



Annual Report

2026

Support that goes
beyond the next horizon



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Board of Directors & Members' Committee

London P&I Board of Directors

The following people served on the Board during the year, and on the date these Financial Statements were approved (unless stated otherwise).

Chairs

Vassilis J. Laliotis

J. Laliotis Maritime Group,
Athens

Appointed Chair 21 February 2026

John M. Lyras

Lyras Maritime Ltd.,
London

Resigned 20 February 2026

Vice Chair

Robert A. Ho

Fairmont Management Ltd.,
Hong Kong

Peter Hadjipateras

Dorian LPG,
(USA), Stamford, CT

Appointed 15 July 2025

John L. Harbor*

Independent Director

John L. Lawrence

Independent Director

Annon Lion

XT Group, Haifa

Resigned 30 April 2026

Ismini Panagiotidi†

Pavimar S.A., Athens

John J. Raggio

Sealift LLC, New York

Resigned 29 April 2025

Josef Sedlmeyr

Northern Shipping Holding,
Hamburg

Sophocles N. Zoullas

Zenith Shipping LLC, New York

Resigned 20 February 2026

Managers

James C.L. Bean

A Bilbrough & Co Ltd.,
London

Iain Paul

A Bilbrough & Co Ltd.,
London

Anthony G. Jones

A Bilbrough & Co Ltd.,
London

Registered address
50 Leaman Street, London, E1 8HQ

Registration number
10341

* Risk Committee Chair
† Audit Committee Chair

London P&I Members' Committee

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

Chairs

Vassilis J. Laliotis

J. Laliotis Maritime Group,
Athens

Appointed Chair 21 February 2026

John M. Lyras

Lyras Maritime Ltd.,
London

Resigned 20 February 2026

Vice Chair

Robert A. Ho

Fairmont Management Ltd.,
Hong Kong

Sreeganth Bangaroo

Raffles Shipmanagement
Services Pte. Ltd.,
Singapore

Medelin Dini

Waruna Group,
Indonesia

Marcus Dodds

Capital Maritime & Trading Corp.,
London

Stamos J. Fafalios†

Fafalios Shipping S.A., Piraeus

Peter Hadjipateras

Dorian LPG (USA), Stamford, CT

John L. Harbor

Independent Director

Wenguang Ji

SITC Shipping Group, Shanghai

Christopher Lambe

Eastern Pacific Shipping Pte. Ltd.,
Singapore

Yevgen Lavrenko

Aquavita International S.A.,
Athens

Appointed 16 July 2025

John L. Lawrence

Independent Director

Michael C. Lemos

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

Amnon Lion

XT Group, Haifa

Resigned 30 April 2026

Markos Lyras

Lyras Maritime Ltd., Athens

Appointed 29 April 2026

Ismeni Panagiotidi

Pavimar S.A., Athens

Vassilis Papageorgiou

Tsakos Group, Athens

John J. Raggio

Sealift LLC, New York

Resigned 30 April 2025

Nikolaos Savvas

Cosmoship Management S.A.,
Piraeus

Josef Sedlmeyr

Northern Shipping Holding,
Hamburg

Zhongyi (John) Su

Erasmus Shipinvest Group,
Athens

Halim Umur

PEKA Maritime, Istanbul

Appointed 29 April 2026

Shmuel Yoskovitz

X-Press Feeders, Singapore

Resigned 25 September 2025

Shen Zhao

China Shipbuilding Consulting
Co. Ltd., Shanghai

Sophocles N. Zoullas

Zenith Shipping LLC,
New York

Resigned 20 February 2026

† War Risks Committee Chair

Chairman's report

Dear Members,

This year marks a significant moment in the Association's 160-year history. On 20 February 2026, after more than 45 years of exemplary service, John Lyras stepped down as Chairman of the Board, and I assumed the role. We therefore felt it appropriate to present this statement jointly, reflecting both on what has been achieved and on the course ahead.



US\$172.9m
premium income

This transition represents continuity rather than change in direction. The principles that have long guided London P&I – mutuality, discipline and long-term relationships – remain firmly in place. These foundations have been shaped and strengthened over many years and continue to underpin the Association's strategy and its approach to serving members.



US\$21.2m
operating surplus

Performance in the year

Against a complex and evolving operating environment, the Association has delivered a solid overall performance.



US\$192.4m
free reserves

The Association is reporting an operating surplus of US\$21.2m, with free reserves increasing to US\$192.4m at the year end. Premium income grew to US\$172.9m, reflecting continued support from members and targeted growth across all our product lines. Investment performance was strong and contributed materially to the overall result.

At the same time, in an otherwise uneventful claims year for the Association's mutual business, there was unwelcome deterioration in a couple of historical fixed premium claims which impacted the combined ratio, which at 108.4% was above our long-term target. Our own share of other clubs' pool claims also influenced the result. While volatility is inherent in our business, it reinforces the importance of maintaining underwriting discipline and a balanced approach to risk. In this respect, I am pleased to report that the Association's three-year average combined ratio is in line with our target to achieve a balanced underwriting result over the medium term.

Taken together, these factors have enabled the Association to strengthen its free reserves further, while continuing to support members effectively through the year.

Strategic progress

During the year, the Association continued to grow its business while enhancing its service capabilities. As our membership base expanded across a broader geographic footprint, we invested in our operational presence globally to support the quality and consistency of service, including strengthening our underwriting, claims and loss prevention teams.

Growth has been targeted, focusing on areas where we can deploy our expertise and capital effectively. This approach reflects a sustained emphasis on disciplined underwriting, careful risk selection and a continued focus on individual pricing for members. It requires consistency – not only in supporting members, but also in making selective decisions where risks fall outside our appetite.

Market environment

The shipping industry continues to operate against a persistent backdrop of geopolitical tension and uncertainty. The ongoing war in Ukraine, conflict in the Middle East and disruption to global trade routes, notably the closure of the Straits of Hormuz, have underscored how quickly operating conditions can change. This affects members and their crew directly. At the same time, the industry faces a period of significant transition, driven by technological development, evolving regulation and increasing cyber risk.

These challenges sit alongside important opportunities, as new fuels, digitalisation and innovation transform shipping over the long term.

In this environment, the role of a mutual insurer is clear. Our responsibility is to remain steady and consistent – supporting members through uncertainty, providing practical guidance, and avoiding unnecessary short-term reaction to market volatility. Consistency of approach, combined with sound judgement, remains one of our most important strengths. In this context, the value of a predictable and disciplined partner becomes increasingly important to members.

Culture and approach

The Association's culture continues to be a defining feature.

We place particular importance on close working relationships with members and their brokers, underpinned by trust, continuity and mutual respect. Often described as a "family" approach, it reflects long-term relationships, supported by professional discipline and accountability. It enables us to understand members' businesses and respond effectively to the risks they face.



During the year, the Association continued to grow its business while enhancing its service capabilities. As our membership base expanded across a broader geographic footprint, we invested in our operational presence globally to support the quality and consistency of service, including strengthening our underwriting, claims and loss prevention teams.

John Lyras & Vassilis Laliotis



John's tenure has been defined by a clear commitment to fairness, discipline and long-term relationships, which have helped shape the Association into its current position of strength.

Vassilis Laliotis



As the Association grows and evolves, maintaining this personal connection with members remains a priority. Such relationships are underpinned by the depth of experience within the organisation. This balance is central to sustaining the Association's long-term strength.

International Group

Membership of the International Group remains central to the Association's ability to support members effectively. The Group's pooling and reinsurance arrangements provide significant strength and the capacity to respond to large and complex claims, while supporting a coordinated approach to emerging risks.

The Association continues to play an important role within the Group, actively contributing through senior engagement and participation across its committees and working groups, ensuring that members' interests are upheld.

Looking ahead

As leadership passes from John to me, we do so with a shared understanding of what matters most. John's tenure has been defined by a clear commitment to fairness, discipline and long-term relationships, which have helped shape the Association into its current position of strength. That strength also reflects the determination he has shown, with the Board's support, in improving the Association's financial results in recent years.

Looking ahead, our focus will be on building on these foundations – continuing to strengthen underwriting performance, maintaining capital resilience and ensuring that the Association remains well positioned to respond to changing member needs and a shifting external environment.

We will do so in a measured and consistent way – retaining what works well, while adapting where necessary to ensure the Association remains relevant, resilient and competitive over the long term.

Closing

During 2025, we were pleased to welcome Peter Hadjipateras to the Board and Yevgen Lavrenko to the Members' Committee. In January 2026, we also said thank you and farewell to Sophocles Zoullas who retired from the Board after 18 years of service to the Association.

We would like to thank the Board, the Members' Committee and the Managers for all their hard work, as well as the members for their continued support and trust. On a personal note, I would also like to thank John for his guidance, encouragement and generous support as I have stepped into this new role and for leaving the Association in such strong shape.

We look to the future with confidence, underpinned by a strong balance sheet, a clear sense of purpose and the enduring principles that have guided the Association through more than a century of change.

John M Lyras
Outgoing Chairman

Vassilis J Laliotis
Chairman

18 June 2026

Strategic report

Principal activities

Our principal activity is providing Protection & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks insurance for members on a mutual basis. We also provide P&I and FD&D insurance cover on a fixed premium basis for owner and charterer assureds.

Key performance indicators



Gross earned premium

US\$172.9m

2025/26

US\$159.8m

2024/25



Operating surplus

US\$21.2m

2025/26

US\$21.3m

2024/25



Combined ratio

108.4%

2025/26

101.7%

2024/25



Investment return

7.2%

2025/26

6.3%

2024/25



Mutual P&I tonnage

51.1m GT

2025/26

47.3m GT

2024/25



Year-end free reserves

US\$192.4m

2025/26

US\$171.2m

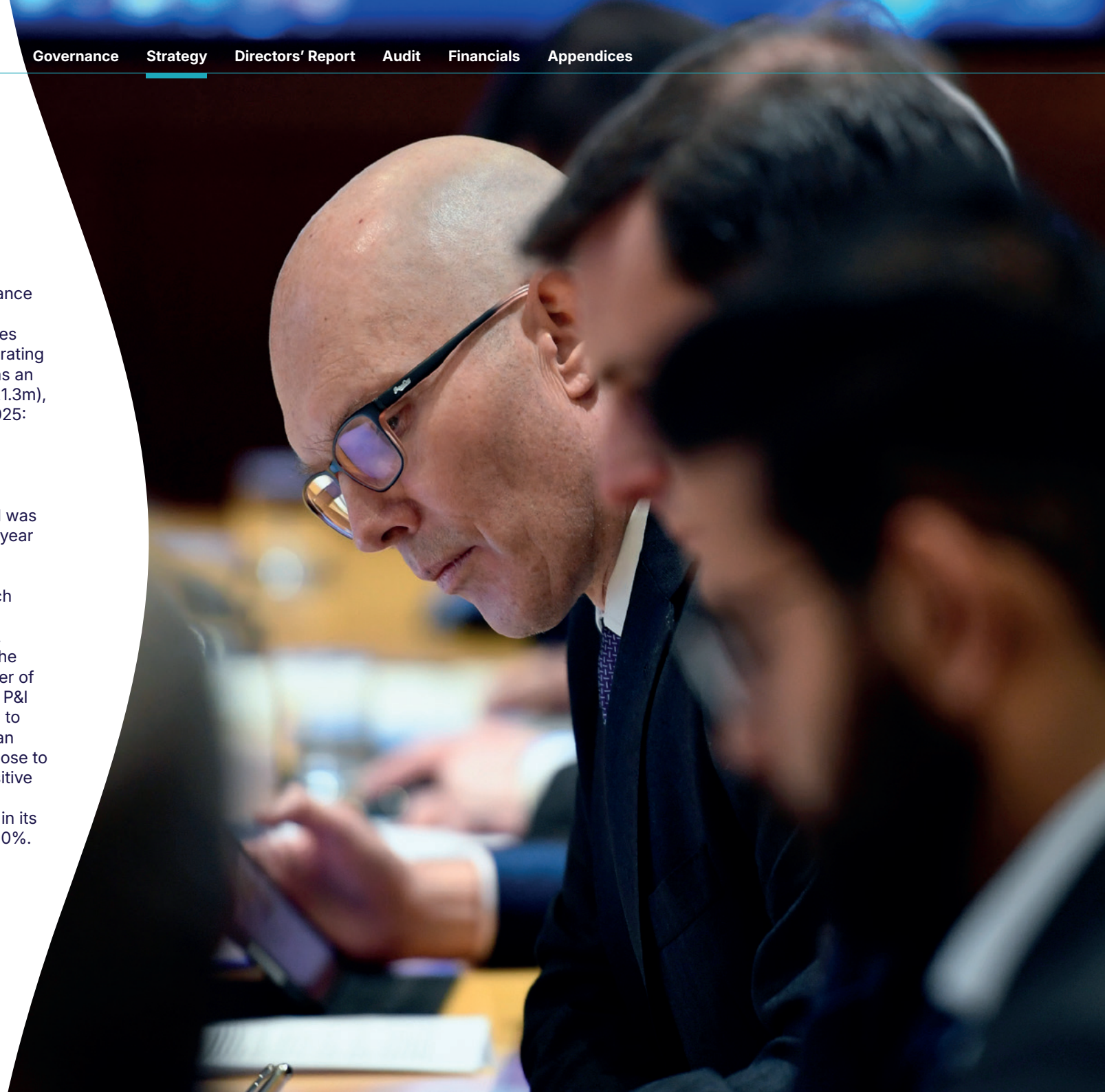
2024/25

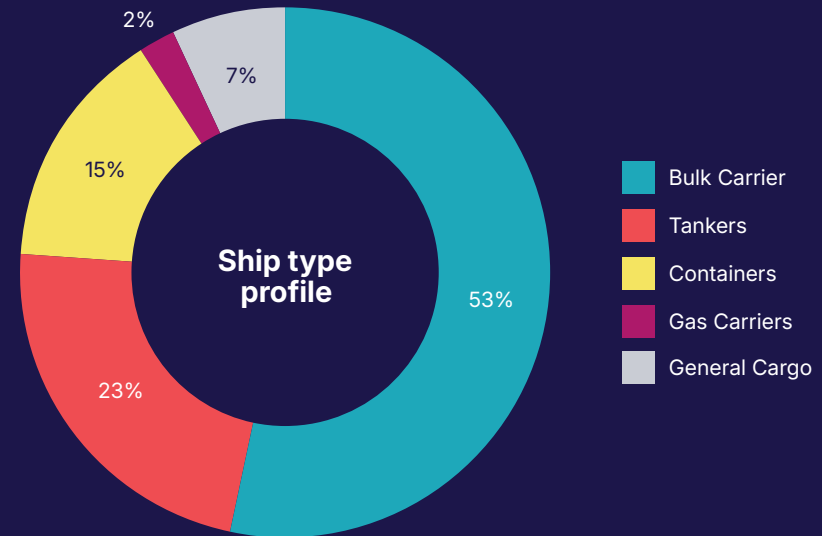
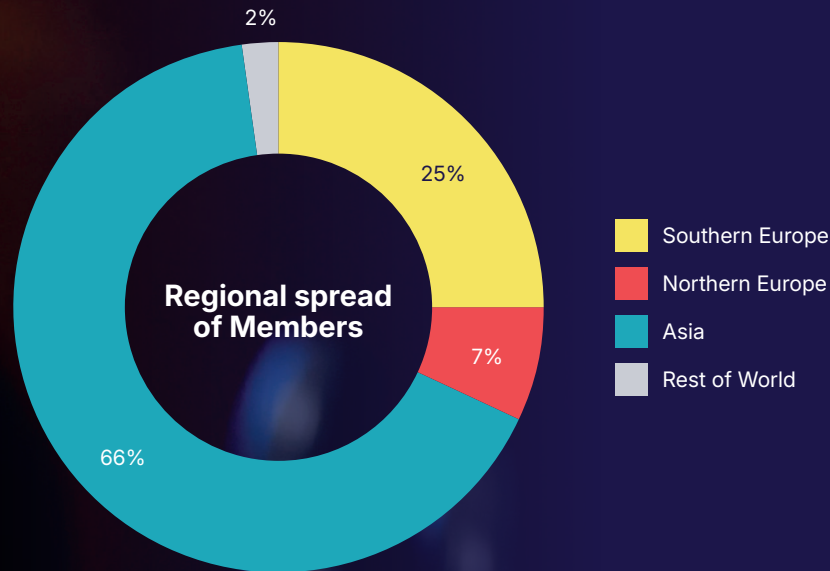
Financial overview

We delivered another strong financial performance in the year under review, extending our growth in business volumes, revenues and free reserves achieved over the previous two years. Our operating result for the year ended 20 February 2026 was an after-tax surplus of US\$21.2m (2024/25: US\$21.3m), increasing our free reserves to US\$192.4m (2025: US\$171.2m) at the year-end date.

