Group Solvency and Financial Condition Report

For the year ended 20 February 2025

UK P&I CLUB IS MANAGED BY THOMAS MILLER

Group Solvency and Financial Condition Report

for the year ended 20 February 2025

The United Kingdom Mutual Steam Ship Assurance Association Limited

Contents

Summary

This Solvency and Financial Condition Report ("SFCR") covers the Business and Performance of The United Kingdom Mutual Steam Ship Assurance Association Limited ("UKC" (solo basis) and "the Group"). It also covers the System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management.

The ultimate Administrative Body that has the responsibility for all of these matters is the Board of Directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

The Group's internal model has been approved for the calculation of the underwriting risk elements of the Solvency Capital Requirement ("SCR") with the remainder calculated using the standard formula.

Tables 1-3: Business and performance summary

Performance Indicator (GAAP basis) Amounts in US$000	**2025**	**2024**
Combined ratio	116.4%	106.6%
Investment result	71,593	77,075
Total comprehensive income / (loss) after tax	11,042	53,015

Consolidated (S-UK basis) Amounts in US$000	**2025**	**2024**
Eligible Own Funds	694,444	698,414
SCR	286,703	314,068
Capital Adequacy Ratio	242%	222%
MCR	81,778	80,675
Capital Adequacy Ratio	674%	670%

Solo (S-UK basis) Amounts in US$000	**2025**	**2024**
Eligible Own Funds	700,315	682,048
SCR	302,055	282,388
Capital Adequacy Ratio	232%	242%
MCR	75,514	70,597
Capital Adequacy Ratio	727%	766%

The Eligible Own Funds includes an allowance for Ancillary Own Funds ("AOF") available to the Group as approved by the regulator.

Directors' Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency-UK Regulations.

We are satisfied that:

a. throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA Rules and the Solvency-UK Regulations as applicable to the insurer; and
b. it is reasonable to believe that the Group has continued so to comply subsequently and will continue so to comply in future.

Director
Andrew J Taylor

Director
Nigel De Silva

For and on behalf of The United Kingdom Mutual Steam Ship Assurance Association Limited

14 July 2025

Auditor’s Report

Report of the external independent auditor to the Directors of The United Kingdom Mutual Steam Ship Assurance Association Limited (‘the Company’) pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Group Solvency and Financial Condition Report (‘SFCR’)

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 20 February 2025:

- The ‘Valuation for solvency purposes’ and ‘Capital Management’ sections of the Group SFCR of the Company as at 20 February 2025, (‘the Narrative Disclosures subject to audit’); and
- Group templates IR.02.01.02, IR.23.01.04, IR.32.01.22 (‘the Group Templates subject to audit’); and
- Solo Templates IR.02.01.02, IR.17.01.02, IR.23.01.01, IR.28.01.01 in respect of Solo entity The United Kingdom Mutual Steam Ship Assurance Association Limited (‘the Solo Templates subject to audit’).

The Narrative Disclosures subject to audit and the Group Templates and Solo Templates subject to audit are collectively referred to as the ‘relevant elements of the Group SFCR’.

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

- The Other Information which comprises:
    - information contained within the relevant elements of the Group SFCR set out above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report;
    - the ‘Summary’, ‘Business and performance’, ‘System of governance’ and ‘Risk profile’ elements of the Group SFCR;
    - Group templates IR.05.02.01, IR.05.04.02, IR.25.04.22;
    - Solo templates IR.05.02.01, IR.05.04.02, IR.19.01.21, IR.25.04.21;

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

In our opinion, the information subject to audit in the relevant elements of the Group SFCR of the Company as at 20 February 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rulebook for Solvency II firms, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Group SFCR 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' section of the Group SFCR, which describes the basis of accounting. The Group SFCR is prepared in compliance with the financial reporting provisions of the PRA Rulebook for Solvency II firms, and therefore in accordance with a special purpose financial reporting framework. The Group SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the Group SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

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 SFCR is appropriate.

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

- Review of the latest available Own Risk and Solvency Assessment ('ORSA') to assess compliance with regulatory solvency requirements, including evaluating management's forecasts and stress testing;
- assessing the solvency position through assessing the sufficiency of assets to meet liabilities and the adequacy of regulatory capital;
- assessing the historical accuracy of past forecast; and
- assessing the appropriateness of the going concern disclosure 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 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.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group SFCR does not cover the Other Information and we do not express an audit opinion or 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 relevant elements of the Group SFCR, 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 there is a material misstatement in the relevant elements of the Group SFCR 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.

Responsibilities of Directors for the Group Solvency and Financial Condition Report

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions of the PRA Rulebook for Solvency II firms which have been modified by the modifications and/or waivers, and supplemented by the approvals and determinations made by the PRA under section 138A and/or section 138BA of FSMA and the PRA Rulebook for Solvency II firms.

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

Auditor's Responsibilities for the Audit of the relevant elements of the Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rulebook for Solvency II firms which have been modified by the modifications and/or waivers, and supplemented by the approvals and determinations made by the PRA under section 138A and/or section 138BA of FSMA and the PRA Rulebook for Solvency II firms.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at https://www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the Group SFCR.

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit, the directors and the Group Audit and Risk Committee about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II as implemented in the UK; and
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the Companies Act 2006 and related Company Law.

We discussed among the audit engagement team including relevant internal specialists such as IT and Actuarial specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation of gross technical provisions, and our procedures performed to address it are described below:

- We gained a detailed understanding of the end-to-end claims and reserving process and obtained an understanding of the relevant controls;
- We re-performed reconciliations on the actuarial data back to the financial ledger and source systems which have been audited;
- We engaged with our actuarial specialists to:
    - Inspect and challenge the reserving process undertaken through inspecting relevant documentation and meetings with management;

- Projecting our own indicative estimates over certain IBNR classes and assessing whether there were any material differences when compared to management's IBNR estimates;
- Where relevant, to support our independent estimates, inspect and challenge management's methodology in determining the valuation of the gross technical provisions; and
- Inspect and challenge management's methodology and key assumptions when setting the margin.
- We further performed a stand back test on the margin, considering consistency with prior periods and in the context of our work over the technical provisions as a whole.

Building on our FRS 102 audit work on the underlying estimates and assumptions, we focussed on any adjustments to the technical provisions for Solvency II.

We have also engaged our actuarial specialists to assess any changes from the FRS 102 basis and have challenged the supporting analysis prepared by management.

We have concluded that the valuation of gross technical provisions is reasonable.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. 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.

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

- reviewing SFCR disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, the directors and the Group Audit and Risk Committee concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing correspondence with the PRA and FCA and reviewing internal audit reports.

Other Matter – Partial Internal Model

The Company has authority to calculate its Group Solvency Capital Requirement using a partial internal model ("the Model") approved by the Prudential Regulation Authority in accordance with the Solvency II Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the Company's application or approval order.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the sectoral information has been properly compiled in accordance with the PRA rules and UK law relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of The United Kingdom Mutual Steam Ship Assurance Association Limited's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in relation to this matter.

Use of our Report

This report is made solely to the Directors of The United Kingdom Mutual Steam Ship Assurance Association Limited in accordance with Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the Group SFCR 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 PRA, for our audit work, for this report or for the opinions we have formed.

Kirstie Hanley

Kirstie Hanley, FCA (Senior Statutory Auditor)
For and behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 July 2025

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

Group partial internal model

The relevant elements of the Group SFCR that are not subject to audit comprise:

- The following elements of Group template IR.02.01.02
  - Row R0552: Technical provisions – risk margin - total
  - Row R0554: Technical provisions - risk margin – non-life
  - Row R0556: Technical provisions – risk margin – life
  - Row R0565 – Transitional (TMTP) - life
- The following elements of Group template IR.23.01.04
  - Row R0020: Non-available called but not paid in ordinary share capital at group level
  - Row R0060: Non-available subordinated mutual member accounts at group level
  - Row R0080: Non-available surplus at group level
  - Row R0100: Non-available preference shares at group level
  - Row R0120: Non-available share premium account related to preference shares at group level
  - Row R0150: Non-available subordinated liabilities at group level
  - Row R0170: The amount equal to the value of net deferred tax assets not available at the group level
  - Row R0190: Non-available own funds related to other own funds items approved by supervisory authority
  - Row R0210: Non-available minority interests at group level
  - Row R0380: Non-available ancillary own funds at group level
  - Rows R0410 to R0440: Own funds of other financial sectors
  - Row R0590: Consolidated Group SCR
  - Row R0610 – Minimum consolidated Group SCR *{insofar as derived from unaudited inputs such as Partial Internal Model MCR cap or MCR floor}*
  - Row R0630: Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)
  - Row R0650 – Ratio of Eligible own funds to Minimum consolidated Group SCR *{insofar as derived from unaudited inputs such as Partial Internal Model MCR cap or MCR floor}*
  - Row R0670: SCR for entities included with D&A method
  - Row R0680: Group SCR
  - Row R0690: Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included in D&A
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
  - Row R0750: Other non-available own funds

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

Solo partial internal model

The relevant elements of the SFCR that are not subject to audit comprise:

- The following elements of template IR.02.01.02
  - Row 0552: Technical Provisions – risk margin - total
  - Row R0554: Technical provisions – risk margin – non-life
  - Row R0556: Technical provisions – risk margin - life
  - Row R0565 – Transitional (TMTP) - life
- The following elements of template IR.17.01.02
  - Row R0280: Risk margin
- The following elements of template IR.23.01.01
  - Row R0580: SCR
  - Row R0600: MCR
  - Row R0620: Ratio of Eligible own funds to SCR
  - Row R0640: Ratio of Eligible own funds to MCR
  - Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
- The following elements of template IR.28.01.01
  - Row R0310: SCR
  - Row R0320: MCR cap
  - Row R0330: MCR floor
  - Row R0340: Combined MCR
  - Row R0400: Minimum Capital Requirement
- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

A. Business and Performance

A.1. Business

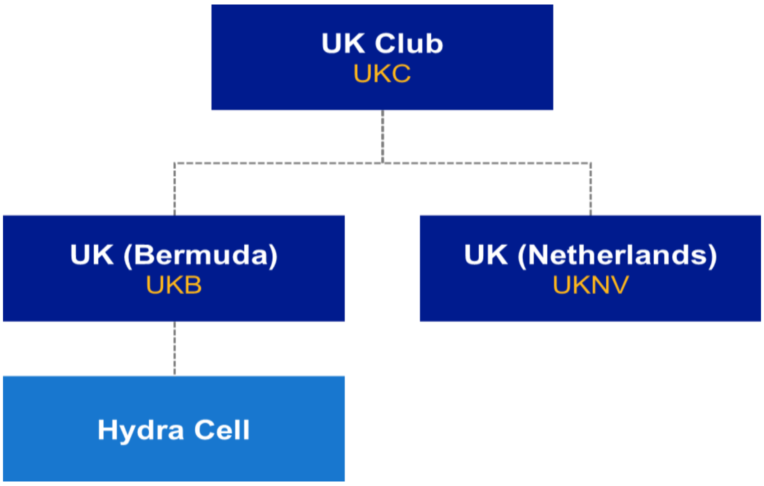
Corporate information

The United Kingdom Mutual Steam Ship Assurance Association Limited ("UKC") is incorporated in the United Kingdom as a company limited by guarantee without share capital.

UKC is the parent company of the Group, which writes predominantly Marine Protection and Indemnity ("P&I") risks.

Group structure

The principal activity of the Group during the year was the insurance and reinsurance of Marine P&I risks on behalf of its Members. The Group operates as a single business, but has the following corporate structure.



