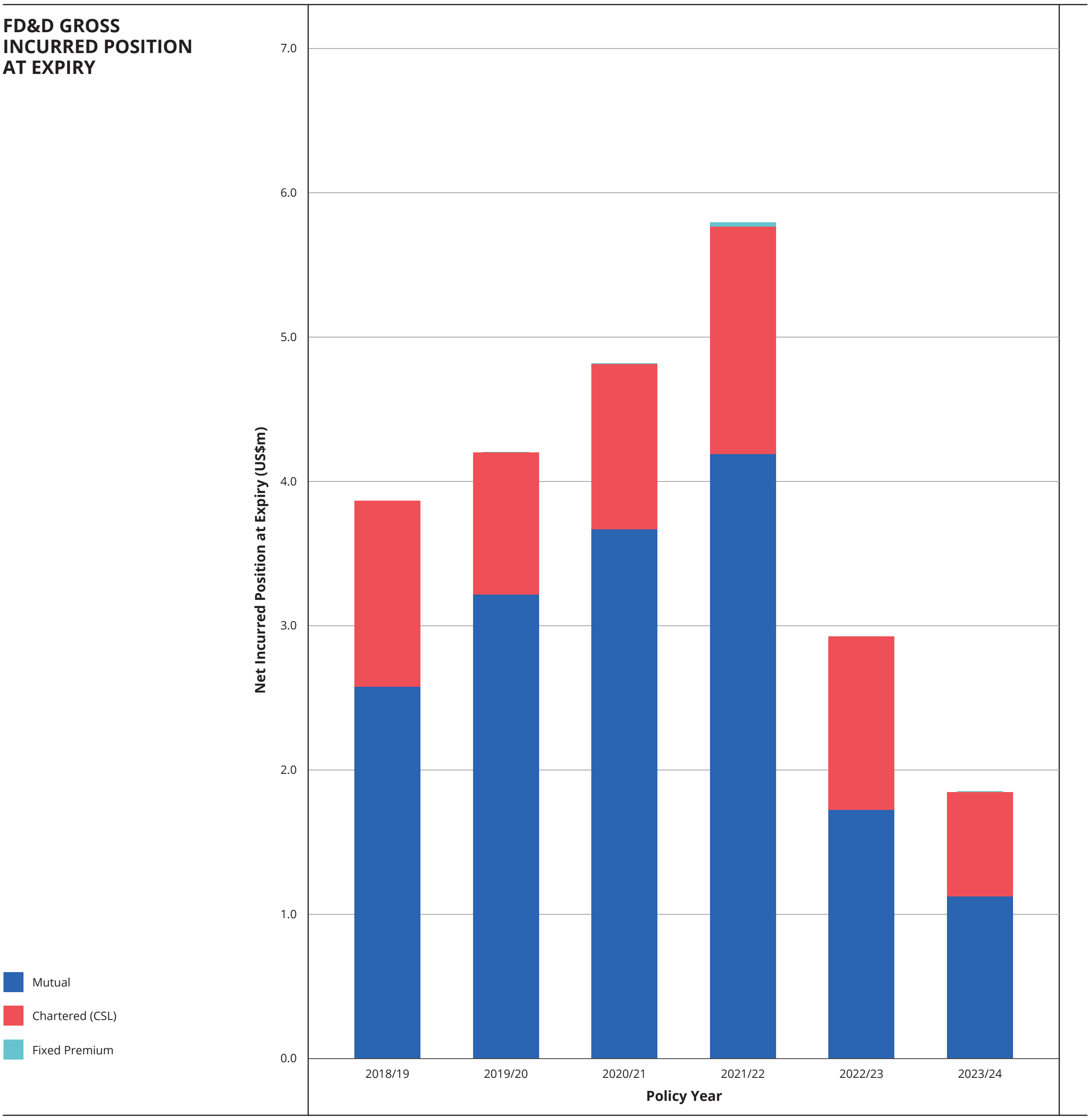
CLASS 5 – PROTECTING & INDEMNITY CLAIMS

The "at expiry" claims figures represent the strongest performance in the last decade with significantly lower claims costs across all severity bands. One of the primary drivers of the significant improvement in the net incurred position at the 2023/24 year-end was the marked improvement in the notoriously unpredictable band of high severity Mutual P&I claims – US$1.0m and above. The chart at the top of the page illustrates the volatility of these high value claims with only two US$1.0m+ Mutual P&I claims at the end of 2023/24 compared to 11 at the same point in 2022/23 and 14 "at expiry" of 2021/22. In addition to the reduced frequency, the Association's performance also benefited from the modest severity of these two claims. Neither of them were expected to cost more than US$3.0m.

The ongoing reduction in the less volatile claim size bands also merits further comment. Across the last three years, there has been a steady reduction in the total cost of attritional claims – below US$100k. The chart above breaks down the attritional claims by claim type.

The chart shows that the total cost of attritional claims has dropped below US$10m. The spike in 2021/22 was largely attributed to Covid-19 claims. The subsequent reduction in cost is the result of more than the absence of Covid-19 claims; it also reflects action to raise deductibles on the most common claim types (cargo and personnel) to offset the impact of inflation, and to de-risk the portfolio of entered business from persistent loss-making fleets.

FD&D GROSS INCURRED POSITION AT EXPIRY



CLASS 8 – FREIGHT, DEMURRAGE & DEFENCE CLAIMS

The “at expiry” total incurred cost on the Class 8 FDD business dropped below US$2.0m for the first time since 2003/04. The improved performance of the FDD product is primarily attributable to a further reduction in the total expected cost of Mutual entry FDD disputes. As can be seen from the accompanying chart, the “at expiry” aggregate cost of Mutual FDD files has dropped significantly in the two policy years since the recent 2021/22 peak, in addition to an, also welcome, drop in the year-end expected cost for Charterers’ FDD files.

Charterers’ FDD files are typically less expensive than Mutual files for two primary reasons. Firstly, the entered Charterers often seek advice from the Association’s in-house lawyers only, rather than external lawyers. Secondly, the entered Charterers are often in the middle of a chain of charterparties, meaning that any claim can be passed up or down that chain. Files of that nature tend to be less expensive than pursuing or defending the main claim, as is often the case in Owners’ FDD files.

And similar to Class 5 P&I, the lower cost of Mutual disputes is partly the result of the Association’s decision to de-risk the Owners’ Mutual product.

INVESTMENTS

After the losses of 2022, bond markets started 2023 with some optimism over the ability to generate positive returns and the expectation of bond yields stabilising at the new higher levels, perhaps even starting their descent as a result of the Central Banks' successful fight over inflation. There was, however, a period of turbulence early in the Association's 2023/24 financial year driven by the financial sector and the failure in the US of two of its smaller banks (Silicon Valley Bank and Signature Bank) within a week of each other. This sparked concern of a domino effect over the broader US bank universe and European banks were not immune either. The respective bank regulators reacted swiftly to prevent contagion, with extraordinary liquidity measures enacted in the US, while the Swiss authorities orchestrated the takeover of Credit Suisse by UBS.

The immediate market reaction was a sharp sell-off in equities, a widening of credit spreads and a drop in Government bond yields in a typical risk-off fashion. The intervention of the authorities helped to stabilise markets at the broader level, but concerns over the weaker parts of the financial sector persisted throughout the year. Treasury yields soon reverted to an upward trend, with the 10-year Treasury yield briefly touching 5.0% in October, before ending the month at 4.9%. Credit spreads, after the spike in March, tightened in the following months thanks to still solid fundamentals and robust investor demand.

The other noteworthy event in the market was the exceptional performance of most asset classes in the last two months of the 2023 calendar year, prompted by the prospect of the Federal Reserve and other major Central Banks not just reaching the end of the rate tightening cycle but also potentially looking to loosen policy in 2024. The portfolio benefited in all its components, with high single-digit returns in all its bond components and double-digit returns in equities over these two months. The remainder of the financial year was characterised by some stabilisation and partial retracement after the sharp rally at the end of 2023.

The Board kept the portfolio under regular review, with additional meetings convened at short notice in Q1 to monitor the ongoing situation with regional banks and to review duration positioning. At the start of the year the maturing US Treasury Bill holdings were reinvested into the intermediate aggregate bond universe. Treasury Bills were once again used to de-risk the portfolio in a time of heightened volatility in the early summer period, before being reinvested back into the market in August and September. The Association's Bermudian quota share entity recorded a 5.4% investment return on its portfolio of invested assets, with the wider group level return on invested assets and cash for the year coming in slightly lower at 5.0%.

The macroeconomic picture is one of continued strength in the US economy while inflation is showing some signs of stickiness around the 3% level which was first reached in June after a prolonged decline. Market consensus is now for one or two rate cuts this year in the US. The Board is mindful of the volatility still prevalent in the market, and despite being comfortable with the positioning of the portfolios, caution is being exercised.

REINSURANCE

International Group Clubs share between them their large Mutual P&I loss exposures, in excess of the individual Club retention, in accordance with the terms of the Pooling Agreement.

During 2023 the Group's 12 Member Clubs conducted a periodic review of the current risk retention levels at individual Club level and within the Pool. The view of most Clubs was that the prevailing risk retention strategy remained appropriate, and against that background no changes were made to the Club and Pool retentions for the 2024/25 policy year. All claims between the US$10m individual Club retention and US$100m, plus the first US$107m of claims within Layer One of the General Excess of Loss reinsurance programme, are retained by the Pool and shared on an equitable basis between the Member Clubs. Hydra, the Group's segregated cell captive vehicle, reinsures Clubs for their exposure to Pool claims excess of US$30m.

Claims exceeding US$100m on a per event basis, and further in excess of the first US$107m of activity retained by the Pool within the open market layer, are covered by the Group's General Excess of Loss contract (GXL). It has been a relatively benign period in 2022/23 and 2023/24 for Pool claims in terms of both frequency and individual severity. As things stand no Pool claim in either policy year is expected to exceed the US$100m GXL attachment point. The GXL has a per event limit of US$2.1bn and there is an additional US$1.0bn of overspill cover excess of US$2.1bn. The Reinsurance section of the International Group's website (www.igpandi.org) provides further details on and a diagram of the structure of the General Excess of Loss programme in 2024/25, with reference made to the introduction of separate annual aggregate limits for Malicious Cyber and for Pandemic/Covid-19 risks applicable to losses excess of US$750m.

The Association has a package of reinsurance covers in place for 2024/25 to mitigate its exposure to an unusually high frequency of medium and higher severity losses across all product lines and to support the provision of per event limits of up to US$1bn for Fixed Premium P&I and Charterers' business.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

This section of the Report considers the Association's strategy in the context of the United Nation's Sustainable Development Goals (UN SDGs).

Governance

The Association provides mutual insurance cover against P&I, FD&D and War Risks to our ship-owner Members. We also provide such covers to smaller ship and charterer assureds, as well as a number of ancillary covers, on a fixed premium basis. There have been no material changes to our Systems of Governance in the last year. The Association is governed by a Board of Directors which is supported by the Members' Committee, consisting of 23 senior representatives of the membership. The Risk Management System is overseen by the Risk Committee with support from the Reinsurance Sub-Committee. Day to day insurance operations are outsourced to the Managers, A. Bilbrough & Co. Ltd.

Strategy

In terms of ESG, the Board has set out its sustainability strategy in its Sustainability Policy with an emphasis on the eight UN Sustainable Development Goals that it believes to be most relevant to the Association's business and where we can play a meaningful part. The principal elements of the Association's ESG Strategy involve:

- Ensuring the effective discharge of our role (enabled in major cases through the collective strength of the International Group and its claims pooling and reinsurance arrangements) to provide the financial security, resources, and expertise to respond to maritime accidents and pollution events involving our entered ships, across the globe, in a timely, effective manner that minimises negative environmental impacts;

- Reducing the Association's 'in-house' emissions, including those associated with its investments;

- Supporting the sustainability related goals and activities of our stakeholders;

The Chief Executive Officer is the senior manager with responsibility for driving forward the strategy, supported by the Manager's ESG Working Group, and reporting to the Board on progress.

Risk Management

ESG risks, which cut across many areas of the business and the material risks to the Association, are captured within the Risk Register at the operational level, for example claims, underwriting, and HR, and are identified, monitored and managed by the nine ESG Working Group Members who are senior managers from these operational areas.

The unique characteristics of climate risks mean that their capture by capital frameworks requires a more forward-looking approach than used for many other risks. As reported in prior years, the Association regularly tests scenarios to ensure its risk assessment and capital adequacy remains appropriate. Climate risk scenarios were reviewed in 2023 to identify potential exposures assuming global temperatures rise by 1.5°C, 2°C, and 4°C by 2100, and whilst the climate continues to warm at an unprecedented rate, the scenarios do not impact the business plan over its three-year cycle, or the assumptions and sensitivities considered within the financial statements.

The material medium and long-term risks identified by the scenario testing are increased frequency and severity of claims (within the Association's retention and engaging the Pool) due to:

- Extreme weather with larger waves, more frequent storms, leading to an increasing number of wrecks, collisions in ports / busy anchorages, loss of containers overboard and droughts causing river/canal groundings.

- Increased costs of wreck removal and pollution clean-ups in response to national/international sustainability expectations and policies.

Our stress testing suggests that the risks identified above have the potential to increase volatility in our high severity claims experience with a 1-in-25 year scenario adding more than US$25m of additional claim costs within a policy year. Furthermore, a 50% loss on climate change-related investments could lead to a loss of approximately US$7m.

These extreme scenarios are long term in nature, although there are indications of increasing claims costs resulting from growing stake-holder expectations around claims with an environmental dimension.

The Association has made a firm commitment to comply with the Office of Financial Sanctions Implementation (United Kingdom) and all applicable international sanctions laws. We have implemented robust internal processes and an automated screening system to achieve compliance standards and, where necessary, have withdrawn or declined cover to avoid breaches of sanctions regimes. Furthermore, we recognise the importance of keeping our Members informed of current sanctions requirements. Our primary objective is to equip our Members with the relevant resources and information to assist them in adhering to regulations and avoiding any possible sanctions violations. Sanctions and financial crime issues are reported to the Board with a zero-breach target set. There were no reported breaches in the last year.

