



THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED

Solvency & Financial Condition Report

20 February 2024

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

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

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INTRODUCTION

This is the single group Solvency and Financial Condition Report ("SFCR" or "Report") for The London Steam-Ship Owners' Mutual Insurance Company Limited ("The London P&I Club" or "the Club" or "the Association"), prepared as at 20 February 2024 in accordance with the requirements of Directive 2009/138/EC and Delegated Regulation (EU) 2015/35.

The Club's core business is the provision of mutual Protecting & Indemnity ("P&I") insurance on a mutual and fixed premium basis for ship-owners, operators and charterers. It also provides Freight, Demurrage & Defence ("FD&D") and War Risks insurance. It is a member of the 12 strong International Group of P&I Clubs ("IG") which between them provide P&I cover on a mutual basis for a substantial majority of the world's ocean-going ships. More information on the IG can be found at www.igpandi.org.

The Club reported an operating surplus of US\$36.3m (2022/23: deficit of US\$50.5m) for the 2023/24 financial year. This year-end result 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%. 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 financial year combined ratio for 2023/24 was 83.1% (2022/23: 128.5%).

The Club recognised net investment income for the year of US\$17.4m (2022/23: a loss of US\$18.2m), equivalent to a 5.0% return on the Club's invested assets and cash. There was a partial unwinding of the mark-to-market fixed income losses of 2022/23 although it took until the last quarter of the financial year for this to materialise.

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

As at 20 February 2024 the Club's Solvency Capital Requirement ("SCR"), calculated using the standard formula and uplifted by way of a voluntary capital add-on in the amount of US\$4.5m was US\$116.2m. Its Minimum Capital Requirement ("MCR") was US\$47.6m. The Club's overall capital resources available to meet the SCR and MCR stood at US\$221.4m, comprising US\$171.4m of Tier 1 basic own funds and US\$50.0m of Tier 2 ancillary own funds.

For The London Steam-Ship Owners' Mutual Insurance Association Limited on a solo basis ("LSSO London") the standard formula derived SCR and MCR as at 20 February 2024 stood at US\$84.4m and US\$21.1m respectively. LSSO London had overall capital resources available of US\$206.0m at this date.

APPROVAL BY THE BOARD OF DIRECTORS

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

We are satisfied that:

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

For and on behalf of the Board

I PAUL
Director

AG JONES
Director

9 July 2024

A. BUSINESS AND PERFORMANCE

A.1 Business Information

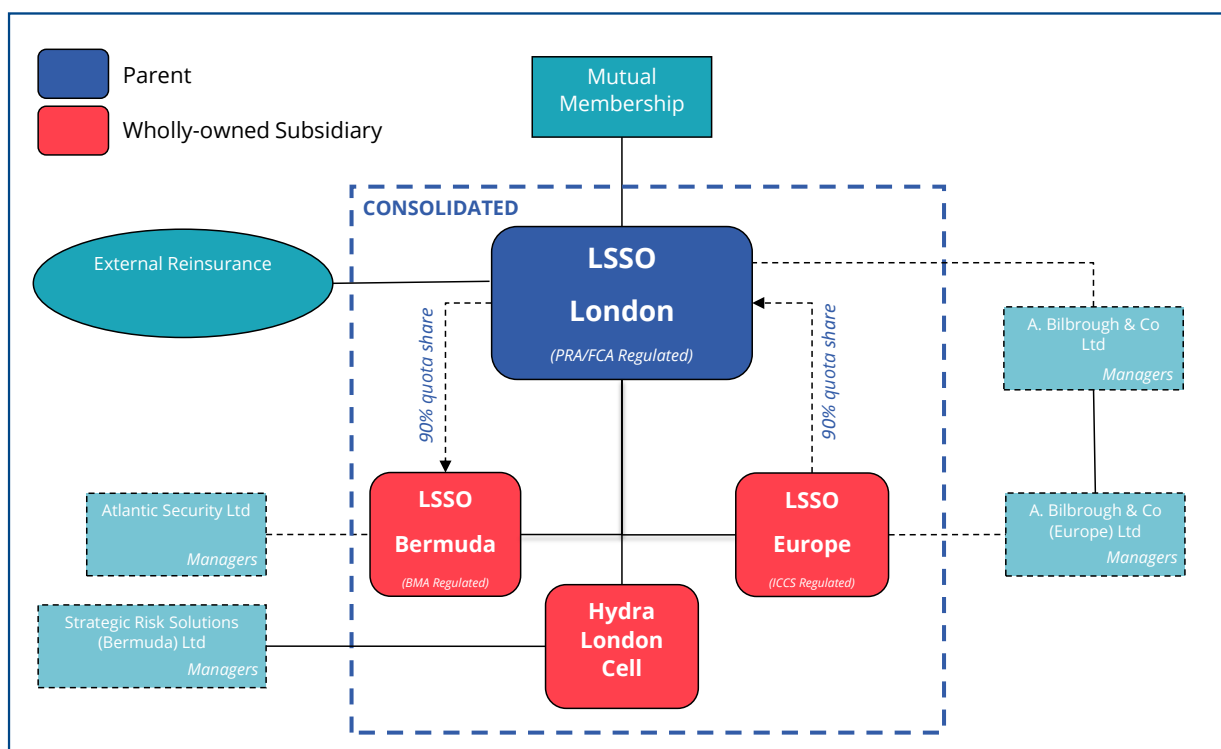
A.1.1 Legal & Operating Structure

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

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

- The London P&I Insurance Company (Europe) Limited (“LSSO Europe”);
- The London Steam-Ship Owners’ Mutual Insurance Association (Bermuda) Limited (“LSSO Bermuda”); and
- Hydra Insurance Company Limited (“Hydra”) – London Cell (“Hydra London Cell”).

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



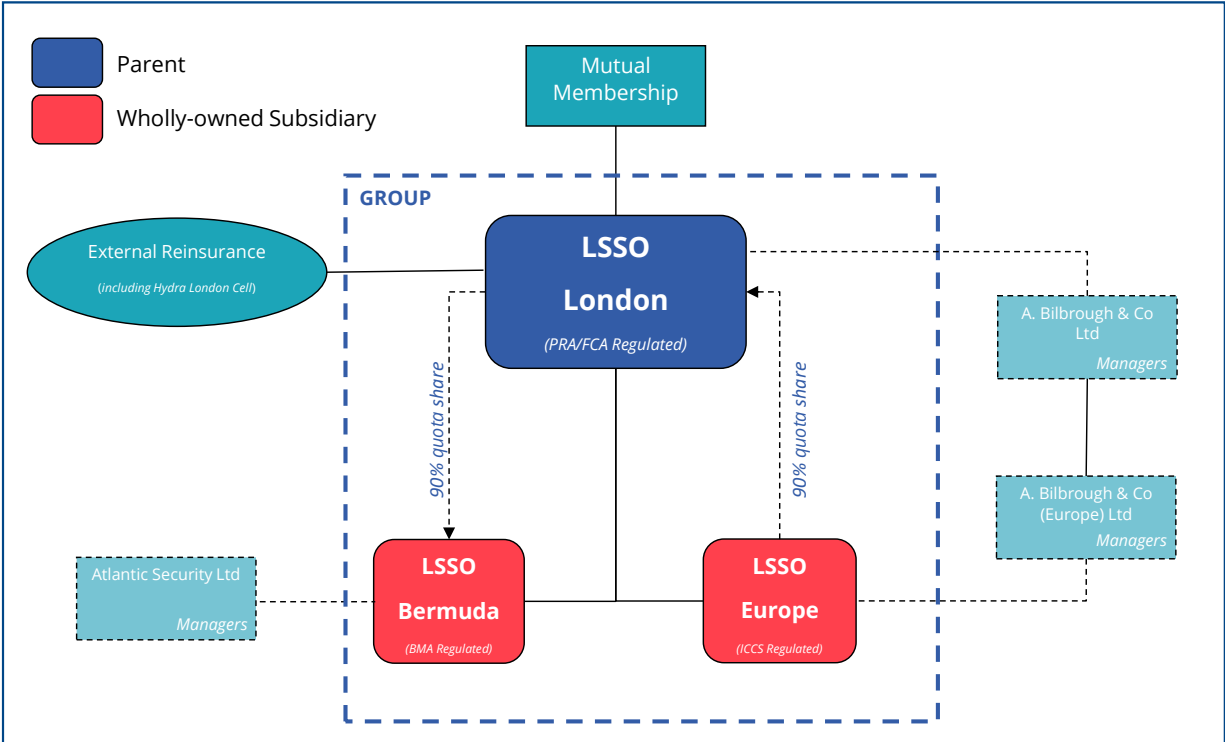
The parent entity is the main provider of insurance to third party Members and assureds and is owned by the Mutual Membership. The day-to-day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co Ltd.

LSSO Europe was incorporated in Cyprus on 12 June 2020 as a private limited company by shares under the provisions of the Cyprus Companies Law, Cap.113. Its registered office is at Esperidon 5, 4th floor, Strovolos, 2001, Nicosia, Cyprus. LSSO Europe obtained an insurance licence from the Superintendent of Insurance in Cyprus on 18 December 2020. Its principal activity is the provision of P&I and FD&D insurance for those EEA located risks which the Club could no longer underwrite from the UK following the expiry of the transition period agreed in the UK-EU Withdrawal Agreement. Under a quota share agreement LSSO Europe cedes 90% of premiums net of external reinsurance costs (less a discount) and 90% of claims net of external reinsurance recoveries to the parent entity. The day-to-day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co (Europe) Ltd.

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

Hydra is a segregated accounts company registered in Bermuda under the Segregated Accounts Companies Act 2000. It reinsures International Group (IG) Clubs for a proportion of the pooled risk not covered by the IG Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, contributed surplus and premium from the owning Club, although the cells are not in themselves separate legal entities. The Club accounts for its investment in Hydra as a special purpose entity, consolidating the cell financial statements for Hydra London Cell into its UK GAAP consolidated financial statements. As with LSSO Bermuda, the activities of Hydra London Cell are limited to the intra-group reinsurance of the Club's business. The day-to-day operation of Hydra is undertaken by Strategic Risk Solutions (Bermuda) Limited, a privately held firm providing captive management services in Bermuda.