- **The United Kingdom Mutual Steam Ship Assurance Association Limited (UKC)** writes all of the Club's direct business either directly (through branches in Hong Kong, Singapore and Japan), through an arrangement with Thomas Miller Specialty or via a reinsurance arrangement with UKNV.
- **The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited (UKB)** reinsures 90% of UKC's business (net of external reinsurance).
- **UK P&I Club N.V. (UKNV)** was established in order to continue to operate throughout the European Economic Area EEA. UKNV also provides a fronting solution for some other mutual insurance companies managed by Thomas Miller, the outsourced manager of UKC. This business is 100% reinsured back to the fronted insurer so that UKNV does not retain any of the risk.
- **Club's Hydra Cell** – The Club owns, together with other members of the International Group (IG), a reinsurance captive in the form of a segregated cell company in Bermuda, Hydra Insurance Company Limited. The Club owns 100% of its own cell and this cell is included in the Club's consolidated financial statements.

Under Solvency-UK valuation requirements, Hydra is treated as a third party reinsurer. Therefore the Group's interest in Hydra is not consolidated in the Solvency-UK balance sheet, but treated as an investment.

In addition, the Club contains two dormant / non-trading subsidiaries:

- **The United Kingdom Mutual Steam Ship Assurance Association (London) Limited (UKL)** is a subsidiary of UKC; and

- **International P&I Reinsurance Company Limited (IPIR)** is a subsidiary of UKB.

The Group has received a waiver from the PRA to present a single Group SFCR that incorporates the results of both the Group and UKC. The main part of this SFCR presents the Group results, unless otherwise stated. The results of UKC on a solo basis are detailed in Appendix 1.

Other information

The authority responsible for the financial supervision and review of the SFCR of the Group is the Prudential Regulatory Authority which is located at 20 Moorgate, London EC2R 6DA, United Kingdom.

UKB is regulated by the Bermuda Monetary Authority ("BMA") which is located at BMA House, 43 Victoria Street, Hamilton, HM12, Bermuda.

UKNV is regulated by De Nederlandsche Bank ("DNB") which is located at Postbus 98, 1000 AB Amsterdam, Spaklerweg 4, 1096 BA Netherlands.

The external auditor of the Group is Deloitte LLP which is located at 2 New Street Square, London, EC4A 3BZ, United Kingdom.

A.2. Underwriting performance

Underwriting performance measures

The Group's target is to call sufficient premium to cover its claims and expenses as measured by the combined ratio. Since claims vary from one year to another, the Group considers performance against this target over the medium term by monitoring the average financial year combined ratio.

To achieve the combined ratio target, the Group focuses on disciplined underwriting based on appropriate risk selection as informed by a thorough understanding of risk.

The Group employs techniques such as programmes for loss prevention and efficient reinsurance purchase to manage the risk accepted.

The QRT appendices to this report includes a geographical split of the Group's business based on the country in which the Member is located.

The Group mainly operates the line of business: Marine P&I insurance for the shipping community. However, the Group also fronts professional indemnity insurance business on behalf of some other mutual insurance companies managed by Thomas Miller (the Group's manager). This business is 100% reinsured back to the fronted company, so that the Group does not retain any of the risk.
During the reporting period, two of the largest companies exited the fronting arrangement to establish their own EEA-based entities. As part of this transition, the relevant net assets were transferred to the newly formed entities. These portfolio transfers were conducted under the regulatory oversight of De Nederlandsche Bank (DNB) and in full compliance with applicable Dutch insurance regulations.

Recent Underwriting performance

The Club aims to maintain breakeven underwriting over the medium term by calling sufficient premium to cover claims and expenses incurred. Following several years of premium reductions across the market, rates across the sector have recovered over the past couple of years through general increases broadly applied across the market.

The GAAP combined ratio of 116% reported this year is higher than the Club's financial forecast, driven by one of the worst years for market large loss volatility.

Table 4: Recent underwriting performance (GAAP)

Amounts in $000	**2025**	**2024**
Income		
Gross premium earned	531,739	536,191
Outward reinsurance premiums	(169,543)	(181,031)
Net earned premium	362,196	355,160
Other insurance income	1,316	3,254
Investment return transferred from the non-technical account	71,593	77,075
Total income	**435,105**	**435,489**
Expenses		
Net claims paid	(298,766)	(276,946)
Change in provision for claims	(49,469)	(27,195)
Net claims incurred	(348,235)	(304,141)
Net operating expenses	(74,755)	(77,901)
Total expenses	**(422,990)**	**(382,042)**
Balance on technical account (before tax)	**12,115**	**53,447**

The mutual premium increase achieved at the recent renewal is in line with the Club's longer term financial forecast and the Club continues to refine its risk appetite and take appropriate action to improve the overall portfolio composition of mutual and fixed premium business entered.

The overall surplus was transferred to free reserves.

A.3. Investment performance

In accordance with the investment policy, the investment mandate is updated on a regular basis. The asset allocation established within the mandate is principally determined to ensure that future cash flows arising from liabilities (principally claims reserves) are matched by available assets of the appropriate currency and duration. Effective risk management is therefore the principal driver of investment allocation.

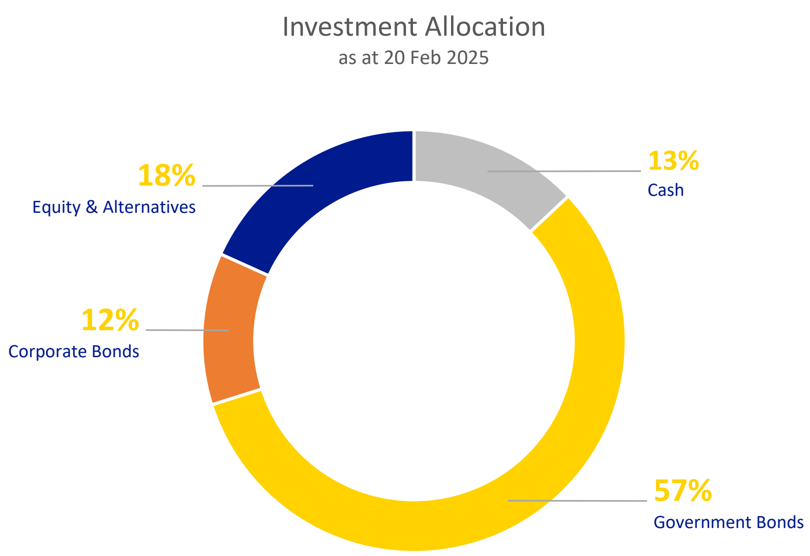
Having established a matched portfolio, limited investment risk is accepted to achieve the best return available from the surplus assets.

Factors that may influence future investment return include:

- Market performance – as affected by macro-economic, political or other factors
- Capital allocation and risk profile – determining the risk accepted into the portfolio
- Portfolio management – including asset allocation (both strategic and tactical)

Asset allocation

The following graph provides the breakdown of the investment portfolio.



Investment performance

The total portfolio returned a $71.6 million profit (2024: $77.1 million profit) (including currency gains/losses) over the 2024/25 financial year. Investment returns per the financial statements are further detailed in the table below:

Table 5: Investment performance as disclosed within the financial statements as at 20 February (GAAP)

Year-ending Feb 2025	Income	Net Realised Gains/(Losses)	Net Unrealised Gains/(Losses)	Total Investment Return
Equity and Debt securities	26,405	11,087	29,699	**67,191**
Cash and Cash equivalents	11,689	-	-	**11,689**
Other Investment Charges	(7,287)	-	-	**(7,287)**
Total Net Investment Return	**30,807**	**11,087**	**29,699**	**71,593**

Year-ending Feb 2024	Income	Net Realised Gains/(Losses)	Net Unrealised Gains/(Losses)	Total Investment Return
Equity and Debt securities	18,931	8,752	41,834	**69,517**
Cash and Cash equivalents	13,475	-	-	**13,475**
Other Investment Charges	(5,917)	-	-	**(5,917)**
Total Net Investment Return	**26,489**	**8,752**	**41,834**	**77,075**

A.4. Performance from other activities

As noted in A.2. the Group's activities relate to its core insurance business.

A.5. Any other information

Nothing to note

B. System of Governance

B.1. General Information on the System of Governance

B.1.1. Overview

The Board of UKC, as the ultimate parent undertaking, directs and has responsibility for all activities of the Group. The Board of UKC consists of four shipowner Directors , three specialist Directors and two Managers with executive responsibilities.

The Board has outsourced the day to day management of the Group to a third party, Thomas Miller P&I Ltd (and its associated companies Thomas Miller (Bermuda) Ltd for UKB and Thomas Miller B.V. for UKNV), or “the Managers”.

The Board consider that the System of Governance is appropriate for the nature, scale and complexity of the inherent risks facing the Group.

Several committees support the Board as discussed below.

B.1.1.1. Committee Structure

The Members’ Committee (“MEMCO”)
MEMCO provides a forum for Members to play an enhanced role in the governance of the Club in relation to mutual Member issues and provides Members’ perspective on matters which are relevant to the business of the Club.

Group Audit & Risk Committee (“GARCO”)
GARCO is responsible for monitoring the risk management system and internal control framework against the Board’s risk appetite and policies. GARCO directs the internal audit function and oversees the external audit function to gain assurance over significant risks.

Nominations Committee (“NOMCO”)
NOMCO makes recommendations regarding the appointment of new Directors and the composition of committees and subsidiary boards to ensure that the Board continues to be composed of suitably qualified and skilled individuals which appropriately reflects the mutual nature of the business.

Investment Committee (“IVCO”)
IVCO makes recommendations to the Board in respect of the Investment Mandate and reviews in detail the performance of the investment portfolio.

Ship & Membership Quality Committee (“QUALCO”)
QUALCO provides the Board with advice regarding the criteria used to establish the suitability of Members. QUALCO also considers whether individual ships or fleets meet the underwriting criteria.

Strategy Committee ("STRATCO")
STRATCO assists the Board in formulating strategy and providing reports and recommendations on strategic issues and any other issues affecting the Group. The Committee meets on an ad-hoc basis and specifically conducts an annual review of a strategic risk assessment and a review of strategy.

B.1.1.2. Key Functions

The Managers
The Group has no direct employees, except one within the Japan Branch and as such, the Board relies on the Managers for day-to-day management duties.

The Investment Managers
Investment of the Group's funds is conducted by the Investment Managers in accordance with the Board's Investment Policies and is subject to internal compliance procedures.

B.1.2. Remuneration

The Group mainly outsources executive matters to the Managers in accordance with the Management Agreements. The Managers operate a formal performance and merit-based remuneration policy aimed at paying competitive and appropriate remuneration consistent with the long-term interest of the business.

The Group's Remuneration Policy sets out how the Managers are remunerated under a management fee agreement. The Board agrees this periodically.

B.1.3. Related party transactions

As a mutual, its Members control the Group. All mutual policyholders of UKC and UKNV are also Members of the Group. Consequently, there are insurance transactions between related parties, but these are the only transactions between the Group and its Members.

All of the shipowner Directors are representatives of Member companies and have no financial interests in the Group, other than the insurance of their ships entered in the Group, which is arranged on an arm's length basis and the Member interests of their companies.

B.1.4. Board remuneration

Directors are paid an annual fee and an attendance fee for each meeting. There are no variable components to the Directors' remuneration.

B.2. Fit and Proper Requirements

The Group has in place a Fit & Proper Policy that sets out its approach to the fitness and propriety of the persons responsible for running the Group, including executive senior management and key function holders.

All persons within the scope of the Group's Fit and Proper policy must have the professional qualifications, knowledge and experience and demonstrate the sound judgement necessary to discharge their areas of responsibility competently. They must be of good repute and demonstrate in their personal behaviour and business conduct character, integrity and honesty. As part of the assessment, consideration is given to potential conflicts of interest and financial soundness.

The Board members must collectively possess sufficient knowledge, competence and experience to direct and oversee the Group's affairs effectively.

The Managers maintain role specifications for all executive roles that are within the scope of the Fit and Proper policy, which detail the key competencies and duties for each position.

The Compliance Officer carries out fit and proper assessments annually through declarations and formally every three years. No person is permitted to undertake their own assessment.