CLIMATE ACTION

+1.48°C WARMER, 2023'S GLOBAL TEMPERATURE WAS THAN THE PRE-INDUSTRIAL AVERAGE[1]

THE SUMMER OF 2023 WAS THE **NORTHERN HEMISPHERE'S HOTTEST IN RECORDED HISTORY**

THE UNITED NATIONS LATEST EMISSIONS GAP REPORT HIGHLIGHTS THAT WE ARE NOT ON TRACK TO MEET THE TARGET SET OUT BY THE PARIS AGREEMENT – URGENT AND RAPID ACTION IS REQUIRED TO CUT GHG EMISSIONS

[1] Source: EU's Copernicus Climate Change & Atmosphere Monitoring Services (2023), Reuters (2023)

Methanol dual-fuel, ***Eco Umande***, entered with The London P&I Club by X-Press Feeders

Insuring the transition

Whilst recognising that we have limited control on delivery of the targets set out in the Paris Agreement we remain committed to doing what we can to reduce the emissions in our own operations and to support our Members with their transition plans. This assistance comes in different forms, for example, through the provision of cover for new 'green' vessels. During the year we insured our first methanol dual-fuel ship, the 1200 teu *Eco Umande* entered by X-Press Feeders.

We also insured our first LNG dual-fuel vessel, the 7,000 CEU PCTC, *Lake Herman* entered by Eastern Pacific Shipping. The vessel is equipped with other green features including a shaft generator, shore and battery power, reflecting the Member's commitment to the development of green, low carbon means to support the industry's decarbonisation goals.

Supporting the development and operation of offshore wind production is another part of our strategy. We are increasing our involvement year on year, working with a number of mutual members in this field.

We have also provided recent legal and technical input to draft and support the publication of the BIMCO Dynamic Positioning (DP) Annex to the Supplytime 2017 charterparty, which provides a standardised framework for the use, maintenance, and operations of systems in the offshore sector and gives further support to the development of offshore wind farms, carbon capture, and other projects.

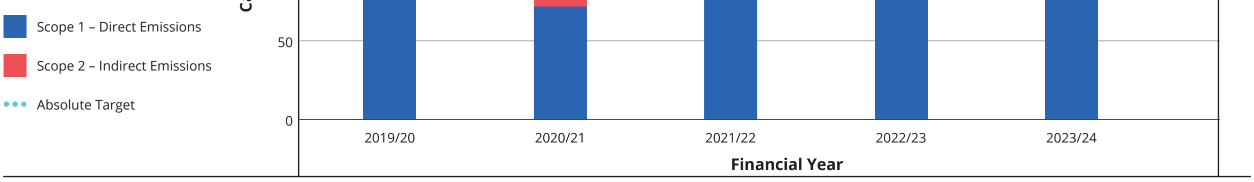
LNG Dual-fuel, ***Lake Herman***, entered with The London P&I Club by Eastern Pacific Shipping Pte Ltd

Decarbonising our operations
Within our own operations we have continued to reduce our Scope 1 and 2 emissions and remain below 50% of the 2019 levels. We continue to explore ways by which we can build on this progress, although further absolute reductions are likely to be difficult to achieve in the absence of new technologies, or a significant capital investment.

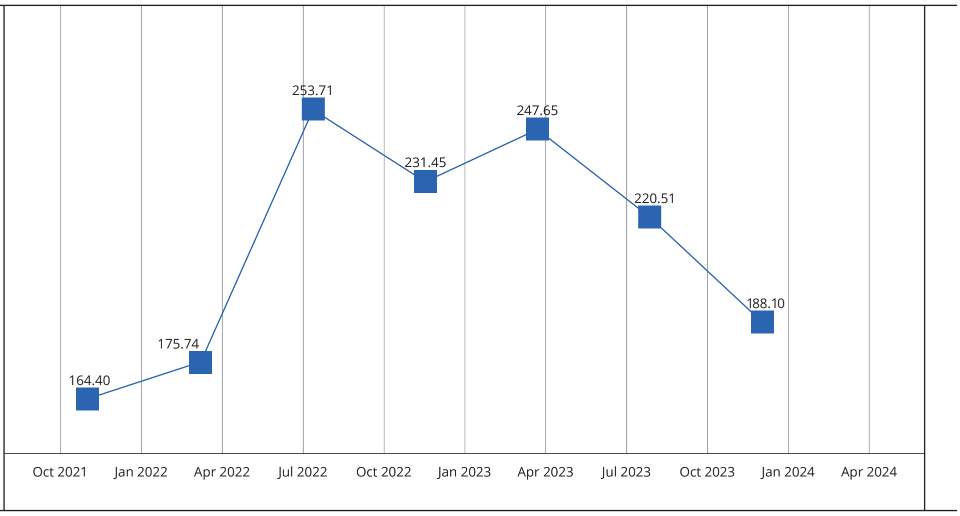
Streamlined Energy & Carbon Reporting (SECR) tCO_2e for 2023-24 for the Club and its Managers.

Type of emission	Activity	Units	Raw Consumption	Emission tCO_2e	% of total
Direct (Scope 1)	Natural Gas	kWh	508,047	92.93	15.43%
	Heating Oil	Litres	648	0.16	0.02%
	Subtotal			***93.09***	
Indirect (Scope 2)	Purchased Electricity (market-based)	kWh	426,796	28.80	4.8%
	Subtotal			***28.80***	
Indirect (Scope 3)	Water	m^3	490	0.2	0.03%
	Waste	Tonnes	14	0.3	0.05%
	Business Travel	km	723,883	373.4	62.22%
	Employee Commuting			68.0	11.33%
	Working from Home			36.4	6.07%
	Subtotal			***478.20***	
	Total Emissions (tCO_2e) (market-based)			**600.09**	

COMPARISON OF EMISSIONS AGAINST INTERNAL TARGET TO ACHIEVE 50% REDUCTION IN SCOPE 1 & 2 tCO_2e BY 2030 AGAINST A 2019/20 BASELINE



PORTFOLIO WEIGHTED SCOPE 3 CARBON INTENSITY (TONNES PER $1M INVESTED)



Water Usage & Waste Management

Water usage is again not material given the number of employees working on a hybrid basis, although there has been an increase to 715m^3 over the last year.

During the last year, the waste managers for the London office were changed and as a result, waste no longer goes to landfill, and we have increased the percentage being recycled to 54%.

Life Below Water

We are committed to supporting ocean protection initiatives and the Association's role (enabled in major cases through the collective strength of the International Group and its claims pooling and reinsurance arrangements) is to provide the financial security, resources, and expertise to respond to maritime accidents and pollution events involving our entered vessels, across the globe, in a timely, effective manner that minimises negative environmental impacts.

Our daily work involves loss prevention initiatives to reduce the risk of an incident that might adversely impact the marine environment, and to clean-up the result of any incident sensitively and rapidly.

Ships entered with the Association are members or associates of ITOPF to ensure technical expertise is on-hand to respond to a pollution incident. Additionally, the Association is a member of HELMEPA, the Hellenic Marine Environment Protection Association, whose goal is to raise environmental consciousness amongst the local maritime community. Our ship inspection programme attends more than 250 vessels per year focusing on all aspects of operations, including "Environmental Protection", where procedures, equipment and record keeping are cross-checked against the highest industry standards.

In last year's report we highlighted the salvage of the *X-Press Pearl* and the related pollution prevention. We are pleased to note that Shanghai Salvage have now successfully lifted the forward section of the wreck onto a semi-submersible vessel for processing. As can be seen from the photos on this page this was a demanding lift in a technically challenging location, which now leaves the area free of potentially hazardous material.

The experience gained from the work carried out on the *X-Press Pearl* and in particular the clean-up of plastic pellets, or 'nurdles', has also been shared through the International Group of P&I clubs and IMO, aimed at feeding into better industry guidance for improved and safer new operating practices for the carriage of this cargo, thereby reducing the risk of damage to the ocean environment and marine life.

SOCIAL

Reduced inequalities

We respect the human rights of all our employees. All have access to grievance mechanisms and whistleblowing procedures, through which complaints and disputes can be resolved effectively. There have been no such complaints in the last 12 months.

We aim to make a positive contribution to society in the countries in which we operate, supporting the rule of law and maintain a policy to prevent modern slavery and combat human trafficking within the supply chain, alongside compliance with the requirements of the UK's Modern Slavery Act 2015.

Decent Work & Economic Growth

The importance of well trained, diverse and motivated employees is essential to deliver the service which our Members expect. The Managers aim to ensure employees are paid competitive salaries and have a good work/life balance whilst standing ready to react to Members' enquiries at all times. Non-discrimination and anti-harassment policies as well as a comprehensive grievance process are in place. All staff receive training on these policies as part of their formal induction process as well as ongoing training and professional development to improve service, productivity and support the growth of the Association's business. For example, all employees completed training on ESG in the Summer of 2023 and all customer facing employees undertook at least 15 hours of training during the year.

Good Health & Well-being

Our sustainability and loss prevention work embraces people, aiming to avoid accidents on board Members' ships and including membership of the International Seafarers' Welfare and Assistance Network (ISWAN), a network of international organisations committed to promoting and improving the welfare of seafarers. Their support programme includes several direct welfare services to seafarers and their families, including the free, 24-hour, multilingual helpline "SeafarerHelp" which ensures immediate help and support is available at any time of day, anywhere in the world.

The Managers also provide a comprehensive package of health benefits to its employees, has implemented additional well-being initiatives over the last year and continues to provide a safe working environment with zero employee injuries in the year.

On 10 May, 18 employees took part in a cleaning event on the banks of the River Thames by Battersea Bridge. The team collected at least 100 bin bags worth of wet wipes, plastics, and other litter which makes a tremendous difference to the ecosystem of the river and the ocean downstream, and as a result also increases resilience in our fight against climate change.

Members of our Greek team also participated in the annual HELMEPA organised beach clean-up for a safer and cleaner environment.

The Club is proud to be a sponsor of the ASTO Cowes Small Ships Race which on Saturday 7th October, enabled 160 young people to take to the water. This youth charity sailing race is organised by ASTO (Association of Sail Training Organisations), a charity promoting Sail Training in the UK, and sees trainees aged between 12 and 25 onboard Sail Training vessels compete in a "round the cans" race in the Solent. This year's race included 17 vessels from UK Sail Training organisations, all of whom take young people to sea for personal development.

Diversity & Inclusivity

As part of our ongoing 'culture' programme we are working to improve the culture of inclusion, diversity and equal opportunity and have recently undertaken a survey of staff to collect additional data to inform future activity in this area.

SECTION 172(1) STATEMENT

The following section describes how the Directors have performed their duties under Section 172(1)(a)-(f) of the Companies Act 2006. S172 sets out a series of matters to which the Directors must have regard in performing their duty to promote the success of the Association for the benefit of its Members, which includes having regard to other stakeholders.

Board decisions and their impact on stakeholders

The Board operates a programme of standing agenda items appropriate to the Association's operating and reporting cycles. These include items for formal approval such as the Annual Report and Financial Statements, financial forecasts and the Business Plan, Board and sub-committee Terms of Reference, the Management Responsibilities Map and material Association policies, which ensure high standards of business conduct. The Board sets the risk appetite for the Association, monitors risk indicators and takes any decisions required to ensure the Association continues to operate within its risk appetite. The Board also receives updates from its sub-committees, from business functions on performance and operations, and updates on progress against strategic objectives.

THE TABLE BELOW SETS OUT SOME EXAMPLES OF KEY DECISIONS TAKEN BY THE BOARD DURING THE YEAR, AND HOW STAKEHOLDER VIEWS WERE TAKEN INTO ACCOUNT:

Decision	How we took stakeholders into account	Long-term implications
Sustainable Pricing & Improving technical performance	**Members/Assureds, Regulators and Rating agencies** During 2023, the Board focused on monitoring the performance of the Association in light of the 2023 renewal strategy to strengthen the Association's technical performance and financial position. During the setting of the renewal strategy for 2024, the Board paid particular attention to achieving profitable business volume growth. The Board also focused on further strengthening the Association's service offering to Members.	• Improve underwriting decisions. • Improve the Association's financial strength. • Maintain and improve S&P rating. • Generate sustainable long-term growth.
Investments	**Members/Assureds, Regulators and Rating agencies** Following significant volatility in investment markets and the prospect of a decrease in US bond yields, the LSSO Bermuda Board resolved to retain the current duration positioning of investments rather than move to the short end of the curve. The anticipated fall in yields was sharper than expected, and the LSSO Bermuda portfolio recorded a return of 5.4% in the financial year.	Prudent financial management supports the long-term success of the Association and reduces the risk of Supplementary Calls being required from Members.
Governance, Risk and Compliance	**Members/Assureds, Regulators and Rating agencies** Over the past year, the Board's focus has been on strategy, improving technical performance, and governance, including succession planning. The Board's active involvement in risk management and compliance developments is evident through its continuous review of management reports and top-down risk assessments. This not only ensures that the organisation operates within the bounds of legal and ethical frameworks but also sets a strong foundation for sustainable growth and success.	The Board's continuous involvement in the improvement of the governance, risk and compliance affairs of the Association is crucial for its success.
Sustainability	**People, Regulators and the wider community in which the Association operates.** The Board has reviewed progress against its ESG objectives as set out in the Association's Sustainability Policy. During July's Board meeting, an updated Modern Slavery Statement was also approved, setting out the steps the Association has taken to prevent modern slavery and human trafficking in its businesses and supply chains.	Progressing the Association to net zero thus reducing our impact on the environment and supporting the well-being of the Planet for future generations. Helps protect the Managers' employees and individuals who work within our suppliers.
Maintaining Reputation	**Members/Assureds and Regulators** The Board is responsible for maintaining a high standard of business conduct and reputation. It is their duty to establish, monitor, and uphold the culture, values, standards, ethics and reputation of the Association to ensure that obligations to stakeholders are met.	• Improving compliance with regulatory and industry standards and expectations • Working with stakeholders to understand their issues and helping to resolve them

Engaging with our Stakeholders
The stakeholders most affected by Board decisions are our Members and Assureds, the Managers and their employees, and our regulators. Throughout 2023 the Board and Senior Management have maintained strong relationships with our stakeholders, and kept all parties fully informed of the major decisions which impact them.

Members and Assureds
During 2023, the Association continued holding Members' Committee meetings at least four times a year. This enabled the Board to consult with Members' representatives prior to taking significant decisions affecting Members and Assureds in relation to the renewal strategy and payment of large claims, thus ensuring fair treatment of the membership.