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



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

A.1.2 Supervisory Authority

The Club is regulated in the United Kingdom by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The PRA is responsible for financial supervision of the Club on a solo basis and at

the level of the group. The PRA is a wholly owned subsidiary of the Bank of England, and its contact address is 20 Moorgate, London EC2R 6DA.

A.1.3 External Auditor

The Club's external auditor is Deloitte LLP, Hill House, 1 Little New Street, London EC4A 3TR.

A.1.4 Single SFCR

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

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

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

A.1.5 Material lines of business

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

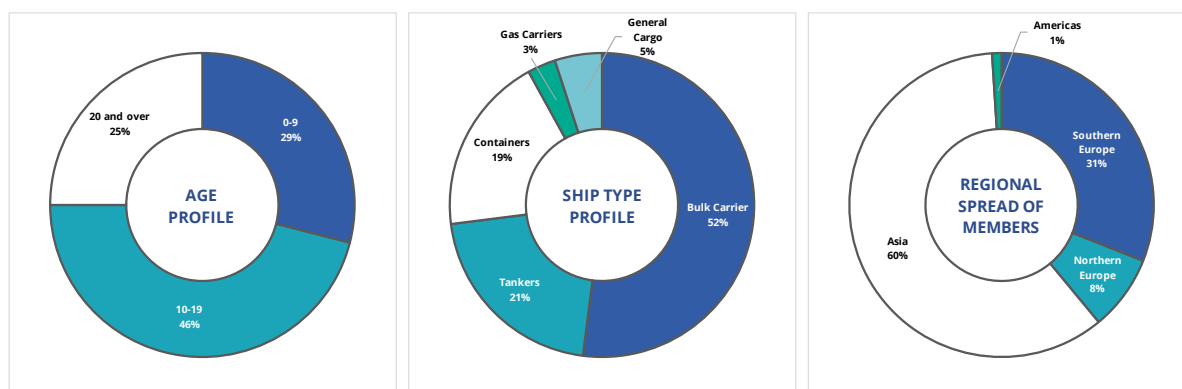
- P&I insurance on a mutual and fixed premium basis for ship-owners, operators and charterers; and
- FD&D insurance on a mutual and fixed premium basis for ship-owners, operators and charterers.

The majority of the Club's underwriting activity is carried out from its head office in London with its EEA business underwritten through its LSSO Europe subsidiary.

A.2 Underwriting Performance

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

Figure A-1



Underwriting performance for all business written, along with prior year comparatives, is presented below as shown in the Club's consolidated GAAP financial statements for the year ended 20 February 2024.

Table A-1

Underwriting Performance - US\$'000		
	2023/24	2022/23
Net earned premiums	117,069	111,287
Net incurred claims	(76,972)	(125,084)
Net operating expenses	(20,297)	(17,919)
Technical result	19,800	(31,716)

Underwriting performance for the Club's two material lines of business, along with prior year comparatives, is presented below as shown in the Club's consolidated GAAP financial statements for the year ended 20 February 2024.

Table A-2

Underwriting Performance by Class - US\$'000				
	CLASS 5 P&I		CLASS 8 FD&D	
	2023/24	2022/23	2023/24	2022/23
Net earned premiums	105,360	99,759	10,415	10,913
Net incurred claims	(70,018)	(115,210)	(6,955)	(9,874)
Net operating expenses	(17,076)	(15,995)	(2,617)	(2,102)
Technical result	18,266	(31,445)	844	(1,063)

The Club's technical result for the financial year under review was a profit of US\$19.8m and a combined ratio of 83.1%.

The net incurred cost of claims in 2023/24 was US\$77.0m. This represented a 38.5% decrease on the prior year comparative. The Incurred cost was at its lowest point for the last decade with decreased claims experience at all levels of severity compared to last year. Reduced claims costs at the attritional level came despite strong inflationary headwinds and provided the strongest evidence of the effectiveness of recent renewal actions, including de-risking to improve the Club's risk profile.

LSSO London's underwriting result for the year was a deficit of US\$1.1m (2022/23: deficit of US\$3.8m).

A.3 Investment Performance

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 prevailing higher levels. It nevertheless took until the

last two months of the 2023 calendar year for any meaningful positive returns to materialise, 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 Club recorded a 5.0% investment return on its invested assets and cash for the year. The following two tables below provide a breakdown of the investment return for both years by asset class and income/expenses component.

Table A-3

Investment Return by asset class - US\$000		
Asset Class	2023/24	2022/23
Equity securities	4,506	(4,275)
Debt securities	11,843	(11,830)
Investment property	(761)	(3,259)
Cash & cash equivalents	3,373	1,261
Other	-	2,016
Investment expenses	(1,721)	(1,753)
Investment Return	17,240	(17,840)

Table A-4

Investment Return by source - US\$000		
Source	2023/24	2022/23
Investment income	10,590	7,012
Realised gains/losses on investments	(1,707)	(8,588)
Unrealised gains/losses on investments	8,785	(14,990)
Unrealised gains/losses on investment property	(2,080)	(782)
Bank & other interest receivable	3,373	1,261
Investment expenses	(1,721)	(1,753)
Investment Return	17,240	(17,840)

LSSO London recorded an investment gain for the year after tax of US\$2.4m, including foreign exchange gains and losses (2022/23: US\$412.4k).

A.4 Performance of Other Activities

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

A.5 Any Other Information

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

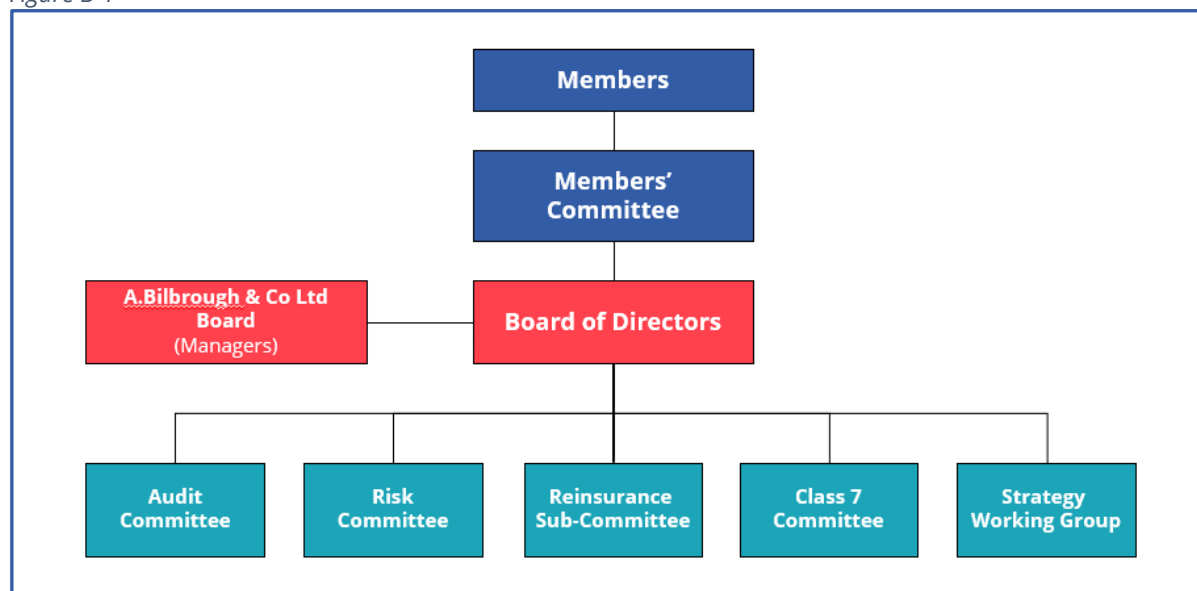
B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

B.1.1 Corporate Governance Structure

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

Figure B-1



Members' Committee

This Committee's overarching duty is to ensure the interests of the Members as a whole are represented at all times, promoting a culture of mutuality and fairness. Furthermore, it exists to provide the Board with support, challenge and Member perspective and views on the operation of the Club. The Members' Committee does not carry out any regulated function.

Board

The Club's Board, as the ultimate parent undertaking, directs and has responsibility for all activities of the Group.

The duties and responsibilities of the Club's Board are extensive, including but not limited to:

- Determining the corporate governance and structure of the Club;
- Calling annual general meetings, other general meetings and Class meetings of the Club in accordance with the Articles;
- Reviewing, proposing and seeking approval for changes to the Articles and Rules at general meetings or Class meetings of the Club;
- Appointing and removing members of the Board's Sub-Committees;
- Determining the remuneration of the Board and its Sub-Committees;
- Directing and monitoring the operation of the Club in accordance with the Articles and Rules;
- Setting the strategic direction of the Club, including determining the Club's investment, underwriting and marketing strategies, business model and plan;
- Setting the risk appetite for the Club and considering and approving the risk policies of the Club;
- Monitoring and reviewing the overall financial, claims, operational and investment performance of the Club;
- Ensuring and overseeing the Club's compliance with all applicable legal, regulatory and capital requirements and implementing all adequate systems and controls to ensure that such requirements are met; and
- Approving all regulatory returns and submitting the annual report of the Club to the Members.