The Group's Fit & Proper Policy applies to:

- All Directors of Group companies;
- All employees of the Managers who are members of the Thomas Miller's senior management; and
- Persons within the Managers responsible for key functions.

B.3. Risk Management System

The Group's risk management system is the same across all entities within the Group.

The Group's Risk Management System

The Group uses a Risk Management Framework to design an effective risk management system with an integrated approach to risk management and the application of the three lines of defence:

- 1st line of defence: business units and all staff not included in the second and third lines of defence, process and risk owners;
- 2nd line of defence: risk management and compliance functions; and
- 3rd line of defence: internal and external audit.

The risk management system incorporates the accurate and appropriate identification, recording, analysis, reporting and mitigation of risk. The Board has:

- a clearly defined and well-documented risk management strategy;
- adequate written policies;
- appropriate processes and procedures;
- appropriate reporting procedures;
- reports on the material risks faced by the Group and on the effectiveness of the risk management system; and
- a suitable Own Risk and Solvency Assessment ("ORSA").

The risk management system not only covers the risks included in the calculation of the Solvency Capital Requirement but also other risks to which the Group is exposed and which are considered by the Group to be materially relevant to its business. The risk management system is consistently applied to the Group.

The Partial Internal Model ("PIM")

The internal model is a key risk management tool within the Risk Management Framework. It has been developed by the Actuarial Function in conjunction with the Managers' Risk Committee, which fulfils the Risk Management Function of the Group. The underwriting element of the model replaces the underwriting module of the standard formula SCR in the calculation of the Group's SCR. As such, it is referred to as the partial internal model, or PIM. The PIM is subject to additional governance and validation requirements. The Managers' Risk Committee is responsible for determining the scope of the internal model and the PIM.

The internal model is used to analyse the impact of any risk management decisions and changes to the risk profile falling within the scope of the model on the regulatory and internal capital requirements. In particular, the Own Solvency Needs Assessment will be calculated whenever the model is used to determine the capital implications of any changes to the risk profile. The results of these analyses are reported in the ORSA.

All uses of the model are recorded in an internal model uses log, maintained by the Actuarial Function. The Actuarial Function also carried out an annual model performance review on the PIM, with the results reported to the Managers' Risk Committee and subsequently presented to GARCO and the Board. The review may result in decisions to change the scope of, or otherwise improve, the model.

The use of the PIM is subject to the Internal Model Governance Framework, which covers processes and controls applied. Changes to the PIM are subject to the Internal Model Change Policy and validation is carried out in accordance with the Internal Model Validation Policy.

The risk management system also has a coherent focus on data and IT infrastructure governance and appropriate policies and standards to outline the framework within which responsibilities are exercised. It is supported by a robust internal control system and is designed to identify, measure, manage, monitor and report significant risks to the achievement of the business objectives.

Risk Management Strategy

The objectives of the Group's risk management strategy are to identify, measure, monitor, manage and report in a consistent, continuous and timely fashion, based on the Group's risk appetite as set by the Board and documented in the Corporate Plan.

The Risk Management Framework helps both support and relay the Group's business plan strategy throughout the organisation by ensuring that those factors that may advance or impede the achievement of strategic and operational objectives are managed by strong controls.

The risks to which the Group is exposed are recorded in the Business Risk Log.

Key Risks

A list of key risks has been compiled by the Board and senior management based on their experience and expert judgement in running the business. This list provides a high-level overview of the principal risks faced by the business which, individually or in combination, may have a significant, substantial or severe impact on the Group.

Implementation of the Risk Management Strategy: Risk Policies and Procedures

The Group's strategy is specified in more detail through its policies and Corporate Plan which underpin its day-to-day business. It sets out the systematic application of management policies, procedures and practices that are used to identify, manage and communicate risk to facilitate Board decision-making and to provide an effective system of risk management.

Policies have been developed for all material risks to which the Group is exposed. They define the Group's approach to risk management overall and more specifically the risk for which the policy has been written. The policies establish the controls, procedures, limits and escalation to ensure that the risks are managed in line with risk appetite. Specific procedures, where appropriate, have been developed to provide full understanding of the means by which the first and second lines of defence will implement the strategy.

The policies also include appropriate reporting procedures to ensure that information relating to the component elements of the risk management is routinely reported to GARCO and to the Board.

Risk Appetite

The Group's risk appetite is articulated in its Risk Appetite Statement, which is a document owned by the Board and reviewed on a regular basis as new risks emerge, or at least annually.

The Board bears ultimate responsibility for the management of risk and for maintaining a sound system of internal control that supports the achievement of the business strategy, policies, aims and objectives of the Group. GARCO supports the Board by providing oversight of the Risk Management Function.

Business Risk Log: Assessment, Measurement and Management

Risks to the business that could inhibit it achieving its business plan objectives are described in the Business Risk Log, together with the consequences should the risk materialise.

Emerging Risk Log

Risk Owners identify potential emerging risks which are then discussed at the Managers' Risk Committee meeting and included in an emerging risk log which is reviewed annually by GARCO.

Risk Rating

A rating for each risk is determined by assessing its probability and impact of the event if it occurs. The assessment of each risk is made after taking into account the strength of current risk mitigations and controls in place. The rating assists the Board with the prioritisation and management of risks and demonstrates the importance of the mitigation or controls in place.

All risks on the Business Risk Log are re-assessed on an ongoing basis and at least annually by the Managers and by GARCO and the Board. Each Risk Owner or function head continuously monitors the risks for which they are responsible.

Own Risk and Solvency Assessment ("ORSA")

The ORSA is the process used by the Group to manage its financial and solvency position over the period of its Corporate Plan. The ORSA Overview report is the culmination of this process into a report reviewed by the Board.

The key elements of the ORSA process are:

- An analysis of recent performance;
- Assessment of the risk profile; and
- Consideration of business planning and stress scenarios.

The ORSA overview document is updated twice each year in May and October. GARCO reviews the ORSA and recommends it for approval and use by the Board. The Board reviews and approves the ORSA and considers appropriate actions for the Group such as:

- Capital related decisions;
- Renewal considerations;
- Reassessment of risk profile and risk appetite; and
- Additional risk mitigating actions such as reinsurance.

The Board assesses the adequacy of capital over the business plan time-horizon against its risk appetite. To date these assessments indicate that the Group is adequately capitalised.

Stress and Scenario testing

Stress and scenario tests are presented within the Group's ORSA overview document and are assessed at a Group level. These are based upon the business plan and project the financials over the next four years. The solvency position is considered relative to the Group's risk appetite statement.

Risk Controls

The Group's Risk Management Framework has been developed to manage risks across the business, using internal control policies, procedures and processes to control risks.

Ultimate ownership for each risk rests with the Board, however day-to-day responsibility is exercised by the Risk Owners identified in the Business Risk Log.

The appropriateness and effectiveness of controls is monitored and confirmed by Risk Owners and, for key controls, independently assessed by the Risk Officer.

Risk Mitigation

Reinsurance

One of the key risk mitigation techniques available is reinsurance. The Group considers its whole account reinsurance options leading up to a new policy year. Proposed reinsurance arrangements are analysed by the Actuarial Function, using the internal model, and the Reinsurance Committee.

International Group Pool

This can be considered to be a specialised form of reinsurance. The International Group Pool allows for large insurance risks to be shared between its 12 P&I club members. The International Group also arranges an excess of loss reinsurance programme to cover the largest risks.

Other risk mitigation techniques may be utilised from time to time, for example the use of hedging instruments to mitigate the risk of swings in foreign exchange rates.

Risk Reporting Procedures

Risk Owners provide six-monthly updates on the risks and associated controls for which they are responsible to the Risk Officer. These updates are summarised into key themes and form the basis of the Risk Report provided to GARCO and the Board.

Any amendments to the Business Risk Log proposed by Risk Owners, such as changes to controls or risk descriptions or potential amendments to the ratings are discussed with GARCO for recommendation for approval by the Board.

Risk Owners also identify operational risk loss or near miss events.

Integrated and embedded into the organisational structure and decision-making processes

The Risk Management Function is fulfilled by the Risk Officer and the Managers' Risk Committee. The function maintains an organisation-wide and aggregated view of the risk profile of the Group, including monitoring risk tolerances against appetite, and advising on how risks might impact the business singly and in combination. This analysis includes stress and scenario testing.

The integration of risk management processes with business activities is performed through the requirement for business function heads, who are also risk owners, to focus on risk management on an ongoing basis whilst ensuring that the risks for which they are responsible remain within risk tolerance. This demonstrates the proactive application of risk management techniques to support the business processes and decision-making for which they are also responsible in their day-to-day insurance business activities.

B.4. Internal Control System

Internal control is defined as a continually operating process effected by the Group's Boards, GARCO, the Managers, all staff and systems and designed to support the Group in achieving its business plan objectives through efficient and effective operations and to protect its resources.

Each Risk Owner identified in the Business Risk Log is responsible for the application of the Internal Control Framework and the design, development, implementation, documentation, maintenance and reporting of the effectiveness of internal control processes in their area.

Control activities

Control activities are the actions taken or systems put in place to address business risks, protect assets and ensure that all material control failures and issues are identified and managed. The control activities are embedded into plans, policies, procedures, systems and business processes. Their effectiveness relies on the level of compliance by management and staff.

Control environment

The Managers are responsible for establishing and maintaining an effective control environment throughout the organisation, including establishing a culture which values the highest levels of integrity in the staff, together with openness and honesty in relation to the conduct and reporting of all activities. Policies, procedures and processes are designed to define and support effective, efficient and appropriate activities at every level of the business.

Internal Audit is authorised to investigate and challenge any actions or concerns without influence from the business; be independent of operational business functions and without undue influence from the Board or other functions/management; have unfettered and direct access to all activities in its area of responsibility, including all documentation, systems, staff, Management, executive and non-executive Board members; and have direct access to the Chairman of GARCO.

On behalf of the Board GARCO receives assurance through the processes set out in the Compliance policy and through internal audit that the scope and quality of compliance monitoring and reporting on regulatory compliance are sufficient to ensure the effectiveness of this Policy and of the management of regulatory compliance risk. All reviews are carried out at least annually and ad hoc as circumstances require.

Compliance function

The Board bears ultimately responsibility for Regulatory Compliance, and is supported by GARCO.

The Group takes a risk-based approach to regulatory compliance, focussing on preventing breaches to regulatory principles and other rules and informing the relevant regulators of any that are material, or must be reported to regulators on a mandatory basis.

The Compliance Function advises on and promotes compliance with applicable laws, regulatory requirements and administrative provisions and coordinates and monitors implementation of policies, processes and procedures to achieve compliance across the business, and manages regulatory compliance risk.

The impact of regulatory developments is monitored by the Compliance function, who report any significant developments to GARCO.

B.5. Internal Audit Function

The role and objectives of Internal Audit ("third line of defence") as set out in the Group's internal control framework is to provide independent assurance that the systems of internal control established by management ("first line") and the monitoring and oversight provided by the Risk Management and Compliance Functions ("second line") are fit for purpose and operating effectively.

The Internal Audit function is provided by the Managers who employ an independent Head of Internal Audit ("HIA") who in turn reports to the Chair of GARCO. The HIA may engage third parties to conduct some audits under his/her management if it is felt that specific technical skills are required or where insufficient general audit resource is available.

Independence

The Internal Audit Function is independent from the organisational activities audited and free to exercise its assignments without impairment and on its own initiative in all areas. It is not authorised to carry out any operational work on behalf of any area of any business. The Head of Internal Audit reports directly to the Chair of GARCO.

B.6. Actuarial Function

The Board is ultimately responsible for ensuring an effective Actuarial Function. This function is performed by the Thomas Miller ("TM") Actuarial Team, led by its Group Chief Actuary.

The Actuarial Function is independent of the Group's management team and therefore able to undertake its duties in an objective, fair and independent manner. However, for operational purposes, the Actuarial Function is integrated into the Group's internal control system through its role on the Managers' committees and attendance at Board meetings.