Our People
The Association's people are the employees of its Managers and the Board has supported Management with its efforts to ensure their safety and well-being. Hybrid working arrangements implemented post Covid-19 have been operating efficiently during 2023, and further feedback has been sought and received from staff on its effectiveness and potential for improvement. The Employee Focus Group is in place to ensure that staff have a 'voice' and are able to influence the culture of the organisation.

Regulators
As an insurance company, the Association is subject to financial services regulations and approvals in all the markets in which we operate, and the Board is kept informed of regulatory change and any issues arising where action is required to be taken by them. We remain open and cooperative in our engagement with our regulators. During 2023, the main areas of regulatory attention were the Association's solvency position and operational resilience framework, as well as the actions being taken to strengthen its performance.

Community and wider environment
The Association continues to provide support to seafarers and through its association with the International Seafarers Welfare and Assistance Network (ISWAN) to provide additional support to vulnerable seafarers.

The Board has continued to support human rights by ensuring the application of strict sanctions controls across the Association. During the year this led to decisions being taken to withdraw cover from tanker fleets known to be switching off their AIS and alleged to be involved in breaching sanctions against various states, including Russia, Iran, North Korea and Venezuela.

In accordance with the Association's Board approved Sustainability Policy, steps have been taken to reduce our Green-House Gas emissions (GHG) and we continue our loss prevention activities and initiatives aimed at preventing environmental damage from pollution following a maritime accident, with particular recent attention on plastics pollution of the oceans.

INTERNATIONAL GROUP

The International Group of P&I Clubs (IG) monitors the operation and reinsurance of its claims pooling arrangements, making changes when necessary so that they can continue providing the Association and the other participating Clubs with efficient high level reinsurance protection. In turn, these arrangements underpin the key role that the IG plays in supporting global regimes to compensate victims of maritime accidents and protect people, the environment and property.

The IG's collectively stronger approach also supports the cohesive addressing of a wide range of industry issues, through the work of specialist Committees and Working Groups. As noted in the Chairman's Report, members of our Management team are active participants on many of these. Further information about the IG's activities, including its strategic goals, can be found on its website: www.igpandi.org.

PRINCIPAL RISKS & UNCERTAINTIES

A description of the principal financial risks and uncertainties the Association faces on a recurring basis is set out at Note 4 to the Financial Statements.

This Strategic Report was approved by the Board on 11 June 2024 and signed on its behalf.

Ian E. Gooch

Directors' Report

COMPANY REGISTRATION: 10341

PRINCIPAL ACTIVITIES

The principal activity of the Association is the provision of Protecting & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks insurance for Members on a mutual basis. The Association also provides P&I and FD&D insurance cover on a fixed premium basis for owner and charterer assureds. The Chairman's report on pages 6 and 7 and the Strategic Report on pages 8 to 19 report on these activities and the financial results of the Association for the year together with likely future developments.

DIRECTORS

The members of the Board are Directors of the Association for the purposes of the Companies Act. The present members of the Board are listed on page 4.

The following Board members will retire by rotation and, being eligible, offer themselves for re-election:

Ismini Panagiotidi
Josef Sedlmeyr
John M Lyras
Amnon Lion
Robert A Ho

As permitted by section 236 of the Companies Act 2006, the Association has purchased and maintained insurance cover for members of the Board against qualifying third-party indemnity provisions in relation to the Association.

MEMBERS' COMMITTEE

The following Members' Committee members will retire by rotation and, being eligible, offer themselves for re-election:

Marcus Dodds
John M Lyras
Vassilis J Laliotis
Vassilis Papageorgiou
John J Raggio
Zhongyi (John) Su
Stamos J Fafalios

FINANCIAL INSTRUMENTS

Information on the use of financial instruments by the Association and its management of financial risk is addressed in Note 4 to the financial statements. The Association's exposure to cash flow risk, credit risk, liquidity risk and market risk is addressed in Note 4 to the financial statements.

FUTURE DEVELOPMENTS

Future developments for the Association are discussed in the Strategic Report.

GOING CONCERN

In accordance with the requirements of Financial Reporting Standard 102, Section 3.8, the Board of Directors has assessed the Association's ability to continue as a going concern. An entity is a going concern unless its management either intends to liquidate the entity or cease trading, or it has no realistic alternative but to do so.

The Association's financial position, its cash flows and liquidity position all form part of these financial statements. Principal risks and uncertainties are set out in Note 4 to the Financial Statements and include reference to the Association's objectives for managing capital in line with its financial risks as set out in its Solvency & Financial Condition Report.

The Financial Statements for the year ended 20 February 2024 report an operating surplus for the year of US$36.3m. Management actions taken at recent renewals to de-risk the book and increase rates to more sustainable levels, along with some good fortune regarding the more fortuitous higher severity claims, each contributed to the much-improved technical result. Investments also made an important positive contribution to the operating result being reported for 2023/24. The Association's financial strength was robust at the commencement of the financial year and has been further enhanced by the positive operating result for the year under review. Full details of the Association's regulatory solvency position at 20 February 2024 are provided in Section 5 of the Association's Solvency & Financial Condition Report.

A forward-looking assessment of the Association's operating performance, free reserves and solvency ratio, has been undertaken by Management. The multi-year financial and solvency projections forming part of the Association's 2023 group ORSA provided reassurance as to the adequacy of the Association's financial resources over the business planning period covered by the ORSA, including in a range of different stressed scenarios.

The Association is exposed to a number of financial and insurance risks, as set out in Note 4 to the Financial Statements, which could negatively impact Management's best estimate projections for future operating performance and financial strength. The Association's Capital Management plan lists a 'toolkit' of potential management actions for the Board to consider if there is ever a need to remedy a future capital deficiency. The Association is a mutual organisation and one potential Management action is for the Board to exercise its contractual right to set Supplementary Calls on the Mutual Members. The contractual right permits the Association to recognise an amount of capital for solvency purposes, as approved by the Prudential Regulation Authority. The current approved amount is US$50m.

The Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date when these financial statements were approved and signed. Accordingly, the Board considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

STATEMENT OF ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS IN A BUSINESS RELATIONSHIP WITH THE ASSOCIATION

Information on the Association's engagement with suppliers, customers and those in a business relationship with the Association are discussed in the Strategic Report.

BRANCHES

The Association is headquartered in London and has branch offices in Greece and Hong Kong. These branch offices are segments of the Association and are not separately incorporated legal entities.

ENERGY AND CARBON REPORTING

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2019 (the Regulation) require the Group to report publicly on its UK energy use and carbon emissions as the Group has annual turnover in excess of GBP36m and a Statement of Financial Position balance in excess of GBP18m. However, as the entirety of the management of the business is outsourced and managed by A. Bilbrough & Co. Limited, the Group has no control over these costs. This would classify the Group as a low energy user and therefore no disclosures have been made.

DISCLOSURE TO AUDITORS

Each of the persons who are Board members at the time when this report is approved has confirmed that:

a) In so far as each Board member is aware, there is no relevant audit information of which the Association's auditors are unaware; and

b) Each Board member has taken all the steps that ought to have been taken as a Board member in order to be aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This Directors' Report was approved by the Board on 11 June 2024 and signed on its behalf.

Ian E. Gooch

Notice of Meeting

Notice is hereby given that the 148th Annual General Meeting of the Members of The London Steam-Ship Owners' Mutual Insurance Association Limited will be held at Hotel Grande Bretagne, 1 Vasileos Georgiou A' str., Athens, Greece, 105 64 at noon on Wednesday 16 October 2024 or as soon thereafter as the meeting of the Members' Committee closes, for the following purposes:

1. To receive and consider the Financial Statements for the year ended 20 February 2024 and the reports of the Board and Auditors.

2. To re-elect members of the Board and the Members' Committee.

3. To appoint Auditors and fix their remuneration.

4. To transact any other ordinary business of the Association.

By Order of the Board

A Bilbrough & Co Ltd.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these Financial Statements, the Directors are required to:

1. Select suitable accounting policies and then apply them consistently;

2. Make judgements and estimates that are reasonable and prudent;

3. Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;

4. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of the London Steam-Ship Owners' Mutual Insurance Association Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The London Steam-Ship Owners' Mutual Insurance Association Limited (the 'parent company') and its subsidiaries (the 'group' or 'London P&I Club'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 20 February 2024 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103, "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income and retained earnings;
- the consolidated statement of financial position;
- the statement of financial position-parent company only;
- the consolidated statement of cash flow; and
- the related notes 1 to 23 (excluding the parts of note 4.5 (capital management) which are marked as unaudited).

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of claims incurred but not reported (IBNR) for the P&I Mutual class assumption.
Materiality	The materiality that we used for the group financial statements was $4,500,000 which was determined on the basis of net assets.
Scoping	The audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.
Significant changes in our approach	There were no significant changes to our audit approach in the current year.

4. Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- assessing the financial performance of the London P&I Club, including earned premium, net surplus before taxation, investments, cash position, insurance liabilities and net assets, by performing a comparison analysis of the current year versus the prior year-end position;
- evaluating the capital position of the group, the capital resources available and the feasibility of actions available to the directors over the next 12 months;
- evaluating management's forecasts for the 12-month period from the date of approval of the financial statements to assess that the going concern basis of accounting remained appropriate. This included assessing the Own Risk and Solvency Assessment ("ORSA"), prepared in accordance with the group's regulatory requirement, and its assumptions for reasonableness;
- assessing the historical accuracy of past forecasts; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

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

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of claims IBNR for the P&I Mutual class assumption

Key audit matter description	The group is required to provide for the cost of settling claims that it has incurred on the business it has written in the year, referred to as insurance liabilities which amounted to $490m as at 20 February 2024 (2023: $543m). These insurance liabilities constitute 93% of the group's gross liabilities and are a key area of management judgement. They also have a high degree of estimation uncertainty resulting in a wide range of reasonable outcomes. Our key audit matter relates to the most judgemental assumptions within the P&I Mutual class (non-latent), and future number and cost of claims within the US and UK Mesothelioma exposures for the latent claims. The valuation of reserves associated with these claims relies significantly on assumptions about the future volume of claims, as disclosed in note 2.2.7. This is also disclosed as a critical judgement or key source of estimation uncertainty in note 3.1. Further details are also included within note 17 to the financial statements.
How the scope of our audit responded to the key audit matter	Our procedures included: • obtaining an understanding of relevant controls around the setting of the assumptions used in the valuation of IBNR; • evaluating the integrity of the data used in the actuarial calculations by agreeing to the underlying records. With the involvement of our actuarial specialists we: • reviewed management papers for Mesothelioma and P&I Mutual class (non-latent) IBNR and challenged the actuarial methodologies used to determine whether they are reasonable and supportable through comparison to the wider market; • assessed the reasonableness of management's assumptions with regard to the expected future curve, average cost, future average claims cost inflation rate of reported Mesothelioma claims, including variation to prior periods by: – assessing the supporting data and data trends provided, – comparing to other market data where available, – evaluating the rationale and appropriateness of judgements made by management
Key observations	Based on the work performed we concluded that the valuation of claims IBNR for the P&I Mutual class assumption was appropriate.

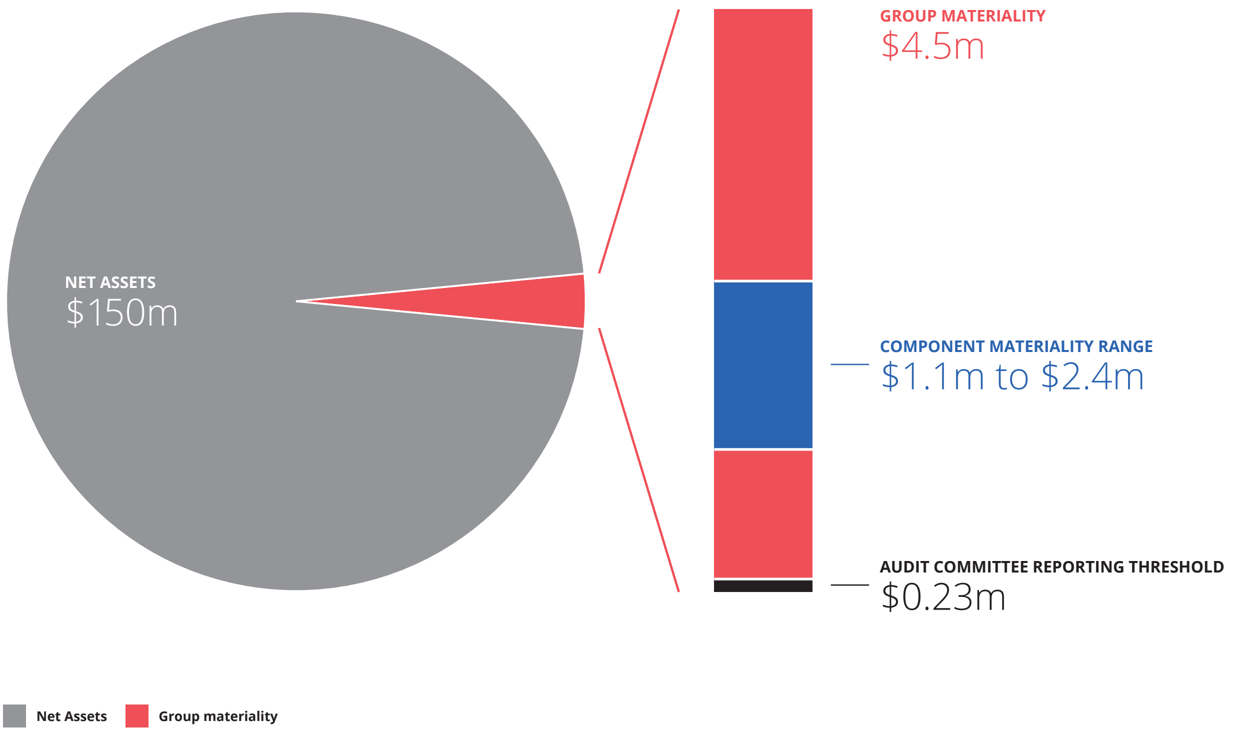
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	$4.5m (2023: $3.2m)	$2.4m (2023: $2.6m)
Basis for determining materiality	3% of net assets (2023: 2.9% of net assets).	0.5% of gross insurance liabilities (2023: 0.5% of gross insurance liabilities)
Rationale for the benchmark applied	We have determined net assets as the most appropriate basis for our materiality of the group, as a key focus of members and subsidiaries of the group is whether the group has sufficient capital to pay future claims.	We have determined insurance liabilities as the most appropriate basis for our materiality of the parent company, it informs members of the solvency of the parent company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2023: 60%) of group materiality	65% (2023: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • we identified an isolated misstatement in the prior period which was uncorrected; • our assessment of the control environment and our findings related to IT and business controls.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $225k (2023: $160k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The scope of our audit work was determined by obtaining an understanding of the entity and its environment and assessing the risks of material misstatement at the component level.