We increased our premium base across both mutual and fixed premium P&I product lines in 2025/26. Gross premium earned for the period was US\$172.9m (2024/25: US\$159.8m), a year-on-year increase of 8.2%.

The net cost of claims incurred reported in each financial year is influenced by several factors across different product lines and policy years. While the claims year was largely uneventful, the combined ratio was impacted by a small number of higher severity Fixed Premium and Charterers' P&I claims. The resulting combined ratio increased to 108.4% (2025/26: 101.7%). Although higher than forecast, the combined ratio was sufficiently close to breakeven for the Association to achieve a positive bottom-line operating result for the year after investment income and a further improvement in its three-year average combined ratio to below 100%.





A key strength of the International Group system is the unparalleled cover provided by its member clubs, underpinned by its claims sharing and collective reinsurance arrangements. From time-to-time, all clubs can be exposed to potentially high-value claims where the final cost is highly uncertain. A feature of our 2025/26 financial year, although not one that impacted on the reported operating result, was that two claims from earlier policy years developed in a manner that had not been anticipated and reserved for at our 2025 year-end date. The consolidated statement of financial position at 20 February 2026 later in this annual report incorporates the Board's current best estimate of our ultimate gross future liability to these claims and corresponding future reinsurance recoveries.

Our 7.2% investment return on assets under management and cash holdings contributed US\$33.8m (2024/25: US\$24.7m) to the operating result for the year.

Underwriting

During the 2025/26 policy year, our entered tonnage rose to over 80 million gross tons, drawn from a wide range of markets and various ship types. This steady growth reflects the confidence our members and assureds have in our service proposition, while strengthening our position across key shipping markets.

Our commitment to disciplined underwriting, supported by prudent risk assessment and sustainable rating models, and the continued focus on member and assured retention, enabled controlled growth in both our mutual and fixed premium products.

Our proactive approach to the challenges of emerging risks, including geopolitical developments and evolving regulatory frameworks, further strengthens our position as a trusted partner for shipowners and charterers worldwide. Looking ahead, our underwriting philosophy will continue to focus on transparency, sustainability and service excellence.

“ During the 2025/26 policy year, our entered tonnage rose to over 80 million gross tons, drawn from a wide range of markets and various ship types. ”

Claims

Protection & indemnity claims (Class 5)

Compared with the previous five policy years, the 2025/26 at-expiry claims figure was higher than all but one year, and was just over US\$6m higher than the at-expiry figure for 2024/25.

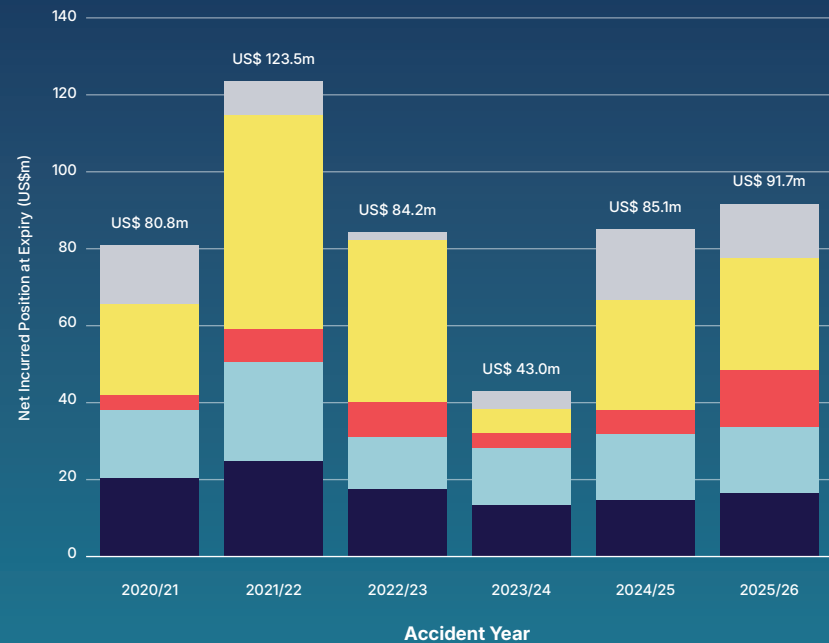
The principal driver behind this was the increased cost of claims in the US\$500,000 to US\$1m severity band. There were 22 claims in this band compared to nine in 2024/25 with the aggregate cost increasing to US\$14.8m from US\$6.2m in the previous year. The two most frequent claim types in this band in 2025/26 were cargo damage claims on handy sized bulk carriers and Cargo's Proportion of General Average, most of which arose from mechanical issues onboard.

The aggregate cost of the potentially volatile severity band of claims in excess of US\$1m remained high. However, at US\$29.0m, it was only marginally higher than 2024/25.

Of the six claims contributing to the US\$29.0m total, four involved container ships. One involved contact with gantry cranes – our only pool claim of 2025/26. Two of the other three were expensive stack collapses in heavy weather.

At US\$14.3m, our 2025/26 contribution to other clubs' pool claims was less than the recent high of US\$18.5m, but remained the second highest at-expiry figure since 2020/21.

Class 5 P&I retained cost – net incurred position as at expiry

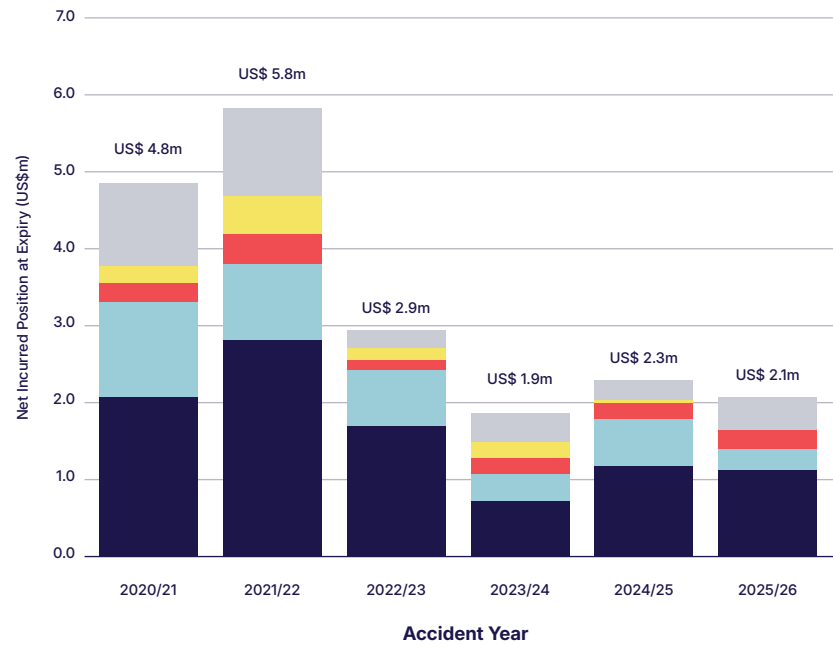


- Claims US\$1 - US\$100k
- Claims US\$100k - US\$500k
- Claims US\$500k - US\$1m
- Claims US\$1m+
- Other clubs' pool claims

Freight, demurrage & defence claims (Class 8)

At US\$2.1m, the end-of-year gross incurred figure was the second lowest in a six-year period. The modest cost of claims was driven by declining file counts. The total number of files open at expiry also reduced significantly, mainly through a marked reduction in FD&D activity for Charterers' entries. For the first time since the 2020/21 policy year, we opened more FD&D files for owners' mutual entries than charterers'.

Class 8 incident cost – gross incurred position as at expiry



- Time charter
- Voyage charter
- Damage to vessel
- Off-spec bunkers
- All other dispute types



Investments

The period from February 2025 to February 2026 was characterised by an unsettled and event-driven macroeconomic backdrop, with financial markets reacting to changing growth expectations, evolving monetary policy and renewed trade-related uncertainty.

Early in the year, confidence in US economic exceptionalism weakened as uncertainty around the US administration's policies – particularly proposed import tariff expansion – affected corporate and consumer sentiment. This led to increased volatility across risk assets and a flight to quality within fixed income markets, with US Treasury yields falling sharply.

Market uncertainty intensified in April following the US administration's 'Liberation Day' tariff announcements, which triggered a deep but short-lived equity market sell-off. While the longer-term economic impact of tariffs remained unclear, concerns grew that higher import costs could restrict growth while complicating the inflation outlook. These developments prompted further volatility across equity and bond markets, though sentiment stabilised in the months that followed as tariff escalation was delayed, trade negotiations showed tentative progress, and corporate earnings proved more resilient than first feared.

As the year progressed, equity markets recovered steadily from April's lows, supported by robust earnings delivery and growing confidence that economic growth was slowing in an orderly manner. Market leadership broadened beyond US mega-cap stocks at various points during the year, with improved participation from cyclicals, small-capitalisation equities and select emerging markets. Political and geopolitical developments, including ongoing fiscal debates and heightened geopolitical risks, remained an important influence throughout, occasionally driving volatility but not derailing the overall recovery in risk appetite.

Central banks took a cautious and data-dependent approach to policy. Inflation pressures moderated gradually across major economies, providing policymakers with greater flexibility, though fiscal pressures and elevated government bond issuance continued to influence longer-dated yields. The Federal Reserve began easing policy in the second half of 2025, delivering measured rate cuts as focus shifted toward labour-market conditions and sustaining economic momentum. Bond markets reflected these competing pressures, with periods of rally interspersed with renewed upward pressure on yields – driven by fiscal concerns and shifting expectations for the pace of future easing.

Portfolio positioning changed only modestly during the year. Duration was extended early in the financial year as higher yields offered an opportunity to secure more attractive carry, and exposure to high-yield credit was moderately increased at the same time, reflecting supportive fundamentals and favourable valuations. Beyond these measured adjustments, the portfolio remained broadly stable. Given the uncertain macroeconomic backdrop, particularly around tariffs, fiscal policy and the path of inflation, we decided against implementing further changes. Instead, we prioritised diversification and maintaining alignment with our long-term objectives. Throughout the year, we and our underlying managers assessed opportunities to reallocate capital, but ultimately, we opted to preserve flexibility, ensuring the portfolio would be well positioned to gradually increase exposure to equities or wider credit markets should valuations become more compelling.

Over the year to 20 February 2026, our core portfolio of managed assets delivered a return of 8.7%, reflecting a constructive outcome against a complex and eventful macroeconomic environment. Performance was supported by resilient corporate earnings and improving market sentiment during the latter part of the period, while diversification helped mitigate episodes of volatility earlier in the year. Across all group entities, the return on investments and cash holdings held during the year was 7.2%.



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Reinsurance

International Group clubs share their large mutual P&I losses above each club's individual retention under the terms of the pooling agreement. These claims-sharing and collective reinsurance arrangements are a core part of our business model and enable us, together with our fellow International Group member clubs, to offer shipowners the highest limits of coverage available in the marine liability market.

For the 2026/27 policy year, the club and pool retentions are unchanged at US\$10m and USD\$100m respectively. The first US\$104m of claims within the Layer One main placement is retained by the pool – down from US\$107m in 2025/26 to maintain its value in 100% terms following a reduction in the main placement Layer One share from 75.0% to 72.5%. Private placements provide cover for the remaining 27.5% of the US\$650m excess of US\$100m layer, with no risk retained by the pool.



For the 2026/27 policy year, the club and pool retentions are unchanged at US\$10m and USD\$100m respectively.



All claims between the US\$10m individual club retention and US\$100m, plus the first US\$104m of claims within the Layer One main placement, are retained by the pool and shared between the member clubs. Each club's share is based on their volume and mix of business on risk. Hydra, the Group's segregated cell captive vehicle, reinsures clubs against pool claims above US\$30m.

Claims above US\$100m per event, and further in excess of the first US\$104m of activity retained by the pool within the Layer One main placement, are covered by the Group's General Excess of Loss contract (GXL). For 2026/27 the GXL has a per event limit of US\$2.35bn, an increase of US\$250m on the expiring limit following the decision to expand Layer Three of the GXL from US\$600m excess of US\$1.5bn to US\$850m excess of US\$1.5bn. An additional US\$1.0bn of overspill cover above the GXL increases the per event reinsured limit to US\$3.35bn for 2026/27.

You can find more details in the 'Reinsurance' section of the International Group's website (www.igpandi.org). This also includes a diagram of the structure of the GXL programme in 2026/27, details of the MLC and excess War P&I cover placed collectively on behalf of all clubs and their mutual members, and the cost on a per gross tonnage basis for each vessel category.

We have renewed our suite of reinsurance covers for 2026/27 to protect us against the full impact of a higher-than-forecast frequency of medium and higher severity losses across all product lines, while continuing to support per event limits of up to US\$1bn for fixed P&I and charterers' business.



Environmental, social & governance (ESG)

This section provides a brief overview of how the Association's sustainability strategy progressed during the year – as set out in our sustainability policy. You can find more information on our website's sustainability pages, but the main points of our sustainability strategy include:

- Ensuring we carry out our role to provide the financial security, resources and expertise needed to respond quickly and effectively to maritime accidents and pollution events involving our entered ships, and minimise environmental impacts. In major cases, this is supported by the collective strength of the International Group and its claims pooling and reinsurance arrangements. You can find examples of these objectives elsewhere in this report.

Additionally, our ship inspection programme assesses over 250 vessels per year focusing on all aspects of operations, including environmental protection, where procedures, equipment and record keeping are cross-checked against the highest industry standards.

- Reducing our 'in-house' emissions. We continue to reduce Scope 1 and 2 emissions and remain on track relative to our stated ambition of reducing these emissions to around 50% of 2019 levels by 2030.