The Actuarial Function makes a significant contribution to the Group's Risk Management Framework by operating its capital model and running the ORSA process and related decisions.

B.7. Outsourcing

The Group outsources all functions, including controlled functions, to the Managers.

The Managers aim to provide a governance framework to facilitate the Group's strategic plan whilst managing risks. The Managers of UKC are Thomas Miller P&I Limited ("TM P&I"). The Managers of UKB are Thomas Miller Holdings Ltd Bermuda ("TMB"). The Managers of UKNV are Thomas Miller B.V. ("TMBV").

TM P&I operates through several committees, all of which report to the TM P&I Board. These committees include risk, finance, operations, reinsurance, data governance and credit worthiness.

The Group has in place an outsourcing policy which is directed at services or activities which are particularly important or critical to the business ("material business activities"). A material business activity is one that has the potential, if disrupted, to have a significant impact on the business' operations or its ability to manage risks effectively.

Management outsourcing

The Group's management is outsourced to the Managers under management agreements.

In order to comply with its regulatory obligations, the Board has developed monitoring and reporting procedures which it has delegated to GARCO to monitor. The risk control and reporting procedures to be followed by the Managers form part of their obligations under the management agreement.

Investment management outsourcing

Management of the Group's investments is outsourced to Thomas Miller Investment Limited, part of Thomas Miller, under investment management agreements.

The performance of the investment managers is monitored and supervised by the Board and its Investment Committee.

Internal audit outsourcing

The Group's internal audit function is outsourced to Thomas Miller Internal Audit. Internal Audit is supervised by GARCO and the Board.

Oversight

The Board bears ultimate responsibility for outsourced functions, services, or activities and related governance. The Board are supported by GARCO which reviews outsourcing arrangements and the Manager's Board which monitors the activities of the Group, including outsourcing.

B.8. Any Other Information

The Group considers no other information material to be disclosed.

C. Risk Profile

The key areas of risk impacting the Group can be classified as follows:

1. Underwriting risk – incorporating underwriting and reserving risk;
2. Market risk – incorporating investment risk, interest rate risk and currency rate risk;
3. Credit risk – being the risk that a counterparty is unable to pay amounts in full when due;
4. Liquidity risk – being the risk that cash may not be available to pay obligations as they fall due; and
5. Operational risk – being the risk of failure of internal processes or controls.

The Board has established its appetite for risk in relation to its business strategy and available resources. The Board seeks to maximise its resources by effective risk management techniques. Therefore, a risk management system has been developed to identify and mitigate risk.

As part of the risk management system, the Board has developed an internal model to cover underwriting risk. The model is tailored specifically to the underwriting risk accepted by the Group and therefore provides the Board with the expected outcome and risk surrounding business planning scenarios.

This allows the Board to consider more accurately the effectiveness and efficiency of risk mitigation techniques such as reinsurance. The model is designed to encompass the full spectrum of underwriting risks to which the Group is exposed.

C.1. Underwriting Risk

Underwriting risk is the risk that the Group's net insurance obligations (i.e. claims less premiums) are different to expectations. The Group considers the risk of existing obligations (Reserve Risk) separately to the risk of future obligations (Premium Risk).

Reserve risk is managed by the Group's reserving policy. The Group establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by management and GARCO.

The Board considers that the liability for insurance claims recognised in the consolidated statement of financial position is appropriate. However, actual experience will differ from the expected outcome.

Premium risk is managed by an underwriting policy which establishes underwriting practices in order to meet business needs and satisfy regulatory requirements. This is supplemented with a robust forecasting approach undertaken as part of the ORSA process. The Group fronts business (mostly professional indemnity insurance) on behalf of other mutual insurance companies (TT, UKWR and PAMIA) managed by Thomas Miller (the Group's manager), however this business is 100% reinsured back to the fronted company, so that the Group does not retain any of the risk.

The underwriting process is based on a thorough understanding of the risk accepted. This understanding is enhanced as:

- The Group mainly provides P&I insurance for the shipping community.
- The Board and Members Committee of the Group include representatives from a cross section of the shipping community, giving insight into changes in the risks written over time.
- Underwriting authority is delegated to specific experienced individuals, who operate under set underwriting parameters and the ongoing guidance and review of senior management.

Underwriting Risk is also mitigated via the Group's reinsurance programme :

- The excess of loss reinsurance cover purchased jointly with other members of the International Group provides cover for claims arising from mutual business which exceed $100 million up to a limit of $3.1 billion.
- The International Group Pooling agreement provides a sharing of claims costs between twelve member Clubs for claims in excess of $10 million. The share attributable to each member is calculated for each policy year on an agreed formula including an adjustment for each Club's historic loss record on the Pool.
- In addition, part of the International Group Pool (i.e. claims in excess of $30 million) is reinsured to a captive reinsurance vehicle, Hydra. The Group has its own segregated cell within Hydra which transacts only with the Group and its subsidiaries.

The EEA fronted professional indemnity business is 100% reinsured back to the respective club and therefore there is no net underwriting risk (though there is some residual counterparty default risk). During the reporting period, two of the largest companies exited the fronting arrangement to establish their own EEA-based entities. As part of this transition, the relevant net assets were transferred to the newly formed entities. These portfolio transfers were conducted under the regulatory oversight of De Nederlandsche Bank (DNB) and in full compliance with applicable Dutch insurance regulations.
In addition to the reinsurance purchased externally, the primary insurer, UKC reinsures 90% of its residual risks to UKB.

C.2. Market Risk

Market risk within equity investments arises through fluctuations in market valuations.

Market risk in the fixed interest investment valuations arises through changes in interest rates, corporate bond spreads and foreign currency exchange rates. Such movements will affect not only the investments, but also the value of other assets and liabilities such as premium income, claims payments and reinsurance recoveries.

The Group has an investment policy in place to manage exposure to its investments, and this is monitored by regular reports from the investment managers. Further discussion of this arrangement is provided below under the "prudent person principle".

The prudent person principle

Under the Group's investment policy, all of its investments are invested and managed in accordance with the 'prudent person principle', meaning that duties of the Investment Managers are discharged with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims. More specifically the portfolio:

- is invested in assets and instruments whose risk can properly be identified, measured, monitored, managed, controlled and reported;
- ensures the security, quality and liquidity of the portfolio as a whole;
- is appropriate to the nature, currency and duration of the Group's insurance liabilities;
- includes derivative instruments only where they contribute to a reduction of risks or efficient portfolio management;
- includes only a prudent level of unlisted investments and assets;
- is diversified to avoid excessive reliance on any asset, issuer or group, or geographical area.

The Group's funds are invested by the Investment Managers in accordance with parameters set by an Investment Mandate. The Investment Mandate provides a framework to the Investment Managers for the management and stewardship of the investment assets in conformity with the business and investment objectives and sets the parameters within which the Group's assets may be invested. It is considered and approved by the Board on an annual basis and ad hoc as required and is subject to the Group's Investment Policy. The Investment Managers report to the Board at each meeting.

Table 6: The Group's exposure to assets by currency as at 20 February 2025 as reported in its financial statements (GAAP):

Amounts in $000	**USD**	**GBP**	**EUR**	**Other**	**Total**
2025					
Total Assets	1,562,406	95,337	109,120	48,426	**1,815,290**
Total Liabilities	(1,174,982)	(50,750)	(63,437)	(31,718)	(1,320,888)
Net Assets	**387,424**	**44,587**	**(45,683)**	**16,708**	**494,402**

C.3. Credit Risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations.

The Group's objective is to reduce credit risk through the risk management techniques discussed below.

The Group is exposed to credit risk from a counterparty failing to comply with their obligations under a contract of reinsurance. In order to manage this risk the Board considers the financial position of significant counterparties on a regular basis, the Reinsurance committee monitors aggregate exposure to each reinsurer and the Group has set selection criteria whereby each reinsurer is required to hold a credit rating greater than or equal to "A-" at the time the contract is made.

The Club fronts business on behalf of a number of other mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to the fronted company, so that the Group does not retain any of the risk. The credit risk on this business is considered to be negligible as these businesses are well capitalised and, as mutual insurers, have access to supplementary calls.

Amounts due from Members represents premium owing to the Group in respect of insurance business written. The Group manages the risk of Member default through a screening process, to ensure the quality of new entrants, and its ability to cancel cover and outstanding claims to Members that fail to settle amounts payable. The Group limits its reliance on any single Member.

Exposure to bank balances, however, is more concentrated, with two main counterparties and the risk is mitigated by placing funds surplus to normal operational requirements in money market funds and other investments.

Table 7: The Group's assets by counterparty rating as at 20 February 2025 as reported in the Group's financial statements (GAAP):

Amounts in US$000s	AAA	AA	A	Not readily available /other	Total
2025					
Financial investments	412,999	315,696	55,973	313,847	**1,098,515**
Cash and cash equivalents	57,798	1,928	104,015	-	**163,741**
Derivative financial instruments	-	2,895	-	-	**2,895**
Debtors	-	-	-	98,381	**98,381**
Reinsurers' share of technical provisions	-	160,831	235,816	52,897	**449,544**
Other	946	738	530	-	**2,214**
Total	**471,743**	**482,088**	**396,334**	**465,125**	**1,815,290**

C.4. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations as they fall due. The Group has adopted an investment policy which requires the maintenance of significant holdings in short term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand. Short term cash needs are monitored to ensure the most efficient investment of cash balances.

The following table outlines the future maturity of assets and liabilities held by the Group as reported in its financial statements:

Table 8: The future maturity of assets and liabilities held by the Group as at 20 February 2025 as reported in its financial statements (GAAP):

Amounts in US$000s	Short term assets	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
2025						
Assets	347,392	371,189	394,417	423,508	278,784	**1,815,290**
Liabilities	(521)	(471,244)	(272,095)	(383,486)	(193,542)	**(1,320,888)**
Net	**346,871**	**(100,055)**	**122,322**	**40,022**	**85,242**	**494,402**

Expected loss in future premium is estimated to be $9.2 million. However, it should be noted that this estimated loss is based upon future cash flows as required by Solvency-UK and does not therefore necessarily correspond to the estimated surplus under GAAP Financial Reporting Standards ("FRS") accounting principles. Entities are required to report this figure on a gross basis. As a consequence for the Group, this figure excludes the impact of reinsurance arrangements, in particular the pooling agreement.

C.5. Operational Risk

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. Key mitigants of operational risk include effective documentation of controls and procedures and implementation of effective recruitment and staff training and development policies. Additional mitigation is provided by the errors and omissions insurance cover purchased by the Managers.

Compliance with documented procedures and controls is monitored on a regular basis through quality control checks and through internal audits

C.6. Other Material Risks

The Group has not identified any other material risks that it considers necessary for disclosure.

C.7. Any Other Information

The Group considers no other information material to be disclosed.

D. Valuation for Solvency Purposes

For presentational purposes, Hydra has been deconsolidated and treated as an investment in both the Solvency-UK and FRS sections in all tables that follow in order to facilitate the appropriate comparison between Solvency-UK and FRS valuation bases.

In the Group's FRS financial statements, Hydra is consolidated in the Group result. The treatment outlined above did not have a material impact on the Group's free reserves; however, it does affect the classification of amounts. Under Solvency-UK Hydra is treated as a third party reinsurer and not consolidated as part of the group as further discussed in A.1.

The Group has received a waiver from the PRA to present a single Group SFCR that incorporates the result of both the Group and UKC on a solo basis.