Audit Committee

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

Risk Committee

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

Reinsurance Sub-Committee

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

Strategy Working Group

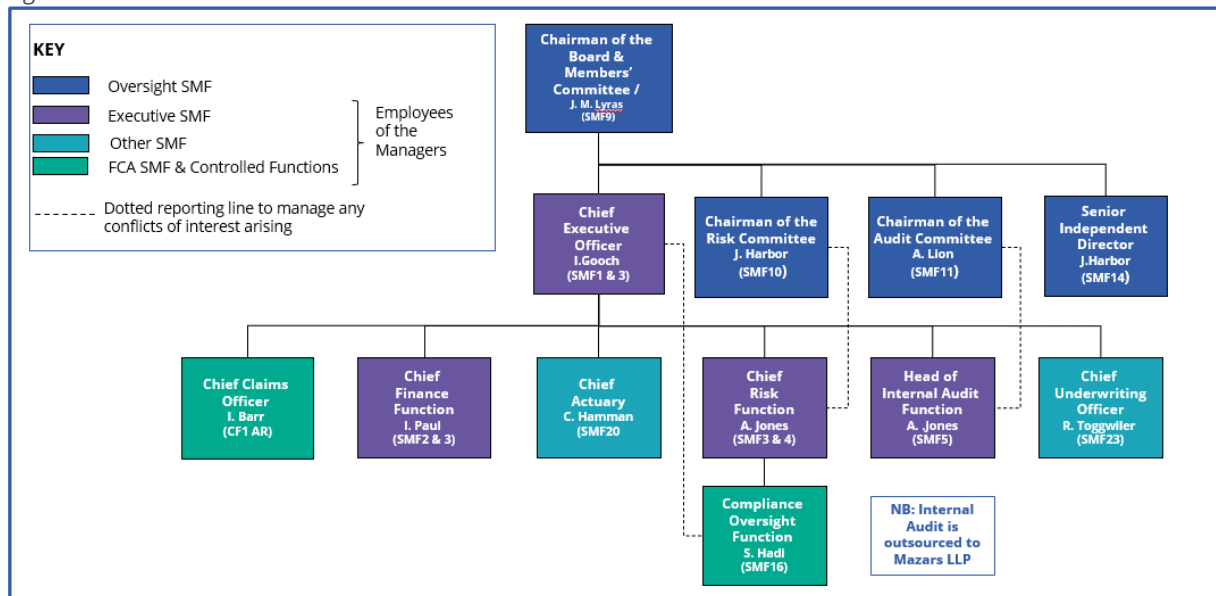
This Working Group's primary duties are to assist and to report views and recommendations to the Board on strategic issues involving the Club's performance, positioning and prospects, including product lines offered by the Club, the Club's business environment and strategic initiatives including potential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

B.1.2 Senior Managers Regime

The PRA's Senior Managers & Certification Regime ("SM&CR") is the accountability regime for senior executives of insurance firms and it requires the Club to maintain a Management Responsibilities Map to evidence the appropriate apportionment of responsibilities amongst the members of the Board and Executives who have been approved by the PRA to undertake Senior Management Functions.

The Senior Management Function-holders and FCA Controlled Functions for the Club are shown in Figure B-2 below.

Figure B-2



B.1.3 Remuneration Policy & Practices

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

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

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

B.1.4 Related Party Transactions

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

B.2 Fit & Proper Requirements

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

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

The Club has implemented a Fit & Proper Policy and processes to ensure individuals acting for the Club are both fit and proper, in line with PRA and FCA rules. On appointment, all Senior Managers are subject to due diligence enquiries to ensure that they are honest, of good reputation, have integrity, and are financially sound. The fit and proper assessments are repeated annually by the Compliance Function. Where a key function is outsourced, the Company ensures the outsourcing firm has procedures in place for ensuring those carrying out the function are fit and proper.

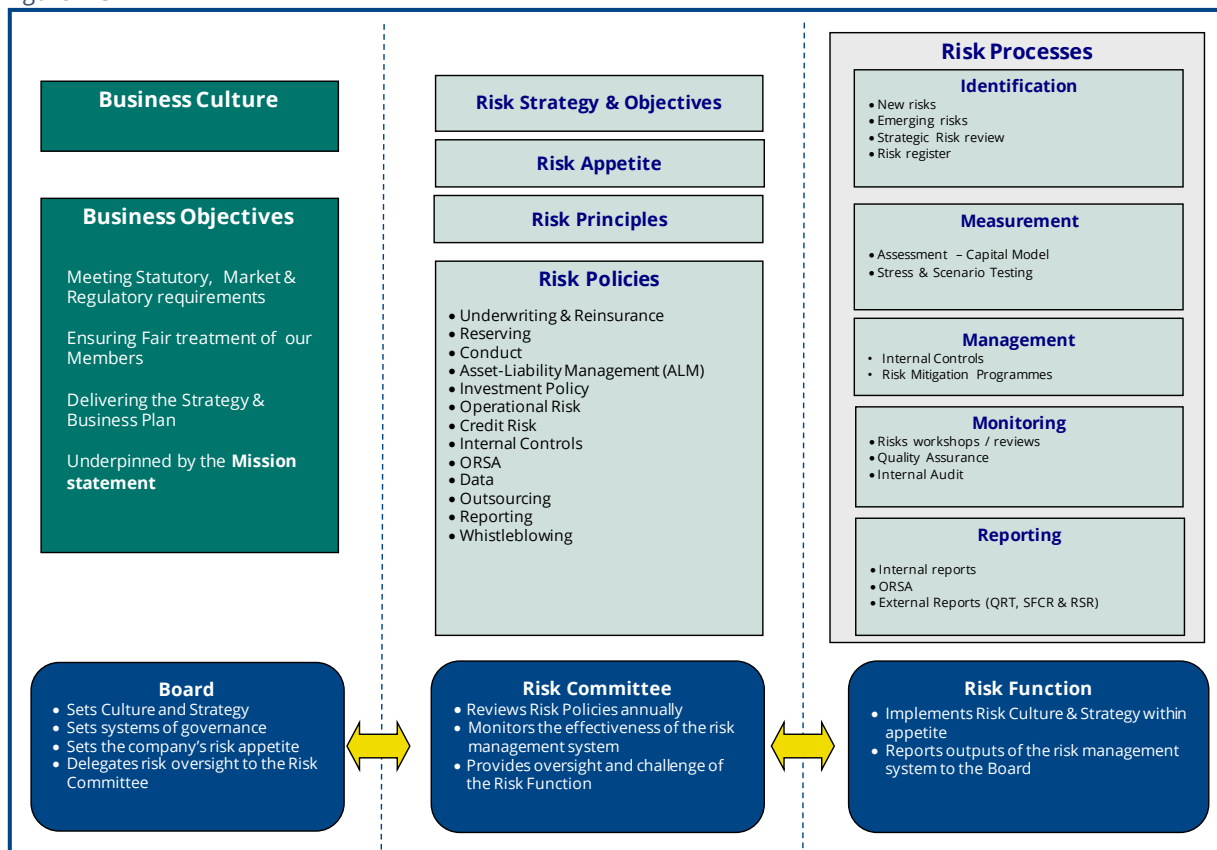
B.3 Risk Management System including the Own Risk & Solvency Assessment

B.3.1 Risk Management System

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

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

Figure B-3



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

Reporting procedures at Board, and Sub-Committee level in regard to the monitoring and managing of risks are referred to in Section B.1.1. At a more granular level, and as presented in the chart above, there are a range of risk processes in place to ensure the Club is able to effectively identify, measure, manage, monitor and report on the risks to which it is exposed. More detail on the key processes is provided below:

Identification

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

Measurement

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

Management

- The Club's internal control system ensures robust controls are in place to mitigate material risks identified in the business.

- The Club's Risk Register incorporates a scoring matrix which measures the risk mitigating impact of controls in place for each risk identified.

Monitoring

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

Reporting

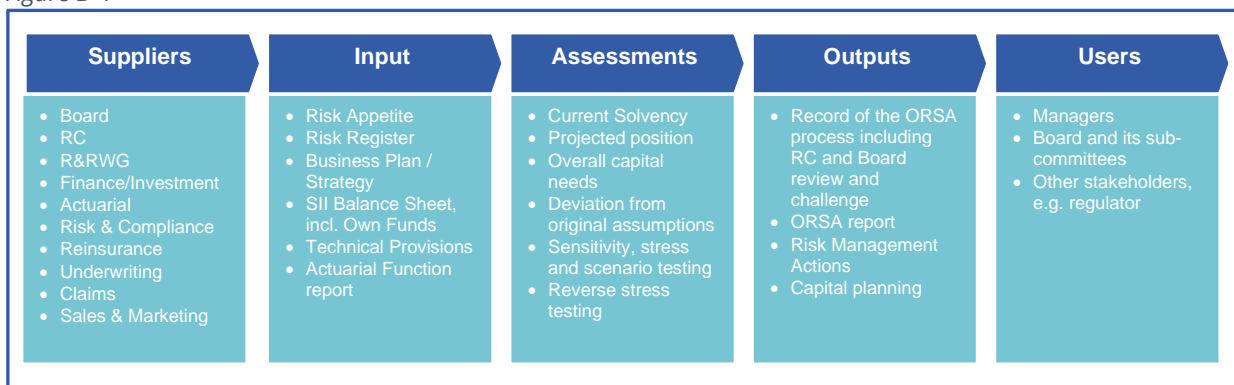
- Measurement of all material, quantifiable risks to which the Club is exposed over a one-year time horizon, as calculated using the Club's internal capital model, is reported to the RC annually.
- The Club's Risk Register is updated and presented to the RC at least annually. Changes to the Risk Register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

B.3.2 Own Risk & Solvency Assessment (ORSA)

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

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

Figure B-4



The individual processes undertaken during the assessment process are designed to address EIOPA's Guidelines on own risk and solvency assessment, appropriately tailored to reflect the nature, scale and complexity of the Club's risks. The most recent ORSA was conducted during 2023/24 and included an assessment of the following:

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

- The quality and quantity of the Club's current and prospective financial resources available to meet its solvency needs; and
- Capital planning and management.

The Board reviews annually in detail the ORSA Report prepared following the conclusion of the assessment process. The 2023 ORSA Report was formally approved by the Board on 30 January 2024.