The group is comprised of the parent company and its subsidiary undertakings. This includes the London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited ("LSSO Bermuda"), the LSSO cell of Hydra Insurance Company Limited, a Bermudan segregated cell company, and the London P&I Insurance Company (Europe) Limited ("LSSO Europe").

We performed full scope audits on the parent company and the LSSO Bermuda. This resulted in a coverage of 97% of group revenue (2023: 97%), and 99% of net assets (2023: 99%).

We performed analytical procedures at the group level of LSSO Europe.

The audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team to component materiality.

Component materialities ranged from $1.1m to $2.4m (2023: $1.6m to $2.6m).

7.2. Our consideration of the control environment

We identified the financial reporting, underwriting, claims and reserving cycles to be the most relevant to the audit and obtained an understanding of the relevant controls related to these cycles.

With the assistance of our IT specialists, we also obtained an understanding of the relevant IT controls within the cycles.

We have completed walkthroughs of management's processes and controls over the key cycles, and as a result of our work have not been able to rely on controls as part of our audit approach.

We have raised our IT and business control findings to management and those charged with governance.

7.3. Our consideration of climate-related risks

As part of our audit, we have considered the impact of climate change on the group's operations and its impact on its financial statements. Whilst management have a sustainability policy in place, and are actively seeking to reduce their emissions, they have not identified any principal risks or uncertainties related to climate change. We obtained an understanding of management's process for reporting and monitoring the impact of climate related risks that are relevant to the Group, by obtaining their climate risk register, and reviewing the minutes of their ESG Working Group.

We performed our own risk assessment of the financial impact of climate risks on the financial statements. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks may impact their valuation.

We have read the disclosures relating to climate risks in management's strategic report on page 15 and the annual report and considered whether they are materially consistent with knowledge obtained from our audit.

8. Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

11.1. Identifying and assessing potential risks related to irregularities
In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:

  – identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  – detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  – the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including actuarial, tax, and IT, specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the Valuation of claims IBNR for the P&I Mutual class assumption. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the regulations of the Financial Conduct Authority (FCA) and Prudential Regulatory Authority (PRA).

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of claims IBNR for the P&I Mutual class assumption as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with FCA and PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the resolution at the Annual General meeting, we were reappointed by The London Steam-Ship Owners Mutual Insurance Association on 13 January 2022 to audit the financial statements for the year ended 20 February 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 3 years, covering the years ending 20 February 2022 to 20 February 2024.

14.2.Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Addis (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

11 June 2024

Consolidated Statement of Comprehensive Income and Retained Earnings for the year ended 20 February 2024

	Note	2024 US$'000	2023 US$'000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned Premiums, Net of Reinsurance:			
Calls & Premiums		**142,628**	136,460
Reinsurance Premiums		**(25,558)**	(25,173)
Net Earned Premium	**6**	**117,070**	111,287
Foreign Exchange Gains/(Losses)		**133**	(394)
Allocated Investment Return transferred from Non-Technical account		**17,240**	(17,840)
Claims Incurred, Net of Reinsurance:			
Gross Claims Paid	**7**	**(146,867)**	(193,587)
Reinsurance Recoveries	**8**	**37,929**	91,762
Net Claims Paid		**(108,938)**	(101,825)
Change in Provision for Claims:			
Gross Amount		**53,198**	49,002
Reinsurers' Share		**(21,232)**	(72,262)
Net Change in Provision for Claims		**31,966**	(23,260)
Net Incurred Claims		**(76,972)**	(125,085)
Net Operating Expenses	**10**	**(20,296)**	(17,919)
Balance on Technical Account		**37,175**	(49,951)
NON-TECHNICAL ACCOUNT			
Balance on Technical Account		**37,175**	(49,951)
Investment Income	**9**	**12,257**	(315)
Unrealised Gains/(Losses) on Investments		**8,784**	(14,990)
Unrealised (Losses) on Investment Property		**(2,080)**	(782)
Investment Expenses		**(1,721)**	(1,753)
Allocation of Investments to Technical Account		**(17,240)**	17,840
Net Surplus/(Deficit) before Taxation		**37,175**	(49,951)
Taxation Expense	**11**	**(867)**	(526)
Net Surplus/(Deficit) after Taxation		**36,308**	(50,477)
Accumulated Reserves at 20 February 2023		**113,526**	164,003
Accumulated Reserves at 20 February 2024		**149,834**	113,526

There are no other items of comprehensive income other than those included in the Consolidated Statement of Comprehensive Income and Retained Earnings.

The notes on pages 34 to 52 form part of these Financial Statements.

Consolidated Statement of Financial Position as at 20 February 2024

Company number: 10341

	Note	2024 US$'000	2023 US$'000
ASSETS			
Investment Property	15	**16,833**	18,470
Financial Investments	14	**349,441**	297,948
Reinsurance Assets	17	**218,471**	239,703
Provision for unearned Reinsurance premium	17	**1,284**	1,413
Insurance & Other Receivables	16	**19,106**	24,257
Current Taxation		**-**	35
Cash & Cash Equivalents	20	**57,984**	103,802
Deferred Acquisition Costs	19	**830**	766
Prepayments & Accrued Income		**9,085**	7,981
TOTAL ASSETS		**673,034**	694,375
RESERVES AND LIABILITIES			
Reserves Attributable to Members			
Income & Expenditure Account		**149,834**	113,526
TOTAL RESERVES		**149,834**	113,526
LIABILITIES			
Unearned Premium	17	**5,571**	5,354
Insurance Liabilities	17	**489,768**	542,966
Insurance & Other Payables	18	**20,870**	27,654
Current Taxation		**705**	-
Accruals & Deferred Income		**6,286**	4,875
TOTAL LIABILITIES		**523,200**	580,849
TOTAL LIABILITIES & RESERVES		**673,034**	694,375

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 11 June 2024.

The notes on pages 34 to 52 form part of these Financial Statements.

Ian E. Gooch
Member of the Board

Iain Paul
Member of the Board

Statement of Financial Position – Parent Company Only as at 20 February 2024

Company number: 10341

	Note	2024 US$'000	2023 US$'000
ASSETS			
Investment in Group Undertakings and Participating Interests	12	**84,789**	84,789
Other Financial Investments	14	**16,436**	20,046
Reinsurance Assets	17	**472,033**	522,894
Provision for Unearned Reinsurance Premium	17	**4,583**	4,404
Insurance & Other Receivables	16	**18,019**	18,635
Current Taxation		**-**	15
Cash & Cash Equivalents	20	**34,607**	53,285
Deferred Acquisition Costs	19	**812**	717
Prepayments & Accrued Income		**6,337**	6,092
TOTAL ASSETS		**637,616**	710,877
RESERVES			
Reserves Attributable to Members			
Income & Expenditure Account	21	**85,118**	83,799
TOTAL RESERVES		**85,118**	83,799
LIABILITIES			
Unearned Premium	17	**5,518**	5,273
Insurance Liabilities	17	**488,244**	541,757
Insurance & Other Payables	18	**52,528**	75,758
Current Taxation		**711**	-
Accruals & Deferred Income		**5,497**	4,290
TOTAL LIABILITIES		**552,498**	627,078
TOTAL LIABILITIES & RESERVES		**637,616**	710,877

The parent company made a surplus of US$1,319k (2023: deficit of US$3,300k) on ordinary activities after tax for the year ended 20 February 2024. The Association has taken the exemption under Section 408 of the Companies Act from preparing a Parent Company Statement of Comprehensive Income.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 11 June 2024.

The notes on pages 34 to 52 form part of these Financial Statements.

Ian E. Gooch
Member of the Board

Iain Paul
Member of the Board

Consolidated Statement of Cash Flows for the Year Ended 20 February 2024

	2024 US$'000	2023 US$'000
CASH GENERATED FROM OPERATING ACTIVITIES		
Net Income/(Loss) Before Tax	**37,175**	(49,951)
Adjustments for:		
Changes in Estimated Outstanding Claims (net of reinsurance)	**(31,965)**	23,259
Changes in Unearned Premium (net of reinsurance)	**345**	179
Changes in Deferred Acquisition Costs	**(64)**	(56)
Realised & Unrealised Losses on Investments	**(6,635)**	21,101
Unrealised Losses on Investment Property	**2,080**	782
Interest Income	**(3,347)**	(1,261)
Changes in Receivables	**4,047**	56,039
Changes in Payables	**(5,373)**	(16,042)
Foreign Exchange Adjustment	**(578)**	2,871
Cash From Operating Activities	**(4,315)**	36,921
Tax Paid	**(323)**	(330)
Net Cash (Outflows)/Inflows from Operating Activities	**(4,638)**	36,591
Cash Generated from Investing Activities		
Payments to acquire investments	**(430,115)**	(408,648)
Receipts for the sale of investments	**385,934**	417,164
Interest Received	**3,394**	1,041
Net Cash (Outflows)/Inflows from Investing Activities	**(40,787)**	9,557
(Decrease)/Increase in Cash & Cash Equivalents	**(45,425)**	46,148
Cash & Cash Equivalents at 21 February 2023	**103,802**	57,998
Effects of Foreign Exchange on Cash & Cash Equivalents	**(393)**	(344)
Cash & Cash Equivalents at 20 February 2024	**57,984**	103,802

The notes on pages 34 to 52 form part of these Financial Statements.

Notes to the Financial Statements

NOTE 1: General Information

The London Steam-Ship Owners' Mutual Insurance Association Limited (the Association) is a non-profit making Mutual Company incorporated and registered in England and Wales. It is limited by guarantee, has no share capital and is controlled by the Members who are also insured policy holders. The address of its registered office is stated on page 4.

The Association's principal activities were the provision of Protecting & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks Insurance on a Mutual basis to its ship-owner Members. The Association also provided P&I and FD&D insurance on a Fixed Premium basis for charterers and for the owners of smaller ships.

NOTE 2: Accounting Policies

The principal accounting policies adopted in the preparation of these Financial Statements are summarised below. These policies have been applied consistently throughout the year and in the preceding year.

2.1 FINANCIAL REPORTING FRAMEWORK

2.1.1 BASIS OF PREPARATION

The Group and individual financial statements of the Association have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), Financial Reporting Standard 103, "Insurance Contracts" (FRS 103) and the Companies Act 2006.

The Financial Statements have been prepared under the historical cost convention, modified to include certain items at fair value.

The Financial Statements have been presented in United States Dollars (US$) which is also the Association's functional currency and have been rounded to the nearest US$'000.

The Association is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and Retained Earnings and the related notes that would have formed part of the Financial Statements.

As a qualifying entity under FRS 102, the Parent company is exempt from the requirements of Section 7 *Statement of Cash Flows* and Section 3 *Financial Statement Presentation* paragraph 3.17(d).

2.1.2 BASIS OF CONSOLIDATION

Subsidiaries are all entities where the Association is exposed or has rights to variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the Association and de-consolidated from the date on which control ceases.

Intra-group transactions, balances and gains and losses on intra-group transactions are eliminated upon consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Association.

The Association accounts for its investment in Hydra Insurance Company Limited (Hydra) as a special purpose entity as defined in Section 9, paragraph 9.10 of FRS 102. The Association's investment in Hydra is fully consolidated in the Group financial statements in accordance with the requirements of Section 9, paragraph 9.11 of FRS 102. Hydra is registered in Bermuda as a segregated accounts Company under the Segregated Accounts Companies Act 2000, and reinsures International Group Clubs for a proportion of the Pooled risk not covered by the International Group Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, contributed surplus and premium income from the "owning" Club, although the cells are not in themselves separate legal entities. The liabilities of each segregated cell are several and not joint; the assets of each cell may only be used to satisfy the liabilities of that cell and/or the "owning" Club.

2.1.3 GOING CONCERN

The Financial Statements have been prepared on a going concern basis. As set out more fully in the Directors' Report on page 21, the Board of Directors has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date when these financial statements were approved and signed.

2.2 UNDERWRITING ACTIVITIES

2.2.1 CALLS & PREMIUMS

Calls and premiums are recognised gross of acquisition costs and net of Return Premiums and Bad and Doubtful Debts for contracts incepted during the accounting period as well as adjustments made in the year to Calls and premiums on contracts incepted in prior accounting periods. Calls and premiums are earned as revenue on a time apportioned basis over the period of cover provided. Unearned Calls and premiums at the Statement of Financial Position date, calculated on a time apportioned basis, are deferred and included as an unearned premium liability in the Statement of Financial Position.

The Directors retain the power to levy Supplementary Calls or give discounts on Mutual Calls on open policy years.

2.2.2 REINSURANCE PREMIUMS

Reinsurance premiums, less returns, together with a provision for any future costs of existing reinsurance contracts are recognised for contracts incepted during the accounting period, as well as adjustments made in the year to premiums on contracts relating to prior accounting periods. Unearned reinsurance premiums represent the unexpired proportion of reinsurance premiums written in the accounting period that relate to unexpired terms of contracts in force at the Statement of Financial Position date, generally calculated on a time and volume apportioned basis. Unearned reinsurance premiums at the Statement of Financial Position date are deferred and included as an unearned reinsurance premium asset in the Statement of Financial Position.

2.2.3 CLAIMS & RELATED EXPENSES

Claims and related expenses are included in the consolidated Statement of Comprehensive Income and Retained Earnings on an incurred basis, and include an estimate of claims 'incurred but not reported' (IBNR), based on past experience. Variances in claims estimates are included in the consolidated Statement of Comprehensive Income and Retained Earnings in the period in which they arise. The technical provision for claims outstanding includes an element of claims IBNR, based on calculations by a qualified actuary. Included in claims and related expenses is the Association's share of other Clubs' Pool claims paid plus outstanding estimates.