D.1. Group Assets

Table 9: Valuation of Group's assets as at 20 February

	Solvency-UK		FRS	
Amounts in $000	**2025**	**2024**	**2025**	**2024**
Deferred acquisition cost	-	-	3,824	14,215
Investments (excluding derivatives)	1,044,110	1,018,852	979,648	924,219
Derivatives	3,932	4,591	2,895	4,591
Reinsurance share of technical provisions	579,240	831,121	577,845	787,554
Insurance and reinsurance receivables	65,252	48,345	76,534	100,942
Trade receivables	22,205	22,538	20,642	21,022
Cash and cash equivalents	113,802	129,788	113,802	129,788
Any other assets not elsewhere shown	2,619	2,296	2,619	2,295
Total classified under the S-UK allocation rule	**1,831,160**	2,057,530	**1,777,809**	1,984,626

The above table presents amounts using Solvency-UK and FRS valuation bases respectively. For classification purposes, amounts have been aggregated using Solvency-UK adjustment and classification methodologies.

Refer to QRTs in the appendices for a full Solvency-UK balance sheet.

D1.1 UKC Solo Assets

Table 9a: Valuation of UKC's assets as at 20 February

	Solvency-UK		FRS	
Amounts in $000	**2025**	**2024**	**2025**	**2024**
Deferred acquisition cost	-	-	3,404	8,889
Investments	483,278	488,665	135,596	148,944
Reinsurance share of technical provisions	1,170,876	1,310,248	1,196,667	1,266,375
Insurance and reinsurance receivables	64,832	39,195	76,114	69,780
Trade receivables	20,921	20,442	20.765	20,291
Cash and cash equivalents	90,813	107,856	90,813	107,856
Any other assets not elsewhere shown	2,828	1,972	2,828	1,972
Total classified under the S-UK allocation rule	**1,833,549**	**1,968,378**	**1,526,187**	**1,624,106**
Difference between FRS/S-UK	-	-	(5,955)	(9,443)
Total classified under FRS	-	**-**	**1,520,232**	**1,614,663**

The above table presents amounts at Solvency-UK and FRS valuation bases respectively. For classification purposes, an aggregated Solvency-UK classification of amounts has been used in order to best demonstrate any valuation differences between the two bases.

Refer to QRTs in the appendices for a full Solvency-UK balance sheet.

The Group and UKC Solo assets are valued using the following principles:

Investments

Investments are carried at market value. Market value is calculated using the bid price at the close of business on the balance sheet date. The market value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date.

Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors such as independent valuation reports.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of foreign exchange forward contracts is based on current forward exchange rates.

Hydra Insurance Company operates through several segregated cells. The Group controls one of these cells and all transactions of the cell are in respect of its business. Therefore, this Hydra cell is consolidated into the results of the Group for the purposes of the UK GAAP financial statements.

Under Solvency-UK valuation requirements Hydra is treated as a third party reinsurer. Therefore, the Group's interest in Hydra is not consolidated in the Solvency-UK balance sheet, but treated as an investment using a Solvency-UK valuation basis.

Reinsurance share of technical provisions

Reinsurance share of technical provisions is valued consistent with gross technical provisions. Refer to D.2. for further details.

Cash and cash equivalents

Cash and cash equivalents include cash at bank or in hand. The carrying value of these balances is considered to be a suitable proxy for fair value.

Insurance receivables

These represent balances that are due for existing insurance, reinsurance and other contracts. Due to the short term nature of these balances, the carrying amount is considered to be a suitable proxy for its fair value.

When these amounts relate to the insurance book and are not yet due for payment, they are included as a future cash flow in the calculation of technical provisions.

Under statutory accounting requirements, these balances are presented separately on the face of the balance sheet whether they are due or not yet due.

For the purposes of aggregation, deferred acquisition costs are included in insurance receivables above, however amounts relating to deferred acquisition costs are eliminated in the Solvency-UK balance sheet.

Non insurance receivables (trade, not insurance)

This balance includes sundry, short term receivable balances the value and settlement of which contains little to no uncertainty. Due to the short-term nature of these items, the carrying amount is considered to be a suitable proxy for its fair value.

Any other assets not elsewhere shown

These represent all asset balances not included above. These items are all of a short-term nature and as such, their carrying amounts are considered to be a suitable proxy for its fair values. There is no material differences between the valuation used for Solvency purposes and the valuation used in the Group's financial statements.

D.2. Group Technical Provisions

Table 10: Group's technical provisions as at 20 February

Amounts in $000	2025	2024
Gross best estimate	1,217,572	1,434,970
Risk Margin	28,153	28,931
Reinsurance best estimate	(579,240)	(831,120)
Net technical provisions	**666,485**	**632,781**

Differences between FRS and Solvency-UK technical provisions

A reconciliation of FRS technical provisions to Solvency-UK technical provisions is provided below:

Table 11: A reconciliation of FRS technical provisions to Solvency-UK technical provisions as at 20 February

Amounts in $000	Note	Gross	RI	Net
FRS technical provisions		**1,268,742**	**449,544**	**819,198**
Remove Deferred Acquisition Costs	1	3,823	-	**3,823**
Deconsolidate amounts relating to Hydra		-	128,301	**(128,301)**
FRS Technical provisions as per tables 12 and 9		**1,272,565**	**577,845**	**694,720**
Remove unearned premium provision	1	(18,682)	(11,446)	**(7,236)**
Adjustments to best estimate valuation basis	2	75,906	96,668	**(20,762)**
Reallocations from FRS balance sheet (table 14)	3	(11,282)	(20,619)	**9,337**
Adjustment to expense reserve	4	25,841	-	**25,841**
Provision for contracts bound but not incepted	5	61,396	52,578	**8,818**
Reinsurance counterparty default adjustment	6	-	(12,246)	**12,246**
Effects of discounting	7	(188,172)	(103,540)	**(84,632)**
Solvency-UK technical provisions before risk margin		**1,217,572**	**579,240**	**638,332**
Risk Margin	2	28,153	-	28,153
Total Solvency-UK technical provisions		**1,245,725**	**579,240**	**666,485**

D.2.1 UKC Solo Technical Provisions

Table 10a: UKC technical provisions as at 20 February

Amounts in $000	2025	2024
Gross best estimate	1,218,001	1,352,653
Risk Margin (table 11a)	13,234	13,142
Reinsurance best estimate	(1,170,876)	(1,310,248)
Net technical provisions	**60,359**	**55,547**

Differences between FRS and Solvency-UK technical provisions

A reconciliation of FRS technical provisions to Solvency-UK technical provisions is provided below:

Table 11a: Reconciliation of FRS technical provisions to Solvency-UK technical provisions as at 20 February

Amounts in $000	Note	Gross	RI	Net
FRS technical provisions per financial statements		**1,266,042**	**1,196,667**	**69,375**
Remove deferred acquisition costs	1	3,404	-	**3,404**
FRS technical provisions per tables 12a and 9a		**1,269,446**	**1,196,667**	**72,779**
Remove provision for unearned premium	1	(18,575)	(14,544)	**(4,031)**
Adjustments to best estimate valuation basis	2	75,313	77,389	**(2,076)**
Reallocations from FRS balance sheet (table14a)	3	(11,282)	(13,611)	**2,328**
Adjustment to expense reserve	4	25,841	23,257	**2,584**
Provision for contracts bound but not incepted	5	65,103	92,918	**(27,815)**
Reinsurance counterparty default adjustment	6	-	(12,618)	**12,618**
Effects of discounting	7	(187,846)	(178,583)	**(9,262)**
Solvency-UK technical provisions before risk margin		**1,218,001**	**1,170,876**	**47,125**
Risk Margin (table 10a)	2	13,234	**-**	13,234
Total Solvency-UK technical provisions		**1,231,235**	**1,170,876**	**60,359**

Refer to QRTs in the appendices for further details on Group and UKC Solo technical provisions.

Technical provisions

This relates to the Group's insurance liabilities, which mainly fall under the P&I "marine, aviation and transport" line of business under Solvency-UK, with fronted entities largely categorised as "general liability". As well as claims arising from Members (direct and assumed) and fronted entities, the Group also participates in the International Group of P&I Clubs and so shares claim amounts above a certain level with other participating P&I Clubs.

Solvency-UK requires the technical provisions to be calculated as the sum of a best estimate and a risk margin. The best estimate is valued as the probability-weighted average of future cash flows, taking account of the time value of money, and the risk margin is calculated on a cost-of-capital basis. In addition, for the best estimate, there are three elements to consider: claims, premiums and expenses.

The calculation of the different elements of the technical provisions is discussed below.

Claims

The claims outstanding element of the technical provisions is calculated using standard actuarial techniques to project the cash flows (including chain ladder and Bornhuetter-Ferguson methods). The key assumptions related to the initial expected claims cost for each policy year and the projected notified claims development pattern. These methods are considered appropriate given the longevity and stability of the Group and its claims handling processes.

Allowance is also made for claims on contracts bound, but for which coverage has not yet incepted (corresponding to the premium provision). These cash flows are the most uncertain element of the technical provisions. The uncertainty involved was further discussed in Section C1 on Underwriting Risk.

Premiums

The premiums element of the best estimate covers (i) the outstanding instalments of premium on expired business that are payable but not yet due on the valuation date (corresponding to the provision for claims outstanding); and (ii) the premium payable but not yet due on bound but not incepted business (corresponding to the premium provision).

Most of the Group's premium relates to policies that are coterminous with its financial year. As such, the renewal is completed and therefore bound before the financial year end. The consequence is that nearly a full year's worth of business is recognised as bound but not incepted business. However, the Club also writes fixed premium P&I policies through TMS and fronts non-P&I business through UKNV with policies which incept throughout the year. For these policies, the premium provision relates only to unearned policies which have already been bound.

Expenses

When calculating the best estimate, a provision is made for all expense cash flows incurred in servicing insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. The provision is calculated directly in respect of the provision for claims outstanding (for expired business) and a corresponding amount is derived in respect of the premium provision (for bound but not incepted business).

Risk margin

The risk margin is calculated based on the requirement to hold capital to meet the SCR until all claims liabilities are settled and a cost-of-capital rate of 4.0% per annum. The SCR in this context is made up of Underwriting Risk, Counterparty Default Risk and Operational Risk only; assets are assumed to be invested in such a way that Market Risk will be zero. A detailed analysis has been carried out to determine the run off profile of these risks. The results of this analysis have been used to project the SCRs required in future time periods.

Reinsurance recoverables

This relates to the Group's expected recoverables from its reinsurance arrangements at the valuation date. It is made up of two elements: reinsurance recoveries and reinsurance premiums. These are valued on a consistent basis with the corresponding claims and premiums elements of the technical provisions. In addition, an adjustment is made to take account of expected losses due to default of the reinsurance counterparties.

Group and UKC Solo Notes:

1. Elimination of unearned amounts

Any amounts of unearned premium or deferred acquisition costs are eliminated from the Solvency-UK balance sheet, as all cash flows associated with unexpired risks are included in the premium provision.

2. Adjustments to best estimate valuation basis

Since the Solvency-UK technical provisions figure is a true best estimate, the FRS technical provisions are adjusted for the following items:

- All margins for prudence are removed;
- A provision is made for events not in data ("ENID") to represent a true average of future outcomes;
- Technical provisions are stated both gross and net of reinsurance; and
- An additional Solvency-UK risk margin which is intended to represent a notional market value adjustment.

3. Reallocations

This is based on the elimination of unearned premium and reallocation of various amounts from the FRS balance sheet to Solvency-UK technical provisions.

The Solvency-UK balance sheet contains no concept of deferral of premium; any such balances are eliminated upon transition to the Solvency-UK balance sheet.

Furthermore under Solvency-UK valuation methodologies, all future cash flows are included in the calculation of technical provisions. More specifically, any amount not yet due shall be included as a future cash inflow under the calculation of Solvency-UK technical provisions. As a result, these amounts are reallocated from the accounting balance sheet to technical provisions on the Solvency-UK balance sheet.

4. Adjustment to expense reserve

Unlike FRS, Solvency-UK recognises all expense cash flows incurred in servicing insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. As such, an adjustment is made.

5. Provision for contracts bound but not incepted

Solvency-UK valuation methodology requires contracts to be recognised when the insurer becomes party to the insurance contract. Usually, an undertaking becomes a party to the contract when the contract between the undertaking and the policyholder is legally formalised.