B.4 Internal Control System

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

The policy requires Management:

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

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

- 1st Line – Risk owners (Directors and Line Managers) are responsible for the continuous identification and assessment of risks within their departments and for ensuring effective systems and controls are in place to mitigate risks arising.
- 2nd Line – The Risk & Compliance Function, together with the Actuarial Function which provides support to the Risk Function, monitors risks arising and the operation of the risk management system.
- 3rd Line – The Internal Audit Function through its annual audit plan together with the external quality assessments by the ISO accreditation body provide the Board with independent assurance on the effectiveness of the internal controls framework.

B.4.1 Compliance Function

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

The responsibilities of the Compliance Function include:

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

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

B.4.2 Risk Function

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

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

B.5 Internal Audit Function

The Internal Audit Function is outsourced to Mazars LLP. To maintain objectivity, Mazars do not carry out any activities for the Club on which they perform internal audit services. Internal Audit is directly accountable to the Chairman of the Audit Committee, and has free and unrestricted access to the Chairman of the Audit Committee and the Chairman of the Board.

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

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

B.6 Actuarial Function

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

The Club's management has an actuarial team, headed by a qualified actuary, providing the Club with an effective Actuarial Function.

B.7 Outsourcing

The Club's Outsourcing Policy has been prepared on the basis that the material outsourcing arrangement is between the Club and its managers. The Managers of LSSO London are A. Bilbrough & Co Ltd. The Managers of LSSO Europe are A. Bilbrough & Co. (Europe) Ltd. The Managers of LSSO Bermuda are Atlantic Security Ltd. The other material outsourcing arrangement exists between the Club and its internal auditors, Mazars LLP.

The Policy includes a number of Policy Statements which provide a framework within which this key outsourcing arrangement is organised, for example stipulating that it is subject to a written legal agreement which meets all legal and regulatory requirements, ensures the Club is able to maintain operational resilience of its important business within Board approved impact tolerances, and a Contingency Plan allows for the termination of the arrangement.

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

B.8 Any Other Information

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

There have been no material changes to the system of governance in the last year.

C. RISK PROFILE

C.1 Underwriting Risk

Premium Risk

Premium risk is the risk that Calls and Gross Premiums will not be sufficient to cover losses and associated administrative expenses. This risk is managed and mitigated by underwriting 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 Club. The risk function regularly reviews and analyses the portfolio of business on risk during the year, including portfolio composition by ship type, ship age and place of management.

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

Reserving Risk

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

The Club incorporates a margin for uncertainty within its technical provisions under the statutory valuation, 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 claims incurred.

Table C-1

Sensitivity to Loss Ratio - US\$000		
5% Increase	2023/24	2022/23
Gross	(7,131)	(6,823)
Net	(5,853)	(5,564)

Table C-2

Sensitivity to Loss Ratio - US\$000		
5% Decrease	2023/24	2022/23
Gross	7,131	6,823
Net	5,853	5,564

C.2 Market Risk

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

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

Interest Rate Risk

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

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

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

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

Table C-3

Sensitivity to Interest rates - US\$000		
Increase of 100 Basis Points	20 Feb 2024	20 Feb 2023
Market Value Impact	(12,014)	(9,327)

Equity Price Risk

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

A 10 per cent decrease in the value of equity securities held at the year-end date would have decreased accumulated reserves at that date by US\$4,114k (2023: US\$5,118k).

Foreign Currency Risk

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

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

Table C-4

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

Table C-5

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

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.

Table C-6

Sensitivity to currency movements - US\$000		
5% strengthening compared to USD	20 Feb 2024	20 Feb 2023
Sterling	313	421
Euro	(208)	(243)

Table C-7

Sensitivity to currency movements - US\$000		
5% weakening compared to USD	20 Feb 2024	20 Feb 2023
Sterling	(313)	(421)
Euro	208	243

C.3 Credit Risk

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

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

Reinsurance default risk is managed by regular monitoring of current and prospective reinsurance counterparties and by having in place guidelines in respect of acceptable credit ratings and concentration limits.

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

Table C-8

Breakdown of Receivables by credit rating - US\$000						
As at 20 Feb 2024	AAA	AA	A	BBB & Below	Other	Total
Reinsurance Assets	-	34,958	152,054	31,437	22	218,471
RI Share of UPR	-	-	1,284	-	-	1,284
Taxation	-	-	-	-	-	-
Receivables	-	265	6,704	234	11,903	19,106
Deferred Acquisition Costs	-	-	-	-	830	830
Prepayments & Accrued Income	-	926	178	517	7,464	9,085
Total	-	36,149	160,220	32,188	20,219	248,776

Table C-9

Breakdown of Receivables by credit rating - US\$000						
As at 20 Feb 2023	AAA	AA	A	BBB & Below	Other	Total
Reinsurance Assets	-	38,464	170,886	30,332	21	239,703
RI Share of UPR	-	-	1,413	-	-	1,413
Taxation	-	-	-	-	35	35
Receivables	-	1,758	6,075	89	16,335	24,257
Deferred Acquisition Costs	-	-	-	-	766	766
Prepayments & Accrued Income	-	447	149	358	7,027	7,981
Total	-	40,669	178,523	30,779	24,184	274,155

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

Table C-10

Breakdown of Cash & Investments - US\$000						
As at 20 Feb 2024	AAA	AA	A	BBB & Below	Other	Total
As at 20 Feb 2024	72,417	136,345	87,644	48,214	62,805	407,425
As at 20 Feb 2023	73,612	96,223	126,548	37,714	67,653	401,750

C.4 Liquidity Risk

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

The Club's approach is to maintain a significant holding of liquid assets, either in cash or in liquid assets that can be translated into cash at short notice and at low risk of suffering any material capital loss. Cash flow projections are reviewed and updated regularly to ensure the most efficient use of cash resources. Anticipated future profits in respect of Bound but not Incepted business (BBNIB) are included within the Premium Provision calculation referred to in Section D.2.

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

Table C-11

Breakdown of Assets by Duration - US\$000					
As at 20 Feb 2024	Up to 1 year	1-3 Years	3-5 Years	5+ Years	Total
Cash & Investments	89,211	88,786	62,695	166,733	407,425
Receivables	19,106	-	-	-	19,106
Reinsurance Assets	52,789	79,283	35,769	50,630	218,471
Reinsurer Share of UPR	1,284	-	-	-	1,284
Deferred Acquisition Costs	830	-	-	-	830
Prepayments & Accrued Income	9,085	-	-	-	9,085
Total	172,305	168,069	98,464	217,363	656,201

Table C-12

Breakdown of Liabilities by Duration - US\$000					
As at 20 Feb 2024	Up to 1 year	1-3 Years	3-5 Years	5+ Years	Total
Insurance Liabilities	161,940	178,870	67,349	81,609	489,768
Unearned Premium	5,571	-	-	-	5,571
Payables	20,870	-	-	-	20,870
Taxation	705	-	-	-	705
Accruals & Deferred Income	6,286	-	-	-	6,286
Total	195,372	178,870	67,349	81,609	523,200

Table C-13

Breakdown of Assets by Duration - US\$000					
As at 20 Feb 2023	Up to 1 year	1-3 Years	3-5 Years	5+ Years	Total
Cash & Investments	137,265	70,252	47,736	146,497	401,750
Taxation	35	-	-	-	35
Receivables	24,257	-	-	-	24,257
Reinsurance Assets	74,567	92,297	33,944	38,895	239,703
Reinsurer Share of UPR	1,413	-	-	-	1,413
Deferred Acquisition Costs	766	-	-	-	766
Prepayments & Accrued Income	7,981	-	-	-	7,981
Total	246,284	162,549	81,680	185,392	675,905

Table C-14

Breakdown of Liabilities by Duration - US\$000					
As at 20 Feb 2023	Up to 1 year	1-3 Years	3-5 Years	5+ Years	Total
Insurance Liabilities	181,408	207,882	72,497	81,179	542,966
Unearned Premium	5,354	-	-	-	5,354
Payables	27,654	-	-	-	27,654
Accruals & Deferred Income	4,875	-	-	-	4,875
Total	219,291	207,882	72,497	81,179	580,849

C.5 Operational Risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks, the Club documents all key processes and controls in a procedures manual. This manual is embedded into the organisation, updated on a continual basis by senior staff and available to all

staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function which is directed and reviewed by the Audit Committee. A staff handbook contains all key policies that have also been documented.

C.6 Other Material Risks

Climate Risk

Climate Risk means the financial risks arising from climate change and is included in the Risk Register as a cross-cutting strategic risk as it is seen as an 'amplifier' of a number of existing risks noted above that the Club faces. The key financial risks associated with climate change identified include:

- Physical risks – increased weather-related natural disasters leading to increased claims, for example increased frequency of containers being lost over board and vessel collisions due to higher frequency and severity of storms, vessel groundings in areas of drought in the short-medium term; and longer term disruption to the Club's operations, for example closure of offices in London, Piraeus, Cyprus and/or Hong Kong due to flooding as sea level rises;
- Transition risks – e.g. decarbonisation of the economy leading to:
 - a fall in asset values driven by decarbonisation (stranded assets);
 - failure to adapt investment strategy to take advantage of new high performing investment categories;
 - changes in policyholder/member trading patterns and insurance requirements (new vessel types but also IMO2020 type events);
 - reputational risk – internally as well as externally; and
 - regulatory risks of non-compliance with regulatory requirements.

These risks continue to be reviewed to ensure there are no new risks to the business or material changes to risks previously identified. Risk monitoring is undertaken by the ESG Working Group and any changes to the risk assessment are notified to the Risk Committee.

Risk Concentrations

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

C.7 Any Other Information

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

D. VALUATION FOR SOLVENCY PURPOSES

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

D.1 Assets

The following tables set out a comparison of the valuation of assets between UK GAAP and Solvency II for the Club as well as both LSSO London and LSSO Europe. The statutory valuation basis for LSSO Europe is IFRS17, but the figures below have been restated to UK GAAP basis to provide a comparable snapshot on a consolidated basis. A separate SFCR for LSSO Europe is available which does provide the comparative statutory figures on an IFRS17 basis.