2.2.4 POOLING OBLIGATIONS

The Association and The London P&I Insurance Company (Europe) Limited are together treated as Linked Associations by the International Group Pooling Agreement, with the Association being treated as the Principal Linked Association. Linked Associations are treated as one Association for all purposes under the Agreement. The Agreement holds the Association jointly and severally liable with The London P&I Insurance Company (Europe) Limited for the latter's Pooling obligations to other Clubs. The Agreement does not hold The London P&I Insurance Company (Europe) Limited liable for the Association's Pooling obligations. Consistent with this contractual position, the Association recognises in full the Group's Pooling obligations to other Clubs. No liability for Pooling obligations is recognised by The London P&I Insurance Company (Europe) Limited.

2.2.5 REINSURANCE RECOVERIES

Reinsurance Recoveries are accrued to match relevant claims and include estimated recoveries on estimated outstanding claims.

2.2.6 CLAIMS HANDLING COSTS

Claims incurred include the management cost of claims handling. Other management costs have been allocated to acquisition costs and administrative expenses.

2.2.7 TECHNICAL PROVISIONS

The provision for claims outstanding in the Financial Statements comprises the Directors' estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims IBNR. The provision also includes an allowance for claims handling costs, reflecting the estimated proportion of future staff costs which will be incurred directly in the handling of claims incurred prior to the Statement of Financial Position date.

The Association reserves individual reported claims within its retention on a 'highest reasonable likely outcome' basis, except in circumstances where there is insufficient information available to make a meaningful estimate. In such cases, a statistically derived reserve is applied, which is based on the development of similar notifications made in earlier years.

The IBNR provisions for claims are determined by the Directors based on standard actuarial projection techniques and stochastic modelling, using historical information on claims developments, adjusted for inflation and other variables such as the number of ships entered with the Association, to project the likely ultimate cost of claims over a range of confidence levels. The principal assumption underlying this approach is that past experience is a reliable basis for projecting the ultimate cost of claims in more recent years. Confidence levels upon which IBNR provisions are based reflect the Directors' conservative approach to claims reserving in the Financial Statements.

When determining the appropriate level of IBNR provision for occupational disease claims, the Directors additionally take into consideration the findings from the most recently available review of reserves for this category of claims. An updated review of the occupational disease claims to estimate the ultimate cost and the appropriate level of IBNR was performed in the 2023/24 financial year, with no material changes to the underlying methodology.

Provisions in respect of the Association's share of other Clubs' Pool claims are based on information and data supplied by the other parties to the Pooling Agreement, to which Directors apply similar actuarial techniques and models to those described above.

Provisions for all claims are based on information available at the Statement of Financial Position date. Significant delays are experienced in the notification of certain claims, sometimes of many years' duration, and accordingly, the ultimate cost of claims cannot be known with certainty at the Statement of Financial Position date. This is particularly the case in regard to the Association's exposure to occupational disease claims. Although the Directors take a conservative approach to setting the overall level of claims provisions, it is possible that subsequent information and events may result in the ultimate liability being greater than the amount provided. Any such differences between claims provisions and subsequent settlements are dealt with in the technical account - general business in later years.

Claims provisions are recognised gross of any Reinsurance Recoveries. The Reinsurers' Share of Claims Outstanding is derived from an estimation of the amounts that will be recoverable from reinsurers based on the gross claims provisions and the structure of the Association's reinsurance programme, and having due regard to the possibility of default by the reinsurers.

2.2.8 ACQUISITION COSTS

Acquisition costs represent commission and brokerage arising from Calls & Premiums written during the year. They are capitalised and amortised over the life of the policy to which they relate on a basis consistent with the earnings pattern of that policy.

2.3 OTHER ACCOUNTING POLICIES

2.3.1 INVESTMENT INCOME

Account is taken of accrued interest on fixed interest securities and deposits; dividends are credited when receivable. Variances in unrealised gains and losses are included in the Consolidated Statement of Comprehensive Income and Retained Earnings in the period in which they arise.

2.3.2 OPERATING EXPENSES

Account is taken of accruals and prepayments in arriving at operating expenses.

2.3.3 FOREIGN EXCHANGE

The Association uses the US dollar (US$) as its currency of presentation and functional currency. Monetary assets and liabilities denominated in other currencies are translated into US$ at the rates ruling at the Statement of Financial Position date. Revenue transactions are translated at the actual rate applying at the date of transaction or, where this is not practicable, the average rate for the year. Exchange rate differences are recognised in the Statement of Comprehensive Income and Retained Earnings.

2.3.4 FINANCIAL INVESTMENTS

Financial Investments are shown at current market value at the Statement of Financial Position date. Listed Investments are stated at market value.

2.3.5 INVESTMENTS IN GROUP UNDERTAKINGS & PARTICIPATING INTERESTS

Investments in Group Undertakings and Participating Interests in the Association's own Statement of Financial Position are stated at cost less impairment.

2.3.6 TAXATION

The Association is assessed for UK Corporation Tax on Investment Income and any Realised and Unrealised Investment Gains less Losses in the year. Its Underwriting Operations are not taxable. The London Steam-ship Owner's Mutual Insurance Association (Bermuda) Limited is assessed for Income Tax in the UK on Rental income received and may incur irrecoverable Withholding Tax deductions on Income from certain Investment Holdings.

2.3.7 RECOGNITION & DERECOGNITION OF FINANCIAL ASSETS & LIABILITIES

Financial Assets and Financial Liabilities are recognised when the Association becomes a party to the contractual provisions of the contract.

Financial assets other than Financial Investments are initially recognised at transaction price and are subsequently measured at amortised costs using the effective interest method.

Financial investments are carried at fair value through profit or loss. They are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the income statement, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

A Financial Asset is derecognised when either the contractual rights to the asset's cash flows expire or are settled, or the asset is transferred and the transfer qualifies for derecognition under a combination of risks and rewards and control tests.

Financial Liabilities are initially recognised at transaction price and subsequently measured at amortised costs using the effective interest method.

A Financial Liability is derecognised when it is extinguished which is when the obligation in the contract is discharged, cancelled or expired.

2.3.8 IMPAIRMENT

If the carrying value of an asset is impaired, it is reduced to the recoverable amount by an immediate charge to the Statement of Comprehensive Income and Retained Earnings. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

2.3.9 INVESTMENT PROPERTY

The Investment Property is recorded in the Statement of Financial Position as outlined at Note 15 and is measured at fair value and any changes in fair value are recognised in the Statement of Comprehensive income and Retained Earnings. No depreciation or amortisation is provided in respect of the property.

2.3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition.

NOTE 3: Critical Accounting Judgements and Estimation Uncertainty

The Association makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1 THE ULTIMATE LIABILITY ARISING FROM CLAIMS MADE UNDER INSURANCE CONTRACTS
The estimation of the ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period. The estimate of IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Association uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments.

The technical provisions at the year-end are disclosed in Note 17.

3.2 INVESTMENTS IN ASSOCIATES
A. Bilbrough & Co. Limited carries out day to day operations for the Association under a Management Services Agreement. That agreement confers some rights to the Association over the financing and operating decisions of A. Bilbrough & Co. Limited. In addition to being a related party, the Board has applied judgement in assessing if A. Bilbrough & Co. Limited represents either an investment in an associate as defined in Section 14 of FRS 102 or a subsidiary undertaking as defined in Section 1162 of the Companies Act 2006.

FRS 102 defines an associate as an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control. FRS 102 Section 14.3 states that if the investor holds, directly or indirectly, less than 20% of the voting power of the associate, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The Association holds none of the voting power of A. Bilbrough & Co. Limited. Nevertheless, in the Board's judgement, the Association does have significant influence over A. Bilbrough & Co. limited. The Board identified the following factor as key in reaching this judgement:

- The Management Services Agreement provides that A. Bilbrough & Co. Limited shall submit for approval to the Association the anticipated expenditure budget for each year and consult with the Association over any material and unanticipated items of A. Bilbrough & Co. Limited expenditure that may arise.

The Companies Act states that an undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if:

- It holds a majority of the voting rights in the undertaking, or
- It is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or
- It has the right to exercise a dominant influence over the undertaking, or has actually exercised dominant influence, or
- It is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.

The Board recognises that due to the operating structure of the Association, there is judgment as to whether the Association can exert dominant influence over A. Bilbrough & Co. Limited.

Whilst the rights to approve the expenditure for the year is significant in the assessment, the Board considers it is not inconsistent with the commercial relationship between the Association and A. Bilbrough & Co. Limited as its sole customer. In the Board's judgement, the Association does not actually exercise a dominant influence over A. Bilbrough & Co. Limited but does have significant influence. A. Bilbrough & Co. Limited is therefore an associate.

NOTE 4: Principal Risks & Uncertainties

The Association has a robust Enterprise Risk Management Framework in place to manage risk. The identification and assessment of risks, together with the implementation of effective mitigating and monitoring controls, is fundamental in maintaining a well governed organisation.

Within the Association's governance structure the Association's Board has delegated more detailed oversight of risk management to four Committees/Boards, being:

1. The Audit Committee
2. The Risk Committee
3. The Reinsurance Sub-Committee
4. The LSSO (Bermuda) Board

Each Committee has formal Terms of Reference which dovetail to provide the Association with a comprehensive risk function.

The principal areas of risk relevant to the Association's operations which is also applicable to the Parent Company's operations, and management of these risks, are described below.

4.1 INSURANCE RISK

Insurance risk comprises underwriting risk and reserving risk.

UNDERWRITING RISK

Underwriting 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 book of business diversified by geography, ship size and ship type, with documented underwriting guidelines and risk appetite tolerances in place to ensure only acceptable risks are entered with the Association. 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 Association's capital management plan. The Association is a member of the International Group of P&I Clubs 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 Association purchases additional reinsurance for its exposure to claims below the attachment point of the International Group 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 Association's processes and procedures for valuing technical provisions reflect the fact that this represents a high risk area for the Association. An outline of these processes and procedures is included in Note 2.

The Association 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.

Uncertainty as to the incidence of claims, and their ultimate cost, is the principal risk variable in respect of insurance risk. The impact on the reported operating result before tax, and year-end free reserves, of a 5% change in loss ratio, with all other inputs unchanged, is shown below. Changes in loss ratio are assumed to be driven by movement in incurred claims.

Consolidated	**2024 US$'000**	2023 US$'000
INCREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**(7,131)**	(6,823)
Net	**(5,853)**	(5,564)
DECREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**7,131**	6,823
Net	**5,853**	5,564

Parent	**2024 US$'000**	2023 US$'000
INCREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**(1,353)**	(1,341)
Net	**(1,151)**	(1,072)
DECREASE IN LOSS RATIO BY 5 PERCENTAGE POINTS		
Gross	**1,353**	1,346
Net	**1,151**	1,072

4.2 LIQUIDITY RISK

This is the risk the Association 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 Association faces is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Association'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.

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

Consolidated

Assets at 20 February 2024	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	**407,425**	**89,211**	**88,786**	**62,695**	**166,733**	**407,425**
Receivables	**19,106**	**19,106**	**-**	**-**	**-**	**19,106**
Reinsurance Assets	**218,471**	**52,789**	**79,283**	**35,769**	**50,630**	**218,471**
Unearned Reinsurance Premium	**1,284**	**1,284**	**-**	**-**	**-**	**1,284**
Deferred Acquisition Costs	**830**	**830**	**-**	**-**	**-**	**830**
Prepayments & Accrued Income	**9,085**	**9,085**	**-**	**-**	**-**	**9,085**
Total Financial Assets	**656,201**	**172,305**	**168,069**	**98,464**	**217,363**	**656,201**

Liabilities at 20 February 2024	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	**489,768**	**161,940**	**178,870**	**67,349**	**81,609**	**489,768**
Unearned Premium	**5,571**	**5,571**	**-**	**-**	**-**	**5,571**
Payables	**20,870**	**20,870**	**-**	**-**	**-**	**20,870**
Taxation	**705**	**705**	**-**	**-**	**-**	**705**
Accruals & Deferred Income	**6,286**	**6,286**	**-**	**-**	**-**	**6,286**
Total Financial Liabilities	**523,200**	**195,372**	**178,870**	**67,349**	**81,609**	**523,200**

Assets at 20 February 2023	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	401,750	137,265	70,252	47,736	146,497	401,750
Taxation	35	35	-	-	-	35
Receivables	24,257	24,257	-	-	-	24,257
Reinsurance Assets	239,703	74,567	92,297	33,944	38,895	239,703
Unearned Reinsurance Premium	1,413	1,413	-	-	-	1,413
Deferred Acquisition Costs	766	766	-	-	-	766
Prepayments & Accrued Income	7,981	7,981	-	-	-	7,981
Total Financial Assets	675,905	246,284	162,549	81,680	185,392	675,905

Liabilities at 20 February 2023	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	542,966	181,408	207,882	72,497	81,179	542,966
Unearned Premium	5,354	5,354	-	-	-	5,354
Payables	27,654	27,654	-	-	-	27,654
Accruals & Deferred Income	4,875	4,875	-	-	-	4,875
Total Financial Liabilities	580,849	219,291	207,882	72,497	81,179	580,849

Parent

Assets at 20 February 2024	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	**51,063**	**51,043**	**-**	**-**	**20**	**51,063**
Receivables	**18,019**	**18,019**	**-**	**-**	**-**	**18,019**
Reinsurance Assets	**472,033**	**152,784**	**172,286**	**65,871**	**81,092**	**472,033**
Unearned Reinsurance Premium	**4,583**	**4,583**	**-**	**-**	**-**	**4,583**
Deferred Acquisition Costs	**812**	**812**	**-**	**-**	**-**	**812**
Prepayments & Accrued Income	**6,337**	**6,337**	**-**	**-**	**-**	**6,337**
Total Financial Assets	**552,847**	**233,578**	**172,286**	**65,871**	**81,112**	**552,847**

Liabilities at 20 February 2024	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	**488,244**	**161,437**	**178,314**	**67,139**	**81,354**	**488,244**
Unearned Premium	**5,518**	**5,518**	**-**	**-**	**-**	**5,518**
Payables	**52,528**	**52,528**	**-**	**-**	**-**	**52,528**
Taxation	**711**	**711**	**-**	**-**	**-**	**711**
Accruals & Deferred Income	**5,497**	**5,497**	**-**	**-**	**-**	**5,497**
Total Financial Liabilities	**552,498**	**225,691**	**178,314**	**67,139**	**81,354**	**552,498**

Assets at 20 February 2023	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	73,331	73,331	-	-	-	73,331
Taxation	15	15	-	-	-	15
Receivables	18,635	18,635	-	-	-	18,635
Reinsurance Assets	522,894	173,889	200,036	70,069	78,900	522,894
Unearned Reinsurance Premium	4,404	4,404	-	-	-	4,404
Deferred Acquisition Costs	717	717	-	-	-	717
Prepayments & Accrued Income	6,092	6,092	-	-	-	6,092
Total Financial Assets	626,088	277,083	200,036	70,069	78,900	626,088

Liabilities at 20 February 2023	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	541,757	181,004	207,419	72,336	80,998	541,757
Unearned Premium	5,273	5,273	-	-	-	5,273
Payables	75,758	75,758	-	-	-	75,758
Accruals & Deferred Income	4,290	4,290	-	-	-	4,290
Total Financial Liabilities	627,078	266,325	207,419	72,336	80,998	627,078

4.3 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.