A large proportion of the Group's policies are coterminous with its financial year. The consequence is that nearly a full year's worth of business is recognised as Bound But Not Incepted ("BBNI") business. A provision on the Solvency-UK balance sheet, known as the "premium provision", is made for future premiums, claims and expenses that relate to BBNI business.

6. Reinsurance counterparty default adjustment

For the Solvency-UK balance sheet, amounts recoverable from reinsurance counterparties must be adjusted for the expected losses due to the risk of counterparty defaults. This adjustment approximates the expected present value of the losses in the event of default, weighted by the probability of default for each counterparty. Under the current accounting basis, a provision for bad debts is only made where there is objective evidence that counterparty may default on its obligation.

7. Effects of discounting

Since Solvency-UK technical provisions take into account the time value of money, an adjustment is made for the discounting of all future cash flows, based on risk-free interest rates. This includes an adjustment for items previously discounted at rates other than the risk-free rate.

D.3. Group Other liabilities

Table 12: Valuation of the Group's other liabilities as at 20 February

	Solvency-UK		FRS	
Amounts in $000	**2025**	**2024**	**2025**	**2024**
Technical provisions	1,245,725	1,463,902	1,272,565	1,465,789
Derivatives	3,802	4,179	3,802	4,179
Insurance and reinsurance payables	27,203	42,810	47,822	101,219
Trade payables	1,297	5,228	1,297	5,228
Any other liabilities, not shown elsewhere	2,039	33	2,039	33
Total classified under the S-UK allocation rule	**1,280,068**	**1,516,151**	**1,327,526**	**1,576,448**

D.3.1 UKC Solo Other liabilities

Table 12a: Valuation of UKC's other liabilities as at 20 February

	Solvency-UK		FRS	
Amounts in $000	**2025**	**2024**	**2025**	**2024**
Technical provisions	1,231,235	1,365,795	1,269,446	1,342,159
Insurance and intermediaries payables	3,022	3,687	3,022	3,687
Reinsurance payables	22,707	22,484	43,326	58,882
Trade payables	1,507	3,175	1,507	3,175
Any other liabilities, not shown elsewhere	25,789	32,383	18,781	28,140
Total classified under the S-UK allocation rule	**1,284,261**	**1,427,525**	**1,336,082**	**1,436,045**
Difference between FRS/S-UK	-	-	(5,954)	(9,444)
Total classified under FRS	**-**	**-**	**1,330,128**	**1,426,601**

Both of the above D.3 tables present amounts using Solvency-UK and FRS valuation basis respectively. For classification purposes, amounts have been aggregated using Solvency-UK classification methodologies.

The Group and UKC Solo other liabilities are valued using the following principles:

Technical provisions

The valuation principles of technical provisions are further detailed in D.2.

Insurance payables

These represent balances that are due to be paid for existing reinsurance contracts.

When these amounts are not yet due to be paid, they are included as a future cash flow in the calculation of reinsurance technical provisions.

Under statutory accounting requirements, these balances are presented separately on the face of the balance sheet whether they are due or not yet due.

Non-insurance Payables (trade, not insurance)

This includes sundry, short term payable balances the value and settlement of which contains little to no uncertainty. Due to the short-term nature of these items, the carrying amount is considered to be a suitable proxy for its fair value.

Any other liabilities not elsewhere shown

All other amounts comprise balances not included in liabilities above. Due to its short-term nature, the carrying amount is considered a suitable proxy for its fair value.

D.4. Alternative methods of valuation

The Group does not utilise any alternative methods of valuation.

D.5. Any other information

The Group has not identified any other information that it considers material to be disclosed.

E. Capital Management

E.1 Group Own funds

Table 13: Group own funds as at 20 February

Amounts in $000	2025	2024
SCR ratio	242%	222%
SCR	286,703	314,068
Eligible capital	694,424	698,414
Excess / (shortfall)	407,721	384,346
MCR ratio	674 %	670%
Minimum Consolidated Group SCR	81,778	80,765
Eligible capital	551,073	541,380
Excess / (shortfall)	469,295	460,615
Tier 1 Basic own funds	551,073	541,380
Tier 2 Ancillary own funds	143,351	157,034

As a mutual insurer with no share capital the Group's capital structure consists of two types of own funds:

1. Accumulated income and expenditure account reserve and reconciliation reserve, which falls under Tier 1 and counts as Basic Own Funds ("BOF"). These funds may be fully utilised to meet both the SCR and MCR.
2. According to its rules, the Group is entitled to make unlimited calls for supplementary premium to be made on Members. When received, they would become Tier 1 loss absorbent BOF and therefore count as Tier 2 Ancillary Own Funds ("AOF") for regulatory solvency purposes.

   The PRA has granted approval to UKC for a method of calculating AOF. Under the Solvency-UK regulations, up to 50.0% of the SCR may be covered by these funds. This amounted to $143.4 million of tier 2 AOF being eligible towards SCR coverage. Absent of this requirement, the AOF calculation method would result in an amount of $398.5 million.

   As far as possible, the Group seeks to provide certainty over the insurance costs borne by Members and therefore would only make a supplementary call in extreme circumstances. These circumstances might include, but are not limited to, being unable to meet its regulatory capital requirements or other internal or external capital measures.

No items have been deducted from own funds and there are no significant restrictions affecting the availability and transferability of own funds.

Information, objectives, policies and processes for managing own funds

The Group's objective under its Corporate Plan is to maintain its total capital resources (own funds) in line with its risk appetite statement over the insurance cycle. The Group forecasts its capital over a four year planning horizon as part of its ORSA process.

Material differences between equity as shown in the financial statements and the excess of assets over liabilities

Table 14: Reconciliation of the capital reported within financial statements to that within Solvency-UK balance sheet as at 20 February

Amounts in $000	**2025**
Financial Statements	**494,402**
Deconsolidation of Hydra	(44,139)
Solvency-UK gross and RI technical provisions adjustment	28,276
Of which reallocations from FRS balance sheet	(11,282)
Of which reallocations from FRS balance sheet (table 11)	20,619
Hydra valuation adjustment	67,082
Elimination of DAC	(3,865)
Total Solvency-UK basic own funds Tier 1 - IR23.01.04 (R0570)	**551,092**

The most material adjustment to reserves is as a result of the differences in valuation of technical provisions and the deconsolidation of Hydra. Refer to D.1 to D.3 for a discussion of the differences between the bases.

E.1.1 UKC Solo Own funds

Table 13a: UKC own funds figures as at 20 February

Amounts in $000	2025	2024
SCR ratio	232%	242%
SCR	302,055	282,388
Eligible capital (excess of assets over liabilities)	700,315	682,048
Excess / (shortfall)	398,260	399,660
MCR ratio	727%	766%
MCR	75,514	70,597
Eligible capital (excess of assets over liabilities)	549,288	540,854
Excess / (shortfall)	473,774	470,257
Tier 1 Basic own funds	549,288	540,854
Tier 2 Ancillary own funds	151,028	141,194

The PRA has granted an approval for a method of calculation of ancillary own funds ("AOF") to UKC. Under the Solvency-UK regulations, up to 50.0% of the SCR may be covered by these funds. This amounted to $151 million of tier 2 ancillary own funds being eligible towards SCR coverage. In the absence of this requirement, the AOF calculation method would result in an amount of $398.5 million.

Material differences between equity as shown in the financial statements and the excess of assets over liabilities

The table below provides a reconciliation of the capital reported within the Financial Statements to that within the Solvency-UK balance sheet.

Table 14a: Reconciliation of capital reported within the financial statements to that within the Solvency-UK balance sheet as at 20 February

Amounts in $000	2025	2024
Financial Statements	**190,104**	**188,062**
Solvency-UK gross technical provisions adjustment	38,211	(23,635)
Of which reallocations from FRS balance sheet	(11,282)	(30,585)
Solvency-UK RI technical provisions adjustment	(25,791)	43,873
Of which reallocations from FRS balance sheet (table 11a)	13,610	32,155
Solvency-UK revaluation of subsidiaries	347,840	339,873
Elimination of DAC	(3,404)	(8,889)
Total Solvency-UK basic own funds to meet the MCR	**549,288**	**540,854**

The most material adjustment to reserves is as a result of the differences in valuation of technical provisions. Refer to 1.1 to 1.3 for a discussion of the differences between the bases.

Solvency-UK requires that any investment in subsidiaries is valued at the "adjusted equity method" being the share of net assets valued in accordance with Solvency-UK valuation principles. This results in an revaluation adjustment of UKC's subsidiaries as reported in the table above.

E.2 Group Solvency Capital Requirement and Minimum Capital Requirement

SCR and MCR

The table below summarises the capital requirements for the current period. Further details can be found in the QRTs in the appendices.

Table 15: Summary of capital requirements as at 20 February

Amounts in $000	2025	2024
SCR	**286,703**	**314,068**
Made up of:		
Market risk	149,745	163,327
Counterparty default risk	73,231	80,180
Underwriting & reserving risk	112,502	119,944
Operational risk	36,527	43,049
Diversification effects	(85,302)	(92,432)
Minimum Consolidated Group SCR	**81,778**	**80,765**

The Group SCR is calculated on the basis that UKC is the ultimate parent of the Group. This is further discussed in section A.1.

The SCR has reduced to $286.7m, with a decrease in most risks.

E.2.1 UK Solo Solvency Capital Requirement and Minimum Capital Requirement

SCR and MCR

The table below summarises the capital requirements for the current period. Further details can be found in the QRTs in the appendices.

Table 15a: Summary of capital requirements as at 20 February

Amounts in $000	2025	2024
Solvency Capital Requirement SCR	**302,055**	**282,388**
Made up of:		
Market risk	219,754	198,059
Counterparty default risk	96,461	90,077
Underwriting & reserving risk	10,616	11,039
Operational risk	36,540	40,580
Diversification effects	(61,316)	(57,367)
Minimum Capital Requirement MCR	**75,514**	**70,597**

The SCR has been calculated using partial internal model and the standard formula as described in section E.4.

The SCR has increased by $19.7 million over the year to $302.1 million. This increase is driven by an increase in market and counterparty default risk, partly offset by a decrease in underwriting and operational risk.

The inputs into the MCR are net premium ($84.3 million) and net technical provisions ($47.1 million) as further detailed in the QRTs in the appendices.

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

The Group and UKC Solo does not use this sub-module.

E.4 Differences between internal model used and the standard formula

The Group has an internal model which it uses for all key decisions as part of its ORSA process. It also has approval from the regulator to use this model to calculate its SCR under Solvency-UK as described below.

Internal Model Scope

The standard formula is made up of four broad risk categories: underwriting risk (which includes premium risk and reserve risk), counterparty default risk, market risk and operational risk. Most of these risk categories are thought to be broadly appropriate for the Group on the grounds that the Group's exposure to these risks should not be materially different to that of a typical insurer that the standard formula was designed for.

However, as a P&I insurer, the Group's risk profile for underwriting risk is very different to that of typical insurers in the marine, aviation and transport insurance line of business. Consequently, it is inadequately reflected by the standard formula. This is exacerbated by the fact that the standard formula does not adequately reflect the Group's reinsurance structure.

Accordingly, the Group has elected to use a partial internal model to replace the underwriting risk module of the standard formula SCR in respect of P&I business. All other risk modules within the SCR are calculated according to the standard formula. In addition, the Club is fronting some non-P&I business and the underwriting risk in respect of this business is calculated according to the standard formula. The improvements to the calculation of the underwriting risk module for P&I risks mean that the resulting partial internal model SCR better reflects the Group's risk profile.

Partial Internal Model – Underwriting Risk modelling approach

A high-level summary of the partial internal model and the modelling techniques used are outlined below.