Table D-1

Club - Assets held - US\$000						
	2023/24			2022/23		
	UK GAAP	Solvency II	Variance	UK GAAP	Solvency II	Variance
Deferred acquisition costs	830	-	(830)	766	-	(766)
Investments (including derivatives)	363,248	324,652	(38,596)	330,778	299,014	(31,764)
Strategic equity investments	14,789	24,154	9,365	14,789	18,166	3,377
Reinsurers' share of technical provisions	219,755	203,191	(16,564)	241,115	215,364	(25,751)
Insurance and intermediaries receivables	11,250	6,096	(5,154)	12,050	8,553	(3,497)
Reinsurance receivables	6,465	6,465	-	6,011	6,011	-
Receivables (trade, not insurance)	10,476	8,751	(1,725)	14,177	13,072	(1,105)
Taxation	-	-	-	35	35	-
Cash and cash equivalents	46,221	46,245	24	74,653	68,392	(6,261)
Total	673,034	619,554	(53,480)	694,374	628,607	(65,767)

Table D-2

LSSO London - Assets held - US\$000						
	2023/24			2022/23		
	UK GAAP	Solvency II	Variance	UK GAAP	Solvency II	Variance
Deferred acquisition costs	813	-	(813)	717	-	(717)
Investments (including derivatives)	16,436	16,436	-	20,046	20,094	48
Strategic equity investments	84,789	170,065	85,275	84,789	135,255	50,466
Reinsurers' share of technical provisions	476,617	390,346	(86,270)	527,298	418,960	(108,338)
Insurance and intermediaries receivables	10,475	5,321	(5,154)	10,890	7,431	(3,459)
Reinsurance receivables	6,462	6,462	-	6,001	6,001	-
Receivables (trade, not insurance)	7,422	7,422	-	7,837	7,778	(59)
Taxation	-	-	-	15	15	-
Cash and cash equivalents	34,607	34,607	-	53,285	53,285	-
Total	637,621	630,659	(6,961)	710,878	648,819	(62,059)

Table D-3

LSSO Europe - Assets held - US\$000						
	2023/24			2022/23		
	UK GAAP	Solvency II	Variance	UK GAAP	Solvency II	Variance
Deferred acquisition costs	18	-	(18)	49	-	(49)
Investments (including derivatives)	15,764	15,764	-	11,936	11,936	-
Reinsurers' share of technical provisions	13,869	9,286	(4,584)	11,128	6,222	(4,906)
Insurance and intermediaries receivables	775	1,080	305	2,476	2,476	-
Receivables (trade, not insurance)	757	1,517	759	-	-	-
Taxation	6	6	-	8	8	-
Cash and cash equivalents	4,885	4,934	49	8,105	8,105	-
Total	36,075	32,586	(3,488)	33,702	28,747	(4,955)

D.1.1 Differences between Solvency II and UK GAAP valuations

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

Deferred acquisition costs

Under FRS103 acquisitions costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the valuation date. Deferred acquisition costs are not recognised separately under Solvency II to the extent that they form part of the premium provision calculation of the technical provisions. Please refer to section D.2 for further details.

Investments & Cash and cash equivalents

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

Insurance and intermediaries receivables

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

Strategic equity investments

As explained in section A.1.1 of this Report, for UK GAAP reporting purposes the Club accounts for its investment in Hydra as a special purpose entity, consolidating the cell financial statements for Hydra London Cell. For Solvency II reporting purposes this investment is accounted for as an equity investment asset, specifically a strategic equity investment.

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

Reinsurers' share of technical provisions

The difference between UK GAAP and Solvency II values for reinsurers' share of technical provisions reflects the difference in methodology used to calculate the underlying technical provisions under the two bases. Please refer to section D.2.1 for further details on the methodology followed to value reinsurers' share of technical provisions under Solvency II.

D.2 Technical Provisions

The following table shows separately for the Club as well as LSSO London and LSSO Europe the net best estimate and risk margin, as well as the comparative figures as at 20 February 2023.

Table D-4

Club - Net Technical Provisions - US\$000			
	20 Feb 2024	20 Feb 2023	Variance
Net Technical Provisions under UK GAAP	275,585	307,205	31,620
Solvency II Adjustments	(76,124)	(74,808)	1,316
Net Best Estimate	199,461	232,397	32,936
Risk Margin	17,653	21,991	4,360
Net Technical Provisions	217,115	254,388	37,296

Table D-5

LSSO London - Net Technical Provisions - US\$000			
	20 Feb 2024	20 Feb 2023	Variance
Net Technical Provisions under UK GAAP	17,146	19,732	2,586
Solvency II Adjustments	(3,756)	(2,971)	785
Net Best Estimate	13,389	16,761	3,371
Risk Margin	4,385	8,692	4,321
Net Technical Provisions	17,775	25,452	7,693

Table D-6

LSSO Europe - Net Technical Provisions - US\$000			
	20 Feb 2024	20 Feb 2023	Variance
Net Technical Provisions under UK GAAP	1,569	1,259	(310)
Solvency II Adjustments	(492)	37	529
Net Best Estimate	1,077	1,297	220
Risk Margin	769	850	81
Net Technical Provisions	1,846	2,146	300

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

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

D.2.1 Methodology and main assumptions used for valuation of best estimate

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

for example bespoke run-off patterns. A split of the best estimate and risk margin can be found in template S.17.01 of the QRTs included in the Appendix.

Claim Provisions and corresponding reinsurance recoveries

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

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

Claims payments are made in various currencies over time with the overall majority of payments in US Dollars. Two other currencies that are used fairly regularly, especially in relation to claim fees, are GBP and EUR. We have explicitly allowed for the three currencies in the selection of the risk-free rate while we have implicitly allowed for the currencies in the payment pattern by considering an aggregate cashflow pattern, including all currencies.

Premium Provision

There was a small amount of unearned business relating to Fixed Premium business as at the valuation date. By far the biggest component of the Club's Premium Provision as at 20 February 2024 relates to BBNI business. This is because for the majority of the Club's business, which is mutual entries, cover is renewed shortly before year-end and incept at midday on 20 February.

Appropriate loss ratio assumptions are made and relevant cash-flow patterns are applied to premiums, gross claims, reinsurance premiums and recoveries, and expenses.

Expenses (Claims Provision)

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

Unallocated loss adjustment expenses ("ULAE") are not included within the gross paid claim amounts and they are projected separately. A change in the methodology for the estimation of the claims handling provision on a UK GAAP basis resulted in an uplift of the claims handling provision in the statutory valuation capturing all claims related expenses using a more granular method.

Expenses (Premium Provision)

Claim handling expenses related to future claims were allowed explicitly based on the historic percentage of claim handling expenses to paid claims.

For the unearned portion of the business, the admin cost for servicing these policies was allowed for.

For BBNI acquisition expenses were allowed on top of the admin cost for servicing these policies.

For these expense items it was assumed that the Club continues to write new business.

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

The approach used to quantify the impact from ENID has been revised for the 20 Feb 2024 valuation. The existing approach, which is a fixed percentage uplift, was replaced with a more precise risk-based method, with the severity and frequency of extreme events occurring calibrated based on the underlying assumptions of the Solvency II Standard Formula.

Discounting

All future cash-flows (claims, premiums, reinsurance recoveries, expenses, etc.) have been discounted using the prescribed EIOPA yield curves as at 20 February 2024. The yield curves of USD, GBP and EUR were combined based on the portion of each currency in the liabilities as at 20 February 2024, while linear interpolation of the yield curves of 31 January and 29 February was applied to get the appropriate risk free rates as at 20 February.

Risk Margin

In line with regulatory guidance, the risk margin is calculated using a cost-of-capital approach (currently equal to 6% in Europe and 4% in UK). This approach is intended to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

The method used has been revised to method 1 as specified in Guideline 61 of the *"EIOPA guidelines on the valuation of technical provisions"*, in order to allow for the change of the risk profile of the undertaking over time.

D.2.2 Uncertainty associated with the value of technical provisions

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

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

D.2.3 Other adjustments

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

D.2.4 Material changes since the previous valuation

The changes implemented in the methodologies to calibrate the claim handling expenses, reserves for events not in data and risk margin are set out in Section D.2.1.

D.3 Other Liabilities

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

Table D-7

Club - Liabilities - US\$000						
	2023/24			2022/23		
	UK GAAP	Solvency II	Variance	UK GAAP	Solvency II	Variance
Technical Provisions	495,340	420,306	(75,034)	548,320	469,752	(78,568)
Derivatives	-	-	-	-	76	76
Insurance & Intermediaries payables	6,597	6,597	-	7,815	7,815	-
Reinsurance payables	843	843	-	1,219	1,219	-
Payables (trade, not insurance)	19,718	19,718	-	23,301	23,301	-
Any other liabilities, not else shown	705	705	-	193	193	-
Total Liabilities	523,203	448,169	(75,034)	580,848	502,356	(78,492)
Excess of Assets over Liabilities	149,831	171,385	21,554	113,526	126,251	12,725

Table D-8

LSSO London - Liabilities - US\$000						
	2023/24			2022/23		
	UK GAAP	Solvency II	Variance	UK GAAP	Solvency II	Variance
Technical Provisions	493,762	408,121	(85,642)	547,030	444,412	(102,618)
Insurance & Intermediaries payables	6,247	6,247	-	6,989	6,989	-
Reinsurance payables	843	843	-	1,219	1,219	-
Payables (trade, not insurance)	50,935	50,935	-	71,659	71,659	-
Any other liabilities, not else shown	714	714	-	182	182	-
Total Liabilities	552,503	466,861	(85,642)	627,079	524,461	(102,618)
Excess of Assets over Liabilities	85,118	163,798	78,680	83,799	124,358	40,559

Table D-9

LSSO Europe - Liabilities - US\$000						
	2023/24			2022/23		
	UK GAAP	Solvency II	Variance	UK GAAP	Solvency II	Variance
Technical Provisions	15,438	11,132	(4,306)	12,388	8,368	(4,020)
Insurance & Intermediaries payables	350	2,103	1,754	1,103	1,103	-
Reinsurance payables	0	0	0	0	0	0
Payables (trade, not insurance)	465	228	(237.10)	1,064	1,064	-
Any other liabilities, not else shown	0	0	0	0	0	-
Total Liabilities	16,253	13,463	(2,790)	14,555	10,535	(4,020)
Excess of Assets over Liabilities	19,822	19,124	(698)	19,147	18,212	(935)

D.3.1 Differences between Solvency II and UK GAAP valuations

In general, the valuation method of liabilities is aligned with the statutory accounts and so the basis of preparation aligns with the accounting policies outlined in the Club's Annual Report and Financial Statements in Notes 17 and 18.