INTEREST RATE RISK

The capital values of fixed interest securities, which represent a significant proportion of the Association'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 Association's Investment Policy Statement addresses interest rate risk by actively managing the average duration of each of the Association's fixed interest portfolios.

The Association 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 Association'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	Change in Valuation US$'000
As at 20 February 2024	**12,014**
As at 20 February 2023	9,327

EQUITY PRICE RISK

Equity price risk is the risk of an adverse movement in the valuation of the Association's equity holdings. The Association'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$4,114k (2023: US$5,118k).

FOREIGN CURRENCY RISK

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

The profile of the Association'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.

Consolidated

As at 20 February 2024	**US$ US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	**631,623**	**26,182**	**13,477**	**1,752**	**673,034**
Total Liabilities	**472,377**	**19,918**	**17,646**	**13,259**	**523,200**
Net Asset Position	**159,246**	**6,264**	**(4,169)**	**(11,507)**	**149,834**

As at 20 February 2023	US$ US$'000	GBP US$'000	EUR US$'000	Other US$'000	Total US$'000
Total Assets	651,601	26,747	13,698	2,329	694,375
Total Liabilities	523,569	18,331	18,549	20,400	580,849
Net Asset Position	128,032	8,416	(4,851)	(18,071)	113,526

Parent

As at 20 February 2024	**US$ US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	**590,471**	**19,223**	**15,526**	**12,396**	**637,616**
Total Liabilities	**502,510**	**19,814**	**16,932**	**13,242**	**552,498**
Net Asset Position	**87,961**	**(591)**	**(1,406)**	**(846)**	**85,118**

As at 20 February 2023	US$ US$'000	GBP US$'000	EUR US$'000	Other US$'000	Total US$'000
Total Assets	655,374	19,508	16,793	19,202	710,877
Total Liabilities	570,286	18,232	18,173	20,387	627,078
Net Asset Position	85,088	1,276	(1,380)	(1,185)	83,799

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:

	Consolidated		**Parent**	
	20 February 2024 US$'000	20 February 2023 US$'000	**20 February 2024 US$'000**	20 February 2023 US$'000
Strengthening				
Sterling	**313**	421	**(30)**	64
Euro	**(208)**	(243)	**(70)**	(69)
Weakening				
Sterling	**(313)**	(421)	**30**	(64)
Euro	**208**	243	**70**	69

4.4 CREDIT RISK

Credit risk is the risk that the Association will suffer a loss due to the failure of a counterparty to perform its contractual obligations. The primary sources of credit risk for the Association 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 regular monitoring of existing Members and Assureds. The Association'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.

Consolidated

As at 20 February 2024	**SOFP US$'000**	**AAA US$'000**	**AA US$'000**	**A US$'000**	**BBB US$'000**	**Other US$'000**	**Total US$'000**
Reinsurance Assets	**218,471**	**-**	**34,958**	**152,054**	**31,437**	**22**	**218,471**
Unearned Reinsurance Premium	**1,284**	**-**	**-**	**1,284**	**-**	**-**	**1,284**
Receivables	**19,106**	**-**	**265**	**6,704**	**234**	**11,903**	**19,106**
Deferred Acquisition Costs	**830**	**-**	**-**	**-**	**-**	**830**	**830**
Prepayments & Accrued Income	**9,085**	**-**	**926**	**178**	**517**	**7,464**	**9,085**
Total	**248,776**	**-**	**36,149**	**160,220**	**32,188**	**20,219**	**248,776**

As at 20 February 2023	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Reinsurance Assets	239,703	-	38,464	170,886	30,332	21	239,703
Unearned Reinsurance Premium	1,413	-	-	1,413	-	-	1,413
Taxation	35	-	-	-	-	35	35
Receivables	24,257	-	1,758	6,075	89	16,335	24,257
Deferred Acquisition Costs	766	-	-	-	-	766	766
Prepayments & Accrued Income	7,981	-	447	149	358	7,027	7,981
Total	274,155	-	40,669	178,523	30,779	24,184	274,155

Parent

As at 20 February 2024	**SOFP US$'000**	**AAA US$'000**	**AA US$'000**	**A US$'000**	**BBB US$'000**	**Other US$'000**	**Total US$'000**
Reinsurance Assets	**472,033**	**-**	**34,958**	**151,780**	**31,437**	**253,858**	**472,033**
Unearned Reinsurance Premium	**4,583**	**-**	**-**	**1,275**	**-**	**3,308**	**4,583**
Receivables	**18,019**	**-**	**-**	**6,462**	**-**	**11,557**	**18,019**
Deferred Acquisition Costs	**812**	**-**	**-**	**-**	**-**	**812**	**812**
Prepayments & Accrued Income	**6,337**	**-**	**-**	**-**	**-**	**6,337**	**6,337**
Total	**501,784**	**-**	**34,958**	**159,517**	**31,437**	**275,872**	**501,784**

As at 20 February 2023	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Reinsurance Assets	522,894	-	38,464	170,543	30,332	283,555	522,894
Unearned Reinsurance Premium	4,404	-	-	1,382	-	3,022	4,404
Taxation	15	-	-	-	-	15	15
Receivables	18,635	-	-	6,000	-	12,635	18,635
Deferred Acquisition Costs	717	-	-	-	-	717	717
Prepayments & Accrued Income	6,092	-	-	-	-	6,092	6,092
Total	552,757	-	38,464	177,925	30,332	306,036	522,757

With the exception of the amounts arising from Insurance Operations within receivables, there were no financial assets that were past due. The amounts past due for amounts arising from Insurance Operations are disclosed in Note 16.

The Association's fixed interest securities expose the Association 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 Association, in accordance with set investment guidelines which ensure the level of risk does not exceed the Association's risk appetite and available capital. Minimum credit criteria are maintained for all bank counterparties with ratings dependent maximum exposure limits.

Consolidated

As at 20 February 2024	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	**407,425**	**72,417**	**136,345**	**87,644**	**48,214**	**62,805**	**407,425**

As at 20 February 2023	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	401,750	73,612	96,223	126,548	37,714	67,653	401,750

Parent

As at 20 February 2024	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	**51,043**	**-**	**-**	**51,043**	**-**	**-**	**51,043**

As at 20 February 2023	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	73,331	9,746	-	63,585	-	-	73,331

4.5 CAPITAL MANAGEMENT

At 20 February 2024, the Association's capital position comprised its reserve attributable to Members of US$149.8m (2023: US$113.5m). In addition, the Association was granted approval to take an amount of US$50.0m ancillary own funds into account when determining its own funds for regulatory solvency purposes at 20 February 2024 (2023: US$25.0m), although this is not recognised as capital in the Consolidated Statement of Financial Position forming part of these financial statements. (Unaudited)

The Association is subject to the EU's Solvency II regulatory regime, which imposes capital requirements in the form of a Solvency Capital Requirement (SCR) and a Minimum Capital Requirement (MCR). The SCR is calibrated to ensure that all quantifiable risks to which the Association is exposed are taken into account and corresponds to the Value-at-Risk of capital subject to a confidence level of 99.5% over a one-year period. The Association has agreed with the Prudential Regulation Authority a capital add-on of US$4.5m, effective from 20 February 2023, as part of its group level SCR for the remote risk the Association is exposed to through its management agreement contract and relationship with its independent management company, and its pension deficit. The MCR sets a capital requirement significantly lower than the SCR and corresponds to an amount of capital below which policy holders are exposed to an unacceptable level of risk.

The Solvency II regime provides specific rules for the valuation of assets and liabilities, including technical provisions, which differ in some respects from UK GAAP. Furthermore, Solvency II rules for the determination, classification and eligibility of own funds limit the comparability of the Association's accumulated reserves measured under UK GAAP with its own funds eligible to meet its SCR and MCR. The Association's capital management objectives and processes are designed to align with Solvency II rules on the calibration of financial risks and measurement of own funds available to meet these financial risks. Information on objectives for managing capital in line with financial risks as measured on a Solvency II consistent basis is provided in Section 5 of the Association's Solvency & Financial Condition Report available on its website.

The Association complied with its SCR and MCR throughout the period under review. (Unaudited)

NOTE 5: Segmental Analysis by Class

The segmental results of the classes of the Association are set out as follows:

5.1 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 20 February 2024	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
Technical Account – General Business				
Net Earned Premium	**117,070**	**105,360**	**1,294**	**10,416**
Foreign Exchange Gains	**133**	**122**	**4**	**7**
Allocated Investment Return transferred from Non-Technical account	**17,240**	**16,562**	**-**	**678**
Net Incurred Claims	**(76,972)**	**(70,018)**	**-**	**(6,954)**
Net Operating Expenses	**(20,296)**	**(17,076)**	**(603)**	**(2,617)**
Balance Carried to Non-Technical Account	**37,175**	**34,950**	**695**	**1,530**
Non-Technical Account				
Balance Transferred from Technical Account	**37,175**	**34,950**	**695**	**1,530**
Investment Income	**12,257**	**11,702**	**-**	**555**
Unrealised Gains on Investments	**8,784**	**8,434**	**-**	**350**
Unrealised (Losses) on Investment Property	**(2,080)**	**(1,955)**	**-**	**(125)**
Investment Expenses	**(1,721)**	**(1,619)**	**-**	**(102)**
Allocation of Investments to Technical Account	**(17,240)**	**(16,562)**	**-**	**(678)**
Net Surplus before Taxation	**37,175**	**34,950**	**695**	**1,530**
Taxation Expense	**(867)**	**(858)**	**-**	**(9)**
Net Surplus after Taxation	**36,308**	**34,092**	**695**	**1,521**
Accumulated Reserves at 20 February 2023	**113,526**	**98,048**	**5,461**	**10,017**
Accumulated Reserves at 20 February 2024	**149,834**	**132,140**	**6,156**	**11,538**

For the year ended 20 February 2023	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
Technical Account – General Business				
Net Earned Premium	111,287	99,759	614	10,914
Foreign Exchange (Losses)	(394)	(364)	(4)	(26)
Allocated Investment Return transferred from Non-Technical account	(17,840)	(16,770)	-	(1,070)
Net Incurred Claims	(125,085)	(115,210)	-	(9,875)
Net Operating Expenses	(17,919)	(15,995)	178	(2,102)
Balance Carried to Non-Technical Account	(49,951)	(48,580)	788	(2,159)
Non- Technical Account				
Balance Transferred from Technical Account	(49,951)	(48,580)	788	(2,159)
Investment Income	(315)	(227)	-	(88)
Unrealised (Losses) on Investments	(14,990)	(14,159)	-	(831)
Unrealised (Losses) on Investment Property	(782)	(735)	-	(47)
Investment Expenses	(1,753)	(1,649)	-	(104)
Allocation of Investments to Technical Account	17,840	16,770	-	1,070
Net (Deficit)/Surplus before Taxation	(49,951)	(48,580)	788	(2,159)
Taxation Expense	(526)	(506)	-	(20)
Net (Deficit)/Surplus after Taxation	(50,477)	(49,086)	788	(2,179)
Accumulated Reserves at 20 February 2022	164,003	147,134	4,673	12,196
Accumulated Reserves at 20 February 2023	113,526	98,048	5,461	10,017

5.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 20 February 2024	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
ASSETS				
Investment Property	**16,833**	**15,823**	**-**	**1,010**
Financial Investments	**349,441**	**329,758**	**2,952**	**16,731**
Reinsurance Assets	**218,471**	**213,459**	**-**	**5,012**
Unearned Reinsurance Premium	**1,284**	**1,284**	**-**	**-**
Insurance & Other Receivables	**19,106**	**16,635**	**284**	**2,187**
Cash & Cash Equivalents	**57,984**	**48,864**	**2,719**	**6,401**
Deferred Acquisition Costs	**830**	**739**	**-**	**91**
Prepayments & Accrued Income	**9,085**	**5,793**	**1,585**	**1,707**
TOTAL ASSETS	**673,034**	**632,355**	**7,540**	**33,139**
RESERVES				
Income & Expenditure Account	**149,834**	**132,140**	**6,156**	**11,538**
LIABILITIES				
Unearned Premium	**5,571**	**4,905**	**-**	**666**
Insurance Liabilities	**489,768**	**471,578**	**-**	**18,190**
Insurance & Other Payables	**20,870**	**18,995**	**73**	**1,802**
Current Taxation	**705**	**705**	**-**	**-**
Accruals & Deferred Income	**6,286**	**4,032**	**1,311**	**943**
TOTAL LIABILITIES	**523,200**	**500,215**	**1,384**	**21,601**
TOTAL LIABILITIES & RESERVES	**673,034**	**632,355**	**7,540**	**33,139**

As at 20 February 2023	Total US$'000	Class 5 P&I US$'000	Class 7 War Risk US$'000	Class 8 FD&D US$'000
ASSETS				
Investment Property	18,470	17,362	-	1,108
Financial Investments	297,948	280,945	2,952	14,051
Reinsurance Assets	239,703	233,440	-	6,263
Unearned Reinsurance Premium	1,413	1,340	-	73
Insurance & Other Receivables	24,257	21,750	499	2,008
Current Taxation	35	35	-	-
Cash & Cash Equivalents	103,802	92,029	2,493	9,280
Deferred Acquisition Costs	766	688	-	78
Prepayments & Accrued Income	7,981	5,974	556	1,451
TOTAL ASSETS	694,375	653,563	6,500	34,312
RESERVES				
Income & Expenditure Account	113,526	98,048	5,461	10,017
LIABILITIES				
Unearned Premium	5,354	4,700	-	654
Insurance Liabilities	542,966	521,239	-	21,727
Insurance & Other Payables	27,654	25,870	44	1,740
Accruals & Deferred Income	4,875	3,706	995	174
TOTAL LIABILITIES	580,849	555,515	1,039	24,295
TOTAL LIABILITIES & RESERVES	694,375	653,563	6,500	34,312