In line with best practice and the Green House Gas (GHG) Protocol, we report our emissions as CO₂ equivalent (CO₂e), covering both CO₂ and a converted score for all other GHGs. Independent calculations under the Streamlined Energy & Carbon Reporting (SECR) Regulations show our total Scope 1 and 2, CO₂e footprint for 2025/26 was 105 tCO₂e, 4% less than last year.

Scope 3 emissions, which capture emissions related to upstream and downstream activities across our value chain, account for most of our emissions. Of the areas currently measured, our investments are the largest contributor. We continue to build our ability to monitor and report on Scope 3 emissions where we can have the greatest direct impact on a 'best endeavours' basis. You can find more details on our emissions on our website's sustainability pages.

- Supporting our stakeholders' sustainability related goals and activities. We continued to provide loss prevention guidance and contract advice to members to help reduce risks arising from the transition to alternative fuels, and support growth in offshore wind energy production, particularly through our work with owners operating specialist vessels involved in wind farm installation.
- Ensuring we have a diverse and competent workforce to support our objectives. We have non-discrimination and anti-harassment policies, diversity and equality policies, and a comprehensive grievance process in place – which we review regularly. Currently, our team is 49% male, 51% female. Everyone receives training on these policies as part of their induction process, as well as ongoing training and professional development to improve service, productivity and support our business growth.

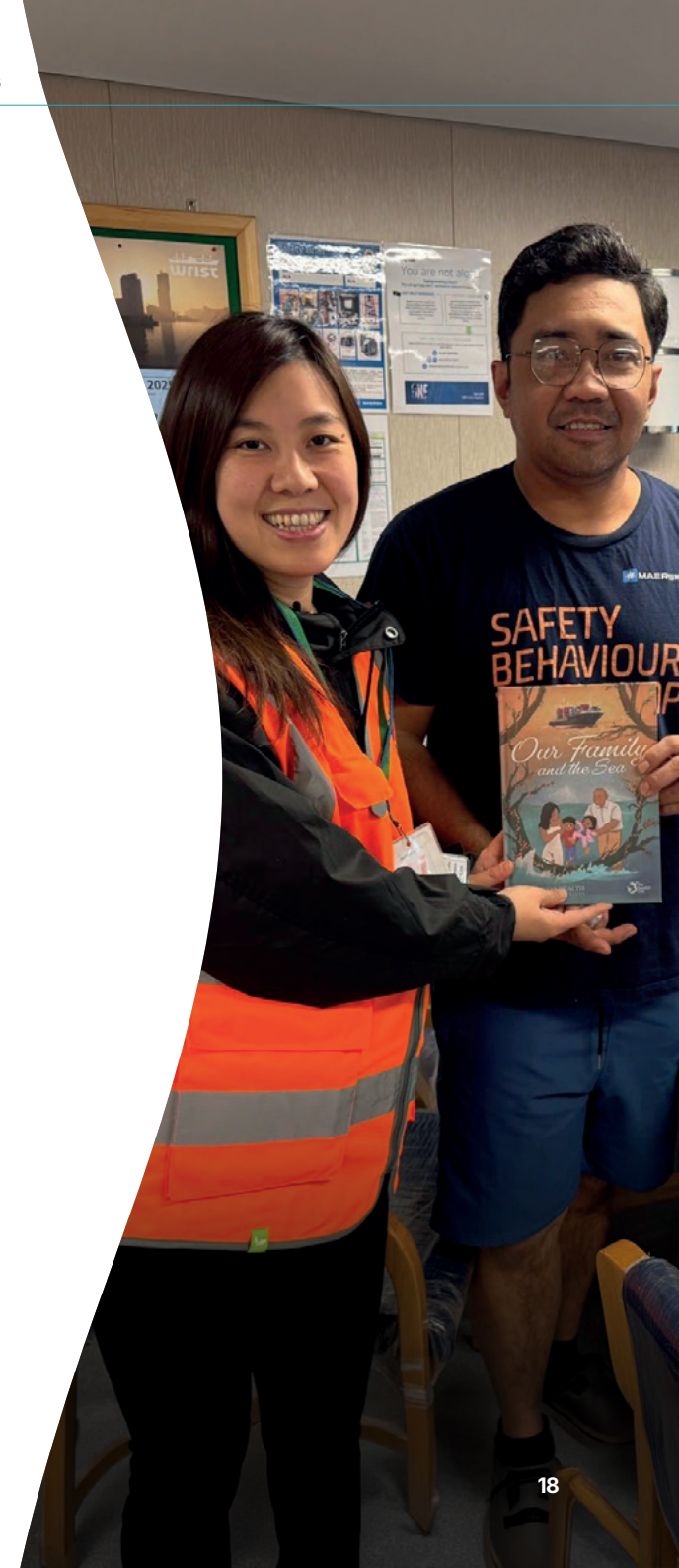


Team members supported Stella Maris on World Mental Health Day.

All customer-facing employees undertook a minimum of 15 hours training during the year. In addition, 33 employees are studying P&I qualifications, and 16 employees passed P&I examination modules in 2025.

- Improving crew wellbeing. We continue to support a range of seafarer wellbeing charities around the world such as the Mission to Seafarers, International Seafarers Welfare & Assistance Network (ISWAN) and Stella Maris. We sponsored Stella Maris for its World Mental Health Day in October where the theme was *"Access to Services - Mental Health in Catastrophes and Emergencies,"* which is particularly relevant to seafarers' experiences. Life at sea can bring long periods of isolation, high-pressure situations, and limited access to support – challenges that are magnified during a crisis and can directly impact safety onboard. As part of our engagement with Stella Maris, several team members joined Stella Maris volunteers onboard vessels to talk to seafarers and listen to their concerns.

These non-profit making organisations are dedicated to improving the mental and physical health of seafarers through a mix of face-to-face counselling, online guidance and training, temporary accommodation and direct financial support.



Governance

There were no major changes to our Systems of Governance, although committee membership has changed as seen earlier. The Association is governed by a Board of Directors, and supported by our Members' Committee, made up of 22 senior representatives of the membership. The Risk Management System is overseen by the Risk Committee, with support from the Reinsurance Sub-Committee. Day-to-day insurance operations are outsourced to our managers, A. Bilbrough & Co. Ltd.

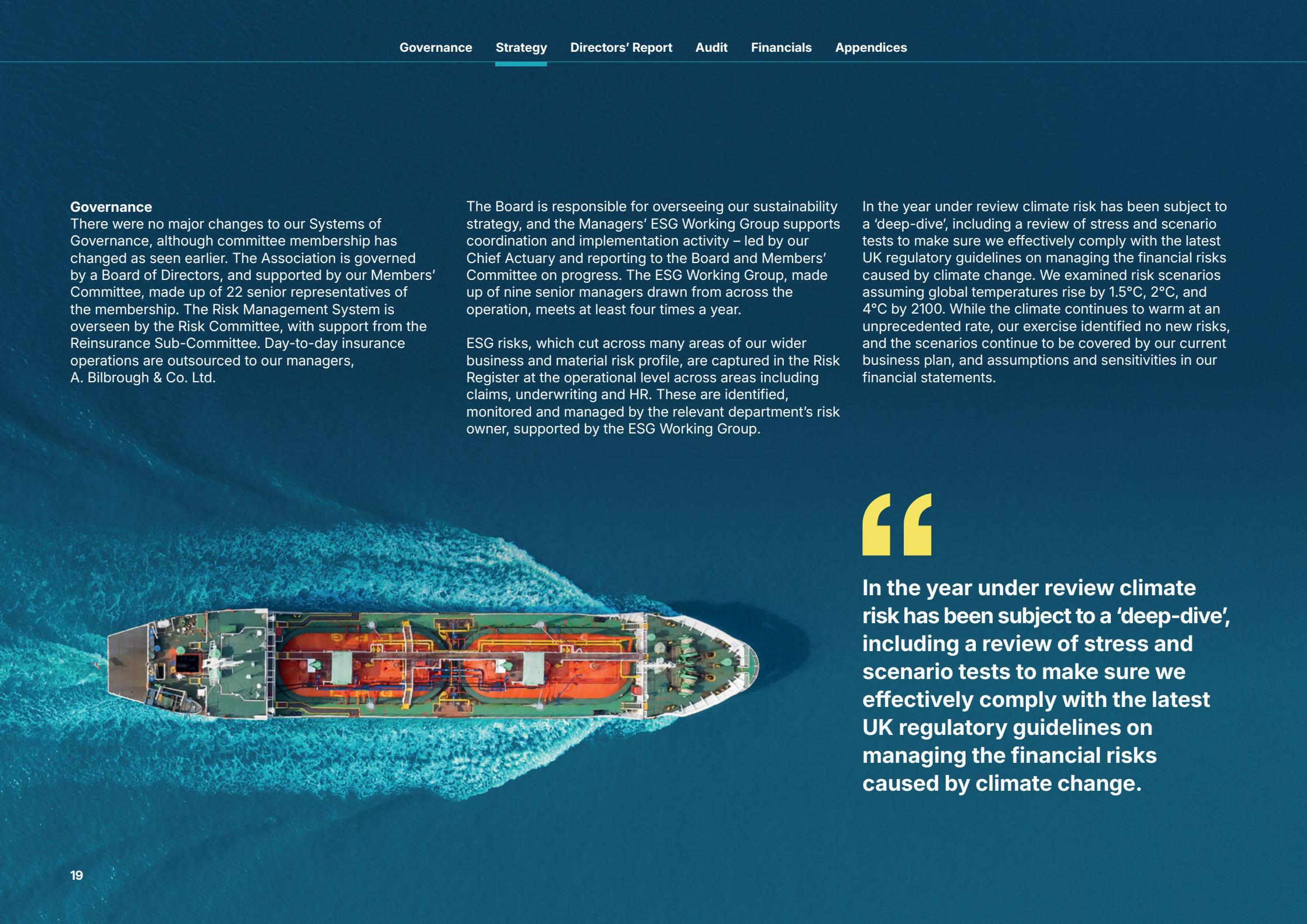
The Board is responsible for overseeing our sustainability strategy, and the Managers' ESG Working Group supports coordination and implementation activity – led by our Chief Actuary and reporting to the Board and Members' Committee on progress. The ESG Working Group, made up of nine senior managers drawn from across the operation, meets at least four times a year.

ESG risks, which cut across many areas of our wider business and material risk profile, are captured in the Risk Register at the operational level across areas including claims, underwriting and HR. These are identified, monitored and managed by the relevant department's risk owner, supported by the ESG Working Group.

In the year under review climate risk has been subject to a 'deep-dive', including a review of stress and scenario tests to make sure we effectively comply with the latest UK regulatory guidelines on managing the financial risks caused by climate change. We examined risk scenarios assuming global temperatures rise by 1.5°C, 2°C, and 4°C by 2100. While the climate continues to warm at an unprecedented rate, our exercise identified no new risks, and the scenarios continue to be covered by our current business plan, and assumptions and sensitivities in our financial statements.



In the year under review climate risk has been subject to a 'deep-dive', including a review of stress and scenario tests to make sure we effectively comply with the latest UK regulatory guidelines on managing the financial risks caused by climate change.



The main medium and long-term risks we identified are increased frequency and severity of claims (both within our retention and engaging the pool) due to:

- More frequent storms, increasing the risk of wrecks, collisions in ports and busy anchorages, larger rogue waves, and the loss of containers overboard. Extreme weather also increases the risk of prolonged drought conditions, raising the likelihood of river and canal groundings.
- Increased costs of wreck removal and pollution clean ups in response to national/international sustainability expectations and policies.

Our stress testing suggests these risks could increase volatility in high-severity claims in extreme, but plausible, scenarios.

While these extreme scenarios are long term in nature, we expect claims costs linked to environmental considerations to continue increasing as stakeholder expectations grow. One example is ensuring wreck removals are handled by certified recycling centres as part of a wider move to a circular economy.

We also continued to spend considerable resource on sanctions to ensure we have the dedicated personnel and 'class leading' software tools to reduce the risks caused by the constantly changing sanctions landscape.



Section 172(1) statement

The following section explains how the Directors have carried out their duties under Section 172(1)(a)-(f) of the Companies Act 2006. This sets out how they promote our success for our members' and other stakeholders' benefits.

Board decisions and their impact on stakeholders

The Board follows a programme of standing agenda items aligned to our operating and reporting cycles. These include items for formal approval such as the annual report and financial statements, financial forecasts and the business plan, Board and sub-committee terms of reference, the management responsibilities map and our main policies. These all ensure high standards of business conduct. The Board sets our risk appetite, monitors risk indicators and takes decisions to ensure we continue to operate within our risk appetite. It also receives updates from its sub-committees, from business teams on performance and operations, and updates on progress against our strategic objectives.

The table opposite sets out some of the Board's key decisions during the year, and how they took stakeholder views into account:

Decision	How we took stakeholders into account	Long-term implications
Sustainable pricing & Improving technical performance	Members/Assureds, regulators and rating agencies During 2025, the Board maintained its focus on sustainable pricing and enhancing technical performance as part of its ongoing agenda. During the setting of the 2026 renewal strategy, the Board paid particular attention to achieving profitable growth in business volume. The Board continued its focus on further strengthening the Association's service offering to Members.	<ul style="list-style-type: none"> • Improve underwriting decisions • Improve the Association's financial strength • Maintain and improve S&P rating • Generate sustainable long-term growth
Maintaining reputation	The Board is responsible for maintaining a high standard of business conduct and reputation. Their duty is to establish, monitor, and uphold our culture, values, standards, ethics, and reputation, and ensure we meet our obligations to stakeholders.	<ul style="list-style-type: none"> • Ensuring compliance with regulatory and industry standards • Working with stakeholders to understand any issues and resolving them
Investments	Members/Assureds, regulators and rating agencies The Board recognises its responsibility to manage investments and investment risk within our defined risk appetite. In the 2025/26 financial year, we regularly reviewed portfolio positioning and modelled portfolio performance against various tail risk events to ensure our portfolio was well-positioned to weather persistent inflation, growth, or a slowdown.	<ul style="list-style-type: none"> • Prudent financial management supports our long-term success and reduces the risk of supplementary calls being required from members.
Governance, risk and compliance	Members/Assureds, regulators and rating agencies The Board continued its focus on strategy, improving technical performance, and governance, including succession planning. Its active involvement in risk management and compliance developments is evident through its continuous review of management reports and top-down risk assessments. This ensures we operate within the legal and ethical frameworks, and sets a strong foundation for sustainable growth and success.	<ul style="list-style-type: none"> • Continuous Board involvement in improving our governance, risk and compliance is crucial for our overall success.
Sustainability	People, regulators and the wider community where we operate The Board has reviewed progress against the ESG objectives set out in our sustainability policy. During July's Board meeting, it also approved an updated Modern Slavery Statement setting out the steps we have taken to prevent modern slavery and human trafficking in our businesses and supply chains.	<ul style="list-style-type: none"> • Progressing our aim to achieve net zero reduces our impact on the environment and supports the planet's wellbeing for future generations. • Helps protect the employees and other people who work in our supply chain.

Engaging with our stakeholders

The stakeholders most affected by Board decisions are our members and assureds, the managers and their employees, and our regulators. Throughout 2025, the Board and senior management continued strong relationships with our stakeholders, and kept them fully informed about major decisions that impacted them.