D.4 Alternative methods for valuation

The Club does not use alternative methods for valuation.

D.5 Any Other Information

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

E. CAPITAL MANAGEMENT

E.1 Own Funds

E.1.1 Objectives and management of Own Funds

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

Notwithstanding this core objective, however, the contractual right to make a supplementary call on the mutual Membership represents an important, well understood and highly efficient means by which the Club can manage its capital requirements in times of financial stress. Article 89 of Directive 2009/138/EC recognises that in the case of a mutual association with variable contributions, future claims which it has the right to levy on its Membership may be treated as ancillary own funds ("AOF") forming part of the Club's overall capital resources available to meet the SCR. The Club views it as an important matter of principle that this highly reliable source of capital is recognised as part of the overall capital resources available, and is committed to maintaining at all times supervisory approval for this AOF item. In the event of a Supplementary Call, the additional own funds raised form part of the Club's surplus and are included under Tier 1 Eligible Own Funds.

E.1.2 Structure, amount and quality of Own Funds

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

Table E-1

Club - Own Funds - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Basic Own Funds	171,385	45,134	126,251
Ancillary Own Funds	50,000	25,000	25,000
Total Own Funds	221,385	70,134	151,251

Table E-2

LSSO London - Own Funds - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Basic Own Funds	163,798	39,440	124,358
Ancillary Own Funds	42,212	17,212	25,000
Total Own Funds	206,010	56,652	149,358

The Basic Own Funds of LSSO Europe consist of US\$20m of Share Capital and minus US\$876k of Reconciliation reserve.

Table E-3

LSSO Europe - Own Funds - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Basic Own Funds	19,124	912	18,212
Ancillary Own Funds	-	-	-
Total Own Funds	19,124	912	18,212

The PRA has granted the Club approval on 13 March 2023 for an increase of the AOF from US\$25m to US\$50m, when determining its own funds, effective from 20 April 2023 until 20 April 2026.

E.1.3 Eligible amount of Own Funds available to cover SCR and MCR, classified by tiers

Basic Own Funds (as shown in section E.1.2) are classified as Tier 1 and are available to cover both the SCR and MCR while Ancillary Own Funds are classified as Tier 2 and are only available to cover the SCR.

E.1.4 Differences between UK GAAP equity and Solvency II excess of assets over liabilities

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

Table E-4

Club - UK GAAP Equity to SII Own Funds - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Retained Earnings as per UK GAAP	149,831	36,305	113,526
Difference in valuation of assets	(53,480)	12,287	(65,767)
Difference in valuation of technical provisions	75,034	(3,534)	78,568
Difference in valuation of other liabilities	-	76	(76)
Solvency II excess of assets over liabilities	171,385	45,134	126,251

Table E-5

LSSO London - UK GAAP Equity to SII Own Funds - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Retained Earnings as per UK GAAP	85,118	1,319	83,799
Difference in valuation of assets	(6,961)	55,098	(62,059)
Difference in valuation of technical provisions	85,642	(16,976)	102,618
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	163,798	39,440	124,358

Table E-6

LSSO Europe - UK GAAP Equity to SII Own Funds - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Retained Earnings as per UK GAAP	19,822	675	19,147
Difference in valuation of assets	(3,488)	1,467	(4,955)
Difference in valuation of technical provisions	4,306	286	4,020
Difference in valuation of other liabilities	(1,517)	(1,517)	-
Solvency II excess of assets over liabilities	19,124	912	18,212

E.1.5 Description and the amount of Ancillary Own Funds

A description of the AOF item and the amount approved by the PRA is provided in Sections E.1.1 and E.1.2.

E.1.6 Description of items deducted from Own Funds

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

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement as at 20 February 2024

The SCR of the Club as at the valuation date is US\$116.2m with the SCRs for LSSO London and LSSO Europe entities equal to US\$84.4m and US\$6.1m respectively. The following table shows the relevant SCRs split by risk modules as of 20 February 2024.

Table E-7

Club - SCR - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Non-life Underwriting Risk	80,213	(1,961)	82,174
Market Risk	33,878	(1,451)	35,329
Counterparty Default Risk	9,292	(3,519)	12,811
Undiversified Basic SCR	123,383	(6,931)	130,314
Diversification Benefit	(23,735)	2,198	(25,933)
Basic SCR	99,648	(4,733)	104,381
Operational Risk	12,080	(1,353)	13,433
SCR (excl. Capital add on)	111,728	(6,086)	117,814
Capital add-on	4,470	-	4,470
Solvency Capital Requirements	116,198	(6,086)	122,284

Table E-8

LSSO London - SCR - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Non-life Underwriting Risk	12,777	1,890	10,887
Market Risk	52,555	11,928	40,626
Counterparty Default Risk	29,414	(10,671)	40,085
Undiversified Basic SCR	94,746	3,147	91,598
Diversification Benefit	(22,434)	(461)	(21,973)
Basic SCR	72,312	2,687	69,625
Operational Risk	12,112	(960)	13,072
Solvency Capital Requirements	84,424	1,727	82,697

Table E-9

LSSO Europe - SCR - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
Non-life Underwriting Risk	2,655	198	2,457
Market Risk	1,255	396	859
Counterparty Default Risk	3,347	(592)	3,939
Undiversified Basic SCR	7,257	2	7,255
Diversification Benefit	(1,558)	(195)	(1,363)
Basic SCR	5,699	(193)	5,892
Operational Risk	426	18	409
Solvency Capital Requirements	6,125	(175)	6,300

No material simplified methods have been used in our assessment and neither did we use the duration-based equity risk sub-module as set out in Article 304 of Directive 2009/138/EC in the calculation of the SCR.

Non-Life Underwriting Risk

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

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

Market Risk

The Club follows an investment strategy that exposes it to 'Equity Risk' and 'Spread Risk' in particular. Under 'Equity Risk' we have applied a symmetrical adjustment of +0.91% to the standard 39% and 49% shocks for Type 1 and Type 2 equities respectively, which is the SAECC index as published by the Bank of England.

Notwithstanding that the Club holds assets in each of the key currencies in which it has outstanding liabilities, there remains an element of currency mismatching, principally with regards to GBP and EUR exposures.

Counterparty Default Risk (CDR)

The Club announced Supplementary Calls in October 2021 on the 2019/20, 2020/21 and 2021/22 policy years, payable in three instalments respectively on 31 December 2021, 31 March 2022 and 31 July 2022. Close to all uncollected Supplementary Calls have now been collected, which led to a reduction in 'Type 2 Exposures'.

Capital Add-on

The Club agreed with the PRA a voluntary capital add-on, effective 20 February 2022, as part of its group level SCR for the remote risk the Club is exposed to through its management agreement contract and relationship with its independent management company, and its pension deficit. The capital add-on has remained unchanged at US\$4.47m although the PRA has granted a reduction in the CAO to US\$2.76m effective from 23 April 2024.

E.2.2 Minimum Capital Requirement as at 20 February 2024

The MCR of the Club as at the valuation date is US\$47.6m with the MCRs for the LSSO London and LSSO Europe entities equal to US\$21.1m and US\$4.3m respectively. The following table shows the inputs into the MCR calculation as of 20 February 2024. Note the Absolute Floor of the MCR ("AMCR") is prescribed by EIOPA and is €4.0m, converted at an exchange rate of 1.0811 (20 Feb 2023: 0.9914) as per Article 300.

Table E-10

Club - MCR - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
AMCR	4,324	358	3,966
Linear MCR	36,328	1,219	35,109
SCR	116,198	(6,086)	122,284
Combined MCR	36,328	1,219	35,109
Minimum consolidated Group SCR	47,640	(1,725)	49,365
Minimum Capital Requirements	47,640	(1,725)	49,365

Table E-11

LSSO London - MCR - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
AMCR	4,324	358	3,966
Linear MCR	4,480	(131)	4,611
SCR	84,424	1,727	82,697
Combined MCR	21,106	432	20,674
Minimum Capital Requirements	21,106	432	20,674

Table E-12

LSSO Europe - MCR - US\$000			
	20 Feb 2024	Movement	20 Feb 2023
AMCR	4,324	74	4,250
Linear MCR	480	66	414
SCR	6,125	(175)	6,300
Combined MCR	1,531	(44)	1,575
Minimum Capital Requirements	4,324	74	4,250

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

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

E.2.3 Material changes to the SCR and MCR over the reporting period

The underlying risk profile has remained broadly unchanged over the reporting period. Risk exposures in relation to Market Risk and Counterparty Default Risk reduced which led to a reduction in the capital charges under both these risk modules.

E.2.4 Overall Solvency

The table below shows the SCR and MCR solvency ratios for the Club and subsidiaries as of 20 February 2024.