- The Partial Internal Model is a stochastic model built using industry standard software. It is consistent with the risk measures (1-in-200 value at risk) and time period (1 year) adopted by the standard formula.
- Premium Risk – Claims are modelled separately for the key classes of business (Chartered, Owned, Pool and Non-Poolable risks). For each of these classes, claims are modelled by frequency and severity for attritional and large claims separately.
- Reserve Risk – Claims are modelled separately for the Group's key reserving classes (Chartered, Owned (including Non-Poolable) and Pool. Due to the complexities of these risks and associated reinsurance structures, standard industry methodologies (e.g. chain ladder bootstraps) are not always valid. The Group therefore uses different approaches for modelling each of these risk classes including; an in-house developed individual claims development methodology; modified chain ladder bootstraps; and scenario based approaches.

The nature and appropriateness of the data used in the internal model

The key data sources used in the model are:

- The historical exposure and claims history of the mutual and fixed-premium classes of business.
- The historical exposure and claims history of Pool claims, which is collected from all members of the International Group and collated within the International Group Data Collection Portal (DCP).

As part of the Group's Solvency-UK implementation project a significant level of work was undertaken in order to validate and document these data items. Various checks and controls are now carried out as part of business as usual activity, which ensure that the data continues to meet Solvency-UK standards in relation to completeness, accuracy and appropriateness. In addition to these ongoing controls, the key data elements used for reserving (and the Group's Internal Model) are reviewed against Solvency-UK standards as part of the annual Actuarial Function Data Opinion.

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

The Group and UKC Solo has fully complied with the SCR and MCR requirements during the period under review.

Refer to section E.2 for results of the SCR / MCR Calculations.

E.6 Any other information

Own funds are fully available and transferable and therefore no deductions are required.

No undertaking specific parameters are applied within the calculation of the SCR.

Appendix: Solvency-UK Group and Solo QRT Output Data

THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION LIMITED

Solvency and Financial Condition Report

Disclosures

20 February

2025

(Monetary amounts in USD thousands)

General information

Entity name	THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION LIMITED
Entity identification code and type of code	LEI/213800QWNPYB4MEE1U70
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	20 February 2025
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Partial internal model
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

-

IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations

IR.05.04.02 - Non-life income and expenditure : reporting period

IR.23.01.04 - Own Funds

IR.25.04.22 - Solvency Capital Requirement

IR.32.01.22 - Undertakings in the scope of the group

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,048,042
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	65,509
R0100	*Equities*	41,951
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	41,951
R0130	*Bonds*	246,109
R0140	*Government Bonds*	246,109
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	690,541
R0190	*Derivatives*	3,932
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	579,240
R0280	*Non-life and health similar to non-life*	579,240
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	12,741
R0370	Reinsurance receivables	52,511
R0380	Receivables (trade, not insurance)	22,205
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	113,802
R0420	Any other assets, not elsewhere shown	2,619
R0500	**Total assets**	1,831,160

		Solvency II value
	Liabilities	C0010
R0505	Technical provisions - total	1,245,725
R0510	*Technical provisions - non-life*	1,245,725
R0515	*Technical provisions - life*	0
R0542	Best estimate - total	1,217,572
R0544	*Best estimate - non-life*	1,217,572
R0546	*Best estimate - life*	
R0552	Risk margin - total	28,153
R0554	*Risk margin - non-life*	28,153
R0556	*Risk margin - life*	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	3,802
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	2,645
R0830	Reinsurance payables	24,559
R0840	Payables (trade, not insurance)	1,298
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in Basic Own Funds*	
R0870	*Subordinated liabilities in Basic Own Funds*	0
R0880	Any other liabilities, not elsewhere shown	2,039
R0900	**Total liabilities**	1,280,068
R1000	**Excess of assets over liabilities**	551,092

IR.05.02.01

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
R0010			US	GR	CN	JP	CH	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	18,637	93,533	66,846	50,430	40,546	36,965	306,958
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	7,354	36,905	26,375	19,898	15,998	14,585	121,115
R0200	Net	11,284	56,628	40,471	30,532	24,548	22,380	185,842
	Premiums earned							
R0210	Gross - Direct Business	20,925	105,016	75,053	56,621	45,524	41,503	344,644
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	8,995	45,143	32,263	24,340	19,569	17,841	148,151
R0300	Net	11,930	59,873	42,790	32,282	25,955	23,662	196,492
	Claims incurred							
R0310	Gross - Direct Business	1,774	181,385	56,275	57,737	83,462	12,861	393,495
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	871	89,111	27,647	28,365	41,003	6,318	193,316
R0400	Net	902	92,274	28,628	29,372	42,459	6,543	200,179
R0550	**Net expenses incurred**	4,847	24,326	17,386	13,116	10,545	9,614	79,835

IR.05.04.02

Non-life income and expenditure : reporting period

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations									
				Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal lines	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines
		C0010	C0015	C0110	C0120	C0130	C0140	C0141	C0150	C0151	C0160	C0170	C0180
	Income												
	Premiums written												
R0110	Gross written premiums		473,594				0	0			463,513	0	2,226
R0111	Gross written premiums - insurance (direct)		473,594								463,513		2,226
R0113	Gross written premiums - accepted reinsurance												
R0160	Net written premiums		286,730								285,768		232
	Premiums earned and provision for unearned												
R0210	Gross earned premiums		531,739								501,354		4,075
R0220	Net earned premiums		303,161								299,562		460
	Expenditure												
	Claims incurred												
R0610	Gross (undiscounted) claims incurred		485,593								478,704		554
R0611	Gross (undiscounted) direct business												
R0612	Gross (undiscounted) reinsurance accepted												
R0690	Net (undiscounted) claims incurred		247,031								247,031		
R0730	Net (discounted) claims incurred												
	Analysis of expenses incurred												
R0910	Technical expenses incurred net of reinsurance ceded												
R0985	Acquisition costs, commissions, claims management costs		80,567								76,968		460
	Other expenditure												
R1140	Other expenses	41,291											
R1310	**Total expenditure**	121,858											

IR.05.04.02

Non-life income and expenditure : reporting period

		Non-life insurance and accepted proportional reinsurance obligations								Accepted non-proportional reinsurance				Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts
		General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation and transport	Property		
		Employers Liability	Public & products Liability	Professional Indemnity	Other general liability										
		C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0310	C0320	C0330	C0340	C0525	C0545
	Income														
	Premiums written														
R0110	Gross written premiums	0	0	0	7,855										
R0111	Gross written premiums - insurance (direct)				7,855										
R0113	Gross written premiums - accepted reinsurance														
R0160	Net written premiums				731										
	Premiums earned and provision for unearned														
R0210	Gross earned premiums				26,309										
R0220	Net earned premiums				3,140										
	Expenditure														
	Claims incurred														
R0610	Gross (undiscounted) claims incurred				6,335										
R0611	Gross (undiscounted) direct business														
R0612	Gross (undiscounted) reinsurance accepted														
R0690	Net (undiscounted) claims incurred														
R0730	Net (discounted) claims incurred														
	Analysis of expenses incurred														
R0910	Technical expenses incurred net of reinsurance ceded														
R0985	Acquisition costs, commissions, claims management costs				3,140										
	Other expenditure														
R1140	Other expenses														
R1310	**Total expenditure**														

IR.23.01.04
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0				
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	551,092	551,092			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0250	Deductions for participations where there is non-availability of information	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	551,092	551,092	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees	0				
R0350	Letters of credit and guarantees other	0				
R0360	Supplementary members calls	143,351			143,351	
R0370	Supplementary members calls - other	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	143,351			143,351	0
	Own funds of other financial sectors					
R0410	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies - total	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	694,444	551,092	0	143,351	0
R0530	Total available own funds to meet the minimum consolidated group SCR	551,092	551,092	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	694,444	551,092	0	143,351	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	551,092	551,092	0	0	
R0590	Consolidated group SCR	286,703				
R0610	**Minimum consolidated Group SCR**	81,778				
R0630	**Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)**					
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	673.89%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	694,444	551,092	0	143,351	0
R0670	**SCR for entities included with D&A method**	0				
R0680	**Group SCR**	286,703				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	242.22%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	551,092
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0725	Deductions for particpations in financial and credit institutions	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	551,092

IR.25.04.22

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	11,423
R0080	Equity risk	133,063
R0090	Property risk	0
R0100	Spread risk	8,276
R0110	Concentration risk	41,139
R0120	Currency risk	13,124
R0125	Other market risk	0
R0130	Diversification within market risk	-57,279
R0140	**Total Market risk**	149,745
	Counterparty default risk	
R0150	Type 1 exposures	67,756
R0160	Type 2 exposures	7,098
R0165	Other counterparty risk	0
R0170	Diversification within counterparty default risk	-1,624
R0180	**Total Counterparty default risk**	73,231
	Life underwriting risk	
R0190	Mortality risk	0
R0200	Longevity risk	0
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	0
R0230	Revision risk	0
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	0
R0260	Diversification within life underwriting risk	0
R0270	**Total Life underwriting risk**	0
	Health underwriting risk	
R0280	Health SLT risk	0
R0290	Health non SLT risk	0
R0300	Health catastrophe risk	0
R0305	Other health underwriting risk	0
R0310	Diversification within health underwriting risk	0
R0320	**Total Health underwriting risk**	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	0
R0340	Non-life catastrophe risk	0
R0350	Lapse risk	0
R0355	Other non-life underwriting risk	112,502
R0360	Diversification within non-life underwriting risk	0
R0370	**Total Non-life underwriting risk**	112,502
R0400	**Intangible asset risk**	0
	Operational and other risks	
R0422	Operational risk	36,527
R0424	Other risks	0
R0430	**Total Operational and other risks**	36,527
R0432	**Total before all diversification**	430,908
R0434	Total before diversification between risk modules	372,005
R0436	Diversification between risk modules	-85,302
R0438	**Total after diversification**	286,703
R0440	Loss absorbing capacity of technical provisions	0
R0450	Loss absorbing capacity of deferred tax	0
R0455	Other adjustments	0
R0460	**Solvency capital requirement including undisclosed capital add-on**	286,703
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	286,703
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	
R0520	*Institutions for occupational retirement provisions*	
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	
R0540	Capital requirement for non-controlled participation requirements	
R0550	Capital requirement for residual undertakings	
	Overall SCR	
R0555	Solvency capital requirement (consolidation method)	286,703
R0560	SCR for undertakings included via D and A	
R0565	SCR for sub-groups included via D and A	
R0570	**Solvency capital requirement**	286,703

IR.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
	C0010	C0020	C0040	C0050	C0060	C0070	C0080
1	GB	LEI/213800QWNPYB4MEE1U70	The United Kingdom Steam Ship Assurance Association Limited	Non life insurance undertaking	Company limited by guarantee	Mutual	Prudential Regulatory Authority
2	BM	LEI/213800IFVOX63ELTKM29	The United Kingdom Steam Ship Assurance Association (Bermuda) Limited	Reinsurance undertaking	Company limited by guarantee	Mutual	Bermuda Regulatory Authority
3	NL	LEI/724500T310DRX4FA7I75	UK P&I CLUB N.V.	Non life insurance undertaking	Company limited by shares	Non-mutual	Dutch National Bank
4	BM	SC/IPIR	INTERNATIONAL P&I REINSURANCE COMPANY LTD	Reinsurance undertaking	Company limited by shares	Non-mutual	Isle of Man Financial Services Authority

IR.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Criteria of influence: % capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation
	C0010	C0020	C0040	C0050	C0180	C0190	C0200	C0210	C0220	C0230
1	GB	LEI/213800QWNPYB4MEE1U70	The United Kingdom Steam Ship Assurance Association Limited	Non life insurance undertaking			100.00%			
2	BM	LEI/213800IFVOX63ELTKM29	The United Kingdom Steam Ship Assurance Association (Bermuda) Limited	Reinsurance undertaking		100.00%	100.00%		Dominant	100.00%
3	NL	LEI/724500T310DRX4FA7I75	UK P&I CLUB N.V.	Non life insurance undertaking	100.00%	100.00%	100.00%		Dominant	100.00%
4	BM	SC/IPIR	INTERNATIONAL P&I REINSURANCE COMPANY LTD	Reinsurance undertaking	100.00%	100.00%	100.00%		Dominant	100.00%