NOTE 6: Net Earned Premium

	2024 US$'000	2023 US$'000
Gross Calls & Premiums Written during the Year	**142,844**	137,046
Reinsurance Premiums paid during the Year:		
Group Excess of Loss	**(11,144)**	(11,589)
Other Reinsurance Premiums	**(14,286)**	(13,991)
Net Written Premium	**117,414**	111,466
Change in Provision for Unearned Premiums	**(216)**	(586)
Change in Provision for Unearned Reinsurance Premium	**(128)**	407
Net Earned Premium	**117,070**	111,287

NOTE 7: Gross Claims Paid

	2024 US$'000	2023 US$'000
Gross Payment of Association's Own Claims	**130,298**	181,829
Association's Share of Other Clubs' Pool Claims	**16,569**	11,758
Gross Claims Paid	**146,867**	193,587

NOTE 8: Reinsurance Recoveries

	2024 US$'000	2023 US$'000
Association's Claims under Pooling Agreement	**27,218**	69,049
Recoveries under Group Excess of Loss Policies	**9,686**	12,402
Recoveries under Sundry Reinsurance Policies	**1,025**	10,311
Reinsurance Recoveries	**37,929**	91,762

NOTE 9: Investment Income

	2024 US$'000	2023 US$'000
Income from Listed Investments	**10,616**	7,012
Realised (Losses) on Investments	**(1,707)**	(8,588)
Bank & Other Interest Receivable	**3,348**	1,261
Investment Income	**12,257**	(315)

NOTE 10: Net Operating Expenses

	2024 US$'000	2023 US$'000
Acquisition Costs	**15,024**	13,415
Administration Expenses	**5,272**	4,504
Net Operating Expenses	**20,296**	17,919

Included within Net Operating Expenses are the following:

	2024 US$'000	2023 US$'000
Fees payable to the Association's auditor and its associates for the audit of the Association and the Group's consolidated financial statements	**427**	353
Fees payable to the Association's auditor and its associates for other services:		
– Audit of the Association's subsidiaries	**219**	171
– Audit-related assurance services	**15**	23
Board Members Fees	**454**	367
Change in Deferred Acquisition Costs	**64**	56

Other than the Board and Committee Members, the Association does not employ any staff (2023: nil).

NOTE 11: Taxation

	2024 US$'000	2023 US$'000
Analysis of charge for period		
UK Corporation tax charge	**714**	181
Overseas Corporation tax charge	**-**	12
Unrelieved foreign withholding taxes	**153**	333
Income Tax Expense	**867**	526

By virtue of its mutual status, the Association is not liable to tax on its underwriting operations. The Association's own investment income is subject to UK Corporation tax. The investment income of the Association's subsidiary The London Steam-ship Owner's Mutual Insurance Association (Bermuda) Limited and Hydra Insurance Company Limited – London Cell are not subject to tax in Bermuda but do suffer irrecoverable withholding tax on income from investments in certain jurisdictions.

FACTORS AFFECTING THE TAX CHARGE FOR PERIOD

In the 2021 Spring Budget, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25%, which has been substantively enacted under the Finance Act 2021.

The tax charge for the period is lower than that produced by applying the standard rate of Corporation tax in the UK of 25% for the year. The differences are explained below:

	2024 US$'000	2023 US$'000
Net surplus/(deficit) before tax	**37,175**	(49,951)
Multiplied by standard rate of Corporation tax in the UK of 25%	**(8,300)**	-
Multiplied by standard rate of Corporation tax in the UK of 19%	**(755)**	(9,491)
Effects of:		
Non-taxable mutual insurance underwriting operations	**4,856**	6,071
Non-taxable investment income	**3,485**	3,619
Differences in overseas tax rates	**-**	(6)
Unrelieved foreign withholding taxes	**(153)**	333
Income Tax Expense	**867**	526

NOTE 12: Investments in Group Undertakings & Participating Interests

	2024 US$'000	2023 US$'000
Shares in Group Undertakings & Participating Interests	**84,789**	84,789

The Companies listed below are wholly owned subsidiaries.

	Consolidated	Address of the registered office and country of incorporation	Company registration number	Class of Shares	Principal Activity
Hydra Insurance Company Limited – London Cell	Yes	Clarendon House 2 Church Street Hamilton, HM11, Bermuda	34834	Ordinary/ Preferred	Reinsurance
The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited	Yes	Clarendon House 2 Church Street, Hamilton, HM11, Bermuda	6685	N/A	Reinsurance
The London P&I Insurance Company (Europe) Limited	Yes	5 Esperidon Street 4th Floor Strovolos, 2001 Nicosia, Cyprus	HE410091	Ordinary	Insurance
London & Bermuda Reinsurance Company Limited	No	Clarendon House 2 Church Street, Hamilton, HM11, Bermuda	2851	Ordinary	Dormant

The London P&I Insurance Company (Europe) Limited was incorporated as a limited company in Cyprus on 12 June 2020. At 20 February 2024, the Association's investment comprised 20,000 ordinary shares at a premium in the Company amounting to US$20,000k (2023: US$20,000k).]

At 20 February 2024, the Association's investment in Hydra comprised 20,000 ordinary shares at par in the Company and preferred shares and contributed surplus in the Association's cell of Hydra amounting to US$14,769k (2023: US$14,769k).

The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited is a mutual insurance company registered in Bermuda and limited by guarantee without share capital. The Association is the sole Member of The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited.

In view of the dormant and immaterial nature of London and Bermuda Reinsurance Company Limited (LBR), the Board has taken the decision to exclude this entity from the Consolidated Financial Statements. LBR does prepare standalone Financial Statements and its Financial Statements are filed with the Bermuda Monetary Authority.

NOTE 13: Investments in Associates

The Association recognises its investments in associates at cost less any accumulated impairment losses. The Association's only associate investment is its investment in A. Bilbrough & Co. Limited, registered at 50 Leman Street, London, E1 8HQ.

The Association had no equity ownership interest in A. Bilbrough & Co. Limited at the most recent year-end date. The carrying value of this investment is US$Nil (2023: US$Nil). In the Board's judgement, however, A. Bilbrough & Co. Limited remains an associate as set out in Note 3.

NOTE 14: Financial Investments

All Financial Investments listed below are valued at fair value through profit or loss.

As at 20 February 2024	**Consolidated**		**Parent**	
	Market Value US$'000	**Cost US$'000**	**Market Value US$'000**	**Cost US$'000**
Equity Securities	**41,136**	**38,041**	**-**	**-**
Debt Securities	**291,848**	**291,213**	**-**	**-**
Unlisted Investments	**20**	**-**	**-**	**-**
Unlisted Deposits	**16,437**	**19,860**	**16,436**	**19,860**
Total Investments	**349,441**	**349,114**	**16,436**	**19,860**

As at 20 February 2023	Consolidated		Parent	
	Market Value US$'000	Cost US$'000	Market Value US$'000	Cost US$'000
Equity Securities	51,182	49,899	-	-
Debt Securities	226,700	233,175	-	-
Unlisted Investments	20	-	-	-
Unlisted Deposits	20,046	19,860	20,046	19,860
Total Investments	297,948	302,934	20,046	19,860

Included in financial investments is US$10,300k (2023: US$10,300k) pledged as collateral for contingent liabilities. P&I Clubs will, in certain circumstances, arrange for the issuance of bank guarantees on behalf of a Member to claimants as security for their alleged claim, with this security limited to the Member's legal liability established either by agreement or in accordance with the relevant law and covered under the Member's Terms of Entry. The terms and conditions of one legacy guarantee facility require the Association to pledge cash collateral equal to the full value of all outstanding guarantees. The Association's liquidity is not hampered by these arrangements because the Association can recover monies from its quota share reinsurer to maintain necessary solvency and liquidity levels.

DISCLOSURES OF FAIR VALUES IN ACCORDANCE WITH THE FAIR VALUE HIERARCHY

The Association has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value takes into account the following:

VALUATION METHODOLOGY	
The unadjusted quoted price in an active market for identical assets or liabilities that the Association can access at the measurement date.	Level 1
Inputs other than quoted price included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.	Level 2
Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.	Level 3

The following table presents the Association's investments at Fair Value:

As at 20 February 2024	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
Equity Securities	**38,887**	**2,249**	**-**	**41,136**
Debt Securities & Other	**80,525**	**227,760**	**-**	**308,285**
Total	**119,412**	**230,009**	**-**	**349,421**

As at 20 February 2023	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Equity Securities	49,181	2,001	-	51,182
Debt Securities & Other	57,530	189,216	-	246,746
Total	106,711	191,217	-	297,928

NOTE 15: Investment Property

The investment property is 50 Leman Street, London E1 8HQ, United Kingdom, owned by The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited. In accordance with FRS 102 Section 16, the Association accounts for this investment property at fair value at each reporting date with changes in fair value recognised in the Consolidated Statement of Comprehensive Income and Retained Earnings.

A valuation of this investment property was undertaken in 2019 by an Independent Chartered Surveyor and Royal Institution of Chartered Surveyors (RICS) Registered Valuer with the relevant knowledge, skills and understanding to undertake this valuation competently. The Valuation Report was dated 24 September 2019 and the market value of the property was assessed at GBP19,100k on that date. The report was prepared in accordance with the RICS Valuation – Global Standards, incorporating the International Valuation Standards (IVS) 2017 (The Red Book). The valuation methodology to arrive at an opinion of market value was the investment method, whereby the estimated rental value of the property is capitalised by means of a Years Purchase which is the conventionally used basis. As a check to this method, the valuer also considered sales of similar office comparables and based the valuation on a GBP per square foot basis.

A desktop valuation update has been undertaken by an Independent Chartered Surveyor and RICS Registered Valuer. This desktop Valuation Report was dated 12 January 2024 and the market value of the property was assessed at GBP13,350k on that date. On the basis of this Report the Association has assessed the fair value of the property at GBP13,350k as at 20 February 2024 (2023: GBP15,350k).

	2024 US$'000	2023 US$'000
As at 21 February	**18,470**	21,729
Unrealised (loss)	**(2,080)**	(782)
FX movement	**443**	(2,477)
As at 20 February	**16,833**	18,470

NOTE 16: Insurance & Other Receivables

	Consolidated		**Parent**	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Amounts arising from Insurance Operations	**11,250**	12,050	**10,475**	10,890
Reinsurance Debtors	**6,465**	6,011	**6,462**	6,000
Sale transactions of financial investments awaiting settlement	**1,209**	5,322	**-**	-
Other Receivables	**182**	874	**1,082**	1,745
Total Insurance & Other Receivables	**19,106**	24,257	**18,019**	18,635

Amounts arising from Insurance Operations includes US$5,154k not overdue (2023: US$3,497k), US$3,818k overdue by up to six months (2023: US$3,568k), US$841k overdue by more than six months but less than 12 months (2023: US$3,875k), and US$1,437k overdue by more than 12 months (2023: US$1,110k). All balances past due are not impaired (2023: Nil).

NOTE 17: Net Insurance Liabilities

BALANCES ON INSURANCE AND REINSURANCE CONTRACTS

	Consolidated		Parent	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Insurance Liabilities				
Members Claims	**424,202**	475,887	**422,678**	474,678
Association's Share of Pool Claims	**65,566**	67,079	**65,566**	67,079
Unearned Premium	**5,571**	5,354	**5,518**	5,273
	495,339	548,320	**493,762**	547,030
Reinsurance Assets				
Market Reinsurance	**74,912**	98,190	**398,667**	448,372
Pool Recoveries	**143,559**	141,513	**73,366**	74,522
Provision for Unearned Reinsurance Premium	**1,284**	1,413	**4,583**	4,404
	219,755	241,116	**476,616**	527,298
Net Insurance Liabilities	**275,584**	307,204	**17,146**	19,732

MOVEMENT IN INSURANCE & REINSURANCE CONTRACTS

	Consolidated		Parent	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Insurance Liabilities & Unearned Premium				
Claims Outstanding				
As at 21 February	**542,966**	591,969	**541,757**	591,017
Claims paid in the Year	**(146,867)**	(193,587)	**(146,418)**	(193,170)
Changes to Reserves in the Year	**93,669**	144,584	**92,905**	143,910
As at 20 February	**489,768**	542,966	**488,244**	541,757
Unearned Premium				
As at 21 February	**5,354**	4,768	**5,273**	4,611
Calls & Premiums Written in the Year	**142,844**	136,367	**137,725**	131,906
Calls & Premiums Earned in the Year	**(142,627)**	(135,781)	**(137,480)**	(131,244)
As at 20 February	**5,571**	5,354	**5,518**	5,273
Total Insurance Liabilities & Unearned Premiums	**495,339**	548,320	**493,762**	547,030
Reinsurance Assets & Unearned Reinsurance Premium				
Reinsurers' Share of Claims Outstanding				
As at 21 February	**239,703**	311,965	**522,894**	572,170
Reinsurance Recoveries made in the Year	**(37,929)**	(91,762)	**(49,712)**	(98,439)
Changes to Reserves in the Year	**16,697**	19,500	**(1,149)**	49,163
As at 20 February	**218,471**	239,703	**472,033**	522,894
Unearned Reinsurance Premium				
As at 21 February	**1,413**	1,006	**4,404**	3,882
Reinsurance Premium Written in the Year	**25,430**	25,580	**33,909**	35,232
Reinsurance Premium Earned in the Year	**(25,559)**	(25,173)	**(33,730)**	(34,710)
As at 20 February	**1,284**	1,413	**4,583**	4,404
Total Reinsurance Assets & Unearned Reinsurance Premium	**219,755**	241,116	**476,616**	527,298
Total Net Technical Provisions	**275,584**	307,204	**17,146**	19,732

Claims Development Tables

The following tables compare the projected ultimate claims experience of the Association compared with the previous projected ultimate claims for each policy year on a gross and net basis:

GROSS CLAIMS DEVELOPMENT

As at 20 Feb 2024	Other US$'000	2014/15 US$'000	2015/16 US$'000	2016/17 US$'000	2017/18 US$'000	2018/19 US$'000	2019/20 US$'000	2020/21 US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000	Total US$'000
Gross Ultimate Claims												
Current Year		118,199	67,568	69,773	73,112	126,957	98,188	104,644	406,245	117,657	54,473	
One Year Later		124,185	67,343	69,688	72,673	126,326	119,007	109,328	418,059	132,324		
Two Years Later		116,569	68,322	74,237	71,767	116,550	119,229	118,615	423,256			
Three Years Later		106,698	65,719	71,222	70,543	108,401	115,473	120,771				
Four Years Later		110,740	63,537	69,335	67,846	100,867	113,726					
Five Years Later		104,746	63,467	70,359	68,006	99,494						
Six Years Later		106,671	62,491	70,048	66,885							
Seven Years Later		104,465	60,217	68,874								
Eight Years Later		104,595	59,261									
Nine Years Later		104,982										
Gross Cumulative Paids												
Current Year		20,688	12,590	24,450	11,255	22,164	18,426	18,428	85,013	9,830	9,878	
One Year Later		40,925	30,105	39,021	30,406	47,604	52,717	48,013	194,887	42,637		
Two Years Later		66,001	39,907	54,268	40,314	66,451	73,567	69,858	244,189			
Three Years Later		71,367	48,089	60,616	51,131	76,810	88,733	92,279				
Four Years Later		75,734	55,419	61,362	55,305	86,867	92,775					
Five Years Later		86,384	57,116	65,829	56,527	88,661						
Six Years Later		95,909	58,654	66,702	59,092							
Seven Years Later		97,233	57,017	66,997								
Eight Years Later		97,974	57,052									
Nine Years Later		98,171										
Gross Outstanding Claims	97,453	6,811	2,209	1,877	7,793	10,833	20,951	28,492	179,067	89,687	44,595	**489,768**

NET CLAIMS DEVELOPMENT

As at 20 Feb 2024	Other US$'000	2014/15 US$'000	2015/16 US$'000	2016/17 US$'000	2017/18 US$'000	2018/19 US$'000	2019/20 US$'000	2020/21 US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000	Total US$'000
Net Ultimate Claims												
Current Year		93,132	64,544	60,044	72,639	84,041	96,334	88,337	135,924	93,561	54,473	
One Year Later		89,177	62,130	60,514	69,494	88,638	107,650	90,257	146,000	95,301		
Two Years Later		86,718	63,089	65,527	68,412	89,591	106,449	98,636	145,993			
Three Years Later		84,848	60,642	63,323	67,446	87,909	106,892	100,601				
Four Years Later		84,045	59,082	62,729	67,745	83,396	105,397					
Five Years Later		83,002	58,483	62,737	67,906	82,004						
Six Years Later		86,411	57,440	62,727	66,785							
Seven Years Later		85,768	57,137	62,491								
Eight Years Later		85,947	56,595									
Nine Years Later		85,911										
Net Cumulative Paids												
Current Year		20,688	11,761	20,734	11,255	22,164	18,426	18,428	34,556	9,830	9,878	
One Year Later		40,925	29,234	33,237	30,363	43,936	52,717	48,013	75,609	38,730		
Two Years Later		57,041	39,027	48,477	40,213	55,685	73,567	58,732	97,461			
Three Years Later		62,106	47,141	54,414	51,031	65,764	84,008	77,442				
Four Years Later		65,056	51,068	55,176	55,204	70,398	87,126					
Five Years Later		75,390	52,625	59,544	56,427	72,189						
Six Years Later		80,735	54,064	60,392	58,992							
Seven Years Later		82,018	54,359	60,683								
Eight Years Later		82,635	54,394									
Nine Years Later		82,749										
Net Outstanding Claims	55,390	3,162	2,201	1,808	7,793	9,815	18,271	23,159	48,532	56,571	44,595	**271,297**

NOTE 18: Insurance & Other Payables

	Consolidated		Parent	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Amounts arising out of Insurance Operations	**6,597**	7,815	**6,247**	6,989
Reinsurance Creditors	**843**	1,219	**843**	1,219
Purchase transactions of financial investments awaiting settlement	**10,657**	15,293	**-**	-
Corporation Tax	**705**	193	**711**	181
Other Payables	**2,773**	3,134	**2,207**	2,937
Intercompany	**-**	-	**43,231**	64,432
Total Insurance & Other Payables	**21,575**	27,654	**53,239**	75,758

NOTE 19: Deferred Acquisition Costs

	Consolidated		Parent	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
As at 21 February	**766**	710	**717**	629
Acquisition costs written in the year	**15,089**	13,471	**13,647**	12,353
Acquisition costs earned in the year	**(15,025)**	(13,415)	**(13,552)**	(12,265)
As at 20 February	**830**	766	**812**	717

NOTE 20: Cash and Cash Equivalents

	Consolidated		Parent	
	2024 US$'000	2023 US$'000	**2024 US$'000**	2023 US$'000
Cash at bank and in hand	**25,866**	54,424	**2,607**	4,785
Short term deposits	**32,000**	48,500	**32,000**	48,500
Money market funds	**118**	878	**-**	-
Total Cash and Cash Equivalents	**57,984**	103,802	**34,607**	53,285

NOTE 21: Parent Company Movement in Reserves Attributable to Member

	2024 US$'000	2023 US$'000
Income & Expenditure account		
As at 21 February	83,799	87,099
Surplus/(Deficit) for the financial year	1,319	(3,300)
As at 20 February	**85,118**	83,799

NOTE 22: Related Party Transactions

The Association has no share capital and is controlled by its members who are also the insured. The insurance transactions are deemed to be related party transactions but these are the only transactions between the Association and its members.

Most of the Directors are representatives or agents of member companies and other than the insurance and membership interests in the Directors' companies, the Directors have no financial interest in the Association. The Board delegates the day to day operations of the Association to A. Bilbrough & Co. Limited. Three Directors of A. Bilbrough & Co. Limited are directors of the Association. The Association paid management fees of £16.0m (2023: £16.0m) to A. Bilbrough & Co. Limited for the year.

The Association has a wholly owned subsidiary, The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited, noted at Note 12, to whom it cedes 90% of all P&I and FD&D Claims risks and associated Reinsurance Recoveries by way of a Quota Share Reinsurance Agreement in return for 90% of the Net Premium Income (less a discount) earned in the year.

NOTE 23: Average Expense Ratio – P&I Only

In accordance with the International Group Agreement 2024, the Association is required to include in these Financial Statements a statement of its Average Expense Ratio for P&I business for the five years ended 20 February 2024. The Ratio of 13.38% (2023: 13.27%) has been calculated in accordance with the schedule and the guidelines issued by the International Group and is consistent with the relevant Financial Statements.

Appendix I: Policy Year Statements (Unaudited)

CLASS 5 – P&I POLICY YEAR STATEMENT

	Notes	Reserves US$'000	Closed Years US$'000	2021/22 Policy Year US$'000	2022/2023 Policy Year US$'000	2023/2024 Policy Year US$'000	Total US$'000
Year to 20 February 2024				890	6,061	120,597	
Year to 20 February 2023				7,013	113,199	-	
Year to 20 February 2022				144,038	-	-	
Total Earned Calls & Premiums				151,941	119,260	120,597	
Earned Reinsurance Premiums				(19,805)	(21,600)	(20,997)	
Net Earned Premium				**132,136**	**97,660**	**99,600**	
Net Claims Paid	1			(106,373)	(50,336)	(25,367)	
Net Operating Expenses	2			(19,690)	(19,191)	(15,530)	
Investment Income				12,656	(3,615)	12,278	
Balance available for Outstanding Claims		**79,881**	**124,779**	**18,729**	**24,518**	**70,981**	**318,888**
Allocation from Reserves at 20 February 2023			5,641	30,208	32,422	-	68,271
Net Insurance Liabilities			(109,445)	(48,426)	(55,630)	(44,619)	(258,120)
		79,881	20,975	511	1,310	26,362	129,039
Unrealised Losses on Investments & Property		3,115	-	-	-	-	3,115
Allocation from Closed Years at 20 February 2024		49,158	(20,975)	(511)	(1,310)	(26,362)	-
Undiscounted Policy Year Balances		**132,154**	**-**	**-**	**-**	**-**	**132,154**

CLASS 8 – FD&D POLICY YEAR STATEMENT

	Notes	Reserves US$'000	Closed Years US$'000	2021/22 Policy Year US$'000	2022/2023 Policy Year US$'000	2023/2024 Policy Year US$'000	Total US$'000
Year to 20 February 2024				155	675	11,716	
Year to 20 February 2023				643	11,308	-	
Year to 20 February 2022				12,521	-	-	
Total Earned Calls & Premiums				13,319	11,983	11,716	
Earned Reinsurance Premiums				(1,485)	(1,282)	(1,318)	
Net Earned Premium				**11,834**	**10,702**	**10,398**	
Net Claims Paid				(10,441)	(5,554)	(4,035)	
Net Operating Expenses	2			(2,517)	(2,232)	(2,509)	
Investment Income				865	(212)	443	
Balance available for Outstanding Claims		**9,348**	**3,284**	**(259)**	**2,704**	**4,297**	**19,374**
Allocation from Reserves at 20 February 2023			979	1,987	2,179	-	5,145
Net Insurance Liabilities			(2,600)	(2,106)	(3,841)	(4,631)	(13,178)
		9,348	1,663	(378)	1,042	(334)	11,341
Unrealised Losses on Investments & Property		199	-	-	-	-	199
Allocation from Closed Years at 20 February 2024		1,840	(1,663)	378	(1,042)	334	-
Undiscounted Policy Year Balances		**11,540**	**-**	**-**	**-**	**-**	**11,540**

NOTE 1: NET CLAIMS PAID

Included within Class 5 are the Association's Share of Other Clubs' Pool Claims. The Association's liability under the Pooling Agreement for the Policy Years 2021/22 – 2023/24 has been determined on the basis of current provisional percentage shares. Final percentage shares may differ.

	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000
Association's Share of Other Clubs' Pool Claims	11,922	2,544	2,160

NOTE 2: NET OPERATING EXPENSES

Net operating expenses include brokerage, commissions and exchange adjustments as follows:

	CLASS 5 – P&I			CLASS 8 – FD&D		
	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000
Exchange Adjustments	492	2,692	**(538)**	155	175	**(33)**
Admin Expenses	4,199	4,582	**4,463**	723	630	**962**
Brokerage & Commission	14,999	11,917	**11,605**	1,639	1,427	**1,580**
Total	19,690	19,191	**15,530**	2,517	2,232	**2,509**

NOTE 3: NET OUTSTANDING CLAIMS

	CLASS 5 – P&I				CLASS 8 – FD&D			
	Closed Years US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000	Closed Years US$'000	2021/22 US$'000	2022/23 US$'000	2023/24 US$'000
Gross Claims Outstanding								
Retained	124,550	161,367	84,826	35,269	5,042	4,676	3,841	4,631
Pool	37,272	15,024	3,920	9,350	-	-	-	-
	161,822	176,391	88,746	44,619	5,042	4,676	3,841	4,631
Reinsurers' Share of Claims Outstanding								
Pool	(28,894)	(61,862)	(25,783)	-	-	-	-	-
Group XL/Hydra	(17,755)	(41,021)	(6,328)	-	-	-	-	-
Other	(5,728)	(25,083)	(1,005)	-	(2,442)	(2,570)	-	-
	(52,377)	(127,966)	(33,116)	-	(2,442)	(2,570)	-	-
Net Claims	109,445	48,425	55,630	44,619	2,600	2,106	3,841	4,631

Appendix II: Release Calls (Unaudited)

At the meeting on 16 April 2024, the Board reviewed the Open Policy Years and Release Call rates and reached the following decisions

	Class 5 – P&I	Class 8 – FD&D
2021/2022	5.0% of the Annual Call	5.0% of the Annual Call
2022/2023	15.0% of the Annual Call	15.0% of the Annual Call
2023/2024	15.0% of the Annual Call	15.0% of the Annual Call
2024/2025	15.0% of the Annual Call	15.0% of the Annual Call

The P&I Release Call rate above for the 2021/22 policy year is in addition to the Supplementary Call announced in October 2021. In setting Release Calls at these levels the factors taken into account by the Board included each of the risk categories listed below, individually and in the aggregate.

Risk Categories:

1. Premium risk;
2. Reserve risk;
3. Market risk;
4. Counterparty default risk;
5. Catastrophe risk; and
6. Operational risk.

RELEASE CALLS – CLASS 5 (P&I ONLY)

The Association is required to publish, in accordance with the International Group Agreement 2024, data on P&I Release Calls in the form of the margins in excess of originally estimated total calls for the five preceding policy years.

The margins that apply, at the date of publication of these Financial Statements, in respect of the five preceding years are as follows:

2019/2020 Nil (Closed)
2020/2021 Nil (Closed)
2021/2022 5.0% of the Annual Call (as stated above)
2022/2023 15.0% of the Annual Call (as stated above)
2023/2024 15.0% of the Annual Call (as stated above)

The London P&I Club

Managers
A. Bilbrough & Co. Ltd.

London
50 Leman Street
London E1 8HQ
T: +44 20 7772 8000
F: +44 20 7772 8200
E: london@londonpandi.com

Greece
Ionion Building
Akti Miaouli & 2,
II Merarchias Street
185 35 Piraeus
T: +30 210 458 6600
F: +30 210 458 6601
E: piraeus@londonpandi.com

Hong Kong
Unit 3603
36/F Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong
T: +852 3761 5678
F: +852 2838 2001
E: hongkong@londonpandi.com

Cyprus
Victory House
Office 321
205 Archbishop Makarios Avenue
3030 Limassol
Cyprus
T: +357 25 26 08 00
F: +357 25 26 08 02
E: limassol@londonpandi.com

Republic of Korea
In association with:
AB Korea
19Fl S Tower Bldg
82 Saemunan-ro
Jongno-gu
Seoul
Republic of Korea
T: +82 2 704 7440
E: london@ab-korea.com

www.londonpandi.com

IGP&I International Group of P&I Clubs

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