Table E-13

Capital Requirements - Club - US\$'000						
	SCR			MCR		
	20 Feb 2024	20 Feb 2023	Change	20 Feb 2024	20 Feb 2023	Change
Capital Requirement	116,198	122,284	(6,086)	47,640	49,365	(1,725)
Eligible Own Funds	221,385	151,251	70,134	171,385	126,251	45,134
Surplus Funds	105,187	28,967	76,220	123,745	76,886	46,859
Ratio	190.53%	123.69%	66.84%	359.75%	255.75%	104.00%

Table E-14

Capital Requirements - London - US\$'000						
	SCR			MCR		
	20 Feb 2024	20 Feb 2023	Change	20 Feb 2024	20 Feb 2023	Change
Capital Requirement	84,424	82,697	1,727	21,106	20,674	432
Eligible Own Funds	206,010	149,358	56,652	163,798	124,358	39,440
Surplus Funds	121,586	66,661	54,925	142,692	103,684	39,008
Ratio	244.02%	180.61%	63.41%	776.08%	601.51%	174.56%

Table E-15

Capital Requirements - Europe - US\$'000						
	SCR			MCR		
	20 Feb 2024	20 Feb 2023	Change	20 Feb 2024	20 Feb 2023	Change
Capital Requirement	6,125	6,300	(175)	4,324	4,250	74
Eligible Own Funds	19,124	18,212	912	19,124	18,212	912
Surplus Funds	12,999	11,912	1,087	14,800	13,962	838
Ratio	312.22%	289.07%	23.15%	442.23%	428.52%	13.71%

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Club does not use make use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

E.4 Differences between the Standard Formula and any Internal Model used

No internal or partial internal model is used to calculate the regulatory capital requirement.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There were no instances of non-compliance with either the MCR or the SCR during the period from 20 February 2023 to 20 February 2024. This applies to the Group and the undertakings within scope of this SFCR.

E.6 Any Other Information

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

Appendix 1: Quantitative Reporting Templates (QRTs)

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

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

The following Group QRTs are provided:

Reference	QRT Template Description	Page No
S.02.01.02	Balance sheet	A 3
S.05.01.02	Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations	A 5
S.05.02.01	Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations	A 6
S.23.01.22	Own Funds	A 7
S.25.01.22	Solvency Capital Requirement – for groups on Standard Formula	A 9
S.32.01.22	Undertakings in the scope of the group	A 10

The following QRTs for LSSO London are provided:

Reference	QRT Template Description	Page No
S.02.01.02	Balance sheet	B 3
S.05.01.02	Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations	B 5
S.05.02.01	Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations	B 6
S.17.01.02	Non-Life Technical Provisions	B 7
S.19.01.21	Non-Life insurance claims	B 8
S.23.01.01	Own Funds	B 9
S.25.01.21	Solvency Capital Requirement – for undertakings on the Standard Formula	B 10
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity	B 11

The London Steam-
Ship Owners' Mutual
Insurance
Association (Group)
Limited

Solvency and Financial
Condition Report

Group Disclosures

20 February

2024

(Monetary amounts in USD thousands)

General information

Participating undertaking name	The London Steam-Ship Owners' Mutual Insurance Association (Group) Limited
Group identification code	213800VZJ8TFB8ZJDR87
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	20 February 2024
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	0
	348,806
	16,833
	24,154
	24,771
	24,771
	236,693
	81,925
	87,874
	0
	66,894
	36,016
	39
	10,300
	0
	0
	0
	203,191
	203,191
	203,191
	0
	0
	6,096
	6,465
	8,751
	0
	46,245
	10
R0500 Total assets	619,563

Assets

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

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	420,306
R0520	<i>Technical provisions - non-life (excluding health)</i>	420,306
R0530	<i>TP calculated as a whole</i>	
R0540	<i>Best Estimate</i>	402,652
R0550	<i>Risk margin</i>	17,653
R0560	<i>Technical provisions - health (similar to non-life)</i>	0
R0570	<i>TP calculated as a whole</i>	
R0580	<i>Best Estimate</i>	
R0590	<i>Risk margin</i>	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	0
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	6,597
R0830	Reinsurance payables	843
R0840	Payables (trade, not insurance)	19,718
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	714
R0900	Total liabilities	448,178
R1000	Excess of assets over liabilities	171,385

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total			
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		C0200		
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160				
Premiums written																			
R0110	Gross - Direct Business																	142,844	
R0120	Gross - Proportional reinsurance accepted																		0
R0130	Gross - Non-proportional reinsurance accepted																		0
R0140	Reinsurers' share																	25,430	
R0200	Net																	117,414	
Premiums earned																			
R0210	Gross - Direct Business																		142,627
R0220	Gross - Proportional reinsurance accepted																		0
R0230	Gross - Non-proportional reinsurance accepted																		0
R0240	Reinsurers' share																	25,558	
R0300	Net																	117,069	
Claims incurred																			
R0310	Gross - Direct Business																		74,673
R0320	Gross - Proportional reinsurance accepted																		0
R0330	Gross - Non-proportional reinsurance accepted																		0
R0340	Reinsurers' share																	16,697	
R0400	Net																	57,975	
Changes in other technical provisions																			
R0410	Gross - Direct Business																		0
R0420	Gross - Proportional reinsurance accepted																		0
R0430	Gross - Non-proportional reinsurance accepted																		0
R0440	Reinsurers' share																	0	
R0500	Net																	0	
R0550	Expenses incurred																	41,015	
R1200	Other expenses																		
R1300	Total expenses																		41,015

S.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		CY					
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010 Premiums written							
R0110 Gross - Direct Business	128,729	14,115					142,844
R0120 Gross - Proportional reinsurance accepted							0
R0130 Gross - Non-proportional reinsurance accepted							0
R0140 Reinsurers' share	23,144	2,286					25,430
R0200 Net	105,585	11,829					117,414
R0210 Premiums earned							
R0210 Gross - Direct Business	128,410	14,217					142,627
R0220 Gross - Proportional reinsurance accepted							0
R0230 Gross - Non-proportional reinsurance accepted							0
R0240 Reinsurers' share	23,251	2,308					25,558
R0300 Net	105,159	11,910					117,069
R0310 Claims incurred							
R0310 Gross - Direct Business	68,027	6,645					74,673
R0320 Gross - Proportional reinsurance accepted							0
R0330 Gross - Non-proportional reinsurance accepted							0
R0340 Reinsurers' share	16,697	0					16,697
R0400 Net	51,330	6,645					57,975
R0410 Changes in other technical provisions							
R0410 Gross - Direct Business							0
R0420 Gross - Proportional reinsurance accepted							0
R0430 Gross - Non-proportional reinsurance accepted							0
R0440 Reinsurers' share							0
R0500 Net	0	0					0
R0550 Expenses incurred	37,714	3,301					41,015
R1200 Other expenses							
R1300 Total expenses							41,015

5.23.01.22

Own Funds

Basic own funds before deduction for participations in other financial sector

R0010	Ordinary share capital (gross of own shares)
R0020	<i>Non-available called but not paid in ordinary share capital at group level</i>
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0060	<i>Non-available subordinated mutual member accounts at group level</i>
R0070	Surplus funds
R0080	<i>Non-available surplus funds at group level</i>
R0090	Preference shares
R0100	<i>Non-available preference shares at group level</i>
R0110	Share premium account related to preference shares
R0120	<i>Non-available share premium account related to preference shares at group level</i>
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0150	<i>Non-available subordinated liabilities at group level</i>
R0160	An amount equal to the value of net deferred tax assets
R0170	<i>The amount equal to the value of net deferred tax assets not available at the group level</i>
R0180	Other items approved by supervisory authority as basic own funds not specified above
R0190	<i>Non available own funds related to other own funds items approved by supervisory authority</i>
R0200	Minority interests (if not reported as part of a specific own fund item)
R0210	<i>Non-available minority interests at group level</i>

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0230 Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities

R0240	<i>whereof deducted according to art 228 of the Directive 2009/138/EC</i>
R0250	Deductions for participations where there is non-availability of information (Article 229)
R0260	Deduction for participations included by using D&A when a combination of methods is used
R0270	Total of non-available own fund items
R0280	Total deductions

R0290 Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0380	Non available ancillary own funds at group level
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Own funds of other financial sectors

R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies
R0420	Institutions for occupational retirement provision
R0430	Non regulated entities carrying out financial activities
R0440	Total own funds of other financial sectors

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0	0		0	
0				
0	0		0	
0	0		0	
0		0	0	0
0				
0	0			
0		0	0	0
0				
0		0	0	0
0				
0				
171,385	171,385			
0		0	0	0
0				0
0				0
0	0	0	0	0
0				
0				
0				
171,385	171,385	0	0	0
0				
0				
0				
0				
0				
50,000			50,000	
0				
0				
0				
50,000			50,000	0
0				
0				
0				
0	0	0	0	0

S.23.01.22

Own Funds

Basic own funds before deduction for participations in other financial sector

Own funds when using the D&A, exclusively or in combination of method 1

- R0450 Own funds aggregated when using the D&A and combination of method
- R0460 Own funds aggregated when using the D&A and combination of method net of IGT
- R0520 Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)
- R0530 Total available own funds to meet the minimum consolidated group SCR
- R0560 Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)
- R0570 Total eligible own funds to meet the minimum consolidated group SCR (group)
- R0610 **Minimum consolidated Group SCR**
- R0650 **Ratio of Eligible own funds to Minimum Consolidated Group SCR**
- R0660 **Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**
- R0680 **Group SCR**
- R0690 **Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**

Reconciliation reserve

- R0700 Excess of assets over liabilities
- R0710 Own shares (held directly and indirectly)
- R0720 Forseeable dividends, distributions and charges
- R0730 Other basic own fund items
- R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- R0750 Other non available own funds
- R0760 **Reconciliation reserve**

Expected profits

- R0770 Expected profits included in future premiums (EPIFP) - Life business
- R0780 Expected profits included in future premiums (EPIFP) - Non- life business
- R0790 **Total Expected profits included in future premiums (EPIFP)**

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0				
0				
221,385	171,385	0	50,000	0
171,385	171,385	0	0	
221,385	171,385	0	50,000	0
171,385	171,385	0	0	
47,640				
359.75%				
221,385	171,385	0	50,000	0
116,197				
190.53%				
C0060				
171,385				
0				
0				
171,385				
0				