Members and assureds

During 2025, we held Members' Committee meetings at least four times a year. This enabled the Board to consult with members' representatives before taking significant decisions affecting members and assureds around the renewal strategy and payment of large claims, ensuring fair treatment.

Our people

The Board continued to support the managers in ensuring our people's safety and wellbeing. An engagement survey provided valuable feedback. The results were shared with everyone at a regular 'town hall' meeting which highlighted our focus areas for the next 12 months based on the feedback. We also implemented a Carers' Policy. This supports team members who are balancing their work responsibilities with caregiving duties. Additionally, our Employee Focus Group makes sure everyone has a voice and can influence our ongoing culture.

Regulators

As an insurance company, we are subject to financial services regulations and approvals in all the markets where we operate, and the Board is kept informed of regulatory change and any issues that need their action. We value our open and cooperative relationship with our regulators.

Community and wider environment

Please see the Environmental, Social & Governance (ESG) section of this annual report which provides detailed information about our ESG activities.

International group

The Association is a member of the International Group of P&I Clubs (the IG), a co-operative association of 12 leading marine liability insurers that, together, provide liability cover for most of the world's ocean-going tonnage. The IG plays a central role in the global maritime risk framework, most notably through the operation of a pooling agreement and the collective purchase of a comprehensive reinsurance programme, enabling members of the Association to access the very substantial levels of cover needed to trade worldwide.

Our IG membership is crucial to our ability to provide consistent, high-quality and cost-effective protection. Through the IG's pooling and reinsurance arrangements, we benefit from financial strength and risk diversification that is unachievable on our own. The IG also provides an important forum for collaboration on technical, regulatory and operational matters, supporting a coordinated response to complex and evolving industry risks.

Our management team actively participates in the IG's work, contributing at senior levels and through a wide range of committees and working groups – including reinsurance, claims, underwriting and emerging risks. This engagement helps us shape IG policy and makes sure our members' perspectives are reflected in industry-wide discussions and decision-making.

On 29 April 2025, we were pleased to host the IG's Chief Executive, Nick Shaw, at a dinner with the Members' Committee. Mr Shaw provided an overview of his role and the IG's priorities, and spoke directly with directors, answering questions and reinforcing the IG's 'collectively stronger' approach.

Principal risks & uncertainties

Details of the principal financial risks and uncertainties we face on an ongoing basis are set out in Note 4 in the Financial Statements.

This Strategic Report was approved by the Board on 18 June 2026 and signed on its behalf.

James C L Bean

You can find more information about the IG's activities, including its strategic goals, at www.igpandi.org



Director's report

Principal activities

Our principal activity is providing Protection & Indemnity (P&I), Freight, Demurrage & Defence (FD&D) and War Risks insurance for members on a mutual basis. We also provide P&I and FD&D insurance cover on a fixed premium basis for owner and charterer assureds. Our Chairman's report on pages 5,6 and 7 and the Strategic Report on pages 8 to 23 offer more details on these activities, the year's financial results, and likely future developments.



Directors

The members of the Board are Directors of the Association for the purposes of the Companies Act. Our current Board members are listed on page 3.

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

Peter Hadjipateras
 Anthony G. Jones
 John L. Lawrence
 Iain Paul

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



Members' Committee

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

Stamos J. Fafalios
 John L. Harbor
 Vassilis J. Laliotis
 John L. Lawrence
 Markos Lyras
 Vassilis Papageorgiou
 Zhongyi (John) Su
 Halim Umur



Financial instruments

Information on our use of financial instruments and management of financial risk is detailed in Note 4 of the financial statements along with our exposure to cash flow risk, credit risk, liquidity risk and market risk.



Future developments

You can find future developments in our Strategic Report.

Going concern

The Board has assessed our ability to continue as a going concern as required by Financial Reporting Standard 102, Section 3.8. An entity is a going concern unless its management either intends to liquidate the entity or cease trading, or it has no realistic alternative but to do so.

Our financial position, cash flows and liquidity position all form part of these financial statements. Principal risks and uncertainties are set out in Note 4 of the Financial Statements and include our objectives for managing capital in line with our financial risks set out in our Solvency & Financial Condition Report.

The Board aims to achieve an annual combined ratio close to 100% in an average claims year. Our combined ratio for the year just ended was 108.4%. Although higher than the target, fluctuations in the frequency and timing of higher severity claims are expected in P&I business, and our three-year rolling average combined ratio at the most recent year-end date was below 100%. A 7.2% investment return on invested assets exceeded the Board's forecast for the year and contributed to an operating surplus of US\$21.2m. Our regulatory returns at 20 February 2026 had yet to be finalised at the time of writing. However, the Board was confident our regulatory solvency capital was well above the Solvency II required level.

You can find full details of our regulatory solvency position at 20 February 2026 in Section 5 of our Solvency & Financial Condition Report, to be published shortly after this Annual Report.

Our management carried out a forward-looking assessment of our operating performance, free reserves and solvency ratio. We anticipate further volume and revenue growth in the current year and expect near-term combined ratios close to breakeven – assuming average claims experience. Our portfolio of invested assets remains defensively positioned in a time of heightened geopolitical uncertainty due to the continuing conflict in the Middle East. The multi-year solvency projections that form part of our 2025 group own risk and solvency assessment (ORSA) reassured the Board that our financial resources over the business planning period covered by the ORSA – including a range of different stress scenarios – are adequate.

We are exposed to a number of financial and insurance risks, as set out in Note 4 of the Financial Statements, which could negatively impact our best estimate projections for future operating performance and financial strength. Our Capital Management plan lists a toolkit of potential actions for the Board to consider in case of future capital deficiency. As a mutual

organisation, the Board could exercise its contractual right to set supplementary calls on mutual members as one potential management action. This contractual right permits us to recognise an amount of capital for solvency purposes, as approved by the Prudential Regulation Authority (PRA). On 15 April 2026 the PRA approved our application to use a method to calculate our ancillary own funds amount. The approval took effect on 20 April 2026 and was for an amount of USD61.6m at the date of approval.

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

Statement of engagement with suppliers, customers and others in a business relationship with the Association

You can find information about how we engage with suppliers, customers and other business relationships in our Strategic Report.

Branches

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

Energy and carbon reporting

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

Disclosure to auditors

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

- a) In so far as each Board member is aware, there is no relevant audit information of which the Association's auditors are unaware;
- b) Each Board member has taken all the steps that ought to have been taken as a Board member in order to be aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

This Directors' Report was approved by the Board on 18 June 2026 and signed on its behalf.

James C L Bean



Statement of Directors' responsibilities

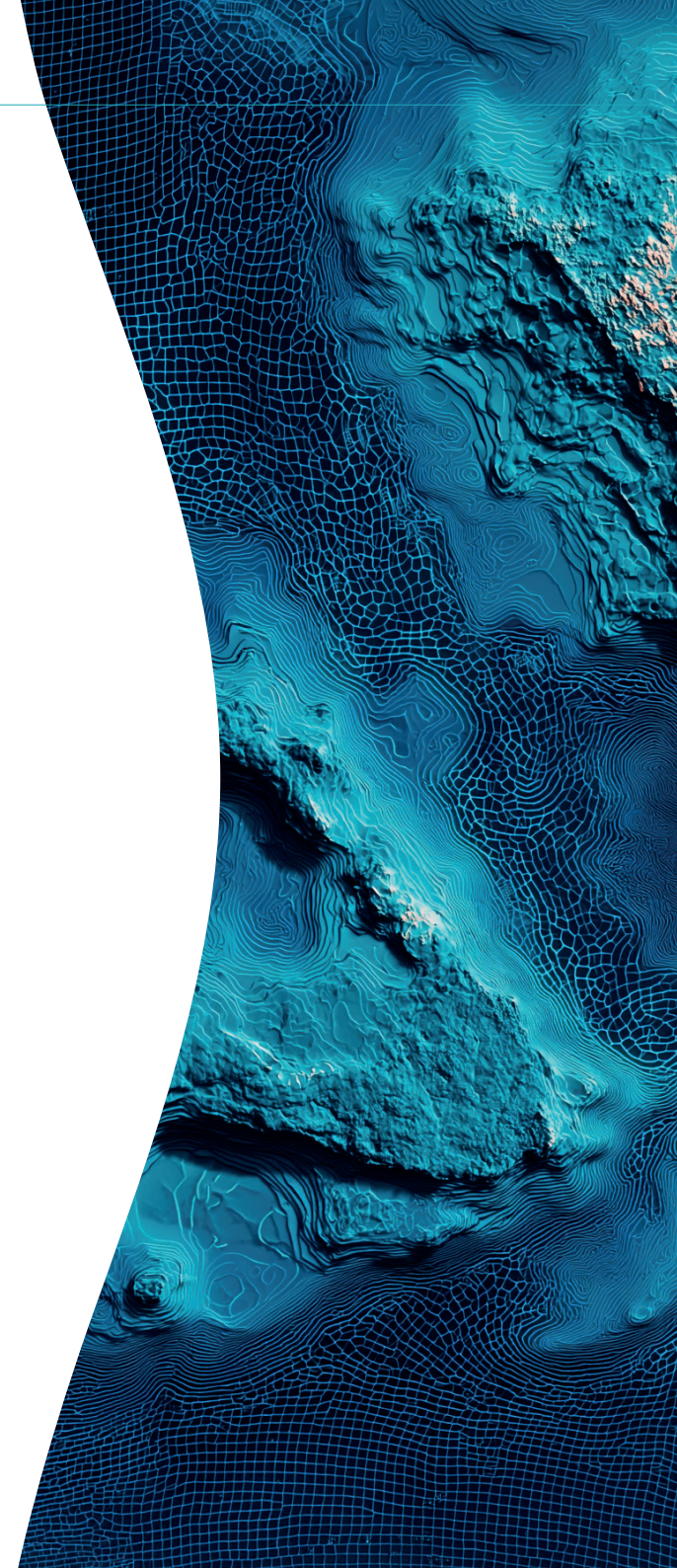
The Directors are responsible for preparing the Strategic Report, Directors' Report, and the Financial Statements according to applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland').

Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing these Financial Statements, the Directors are required to:

1. Select suitable accounting policies and then apply them consistently
2. Make judgements and estimates that are reasonable and prudent
3. Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business
4. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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

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



Notice of meeting

We hereby give notice that we will hold the 150th Annual General Meeting of the Members of The London Steam-Ship Owners' Mutual Insurance Association Limited at Fairmont Hotel Vier Jahreszeiten, Neuer Jungfernstieg 9-14, 20354, Hamburg at noon on Wednesday 21 October 2026 or as soon as possible after the meeting of the Members' Committee, for the following purposes:

1. To receive and consider the Financial Statements for the year ended 20 February 2026 and the reports of the Board and Auditors.
2. To re-elect members of the Board and the Members' Committee.
3. To appoint Auditors and fix their remuneration.
4. To transact any other ordinary business of the Association.

By Order of the Board

A Billbrough & Co Ltd.
18 June 2026

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

Report on the audit of the financial statements

1. Opinion

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

- give a true and fair view of the state of the group's and of the parent company's affairs as at 20 February 2026 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103, "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

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

2. Basis for opinion

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

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

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

3. Summary of our audit approach	
Key audit matters	The key audit matter that we identified in the current year was: Insurance liabilities - valuation of claims incurred but not reported (IBNR) for the P&I Mutual and latent class assumptions.
Materiality	The materiality that we used for the group financial statements was \$5,770,000 which was determined on the basis of net assets.
Scoping	The audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.
Significant changes in our approach	There were no significant changes to our audit approach in the current year.

4. Conclusions relating to going concern

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

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

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

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

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

5. Key audit matters

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

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

5.1. Insurance liabilities - valuation of claims incurred but not reported (IBNR) for the P&I Mutual and latent class assumptions.

<p>Key audit matter description</p>	<p>The group is required to provide for the cost of settling claims that it has incurred on the business it has written in the year, referred to as insurance liabilities, which amounted to \$806m as at 20 February 2026 (2025: \$463m). These insurance liabilities constitute 94% of the group's gross liabilities and are a key area of management judgement. They also have a high degree of estimation uncertainty resulting in a wide range of reasonable outcomes. Our key audit matter relates to the most judgemental assumptions (IBNR associated with these provisions) within the P&I Mutual class (non-latent) including the two claims from earlier policy years developed in a manner that had not been anticipated, and future number and cost of claims within the US and UK Mesothelioma exposures for the latent claims.</p> <p>The valuation of reserves associated with these claims relies significantly on assumptions about the future volume of claims, as disclosed in note 2.2.7. This is also disclosed as a critical judgement or key source of estimation uncertainty in note 3.1.</p> <p>Further details are also included within note 17 to the financial statements.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • obtaining an understanding of relevant controls around the setting of the assumptions used in the valuation of IBNR; and • evaluating the integrity of the data used in the actuarial calculations by agreeing to the underlying records; • for the two claims from earlier policy years developed in a manner that had not been anticipated, we additionally inspected legal correspondence and documentation from the claims adjuster to assess how management had responded to the in year developments and the appropriateness of management's judgements and assumptions in the calculation of the ultimate gross liability; and • we performed a stand-back analysis of the technical provisions balance, considering both the corroborative and potentially contradictory evidence that were obtained through the procedures above, and assessing for consistency with other information obtained during the audit. <p>With the involvement of our actuarial specialists we:</p> <ul style="list-style-type: none"> • reviewed management papers for Mesothelioma and P&I Mutual class (non-latent) IBNR and challenged the actuarial methodologies used to determine whether they are reasonable and supportable through comparison to the wider market; • assessed the reasonableness of management's assumptions with regard to the expected future curve, average cost, future average claims cost inflation rate of reported Mesothelioma claims, including variation to prior periods by: <ul style="list-style-type: none"> – assessing the supporting data and data trends provided, – comparing to other market data where available, – evaluating the rationale and appropriateness of judgements made by management
<p>Key observations</p>	<p>Based on the work performed we concluded that the valuation of claims IBNR for the P&I Mutual class assumption was appropriate.</p>

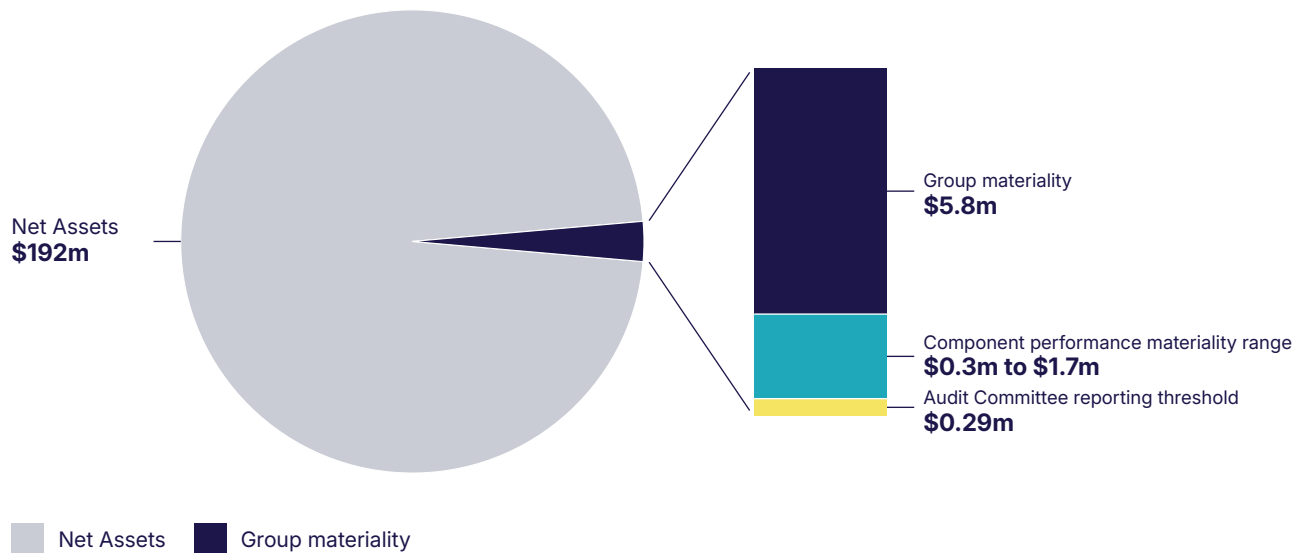
6. Our application of materiality

6.1. Materiality

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

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

	Group financial statements	Parent company financial statements
Materiality	\$5.8m (2025: \$5.1m)	\$2.3m (2025: \$2.3m)
Basis for determining materiality	3% of net assets (2025: 3% of net assets)	0.5% of gross insurance liability (2025: 0.5% of gross insurance liability)
Rationale for the benchmark applied	We have determined net assets as the most appropriate basis for our materiality of the group, as a key focus of members and subsidiaries of the group is whether the group has sufficient capital to pay future claims.	We have determined gross insurance liability as the most appropriate basis for our materiality of the parent company, it informs members of the financial strength of the parent company.