IR.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Inclusion in the scope of Group supervision: Yes/No	Inclusion in the scope of Group supervision: Date of decision if excluded	Group solvency calculation: Method used and under method 1, treatment of the undertaking
	C0010	C0020	C0040	C0050	C0240	C0250	C0260
1	GB	LEI/213800QWNPYB4MEE1U70	The United Kingdom Steam Ship Assurance Association Limited	Non life insurance undertaking	Included in the scope		Method 1: Full consolidation
2	BM	LEI/213800IFVOX63ELTKM29	The United Kingdom Steam Ship Assurance Association (Bermuda) Limited	Reinsurance undertaking	Included in the scope		Method 1: Full consolidation
3	NL	LEI/724500T310DRX4FA7I75	UK P&I CLUB N.V.	Non life insurance undertaking	Included in the scope		Method 1: Full consolidation
4	BM	SC/IPIR	INTERNATIONAL P&I REINSURANCE COMPANY LTD	Reinsurance undertaking	Included in the scope		Method 1: Full consolidation

THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION LIMITED

Solvency and Financial Condition Report

Solo Disclosures

20 February

2025

(Monetary amounts in USD thousands)

General information

Entity name	THE UNITED KINGDOM MUTUAL STEAM SHIP ASSURANCE ASSOCIATION LIMITED
Entity identification code and type of code	LEI/213800QWNPYB4MEE1U70
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	20 February 2025
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Partial internal model
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations

IR.05.04.02 - Non-life income and expenditure : reporting period

IR.17.01.02 - Non-Life Technical Provisions

IR.19.01.21 - Non-Life insurance claims

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	483,278
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	427,422
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	43,979
R0140	*Government Bonds*	43,979
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	11,877
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	1,170,876
R0280	*Non-life and health similar to non-life*	1,170,876
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	12,336
R0370	Reinsurance receivables	52,497
R0380	Receivables (trade, not insurance)	20,921
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	90,813
R0420	Any other assets, not elsewhere shown	2,828
R0500	**Total assets**	1,833,549

		Solvency II value
	Liabilities	C0010
R0505	Technical provisions - total	1,231,235
R0510	*Technical provisions - non-life*	1,231,235
R0515	*Technical provisions - life*	0
R0542	Best estimate - total	1,218,001
R0544	*Best estimate - non-life*	1,218,001
R0546	*Best estimate - life*	
R0552	Risk margin - total	13,234
R0554	*Risk margin - non-life*	13,234
R0556	*Risk margin - life*	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	3,022
R0830	Reinsurance payables	22,707
R0840	Payables (trade, not insurance)	1,507
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in Basic Own Funds*	
R0870	*Subordinated liabilities in Basic Own Funds*	0
R0880	Any other liabilities, not elsewhere shown	25,789
R0900	**Total liabilities**	1,284,261
R1000	**Excess of assets over liabilities**	549,288

IR.05.02.01

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
R0010			US	GR	CN	JP	CH	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	17,528	84,598	52,939	50,522	39,521	30,828	275,936
R0120	Gross - Proportional reinsurance accepted	1,141	9,090	14,003	0	1,098	6,193	31,525
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	15,134	75,945	54,265	40,954	32,926	30,010	249,234
R0200	Net	3,536	17,743	12,678	9,568	7,692	7,011	58,228
	Premiums earned							
R0210	Gross - Direct Business	18,507	89,321	55,895	53,343	41,728	32,549	291,344
R0220	Gross - Proportional reinsurance accepted	1,152	9,180	14,142	0	1,108	6,255	31,837
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	15,838	79,353	56,423	42,974	34,509	31,261	260,357
R0300	Net	3,822	19,148	13,615	10,370	8,327	7,543	62,824
	Claims incurred							
R0310	Gross - Direct Business	1,120	178,107	41,694	57,768	83,247	8,374	370,311
R0320	Gross - Proportional reinsurance accepted	653	3,279	14,581	-31	216	4,487	23,184
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	1,685	172,364	53,476	54,866	79,311	12,221	373,924
R0400	Net	88	9,021	2,799	2,872	4,151	640	19,570
R0550	**Net expenses incurred**	3,021	15,159	10,831	8,175	6,572	5,990	49,748

IR.05.04.02

Non-life income and expenditure : reporting period

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations						
				Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal lines	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines
		C0010	C0015	C0140	C0141	C0150	C0151	C0160	C0170	C0180
	Income									
	Premiums written									
R0110	Gross written premiums		444,966					444,966		
R0111	Gross written premiums - insurance (direct)		366,562					366,562		
R0113	Gross written premiums - accepted reinsurance		78,404					78,404		
R0160	Net written premiums		84,269					84,269		
	Premiums earned and provision for unearned									
R0210	Gross earned premiums		466,210					466,210		
R0220	Net earned premiums		90,628					90,628		
	Expenditure									
	Claims incurred									
R0610	Gross (undiscounted) claims incurred		493,116					493,116		
R0611	Gross (undiscounted) direct business		458,347					458,347		
R0612	Gross (undiscounted) reinsurance accepted		34,769					34,769		
R0690	Net (undiscounted) claims incurred		24,599					24,599		
R0730	Net (discounted) claims incurred	24,599	24,599							
	Analysis of expenses incurred									
R0910	Technical expenses incurred net of reinsurance ceded	74,423								
R0985	Acquisition costs, commissions, claims management costs	35,667	35,667					35,667		
	Other expenditure									
R1140	Other expenses	0								
R1310	**Total expenditure**	99,903								

IR.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance									Total Non-Life obligation
		Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	
		C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0180
	Best estimate										
	Premium provisions										
R0060	Gross			13,032							13,032
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default			39,299							39,299
R0150	**Net Best Estimate of Premium Provisions**			-26,268							-26,268
	Claims provisions										
R0160	Gross			1,204,969							1,204,969
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default			1,131,577							1,131,577
R0250	**Net Best Estimate of Claims Provisions**			73,393							73,393
R0260	**Total best estimate - gross**			1,218,001							1,218,001
R0270	**Total best estimate - net**			47,125							47,125
R0280	**Risk margin**			13,234							13,234
R0320	**Technical provisions - total**			1,231,235							1,231,235
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**			1,170,876							1,170,876
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**			60,359							60,359

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Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Accident year

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

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
		Development year												
R0100	Prior											-16,640	-16,640	-16,640
R0160	-9	27,886	56,481	38,859	27,535	19,916	21,107	6,763	4,701	3,141	6,682		6,682	213,070
R0170	-8	45,546	44,282	47,179	28,892	22,082	14,360	21,555	5,026	79			79	229,001
R0180	-7	52,409	59,520	48,977	23,107	23,543	27,794	33,555	100,548				100,548	369,452
R0190	-6	37,642	68,123	52,590	26,229	18,115	18,659	15,458					15,458	236,815
R0200	-5	48,590	51,228	27,219	46,740	19,468	149,145						149,145	342,389
R0210	-4	75,523	45,756	39,671	172,193	29,190							29,190	362,334
R0220	-3	80,244	55,185	37,851	24,205								24,205	197,484
R0230	-2	25,800	50,260	59,821									59,821	135,881
R0240	-1	90,632	86,322										86,322	176,955
R0250	0	89,780											89,780	89,780
R0260												Total	544,590	2,336,521

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
		Development year											
R0100	Prior											98,544	77,907
R0160	-9	0	208,625	165,635	125,302	87,550	66,617	55,263	31,030	27,254	19,703		17,248
R0170	-8	159,016	174,181	101,915	66,172	48,461	29,367	15,590	11,185	8,635			7,619
R0180	-7	205,048	197,781	184,615	178,719	138,038	141,233	164,547	69,761				61,227
R0190	-6	275,167	183,870	120,693	78,771	69,607	51,625	43,643					38,577
R0200	-5	192,031	371,793	306,341	284,918	305,611	208,881						186,588
R0210	-4	195,789	313,520	363,932	160,830	131,834							118,768
R0220	-3	195,789	209,031	158,308	132,085								118,980
R0230	-2	114,398	206,052	110,403									99,883
R0240	-1	356,855	228,947										207,438
R0250	0	297,821											270,734
R0260												Total	1,204,969

Gross premium

		C0570 Gross earned premium at reporting reference date	C0580 Estimate of future gross earned premium
R0160	N-9	0	0
R0170	N-8	0	0
R0180	N-7	0	0
R0190	N-6	0	0
R0200	N-5	0	0
R0210	N-4	0	0
R0220	N-3	0	0
R0230	N-2	0	0
R0240	N-1	0	0
R0250	N	0	0

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	549,288	549,288			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0290	**Total basic own funds**	549,288	549,288	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees	0				
R0350	Letters of credit and guarantees other	0				
R0360	Supplementary members calls	151,028			151,028	
R0370	Supplementary members calls - other	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	151,028			151,028	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	700,315	549,288	0	151,028	0
R0510	Total available own funds to meet the MCR	549,288	549,288	0	0	
R0540	Total eligible own funds to meet the SCR	700,315	549,288	0	151,028	0
R0550	Total eligible own funds to meet the MCR	549,288	549,288	0	0	
R0580	**SCR**	302,055				
R0600	**MCR**	75,514				
R0620	**Ratio of Eligible own funds to SCR**	231.85%				
R0640	**Ratio of Eligible own funds to MCR**	727.40%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	549,288
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0725	Deductions for participations in financial and credit institutions	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	549,288

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Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	1,434
R0080	Equity risk	206,482
R0090	Property risk	0
R0100	Spread risk	166
R0110	Concentration risk	70,455
R0120	Currency risk	3,197
R0125	Other market risk	0
R0130	Diversification within market risk	-61,981
R0140	**Total Market risk**	219,753
	Counterparty default risk	
R0150	Type 1 exposures	91,038
R0160	Type 2 exposures	7,079
R0165	Other counterparty risk	0
R0170	Diversification within counterparty default risk	-1,656
R0180	**Total Counterparty default risk**	96,461
	Life underwriting risk	
R0190	Mortality risk	0
R0200	Longevity risk	0
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	0
R0230	Revision risk	0
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	0
R0260	Diversification within life underwriting risk	0
R0270	**Total Life underwriting risk**	0
	Health underwriting risk	
R0280	Health SLT risk	0
R0290	Health non SLT risk	0
R0300	Health catastrophe risk	0
R0305	Other health underwriting risk	0
R0310	Diversification within health underwriting risk	0
R0320	**Total Health underwriting risk**	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	0
R0340	Non-life catastrophe risk	0
R0350	Lapse risk	0
R0355	Other non-life underwriting risk	10,616
R0360	Diversification within non-life underwriting risk	0
R0370	**Non-life underwriting risk**	10,616
R0400	**Intangible asset risk**	0
	Operational and other risks	
R0422	Operational risk	36,540
R0424	Other risks	0
R0430	**Total Operational and other risks**	36,540
R0432	**Total before all diversification**	427,008
R0434	Total before diversification between risk modules	363,371
R0436	Diversification between risk modules	-61,316
R0438	**Total after diversification**	302,055
R0440	Loss absorbing capacity of technical provisions	0
R0450	Loss absorbing capacity of deferred tax	0
R0455	Other adjustments	0
R0460	**Solvency capital requirement including undisclosed capital add-on**	302,055
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	302,055
R0490	Biting interest rate scenario	decrease
R0495	Biting life lapse scenario	decrease

IR.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	16,651

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	47,125	84,269
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

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

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

	Overall MCR calculation	C0070
R0300	Linear MCR	16,651
R0310	SCR	302,055
R0320	MCR cap	135,925
R0330	MCR floor	75,514
R0340	Combined MCR	75,514
R0350	Absolute floor of the MCR	4,424
R0400	**Minimum Capital Requirement**	75,514