Solvency & Financial Condition Report

UKP&I Club N.V.
for the year ended 20th February 2022

UK P&I CLUB IS MANAGED BY **THOMAS MILLER**

Contents

Summary

This document is the Solvency and Financial Condition Report (“SFCR”) of UK P&I Club N.V. (“UKNV”). It explains the company performance over the third underwriting year of the company, ending 20th February 2022. This document covers UKNV’s business and performance, its system of governance, risk profile, valuation for solvency purposes and capital management. The Management Board has installed various governance and control functions to monitor and manage the business.

2021 was the first year that UKNV has serviced all Fronted Clubs according the original plan. The total business volume amounted to US$ 127m.
The P&I 2022 renewal was difficult because some sectors of the industry have been hit hard by the pandemic, notably the Cruise sector while others, such as the container industry, prospered. The biggest challenge, however, was the need to increase premium levels once again. All P&I Clubs in the International Group faced rising combined ratios, which had been driven mainly by the increasing cost of a small number of large claims. Mutualising these costs in a claims environment which has seen significant reductions in the frequency of smaller claims, and consequently improving loss ratios across the membership of all clubs, will remain a challenge and will require further premium increases over the coming years. Despite these issues the club (both the UK P&I Club and UKNV) saw strong tonnage growth and premiums increased in line with expectations.
Business for the other Fronted Clubs went well with both TT and ITIC achieving growth in their EEA portfolio. The UK War Risks portfolio remained stable. PAMIA’s EEA business remains relatively small.

UKNV also manages all historical EEA-related claims for the relevant Fronted Clubs. Following last year’s transfer of historic P&I liabilities to UKNV from the parent company UKC, the TT Club initiated a so-called Part VII portfolio transfer for their historical EEA claim liabilities. This transfer was completed as at 31st December 2021, thereby allowing the TT Club service continuity for its EEA members. UKNV is still in the process of transferring a part of the historical Occupational Disease liabilities for the P&I book to an external counterpart. This process, which was initiated in tandem with UKC, is expected to be finalised in 2022. The capital impact will be marginally positive.

As at 1st January 2022 UKNV decided to become the underwriter of the fixed premium P&I book managed by Thomas Miller Specialties. This is part of the diversification strategy of the UK P&I Club. This is a joint transaction with the parent company who will underwrite the non-EEA part of this portfolio whereas UKNV will become the underwriter of the EEA part. The business volume of the EEA portfolio is expected to be US$ 8m.

Profitability and continuity

UKNV is well capitalised (SCR ratio is 160%) and meets all regulatory requirements.

UKNV has a low risk appetite and manages its business in a prudent manner. Risks caused by the Covid-19 pandemic and Russian sanctions are unlikely to have a severe impact on UKNV’s business model or its solvency levels in the foreseen future.

Management Boards' Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the DNB Rules and the Solvency II Regulations. We are satisfied that:

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

For and on behalf of UK P&I Club N.V.

<15st June 2022>

A. Business Model and Strategy

A.1. Business and Performance

Corporate information

The UK P&I Club N.V. ("UKNV") is an insurance company having received its insurance license in the Netherlands in March 2019. It is regulated and supervised by De Nederlandsche Bank (DNB) and by Authoriteit Financiele Markten (AFM) for conduct purposes.

UKNV is a wholly owned subsidiary of the United Kingdom Mutual Steam Ship Assurance Association Limited ("UK Club" or "UKC"), which is incorporated in England and Wales as a company limited by guarantee without share capital. With effect from 20 February 2021 the name of The United Kingdom Mutual Steam Ship Assurance Association (Europe) Limited has changed to The United Kingdom Mutual Steam Ship Assurance Association Limited.

The UK Club is a mutual Club with the objective of providing mutual marine insurance cover to its members for protection and indemnity (P&I) risks.

Regulators

UKNV is regulated by De Nederlandsche Bank (DNB) in the Netherlands. The Club as a whole is regulated by the UK Prudential Regulation Authority (PRA). UKC's entities are regulated by various other authorities.

Table 1: Regulatory authorities

Entity	Regulator
UKC	Prudential Regulation Authority Financial Conduct Authority National Association of Insurance Commissioners
UKNV	De Nederlandsche Bank Autoriteit Financiële Markten
Hydra	Bermuda Monetary Authority

The external auditor of UKNV is BDO Audit & Assurance B.V., based in the Netherlands. The external auditor's mandate does not cover an audit on the information disclosed in this SFCR nor in the Regular Supervisory Report (RSR) other than the QRTs disclosed in the Annex to this Report.