6.2. Performance materiality

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

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$288k (2025: \$257k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

	Group financial statements	Parent company financial statements
Performance materiality	65% (2025: 65%) of group materiality	65% (2025: 65%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: <ul style="list-style-type: none"> • The low volume of misstatements identified in the prior period; • our assessment of the control environment and our findings related to IT and business controls. 	

7. An overview of the scope of our audit

7.1. Identification and scoping of components

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

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

We performed audits of the entire financial information of the parent company and the LSSO Bermuda. This resulted in a coverage of 96% of group revenue (2025: 97%), and 99% of net assets (2025: 99%).

Hydra provides reinsurance coverage within the group, with mainly intra-group transactions and balances, with the exception of investments and cash. Therefore, we performed audit procedures on prescribed balances.

We, tested the appropriateness of journal entries and performed analytical procedures at the group level of LSSO Europe.

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

Component performance materialities ranged from \$0.3m to \$1.7m (2025: \$0.8m to \$1.5m), where this year we are factoring in LSSO Europe which lowers the range with a smaller performance materiality.

7.2. Our consideration of the control environment

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

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

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

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

7.3. Our consideration of climate-related risks

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

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

We have read the disclosures relating to climate risks in the strategic report on pages 19 and 20 and considered whether they are materially consistent with knowledge obtained from our audit.

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

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

- the nature of the industry and sector, control environment and business performance including the design of the management fee policies and key drivers for directors' remuneration;

- results of our enquiries of management, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including actuarial and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the regulations of the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), data protection, UK Bribery Act and Financial Services and Markets Act 2000 as well as regulations covering the club's branches in Hong Kong (regulated by the Hong Kong Insurance Authority) and subsidiaries in Cyprus (regulated by the Insurance Companies Control Service) and Bermuda (regulated by the Bermuda Monetary Authority).

11.2. Audit response to risks identified

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by Board of Directors on 13 January 2022 to audit the financial statements for the year ending 20 February 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 20 February 2022 to 20 February 2026.

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

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

15. Use of our report

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

Adam Addis (Senior statutory auditor)

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

18 June 2026

Consolidated Statement of Comprehensive Income and Retained Earnings for the year ended 20 February 2026

	Note	2026 US\$'000	2025 US\$'000
TECHNICAL ACCOUNT – GENERAL BUSINESS			
Earned Premiums, Net of Reinsurance:			
Calls & Premiums		172,915	159,763
Reinsurance Premiums		(29,508)	(24,924)
Net Earned Premium	6	143,407	134,839
Foreign Exchange Gains		1,383	66
Allocated Investment Return transferred from Non-Technical account		32,465	24,594
Claims Incurred, Net of Reinsurance:			
Gross Claims Paid	7	(146,566)	(157,243)
Reinsurance Recoveries	8	43,406	52,589
Net Claims Paid		(103,160)	(104,654)
Change in Provision for Claims:			
Gross Amount		(343,766)	29,235
Reinsurers' Share		314,611	(39,313)
Net Change in Provision for Claims		(29,155)	(10,078)
Net Incurred Claims		(132,315)	(114,732)
Net Operating Expenses	10	(23,116)	(22,347)
Balance on Technical Account		21,824	22,420
NON-TECHNICAL ACCOUNT			
Balance on Technical Account		21,824	22,420
Investment Income	9	20,392	18,881
Unrealised Gains on Investments		13,826	7,976
Unrealised Gains/(Losses) on Investment Property		337	(505)
Investment Expenses		(2,090)	(1,759)
Allocation of Investments to Technical Account		(32,465)	(24,594)
Net Surplus before Taxation		21,824	22,419
Taxation Expense	11	(649)	(1,070)
Net Surplus after Taxation		21,175	21,349
Accumulated Reserves at 20 February 2025		171,183	149,834
Accumulated Reserves at 20 February 2026		192,358	171,183

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

The notes on pages 41 to 64 form part of these Financial Statements.

Consolidated Statement of Financial Position as at 20 February 2026

Company number: 10341

	Note	2026 US\$'000	2025 US\$'000
ASSETS			
Investment Property	15	17,778	16,345
Financial Investments	14	407,375	364,900
Reinsurance Assets	17	495,847	181,236
Provision for unearned Reinsurance premium	17	1,179	1,216
Insurance & Other Receivables	16	22,521	18,627
Cash & Cash Equivalents	20	70,089	70,098
Deferred Acquisition Costs	19	835	674
Prepayments & Accrued Income		7,316	8,400
TOTAL ASSETS		1,022,940	661,496
RESERVES AND LIABILITIES			
<i>Reserves Attributable to Members</i>			
Income & Expenditure Account		192,358	171,183
TOTAL RESERVES		192,358	171,183
LIABILITIES			
Unearned Premium	17	6,440	4,649
Insurance Liabilities	17	806,446	462,613
Insurance & Other Payables	18	10,750	16,202
Current Taxation		253	443
Accruals & Deferred Income		6,693	6,406
TOTAL LIABILITIES		830,582	490,313
TOTAL LIABILITIES & RESERVES		1,022,940	661,496

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 18 June 2026.

The notes on pages 41 to 64 form part of these Financial Statements.

James C L Bean
Member of the Board

Iain Paul
Member of the Board

Statement of Financial Position – Parent Company Only as at 20 February 2026

Company number: 10341

	Note	2026 US\$'000	2025 US\$'000
ASSETS			
Investment in Group Undertakings and Participating Interests	12	194,151	159,828
Other Financial Investments	14	11,832	12,024
Reinsurance Assets	17	783,073	442,544
Provision for Unearned Reinsurance Premium	17	5,069	3,802
Insurance & Other Receivables	16	21,859	15,795
Cash & Cash Equivalents	20	42,006	53,262
Deferred Acquisition Costs	19	751	644
Prepayments & Accrued Income		4,140	5,724
TOTAL ASSETS		1,062,881	693,623
RESERVES			
<i>Reserves Attributable to Members</i>			
Income & Expenditure Account	21	205,182	173,675
TOTAL RESERVES		205,182	173,675
LIABILITIES			
Unearned Premium	17	6,256	4,569
Insurance Liabilities	17	804,019	460,573
Insurance & Other Payables	18	41,428	48,809
Current Taxation		281	449
Accruals & Deferred Income		5,715	5,548
TOTAL LIABILITIES		857,699	519,948
TOTAL LIABILITIES & RESERVES		1,062,881	693,623

The parent company made a surplus of US\$31,507k (2025: surplus of US\$20,288k) on ordinary activities after tax for the year ended 20 February 2026. The Association has taken the exemption under Section 408 of the Companies Act from preparing a Parent Company Statement of Comprehensive Income.

The Financial Statements were approved and authorised for issue by the Board and were signed on its behalf on 18 June 2026.

The notes on pages 41 to 64 form part of these Financial Statements.

James C L Bean
Member of the Board

Iain Paul
Member of the Board

Consolidated Statement of Cash Flows for the year ended 20 February 2026

	2026 US\$'000	2025 US\$'000
CASH GENERATED FROM OPERATING ACTIVITIES		
Net Income Before Tax	21,824	22,422
Adjustments for:		
Changes in Estimated Outstanding Claims (net of reinsurance)	29,223	10,079
Changes in Unearned Premium (net of reinsurance)	1,829	(854)
Changes in Deferred Acquisition Costs	(160)	156
Realised & Unrealised Gains on Investments	(17,620)	(11,310)
Unrealised (Gains)/Losses on Investment Property	(337)	505
Interest Income	(2,379)	(3,008)
Changes in Receivables	(3,283)	1,164
Changes in Payables	(5,640)	(4,547)
Foreign Exchange Adjustment	(1,383)	(83)
Cash From Operating Activities	22,074	14,524
Tax Paid	(648)	(753)
Net Cash Inflows/(Outflows) from Operating Activities	21,426	13,771
CASH GENERATED FROM INVESTING ACTIVITIES		
Payments to acquire investments	(290,195)	(350,173)
Receipts for the sale of investments	267,736	345,834
Interest Received	2,441	3,226
Net Cash Outflows from Investing Activities	(20,018)	(1,113)
Increase/(Decrease) in Cash & Cash Equivalents	1,408	12,658
Cash & Cash Equivalents at 21 February 2025	70,098	57,985
Effects of Foreign Exchange on Cash & Cash Equivalents	(1,417)	(545)
Cash & Cash Equivalents at 20 February 2026	70,089	70,098

The notes on pages 41 to 64 form part of these Financial Statements.

Notes to the Financial Statements

Note 1: General information

The London Steam-Ship Owners' Mutual Insurance Association Limited (the Association) is a non-profit making mutual Company incorporated and registered in England and Wales. It is limited by guarantee, has no share capital and is controlled by the members who are also insured policy holders. Our registered office address is on page 3.

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

Note 2: Accounting policies

The principal accounting policies applied in preparing these Financial Statements are summarised below. These policies have been applied consistently throughout the year and the previous year.

2.1 Financial reporting framework

2.1.1 Basis of preparation

The Association's Group and individual Financial Statements have been prepared according to United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), Financial Reporting Standard 103, "Insurance Contracts" (FRS 103) and the Companies Act 2006. The Financial Statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

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

The Financial Statements have been presented in United States Dollars (US\$) which is also the Association's functional currency and have been rounded to the nearest US\$'000. The Association has taken the exemption available under Section 408 of the Companies Act 2006 not to present an individual Statement of Comprehensive Income and Retained

Earnings, together with any related notes that would have formed part of the Financial Statements

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

2.1.2 Basis of consolidation

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

Intra-group transactions – and balances, gains and losses from these transactions – are eliminated on consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the Association's policies.

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

2.1.3 Going concern

The Financial Statements have been prepared on a going concern basis. As detailed in the Directors' Report on page 24, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date these financial statements were approved and signed.

2.2 Underwriting activities

2.2.1 Calls & premiums

Calls and premiums are recognised gross of acquisition costs and net of return premiums and bad and doubtful debts for contracts that inceptioned during the accounting period together with adjustments made in the year related to calls and premiums on contracts that inceptioned in prior accounting periods. Calls and premiums are earned as revenue on a time apportioned basis over the period of cover provided. Unearned calls and premiums at the Statement of Financial Position date, calculated on a time apportioned basis, are deferred and included as an unearned premium liability in the Statement of Financial Position.

The Directors retain the ability to apply supplementary calls or discount mutual calls on open policy years.

2.2.2 Reinsurance premiums

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

2.2.3 Claims & related expenses

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

2.2.4 Pooling obligations

The Association and The London P&I Insurance Company (Europe) Limited are treated as linked associations by the IG's pooling agreement, with the Association as the principal linked association. Linked associations are treated as one association for all purposes under the agreement. The agreement holds the Association jointly and severally liable with The London P&I Insurance Company (Europe) Limited for the latter's pooling obligations to other clubs. The agreement does not hold The London P&I Insurance Company (Europe) Limited liable for the Association's pooling obligations. Consistent with this contractual position, the Association recognises in full the group's pooling obligations to other clubs. No liability for pooling obligations is recognised by The London P&I Insurance Company (Europe) Limited.

2.2.5 Reinsurance recoveries

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

2.2.6 Claims handling costs

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

2.2.7 Technical provisions

The provision for outstanding claims in the Financial Statements represents the Directors' estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims IBNR. The provision also includes an allowance for claims handling costs, reflecting the estimated future people costs directly associated with handling claims incurred before the Statement of Financial Position date.

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

The provisions for IBNR claims are based on standard actuarial projection techniques, using historical information on claims development patterns, appropriately adjusted where necessary, to estimate the likely ultimate cost of claims. The principal assumption underlying this approach is that

past experience is a reliable foundation for projecting the ultimate cost of claims in more recent years. The resulting estimate incorporates a degree of prudence to reflect inherent uncertainty in claims development, consistent with the Directors' overall conservative approach to claims reserving.

When assessing the appropriate IBNR provision level for occupational disease claims, the Directors also take the findings from the most recently available review of reserves for this category of claims into account. An updated review of the occupational disease claims to estimate the ultimate cost and the appropriate IBNR was performed in the 2025/26 financial year, with no material changes to the underlying methodology or key assumptions.

Provisions relating to the Association's share of other clubs' pool claims are based on information and data supplied by the other parties to the pooling agreement, with Directors applying appropriate actuarial judgement and techniques, consistent with those described above, in assessing the adequacy of such provisions.

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

Claims provisions are recognised gross of any reinsurance recoveries. The reinsurers' share of claims outstanding is derived from an estimation of the amounts recoverable from reinsurers, based on the gross claims provisions and the structure of the Association's reinsurance programme, while taking the possibility of the reinsurers defaulting into account.

2.2.8 Acquisition costs

Acquisition costs represent commission and brokerage arising from calls and premiums written during the year. They are capitalised and spread over the life of the related policy based on the policy's earnings pattern.

2.3 Other accounting policies

2.3.1 Investment income

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

2.3.2 Operating expenses

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

2.3.3 Foreign exchange

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

2.3.4 Financial investments

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

2.3.5 Investments in group undertakings & participating interests

Investments in Group Undertakings and Participating Interests in the Association's Statement of Financial Position are stated at current realisable value.