S.32.01.22

Undertakings in the scope of the group

	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800VZJ8TFB8ZJDR87	LEI	The London Steam-Ship Owners' Mutual Insurance Association Limited	Non life insurance undertaking	Limited by guarantee	Mutual	Prudential Regulation Authority
2	BM	549300OBVBZL3ADV8B91	LEI	The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited	Reinsurance undertaking	Limited by guarantee	Mutual	Bermuda Monetary Authority
3	BM	213800VZJ8TFB8ZJDR87-BM-00001	Specific code	London and Bermuda Reinsurance Company Limited	Reinsurance undertaking		Mutual	
4	CY	2138003JRMGVH8CGUR42	LEI	The London P&I Insurance Company (Europe) Limited	Non life insurance undertaking	Limited by shares	Mutual	Superintendent of Insurance

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
				% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800VZJ8TFB8ZJDR87	LEI	The London Steam-Ship Owners' Mutual Insurance Association Limited					Dominant		Included in the scope		Method 1: Full consolidation
2	BM	549300OBVBZL3ADV8B91	LEI	The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited		100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	BM	213800VZJ8TFB8ZJDR87-BM-00001	Specific code	London and Bermuda Reinsurance Company Limited							Not included in the scope (art. 214 b)	2016-01-08	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC
4	CY	2138003JRMGVH8CGUR42	LEI	The London P&I Insurance Company (Europe) Limited	100.00%				Dominant	100.00%	Included in the scope		Method 1: Full consolidation

The London Steam-
Ship Owners' Mutual
Insurance
Association Limited

Solvency and Financial
Condition Report

Solo Disclosures

20 February

2024

(Monetary amounts in USD thousands)

General information

Undertaking name	The London Steam-Ship Owners' Mutual Insurance Association Limited
Undertaking identification code	213800VZJ8TFB8ZJDR87
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	20 February 2024
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	0
	186,501
	0
	170,065
	0
	0
	0
	0
	0
	0
	0
	6,136
	10,300
	0
	0
	0
	390,346
	390,346
	390,346
	0
	0
	0
	5,321
	6,462
	7,419
	0
	34,606
	4
	630,659

Assets

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

S.02.01.02

Balance sheet

Solvency II value	
C0010	
R0510	408,121
R0520	408,121
R0530	0
R0540	403,735
R0550	4,385
R0560	0
R0570	0
R0580	0
R0590	0
R0600	0
R0610	0
R0620	
R0630	
R0640	
R0650	0
R0660	
R0670	
R0680	
R0690	0
R0700	
R0710	
R0720	
R0740	0
R0750	
R0760	
R0770	
R0780	
R0790	
R0800	
R0810	
R0820	6,247
R0830	843
R0840	50,935
R0850	0
R0860	
R0870	0
R0880	714
R0900	466,861
R1000	163,798

Liabilities

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

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total			
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property		C0200		
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160				
Premiums written																			
R0110	Gross - Direct Business																	137,725	
R0120	Gross - Proportional reinsurance accepted																		0
R0130	Gross - Non-proportional reinsurance accepted																		0
R0140	Reinsurers' share																	114,647	
R0200	Net																	23,078	
Premiums earned																			
R0210	Gross - Direct Business																		137,480
R0220	Gross - Proportional reinsurance accepted																		0
R0230	Gross - Non-proportional reinsurance accepted																	0	
R0240	Reinsurers' share																	114,468	
R0300	Net																	23,012	
Claims incurred																			
R0310	Gross - Direct Business																		73,895
R0320	Gross - Proportional reinsurance accepted																		0
R0330	Gross - Non-proportional reinsurance accepted																	0	
R0340	Reinsurers' share																	69,506	
R0400	Net																	4,389	
Changes in other technical provisions																			
R0410	Gross - Direct Business																		0
R0420	Gross - Proportional reinsurance accepted																		0
R0430	Gross - Non-proportional reinsurance accepted																	0	
R0440	Reinsurers' share																	0	
R0500	Net																	0	
R0550	Expenses incurred																	19,725	
R1200	Other expenses																		
R1300	Total expenses																	19,725	

S.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		CY					
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110 Gross - Direct Business	123,610	14,115					137,725
R0120 Gross - Proportional reinsurance accepted							0
R0130 Gross - Non-proportional reinsurance accepted							0
R0140 Reinsurers' share	103,328	11,319					114,647
R0200 Net	20,282	2,796					23,078
Premiums earned							
R0210 Gross - Direct Business	123,263	14,217					137,480
R0220 Gross - Proportional reinsurance accepted							0
R0230 Gross - Non-proportional reinsurance accepted							0
R0240 Reinsurers' share	103,053	11,415					114,468
R0300 Net	20,210	2,802					23,012
Claims incurred							
R0310 Gross - Direct Business	67,250	6,645					73,895
R0320 Gross - Proportional reinsurance accepted							0
R0330 Gross - Non-proportional reinsurance accepted							0
R0340 Reinsurers' share	63,525	5,981					69,506
R0400 Net	3,725	665					4,389
Changes in other technical provisions							
R0410 Gross - Direct Business							0
R0420 Gross - Proportional reinsurance accepted							0
R0430 Gross - Non-proportional reinsurance accepted							0
R0440 Reinsurers' share							0
R0500 Net	0	0					0
R0550 Expenses incurred	17,355	2,369					19,725
R1200 Other expenses							
R1300 Total expenses							19,725

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance										Accepted non-proportional reinsurance				Total Non-Life obligation		
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance		Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	Technical provisions calculated as a whole						0				0							0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
R0060	Gross						-19,270				-602							-19,872
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-16,417				-1,299							-17,717
R0150	Net Best Estimate of Premium Provisions						-2,852				697							-2,155
Claims provisions																		
R0160	Gross						407,699				15,909							423,607
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						393,221				14,842							408,063
R0250	Net Best Estimate of Claims Provisions						14,478				1,066							15,545
R0260	Total best estimate - gross						388,429				15,306							403,735
R0270	Total best estimate - net						11,626				1,763							13,389
R0280	Risk margin						3,808				578							4,385
Amount of the transitional on Technical Provisions																		
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	Technical provisions - total						392,237				15,884							408,121
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						376,803				13,543							390,346
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						15,434				2,341							17,775

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year											In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											3,428	3,428	3,428
R0160	-9	20,699	20,227	25,076	5,366	4,366	10,650	9,526	1,324	741	197		197	98,171
R0170	-8	12,590	17,556	9,761	8,182	7,330	1,696	1,539	-1,637	35		35	57,052	
R0180	-7	24,494	14,527	15,247	6,348	746	4,467	873	294			294	66,997	
R0190	-6	11,255	19,151	9,908	10,818	4,173	1,222	2,565				2,565	59,092	
R0200	-5	22,164	25,440	18,847	10,359	10,057	1,794					1,794	88,661	
R0210	-4	18,426	34,291	20,850	15,165	4,042						4,042	92,775	
R0220	-3	18,428	29,585	20,852	23,414							23,414	92,279	
R0230	-2	84,753	109,634	49,184								49,184	243,571	
R0240	-1	9,733	32,672									32,672	42,406	
R0250	0	9,782										9,782	9,782	
R0260												Total	127,408	854,214

Gross Undiscounted Best Estimate Claims Provisions														
(absolute amount)														
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360		
	Development year											Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											55,110	53,824	
R0160	-9	0	73,819	47,765	36,980	34,880	18,821	11,206	7,320	6,619	6,554		6,396	
R0170	-8	47,953	33,259	27,444	17,315	7,931	6,092	3,548	3,459	2,063			2,014	
R0180	-7	38,250	28,940	19,345	10,980	7,842	4,712	3,640	1,771				1,727	
R0190	-6	59,406	40,545	29,850	18,301	11,983	10,104	7,230					7,059	
R0200	-5	102,260	76,102	48,616	30,508	14,259	10,405						10,153	
R0210	-4	78,201	63,603	43,846	24,312	20,064							19,568	
R0220	-3	85,308	58,773	46,161	27,366								26,701	
R0230	-2	302,513	215,804	171,012									166,961	
R0240	-1	103,749	87,695										85,593	
R0250	0	44,729											43,613	
R0260													Total	423,607

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

- R0010 Market risk
- R0020 Counterparty default risk
- R0030 Life underwriting risk
- R0040 Health underwriting risk
- R0050 Non-life underwriting risk
- R0060 Diversification

R0070 Intangible asset risk

R0100 Basic Solvency Capital Requirement

Calculation of Solvency Capital Requirement

- R0130 Operational risk
- R0140 Loss-absorbing capacity of technical provisions
- R0150 Loss-absorbing capacity of deferred taxes
- R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
- R0200 Solvency Capital Requirement excluding capital add-on**
- R0210 Capital add-ons already set
- R0220 Solvency capital requirement**

Other information on SCR

- R0400 Capital requirement for duration-based equity risk sub-module
- R0410 Total amount of Notional Solvency Capital Requirements for remaining part
- R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
- R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
- R0440 Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

- R0590 Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

- R0640 LAC DT
- R0650 LAC DT justified by reversion of deferred tax liabilities
- R0660 LAC DT justified by reference to probable future taxable economic profit
- R0670 LAC DT justified by carry back, current year
- R0680 LAC DT justified by carry back, future years
- R0690 Maximum LAC DT

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
52,555		
28,942		
0		
0		
12,777	9	
-21,962		
0		
72,312		
C0100		
12,112		
0		
0		
84,424		
0		
84,424		
0		
0		
0		
0		
0		
C0109		
Not applicable		
LAC DT		
C0130		
0		
0		
0		
0		
0		

USP Key

For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

For health underwriting risk:

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

For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010
4,480

- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
0	
0	
11,626	21,084
0	
0	
0	
1,763	1,994
0	
0	
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040
0

- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 **Minimum Capital Requirement**

C0070
4,480
84,424
37,991
21,106
21,106
4,248
21,106