2.3.6 Taxation

The Association is subject to UK Corporation Tax on investment income and any realised and unrealised investment gains less losses in the year. Underwriting operations are not taxable. The London Steam-Ship Owner's Mutual Insurance Association (Bermuda) Limited is assessed for Income Tax in the UK on rental income received and may incur irrecoverable withholding tax deductions on income from certain investment holdings. The London P&I Insurance Company (Europe) Limited is subject to corporation tax in Cyprus on taxable profits at the rate of 12.5%.

2.3.7 Recognition & derecognition of financial assets & liabilities

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

Financial assets other than financial investments and investments in group undertakings and participating interests are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial investments are carried at fair value through profit or loss. They are initially measured and carried at fair value – usually the transaction price – and any changes in fair value are recognised in the Statement of Comprehensive Income and Retained Earnings.

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

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

A financial liability is derecognised when the obligation in the contract is discharged, cancelled or expired.

2.3.8 Impairment

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

2.3.9 Investment property

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

2.3.10 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments

that can be easily converted to known cash amounts and subject to an insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date acquired.

Note 3: Critical accounting judgements and estimation uncertainty

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

3.1 The ultimate liability arising from claims made under insurance contracts

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

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

3.2 Investments in associates

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

FRS 102 defines an associate as an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant

influence is the power to participate in the financial and operating policy decisions of the associate but is not control. FRS 102 Section 14.3 states that if the investor holds, directly or indirectly, less than 20% of the voting power of the associate, it is presumed that the investor does not have significant influence, unless such influence can be clearly demonstrated. The Association holds none of the voting power of A. Bilbrough & Co. Limited. Nevertheless, in the Board's judgement, the Association does have significant influence over A. Bilbrough & Co. limited. The Board identified the following factor as key in reaching this judgement:

- The management services agreement requires A. Bilbrough & Co. Limited to submit for approval to the Association the anticipated expenditure budget for each year and consult with the Association over any material and unanticipated items of A. Bilbrough & Co. Limited expenditure that may arise.

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

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

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

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

Note 4: Principal risks & uncertainties

The Association has a robust Enterprise Risk Management Framework in place to manage risk. Identifying and assessing risks, together with implementing effective mitigating and monitoring controls, is fundamental to maintaining a well-governed organisation.

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

1. The Audit Committee
2. The Risk Committee
3. The Governance & Remuneration Committee
4. The Reinsurance Sub-Committee
5. The Boards/Committees of its regulated insurance company subsidiaries

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

The principal risks relevant to the Association's operations which also apply to the parent company's operations, and their risk management are described below.

4.1 Insurance risk

Insurance risk comprises underwriting risk and reserving risk.

Underwriting risk

Underwriting risk is the risk that calls and gross premiums will be insufficient to cover losses and associated administrative expenses. This risk is managed and mitigated by maintaining a diversified book of business across geography, ship size and ship type, supported by underwriting guidelines and risk appetite tolerances to ensure only acceptable risks are entered. The risk function regularly reviews and analyses the portfolio of business on risk during the year, including its composition by ship type, ship age and place of management.

Purchasing of appropriate reinsurance is central to managing underwriting risk on a net basis in line with the Association's capital management plan. The Association is a member of the International Group of P&I Clubs which operates a pooling system to share claims costs on an excess of loss basis, and collectively purchases commercial market reinsurance for all clubs. The Association also purchases additional reinsurance for exposure to claims below the IG pool's attachment point, and exposure to non-poolable risks.

Reserving risk

Reserving risk is the risk that technical provisions for claims incurred but not settled are ultimately insufficient to cover future settlements and related claims handling expenses. Uncertainty around the eventual cost of these claims is caused by factors such as changes in the economic climate, national and international liability regimes, commodity prices and currency fluctuations, among many others. The Association's processes and procedures for valuing technical provisions reflect this is a high risk area for the Association. An outline of these processes and procedures is included in Note 2.

The Association includes a risk margin within its technical provisions in excess of the best estimate projected future cost to reduce the risk of the valuation being insufficient. It is to be expected that actual experience will differ from the valuation of technical provisions at the year-end date, so there is a residual risk the eventual outcome will exceed the valuation.

Uncertainty around claims incidence and their ultimate cost is the principal risk variable affecting 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 in the table alongside. Changes in loss ratio are assumed to be driven by movement in claims incurred.

Consolidated		
	2026 US\$'000	2025 US\$'000
Increase in Loss Ratio by 5 percentage points		
Gross	(8,649)	(7,988)
Net	(7,171)	(6,742)
Decrease in Loss Ratio by 5 percentage points		
Gross	8,649	7,988
Net	7,171	6,742
Parent		
	2026 US\$'000	2025 US\$'000
Increase in Loss Ratio by 5 percentage points		
Gross	(1,619)	(1,546)
Net	(1,387)	(1,345)
Decrease in Loss Ratio by 5 percentage points		
Gross	1,619	1,546
Net	1,387	1,345

4.2 Liquidity risk

Liquidity risk is the risk the Association may have difficulty meeting financial obligations settled through cash or another financial asset. The principal liquidity risk is the daily demand on its available cash resources from claims arising from insurance contracts.

The Association's approach is to maintain a significant holding of liquid assets, either in cash or in liquid assets that can be translated into cash at short notice and at low risk of suffering any material capital loss. Cash flow projections are reviewed and updated regularly to ensure the most efficient use of cash resources.

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

Consolidated

Assets at 20 February 2026	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Cash & Investments	477,464	180,768	264,066	23,255	9,375	477,464
Receivables	22,521	22,521				22,521
Reinsurance Assets	495,847	187,728	274,232	24,150	9,737	495,847
Unearned Reinsurance Premium	1,179	1,179				1,179
Deferred Acquisition Costs	835	835				835
Prepayments & Accrued Income	7,316	7,316				7,316
Total Financial Assets	1,005,162	400,347	538,298	47,405	19,112	1,005,162

Liabilities at 20 February 2026	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Insurance Liabilities	806,446	306,443	396,932	61,952	41,119	806,446
Unearned Premium	6,440	6,440				6,440
Payables	10,750	10,750				10,750
Taxation	253	253				253
Accruals & Deferred Income	6,693	6,693				6,693
Total Financial Liabilities	830,582	330,579	396,932	61,952	41,119	830,582

Assets at 20 February 2025	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Cash & Investments	434,997	183,883	180,333	50,554	20,227	434,997
Receivables	18,627	18,627				18,627
Reinsurance Assets	181,236	76,613	75,133	21,063	8,427	181,236
Unearned Reinsurance Premium	1,217	1,217				1,217
Deferred Acquisition Costs	675	675				675
Prepayments & Accrued Income	8,400	8,400				8,400
Total Financial Assets	645,151	289,414	255,466	71,617	28,654	645,151

Liabilities at 20 February 2025	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Insurance Liabilities	462,612	179,694	176,081	59,528	47,309	462,612
Unearned Premium	4,649	4,649				4,649
Payables	16,203	16,203				16,203
Taxation	443	443				443
Accruals & Deferred Income	6,407	6,407				6,407
Total Financial Liabilities	490,314	207,396	176,081	59,528	47,309	490,314

Parent

Assets at 20 February 2026	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Cash & Investments	53,838	20,617	26,832	4,037	2,352	53,838
Receivables	21,859	21,859				21,859
Reinsurance Assets	783,073	299,880	390,275	58,712	34,206	783,073
Unearned Reinsurance Premium	5,069	5,069				5,069
Deferred Acquisition Costs	751	751				751
Prepayments & Accrued Income	4,140	4,140				4,140
Total Financial Assets	868,730	352,316	417,107	62,749	36,558	868,730

Liabilities at 20 February 2026	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Insurance Liabilities	804,019	305,399	396,137	61,553	40,930	804,019
Unearned Premium	6,256	6,256				6,256
Payables	41,428	41,428				41,428
Taxation	281	281				281
Accruals & Deferred Income	5,715	5,715				5,715
Total Financial Liabilities	857,699	359,079	396,137	61,553	40,930	857,699

Assets at 20 February 2025	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Cash & Investments	65,286	25,804	25,137	8,388	5,957	65,286
Receivables	15,794	15,794				15,794
Reinsurance Assets	442,544	174,913	170,393	56,860	40,378	442,544
Unearned Reinsurance Premium	3,802	3,802				3,802
Deferred Acquisition Costs	644	644				644
Prepayments & Accrued Income	5,724	5,724				5,724
Total Financial Assets	533,795	226,681	195,530	65,248	46,336	533,795

Liabilities at 20 February 2025	SOPF US\$'000	Up to 1 year US\$'000	1-3 Years US\$'000	3-5 Years US\$'000	5+ Years US\$'000	Total US\$'000
Insurance Liabilities	460,572	178,984	174,974	59,356	47,258	804,019
Unearned Premium	4,569	4,569				4,569
Payables	48,809	48,809				48,809
Taxation	449	449				449
Accruals & Deferred Income	5,548	5,548				5,548
Total Financial Liabilities	519,947	238,360	174,974	59,356	47,258	519,948

4.3 Market risk

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

Interest rate risk

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

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

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

It is estimated that the value of the Association's fixed interest securities would change by the following amounts if market interest rates increased or decreased 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 considered to be insignificant.

	2026 US\$'000	2025 US\$'000
Increase of 100 Basis Points	(16,829)	(12,059)
Decrease of 100 Basis Points	16,884	12,108

Equity price risk

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

A 10% decrease in the value of equity securities held at the year-end date would have decreased accumulated reserves at that date by US\$6,860k (2025: US\$5,728k).

Foreign currency risk

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

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

Consolidated

As at 20 February 2026	US\$ US\$'000	GBP US\$'000	EUR US\$'000	Other US\$'000	Total US\$'000
Total Assets	717,222	32,647	270,324	2,747	1,022,940
Total Liabilities	517,906	19,506	279,197	13,973	830,582
Net Asset Position	199,316	13,141	(8,873)	(11,226)	192,358

As at 20 February 2025	US\$ US\$'000	GBP US\$'000	EUR US\$'000	Other US\$'000	Total US\$'000
Total Assets	604,479	26,708	28,461	1,848	661,496
Total Liabilities	424,817	18,785	34,174	12,539	490,314
Net Asset Position	179,662	7,923	(5,712)	(10,691)	171,183

Parent

As at 20 February 2026	US\$ US\$'000	GBP US\$'000	EUR US\$'000	Other US\$'000	Total US\$'000
Total Assets	750,048	24,843	275,136	12,854	1,062,881
Total Liabilities	545,888	19,288	278,567	13,956	857,699
Net Asset Position	204,160	5,555	(3,431)	(1,102)	205,182

As at 20 February 2025	US\$ US\$'000	GBP US\$'000	EUR US\$'000	Other US\$'000	Total US\$'000
Total Assets	632,336	18,990	30,864	11,433	693,623
Total Liabilities	455,490	18,516	33,411	12,531	519,948
Net Asset Position	176,846	474	(2,547)	(1,098)	173,675

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

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
Strengthening				
Sterling	657	396	278	24
Euro	(444)	(286)	(172)	(127)
Weakening				
Sterling	(657)	(396)	(278)	(24)
Euro	444	286	172	127

4.4 Credit risk

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

- Amounts due from reinsurers
- Amounts due from members and assureds
- Counterparty risk relating to investments and cash deposits

Reinsurance default risk is managed by regularly monitoring current and prospective reinsurance counterparties and by having guidelines relating to acceptable credit ratings and concentration limits in place.

Default risk relating to members and assureds is managed by carefully selecting new entrants and regularly monitoring existing members and assureds. The Association's management has processes and procedures for regularly monitoring overdue receivable amounts, including escalation procedures leading ultimately to termination of cover if amounts due are not settled in an appropriately timely manner.

Consolidated

As at 20 February 2026	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Reinsurance Assets	495,847	-	312,921	157,124	25,787	15	495,847
Unearned Reinsurance Premium	1,179	-	1,179	-	-	-	1,179
Receivables	22,521	-	491	485	169	21,376	22,521
Deferred Acquisition Costs	835	-	-	-	-	835	835
Prepayments & Accrued Income	7,316	-	1,183	274	611	5,248	7,316
Total	527,698	-	315,774	157,883	26,567	27,474	527,698

As at 20 February 2025	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Reinsurance Assets	181,236	-	36,773	119,320	24,710	433	181,236
Unearned Reinsurance Premium	1,217	-	1,192	-	-	25	1,217
Receivables	18,627	-	2,124	3,029	706	12,768	18,627
Deferred Acquisition Costs	675	-	-	-	-	675	675
Prepayments & Accrued Income	8,400	-	1,141	179	515	6,566	8,400
Total	210,155	-	41,229	122,527	25,931	20,467	210,155

Parent

As at 20 February 2026	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Reinsurance Assets	783,073	-	312,921	156,853	25,787	287,512	783,073
Unearned Reinsurance Premium	5,069	-	1,107	-	-	3,962	5,069
Receivables	21,859	-	-	485	50	21,324	21,859
Deferred Acquisition Costs	751	-	-	-	-	751	751
Prepayments & Accrued Income	4,140	-	-	-	-	4,140	4,140
Total	814,892	-	314,028	157,338	25,837	317,689	814,892

As at 20 February 2025	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Reinsurance Assets	442,544	-	36,773	119,044	24,710	262,017	442,544
Unearned Reinsurance Premium	3,802	-	1,192	-	-	2,610	3,802
Receivables	15,794	-	376	2,859	671	11,889	15,794
Deferred Acquisition Costs	644	-	-	-	-	644	644
Prepayments & Accrued Income	5,724	-	-	-	-	5,724	5,724
Total	468,508	-	38,341	121,903	25,381	282,884	468,508

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

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

Consolidated

As at 20 February 2026	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Cash & Investments	477,464	58,647	179,241	89,929	50,530	99,117	477,464

As at 20 February 2025	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Cash & Investments	434,997	65,317	155,252	89,685	47,124	77,619	434,997

Parent

As at 20 February 2026	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Cash & Investments	53,838	-	-	53,838	-	-	53,838

As at 20 February 2025	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB US\$'000	Other US\$'000	Total US\$'000
Cash & Investments	64,951	-	4,326	60,625	-	-	64,951

4.5 Capital management

At 20 February 2026, the Association's capital position comprised its reserve attributable to members of US\$192.4m (2025: US\$171.2m). In addition, the Association was granted approval to take an amount of US\$50.0m ancillary own funds into account when determining its own funds for regulatory solvency purposes at 20 February 2026 (2025: US\$50.0m), although this is not recognised as capital in the Consolidated Statement of Financial Position that forms part of these financial statements. (Regulatory capital figures are unaudited).

The Association is subject to the UK and EU Solvency II regulatory regime which imposes capital requirements in the form of a Solvency Capital Requirement (SCR) and a Minimum Capital Requirement (MCR). The SCR is calibrated to ensure all quantifiable risks the Association is exposed to are taken into account and corresponds to the Value-at-Risk of capital subject to a confidence level of 99.5% over a one-year period. The Association has agreed with the Prudential Regulation Authority a capital add-on of US\$2.8m, effective from 23 April 2024, as part of its group level SCR for the remote risk the Association is exposed to through its management agreement contract and relationship with its independent management company, and its pension deficit. The MCR sets a capital requirement significantly lower than the SCR and corresponds to an amount of capital below which policy holders are exposed to an unacceptable level of risk.

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

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

Note 5: Analysis by class

The results of the classes of the Association are:

5.1 Consolidated statement of comprehensive income

For the year ended 20 February 2026	Total US\$'000	Class 5 P&I US\$'000	Class 7 War Risk US\$'000	Class 8 FD&D US\$'000
Technical Account – General Business				
Net Earned Premium	143,407	130,953	1,141	11,313
Foreign Exchange Gains	1,383	1,270	39	74
Allocated Investment Return transferred from Non-Technical account	32,465	30,839	-	1,626
Net Incurred Claims	(132,315)	(121,786)	-	(10,529)
Net Operating Expenses	(23,116)	(20,422)	(422)	(2,272)
Balance Carried to Non-Technical Account	21,824	20,854	758	212
Non- Technical Account				
Balance Transferred from Technical Account	21,824	20,854	758	212
Investment Income	20,392	19,285	-	1,107
Unrealised Gains on Investments	13,826	13,202	-	624
Unrealised Gains on Investment Property	337	317	-	20
Investment Expenses	(2,090)	(1,965)	-	(125)
Allocation of Investments to Technical Account	(32,465)	(30,839)	-	(1,626)
Net Surplus before Taxation	21,824	20,854	758	212
Taxation Expense	(649)	(639)	-	(10)
Net Surplus after Taxation	21,175	20,215	758	202
Accumulated Reserves at 20 February 2025	171,183	149,455	6,883	14,845
Accumulated Reserves at 20 February 2026	192,358	169,670	7,641	15,047

For the year ended 20 February 2025	Total	Class 5 P&I	Class 7 War Risk	Class 8 FD&D
	US\$'000	US\$'000	US\$'000	US\$'000
Technical Account – General Business				
Net Earned Premium	134,839	121,194	1,569	12,076
Foreign Exchange Gains	66	94	(7)	(21)
Allocated Investment Return transferred from Non-Technical account	24,594	23,486	-	1,108
Net Incurred Claims	(114,732)	(107,386)	-	(7,346)
Net Operating Expenses	(22,347)	(19,026)	(833)	(2,488)
Balance Carried to Non-Technical Account	22,420	18,362	729	3,329
Non- Technical Account				
Balance Transferred from Technical Account	22,420	18,362	729	3,329
Investment Income	18,881	17,928	-	953
Unrealised Gains on Investments	7,976	7,686	-	290
Unrealised (Losses) on Investment Property	(505)	(475)	-	(30)
Investment Expenses	(1,759)	(1,654)	-	(105)
Allocation of Investments to Technical Account	(24,594)	(23,486)	-	(1,108)
Net Surplus before Taxation	22,419	18,362	729	3,329
Taxation Expense	(1,070)	(1,049)	-	(21)
Net Surplus after Taxation	21,349	17,313	729	3,308
Accumulated Reserves at 20 February 2024	149,834	132,140	6,156	11,538
Accumulated Reserves at 20 February 2025	171,183	149,453	6,883	14,845

5.2 Consolidated statement of financial position

As at 20 February 2026	Total US\$'000	Class 5 P&I US\$'000	Class 7 War Risk US\$'000	Class 8 FD&D US\$'000
ASSETS				
Investment Property	17,778	16,712	-	1,066
Financial Investments	407,375	383,955	2,951	20,469
Reinsurance Assets	495,847	492,295	-	3,552
Unearned Reinsurance Premium	1,179	1,175	-	4
Insurance & Other Receivables	22,521	20,590	449	1,482
Cash & Cash Equivalents	70,089	58,859	4,340	6,890
Deferred Acquisition Costs	835	803	-	32
Prepayments & Accrued Income	7,316	5,659	483	1,174
TOTAL ASSETS	1,022,940	980,048	8,223	34,669
RESERVES				
Income & Expenditure Account	192,358	169,670	7,641	15,047
LIABILITIES				
Unearned Premium	6,440	6,210	-	230
Insurance Liabilities	806,446	789,276	-	17,170
Insurance & Other Payables	10,750	9,552	239	959
Current Taxation	253	253	-	-
Accruals & Deferred Income	6,693	5,087	343	1,263
TOTAL LIABILITIES	830,582	810,378	582	19,622
TOTAL LIABILITIES & RESERVES	1,022,940	980,048	8,223	34,669

As at 20 February 2025	Total US\$'000	Class 5 P&I US\$'000	Class 7 War Risk US\$'000	Class 8 FD&D US\$'000
ASSETS				
Investment Property	16,345	15,364	-	981
Financial Investments	364,899	343,518	2,952	18,429
Reinsurance Assets	181,236	177,526	-	3,710
Unearned Reinsurance Premium	1,217	1,212	-	5
Insurance & Other Receivables	18,627	16,308	474	1,845
Cash & Cash Equivalents	70,098	59,340	2,987	7,771
Deferred Acquisition Costs	675	629	-	46
Prepayments & Accrued Income	8,400	5,525	1,374	1,501
TOTAL ASSETS	661,496	619,423	7,787	34,287
RESERVES				
Income & Expenditure Account	171,183	149,453	6,883	14,845
LIABILITIES				
Unearned Premium	4,649	4,336	-	313
Insurance Liabilities	462,612	446,368	-	16,245
Insurance & Other Payables	16,203	14,291	161	1,751
Current Taxation	443	443	-	-
Accruals & Deferred Income	6,407	4,532	1,312	743
TOTAL LIABILITIES	490,314	469,969	903	19,442
TOTAL LIABILITIES & RESERVES	661,496	619,423	7,787	34,287

Note 6: net earned premium

	2026 US\$'000	2025 US\$'000
Gross Calls & Premiums Written during the Year	174,647	158,841
Reinsurance Premiums paid during the Year:		
Group Excess of Loss	(15,731)	(12,126)
Other Reinsurance Premiums	(13,739)	(12,731)
Net Written Premium	145,177	133,984
Change in Provision for Unearned Premiums	(1,732)	922
Change in Provision for Unearned Reinsurance Premium	(38)	(67)
Net Earned Premium	143,407	134,839

Note 7: Gross claims paid

	2026 US\$'000	2025 US\$'000
Gross Payment of Association's Own Claims	122,719	140,471
Association's Share of Other Clubs' Pool Claims	23,847	16,772
Gross Claims Paid	146,566	157,243

Note 8: Reinsurance recoveries

	2026 US\$'000	2025 US\$'000
Association's Claims under Pooling Agreement	37,864	34,203
Recoveries under Group Excess of Loss Policies	4,647	9,336
Recoveries under Sundry Reinsurance Policies	895	9,050
Reinsurance Recoveries	43,406	52,589

Note 9: Investment income

	2026 US\$'000	2025 US\$'000
Income from Listed Investments	14,218	12,522
Realised Gains/(Losses) on Investments	3,795	3,351
Bank & Other Interest Receivable	2,379	3,007
Investment Income	20,392	18,881

Note 10: Net operating expenses

	2026 US\$'000	2025 US\$'000
Acquisition Costs	17,051	16,961
Administration Expenses	6,065	5,386
Net Operating Expenses	23,116	22,347

Included with Net Operating Expenses are the following:

	2026 US\$'000	2025 US\$'000
Fees payable to the Association's auditor for the audit of the Association's annual accounts	533	463
Fees payable to the Association's auditor and its associates for other services:		
- Audit of the accounts of subsidiaries and branches	198	170
- Audit-related assurance services	32	18
Board Members Fees	469	510
Change in Deferred Acquisition Costs	159	(156)

Other than the Board and Committee Members, the Association does not employ any staff (2025: nil).

Note 11: Taxation

	2026 US\$'000	2025 US\$'000
Analysis of charge for period		
UK Corporation tax charge	463	721
Overseas Corporation tax charge	20	-
Unrelieved foreign withholding taxes	166	349
Income Tax Expense	649	1,070

By virtue of its mutual status, the Association is not liable to tax on its underwriting operations. The Association's own investment income is subject to UK Corporation tax. The investment income of the Association's subsidiary The London Steam-Ship Owner's Mutual Insurance Association (Bermuda) Limited and Hydra Insurance Company Limited – London Cell are not subject to tax in Bermuda but do suffer irrecoverable withholding tax on income from investments in certain jurisdictions. The London P&I Insurance Company (Europe) Limited is subject to corporation tax in Cyprus on taxable profits at the rate of 12.5%.

Factors affecting the tax charge for period

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

	2026 US\$'000	2025 US\$'000
Net surplus/(deficit) before tax	21,824	22,419
Multiplied by standard rate of Corporation tax in the UK of 25%	(5,456)	(5,605)
Effects of:		
Non-taxable underwriting and investment transactions	4,973	4,884
Unrelieved foreign withholding taxes	(166)	(349)
Income Tax Expense	649	1,070

Note 12: Investments in group undertakings & participating interests

	2026 US\$'000	2025 US\$'000
Shares in Group Undertakings & Participating Interests	194,151	159,828

The Companies listed below are wholly owned subsidiaries.

	Consolidated	Address of the registered office and country of incorporation	Company registration number	Class of Shares	Principal Activity
Hydra Insurance Company Limited – London Cell	Yes	Rosebank Centre 5th Floor 11 Bermudiana Road Hamilton HM08 Bermuda	34834	Ordinary/ Preferred	Reinsurance
The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited	Yes	Clarendon House 2 Church Street Hamilton HM11 Bermuda	6685	N/A	Reinsurance
The London P&I Insurance Company (Europe) Limited	Yes	5 Esperidon Street 4th Floor Strovolos, 2001 Nicosia, Cyprus	HE410091	Ordinary	Insurance
London & Bermuda Reinsurance Company Limited	No	Clarendon House 2 Church Street Hamilton HM11 Bermuda	2851	Ordinary	Dormant

Investments in group undertakings and participating interests are stated at current realisable value. An economic balance sheet approach is applied to the assets and liabilities of each entity to calculate a current net asset value. In each case a discount is applied to the current net asset value to reflect the expectation that realisable value to an independent party would be below current net asset value for each entity.

The London P&I Insurance Company (Europe) Limited was incorporated as a limited company in Cyprus on 12 June 2020. At 20 February 2026, the Association's investment comprised 20,000 ordinary shares at a premium in the Company amounting to US\$20,000k (2025: US\$20,000k).

At 20 February 2026, the Association's investment in Hydra comprised 20,000 ordinary shares at par in the company and preferred shares and contributed surplus in the Association's cell of Hydra amounting to US\$2,169k (2025: US\$2,169k).

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

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

Note 13: Investments in associates

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

The Association had no equity ownership interest in A. Bilbrough & Co. Limited at the most recent year-end date. The carrying value of this investment is US\$Nil (2025: US\$Nil). In the Board's judgement, however, A. Bilbrough & Co. Limited remains an associate as seen in Note 3.

Financial investments include US\$300k (2025: US\$10,300k) pledged as collateral for contingent liabilities. P&I Clubs will, in certain circumstances, arrange for bank guarantees to be issued on behalf of a member to claimants as security for their alleged claim, limited to the member's legal liability established either by agreement or according to the relevant law and covered under the member's terms of entry. The terms and conditions of one legacy guarantee facility require the Association to pledge cash collateral equal to the full value of all outstanding guarantees. These arrangements do not restrict the Association's liquidity as it can recover monies from its quota share reinsurer to maintain necessary solvency and liquidity levels.

Note 14: Financial investments

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

As at 20 February 2026	Consolidated		Parent	
	Market Value US\$'000	Cost US\$'000	Market Value US\$'000	Cost US\$'000
Equity Securities	68,596	57,864	-	-
Debt Securities	326,927	324,211	-	-
Unlisted Investments	20	-	-	-
Unlisted Deposits	11,832	10,860	11,832	10,860
Total Investments	407,375	392,935	11,832	10,860

As at 20 February 2025	Consolidated		Parent	
	Market Value US\$'000	Cost US\$'000	Market Value US\$'000	Cost US\$'000
Equity Securities	57,284	50,879	-	-
Debt Securities	295,571	309,729	-	-
Unlisted Investments	356	335	335	335
Unlisted Deposits	11,689	10,860	11,689	10,860
Total Investments	364,900	371,804	12,024	11,195

Disclosures of fair values in accordance with the fair value hierarchy

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

The fair value takes into account:

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

The following table presents the Association's investments at fair value:

Consolidated

As at 20 February 2026	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Equity Securities	65,735	2,861	-	68,596
Debt Securities & Other	89,085	249,694	-	338,779
Total	154,820	252,555	-	407,375

As at 20 February 2025	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Equity Securities	54,677	2,607	-	57,284
Debt Securities & Other	82,113	225,483	-	307,596
Total	136,790	228,090	-	364,880

Parent

As at 20 February 2026	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Equity Securities	-	-	-	-
Debt Securities & Other	300	11,532	-	11,832
Total	300	11,532	-	11,832

As at 20 February 2025	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Equity Securities	-	-	-	-
Debt Securities & Other	10,300	1,724	-	12,024
Total	10,300	1,724	-	12,024

Note 15: Investment property

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

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

A desktop valuation update has been undertaken by an Independent Chartered Surveyor and RICS Registered Valuer. This desktop Valuation Report was dated 19 January 2026 and the market value of the property was assessed at GBP13,350k on that date. Based on this report, the Association has assessed the fair value of the property at GBP13,350k as at 20 February 2026 (2025: GBP12,950k).

	2026 US\$'000	2025 US\$'000
As at 21 February	16,345	16,833
Unrealised gain/(loss)	337	(505)
FX movement	1,096	17
As at 20 February	17,778	16,345

Note 16: Insurance & other receivables

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
Amounts arising from Insurance Operations	15,677	10,745	14,344	9,594
Reinsurance Debtors	544	4,053	535	4,047
Sale transactions of financial investments awaiting settlement	5,422	3,412	-	-
Other Receivables	878	890	6,980	2,154
Total Insurance & Other Receivables	22,521	19,100	21,859	15,795

Amounts arising from Insurance Operations includes US\$9,966k not overdue (2025: US\$4,633k), US\$4,153k overdue by up to six months (2025: US\$4,134k), US\$1,163k overdue by more than six months but less than 12 months (2025: US\$971k), and US\$395k overdue by more than 12 months (2025: US\$1,007k). All balances past due are not impaired (2025: US\$Nil).

Note 17: Net insurance liabilities

Balances on insurance and reinsurance contracts

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
Insurance Liabilities				
Members Claims	736,042	390,608	733,615	388,567
Association's Share of Pool Claims	70,404	72,005	70,404	72,005
Unearned Premium	6,440	4,649	6,256	4,569
	812,886	467,262	810,275	465,141
Reinsurance Assets				
Reinsurance Recoveries	385,850	67,860	708,710	366,402
Pool Recoveries	109,997	113,376	74,363	76,142
Provision for unearned reinsurance premium	1,179	1,217	5,069	3,802
	497,026	182,453	788,142	446,346
Net Insurance Liabilities	315,860	284,809	22,133	18,795

Movement in insurance & reinsurance contracts

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
INSURANCE LIABILITIES & UNEARNED PREMIUM				
Claims Outstanding				
As at 21 February	462,613	489,769	460,573	488,244
Claims paid in the Year	(146,566)	(157,243)	(145,442)	(156,644)
Changes to Reserves in the Year	490,399	130,087	488,888	128,973
As at 20 February	806,446	462,613	804,019	460,573
Unearned Premium				
As at 21 February	4,649	5,571	4,569	5,518
Calls & Premiums Written in the Year	174,647	158,841	168,822	153,534
Calls & Premiums Earned in the Year	(172,856)	(159,763)	(167,135)	(154,483)
As at 20 February	6,440	4,649	6,256	4,569
Total Insurance Liabilities & Unearned Premiums	812,886	467,262	810,275	465,141
REINSURANCE ASSETS & UNEARNED REINSURANCE PREMIUM				
Reinsurers' Share of Claims Outstanding				
As at 21 February	181,236	218,471	442,544	472,035
Reinsurance Recoveries made in the Year	(43,406)	(52,589)	(53,389)	(63,225)
Changes to Reserves in the Year	358,017	15,354	393,918	33,734
As at 20 February	495,847	181,236	783,073	442,544
Unearned Reinsurance Premium				
As at 21 February	1,217	1,285	3,802	4,583
Reinsurance Premium Written in the Year	29,470	24,857	42,227	34,572
Reinsurance Premium Earned in the Year	(29,508)	(24,926)	(40,960)	(35,353)
As at 20 February	1,179	1,216	5,069	3,802
Total Reinsurance Assets & Unearned Reinsurance Premium	497,026	182,453	788,142	446,346
Total Net Technical Provisions	315,860	284,809	22,133	18,795

During the 2025/26 financial year two claims incurred by members of the Association in earlier policy years developed in a manner that had not been anticipated and reserved for at the 2025 year-end date. The Association has reserved for both claims at the most recent year-end date on the assumption that it will be possible to achieve resolutions which fairly reflect the Board's balanced assessment of the merits of the claims and the legal defences available to the Association. There is, however, significant uncertainty as to the ultimate cost of both claims. Unforeseen developments, such as changes in the judicial process, future legal findings or the emergence of additional claims information may result in future costs being significantly higher or lower than the Board's current assessments as reported in these financial statements.

Note 4.1 discloses the impact on the reported operating result of a 5% change in the Association's gross and net loss ratio driven by a movement in claims incurred. The methodology used for this sensitivity analysis implicitly assumes only a small proportion of the increase in gross claims incurred will be recoverable from reinsurers. Sensitivity testing limited to changes in the amount reserved for these two claims shows a very different relationship between the financial impact on a gross and net basis. A 20% increase in the gross loss ratio for 2025/26 attributable in full to increased reserves for one or both claims would have a US\$34.6m negative impact on the gross technical result. The negative impact on the net technical result would be capped at US\$0.2m.

Claims Development Tables

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

Gross claims development

As at 20 Feb 2026	Other US\$'000	2016/17 US\$'000	2017/18 US\$'000	2018/19 US\$'000	2019/20 US\$'000	2020/21 US\$'000	2021/22 US\$'000	2022/23 US\$'000	2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000	Total US\$'000
Gross Ultimate Claims												
Current Year		69,773	73,112	126,957	98,188	104,644	406,245	117,657	54,473	102,724	114,499	
One Year Later		69,688	72,673	126,326	119,007	109,328	418,059	132,324	55,598	116,045		
Two Years Later		74,237	71,767	116,550	119,229	118,615	423,256	132,153	50,069			
Three Years Later		71,222	70,543	108,401	115,473	120,771	440,351	130,852				
Four Years Later		69,335	67,846	100,867	113,726	118,120	547,028					
Five Years Later		70,359	68,006	99,494	112,308	121,981						
Six Years Later		70,048	66,885	99,152	111,209							
Seven Years Later		68,874	66,971	97,994								
Eight Years Later		68,797	67,683									
Nine Years Later		68,757										
Gross Cumulative Paid												
Current Year		24,450	11,255	22,164	18,426	18,428	85,013	9,830	9,878	17,079	22,724	
One Year Later		39,021	30,406	47,604	52,717	48,013	194,887	42,637	23,606	39,590		
Two Years Later		54,268	40,314	66,451	73,567	69,858	244,189	79,607	31,309			
Three Years Later		60,616	51,131	76,810	88,733	92,279	294,383	97,967				
Four Years Later		61,362	55,305	86,867	92,775	97,059	318,705					
Five Years Later		65,829	56,527	88,661	98,839	100,950						
Six Years Later		66,702	59,092	93,292	100,228							
Seven Years Later		66,997	61,621	94,391								
Eight Years Later		67,085	62,388									
Nine Years Later		67,266										
Gross Outstanding Claims	315,847	1,491	5,295	3,603	10,981	21,031	228,323	32,885	18,760	76,455	91,775	806,446

Net claims development

As at 20 Feb 2026	Other US\$'000	2016/17 US\$'000	2017/18 US\$'000	2018/19 US\$'000	2019/20 US\$'000	2020/21 US\$'000	2021/22 US\$'000	2022/23 US\$'000	2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000	Total US\$'000
Net Ultimate Claims												
Current Year		60,044	72,639	84,041	96,334	88,337	135,924	93,561	54,473	98,995	100,445	
One Year Later		60,514	69,494	88,638	107,650	90,257	146,000	95,301	55,598	110,875		
Two Years Later		65,527	68,412	89,591	106,449	98,636	145,993	95,157	50,069			
Three Years Later		63,323	67,446	87,909	106,892	100,601	148,191	94,706				
Four Years Later		62,729	67,745	83,396	105,397	97,304	148,428					
Five Years Later		62,737	67,906	82,004	103,973	97,504						
Six Years Later		62,727	66,785	82,494	103,388							
Seven Years Later		62,491	66,871	81,420								
Eight Years Later		62,483	67,583									
Nine Years Later		62,443										
Net Cumulative Paid												
Current Year		20,734	11,255	22,164	18,426	18,428	34,556	9,830	9,878	17,079	22,724	
One Year Later		33,237	30,363	43,936	52,717	48,013	75,609	38,730	23,606	39,590		
Two Years Later		48,477	40,213	55,685	73,567	58,732	97,461	61,235	31,309			
Three Years Later		54,414	51,031	65,764	84,008	77,442	112,626	70,320				
Four Years Later		55,176	55,204	70,398	87,126	81,577	121,317					
Five Years Later		59,544	56,427	72,189	92,972	83,597						
Six Years Later		60,392	58,992	76,821	94,372							
Seven Years Later		60,683	61,521	76,949								
Eight Years Later		60,771	62,288									
Nine Years Later		60,952										
Net Outstanding Claims	57,156	1,491	5,295	4,471	9,016	13,907	27,111	24,386	18,760	71,285	77,721	310,599

Note 18: Insurance & other payables

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
Amounts arising out of Insurance Operations	4,859	8,109	4,063	7,278
Reinsurance Creditors	1,434	590	1,434	590
Purchase transactions of financial investments awaiting settlement	858	5,726	-	-
Other Payables	3,599	2,252	3,193	1,979
Intercompany	-	-	32,738	38,962
Total Insurance & Other Payables	10,750	16,677	41,428	48,809

Note 19: Deferred acquisition costs

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
As at 21 February	674	833	644	814
Acquisition costs written in the year	17,212	16,803	15,654	15,337
Acquisition costs earned in the year	(17,051)	(16,962)	(15,547)	(15,507)
As at 20 February	835	674	751	644

Note 20: Cash and cash equivalents

	Consolidated		Parent	
	2026 US\$'000	2025 US\$'000	2026 US\$'000	2025 US\$'000
Cash at bank and in hand	41,009	29,074	13,006	12,262
Short term deposits	29,000	41,000	29,000	41,000
Money market funds	80	24	-	-
Total Cash and Cash Equivalents	70,089	70,098	42,006	53,262

Note 21: Parent company movement in reserves attributable to members

	2026	2025
	US\$'000	US\$'000
Income & Expenditure account		
As at 21 February	173,675	153,387
Surplus/(Deficit) for the financial year	31,507	20,288
As at 20 February	205,182	173,675

Note 22: Related party transactions

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

Most of the Directors are representatives or agents of member companies and other than the insurance and membership interests in the Directors' companies, the Directors have no financial interest in the Association. The Board delegates the day to day operations of the Association to A. Bilbrough & Co. Limited. Three Directors of A. Bilbrough & Co. Limited are directors of the Association. The Association paid management fees of £17.7m (2025: £16.7m) to A. Bilbrough & Co. Limited for the year.

The Association's wholly owned subsidiary, The London P&I Insurance Company (Europe) Limited, cedes to the Association 90% of all P&I and FD&D claims risks net of non-group reinsurance recoveries by way of a quota share reinsurance agreement in return for 90% of the net premium income (less a discount) earned in the year. The Board of The London P&I Insurance Company (Europe) Limited delegates the day to day operations of the Company to A. Bilbrough & Co. (Europe) Limited. Three Directors of A. Bilbrough & Co. (Europe) Limited are Directors of the Company and two Directors of A. Bilbrough & Co. Limited, the parent company of A. Bilbrough & Co. (Europe) Limited, are also Directors of the Company. The Company paid management fees of EUR1,430k (2025: EUR1,330k) to A. Bilbrough & Co. (Europe) Limited for the year.

Note 23: Average expense ratio – P&I only

In accordance with the International Group Agreement 2026, the Association is required to include in these Financial Statements a statement of its Average Expense Ratio for P&I business for the five years ended 20 February 2026. The ratio of 13.27% (2025: 13.72%) has been calculated according to the schedule and the guidelines issued by the International Group and is consistent with the relevant Financial Statements.

Appendix I: Policy year statements (unaudited)

Class 5 – P&I policy year statement

	Notes	Reserves US\$'000	Closed Years US\$'000	2023/2024 Policy Year US\$'000	2024/2025 Policy Year US\$'000	2025/2026 Policy Year US\$'000	Total US\$'000
Year to 20 February 2026				2,259	6,218	150,803	
Year to 20 February 2025				5,812	138,088	-	
Year to 20 February 2024				120,597	-	-	
Total Earned Calls & Premiums				128,668	144,306	150,803	
Earned Reinsurance Premiums				(22,364)	(21,287)	(28,485)	
Net Earned Premium				106,304	123,019	122,318	
Net Claims Paid	1			(45,288)	(54,375)	(41,651)	
Net Operating Expenses	2			(15,926)	(19,197)	(18,077)	
Investment Income				12,053	18,166	20,560	
Balance available for Outstanding Claims		149,453	100,193	57,143	67,614	83,150	457,553
Allocation from Reserves at 20 February 2025			43,823	(35,693)	(908)	(8,283)	(1,061)
Net Insurance Liabilities			(127,935)	(18,276)	(70,767)	(79,933)	(296,911)
		149,453	16,081	3,174	(4,061)	(5,066)	159,581
Unrealised Gains on Investments & Property		10,090	-	-	-	-	10,090
Allocation from Closed Years at 20 February 2026		10,126	(16,081)	(3,174)	4,061	5,066	-
Undiscounted Policy Year Balances		169,669	-	-	-	-	169,669

Class 8 – FD&D policy year statement

	Notes	Reserves US\$'000	Closed Years US\$'000	2023/2024 Policy Year US\$'000	2024/2025 Policy Year US\$'000	2025/2026 Policy Year US\$'000	Total US\$'000
Year to 20 February 2026				48	592	11,556	
Year to 20 February 2025				404	11,722	-	
Year to 20 February 2024				12,277	-	-	
Total Earned Calls & Premiums				12,729	12,315	11,556	
Earned Reinsurance Premiums				(1,318)	(396)	(547)	
Net Earned Premium				11,411	11,918	11,009	
Net Claims Paid				(5,555)	(5,012)	(4,171)	
Net Operating Expenses	2			(2,578)	(2,326)	(2,283)	
Investment Income				443	827	955	
Balance available for Outstanding Claims		11,648	4,741	3,721	5,409	5,510	31,027
Allocation from Reserves at 20 February 2025			2,079	(1,398)	(4,949)	1,262	(3,006)
Net Insurance Liabilities			(4,025)	(1,576)	(3,243)	(4,774)	(13,619)
		11,648	2,795	747	2,785	1998	14,404
Unrealised Gains on Investments & Property		644	-	-	-	-	644
Allocation from Closed Years at 20 February 2026		2,755	(2,795)	(747)	2,785	(1998)	-
Undiscounted Policy Year Balances		15,047	-	-	-	-	15,047

Note 1: net claims paid

Included within Class 5 are the Association's Share of Other Clubs' Pool Claims. The Association's liability under the Pooling Agreement for the Policy Years 2023/24 - 2025/26 has been determined on the basis of current provisional percentage shares. Final percentage shares may differ.

	2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000
Association's share of other clubs' pool claims	3,213	15,478	6,600

Note 2: net operating expenses

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

	CLASS 5 – P&I			CLASS 8 – FD&D		
	2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000	2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000
Exchange Adjustments	(538)	(110)	(1,270)	(33)	20	(74)
Admin Expenses	3,789	5,116	5,128	952	687	807
Brokerage & Commission	12,675	14,191	14,219	1,659	1,619	1,550
Total	15,926	19,197	18,077	2,578	2,326	2,283

Note 3: net outstanding claims

	Closed Years US\$'000	CLASS 5 – P&I			Closed Years US\$'000	CLASS 8 – FD&D		
		2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000		2023/24 US\$'000	2024/25 US\$'000	2025/26 US\$'000
Gross Claims Outstanding								
Retained	571,193	9,179	60,674	77,758	7,577	1,576	3,243	4,775
Pool	29,814	9,097	15,263	16,230	-	-	-	-
	601,007	18,276	75,937	93,988	7,577	1,576	3,243	4,775
Reinsurers' Share of Claims Outstanding								
Pool	(75,273)	-	(4,207)	(8,529)	-	-	-	-
Group XL/Hydra	(370,578)	-	(963)	(5,525)	-	-	-	-
Other	(27,221)	-	-	-	(3,552)	-	-	-
	(473,072)	-	(5,170)	(14,054)	(3,552)	-	-	-
Net Claims	127,935	18,276	70,767	79,934	4,025	1,576	3,243	4,775

Appendix II: Release calls (unaudited)

At the meeting on 28 April 2026, the Board reviewed the open policy years and release call rates and reached the following decisions:

	Class 5 – P&I	Class 8 – FD&D
2023/2024	5.0% of the Annual Call	5.0% of the Annual Call
2024/2025	12.5% of the Annual Call	12.5% of the Annual Call
2025/2026	15.0% of the Annual Call	15.0% of the Annual Call
2026/2027	15.0% of the Annual Call	15.0% of the Annual Call

In setting release calls at these levels, the Board took each of the risk categories listed below into account – individually and aggregated.

Risk categories:

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

Release calls – class 5 (p&i only)

As set out in the International Group Agreement 2025, the Association is required to publish, data on P&I release calls as margins exceeding the originally estimated total calls for the five preceding policy years.

The margins that apply to these five preceding years at the date these Financial Statements were published are:

2021/2022	Nil (Closed)
2022/2023	Nil (Closed)
2023/2024	5.0% of the annual call (as stated above)
2024/2025	12.5% of the annual call (as stated above)
2025/2026	15.0% of the annual call (as stated above)



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London P&I is the trading name of The London Steam-Ship Owners' Mutual Insurance Association Limited and its subsidiary The London P&I Insurance Company (Europe) Limited.

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