Business Activities

The principal activity of the UKNV is the insurance and reinsurance of risks on behalf of the Fronted Clubs. UKNV provides the following products for EEA based risks:

- Protection and Indemnity (P&I) cover for ship owners and charterers. These are generally large risks with relatively high premium volumes per member
- Transport Liability for ports and terminals as well as freight forwarders, ship operators and transport & logistic operators.
- Professional indemnity cover for intermediaries, such as shipping agents, naval architects and surveyors. These are generally smaller risks with lower premium volumes per member. The number of members is larger than for UKNV's P&I business.

- Protection of ships and P&I risks against loss of or malicious damage caused by a third party in case of war risks.
- Professional indemnity insurance to patent and trade mark attorneys in private practice.

The company provides an insurance cover for EEA-based members of the Fronted Clubs and manages the respective claims.

UKNV also manages all historical EEA-related claims for the relevant Fronted Clubs. Following last year's transfer of historic P&I liabilities to UKNV from the parent company UKC, the TT Club initiated a so-called Part VII portfolio transfer for their historical EEA claim liabilities. This transfer was completed as at 31st December 2021, thereby allowing the TT Club service continuity for its EEA members. UKNV is still in the process of transferring a part of the historical Occupational Disease liabilities for the P&I book to an external counterpart. This process, which was initiated in tandem with UKC, is expected to be finalised in 2022. The capital impact will be marginally positive.

As at 1st January 2022 UKNV decided to become the underwriter of the fixed premium P&I book managed by Thomas Miller Specialties. This is part of the diversification strategy of the UK P&I Club. This is a joint transaction with the parent company who will underwrite the non-EEA part of this portfolio whereas UKNV will become the underwriter of the EEA part. The business volume of the EEA portfolio is expected to be US$ 8m.

As part of normal course of business, UKNV also received claims that were handled in line with the approved claim processes. Further details are set out in template S.19.01 (appendix 5).

Accounting period

UKNV has an accounting year that is aligned to the parent company. The accounting year runs from 20 February in any particular year to 20 February of the next year. The accounting year matches the policy year of the P&I insurance cover fronted for the parent company. Other Fronted Clubs have different accounting years as well as policy periods.

Outsourcing

UKNV's main operational processes are outsourced to Thomas Miller B.V. that also holds a delegated underwriting authority. In addition, TMBV seconds staff to UKNV and provides full support facilities. Where outsourcing contracts have been signed, the Management Board remains fully responsible for the effectiveness of the operational processes. In order to monitor the effectiveness of those processes, the Management Board has implemented a monitoring framework whereby the outsourced service providers report their performance on a quarterly basis using a predefined KPI framework. Some of the processes are sub-outsourced to Thomas Miller in the United Kingdom with the benefit of maximising the experience already in place in managing the specific membership base of the Fronted Clubs. UKNV has also entered into an outsourcing agreement with Thomas Miller Investments for the management of its investment portfolio.

A.2. Underwriting performance

Underwriting performance measures

For the Fronted Clubs, the target is to call adequate premium to cover claims and expenses. For UKNV there is a low risk appetite for insurance risk. This is underpinned by the reinsurance structure and the fronting business model. The fronting fee received should cover the expenses.

S.05.02.01 (appendix 3) includes a geographical split of the UKNV's business based on the regional spread of the risks insured.

Recent Underwriting performance

During this third financial year UKNV has underwritten business for all Fronted Clubs, which are all insurance mutuals based in the UK. UKNV's clients are EEA based Members of the respective Fronted Clubs.

In addition to the underwriting activities, claims management increased in importance during the year. The Covid-19 pandemic has affected gross financial underwriting results for P&I albeit to a lesser extent than the previous year when the cruise business faced a number of significant claims before the industry effectively closed down. Nonetheless the Covid related claims in 2021 of the non-cruise ships were not material across both UKNV and UKC. The trend of increases in large claims has not caused financial issues for UKNV as the risks are fully reinsured.

As the Brexit process had already been completed by January 2021, all Fronted Clubs managed their EEA portfolios via UKNV for the full calendar year 2021. The total premium written amounted to US$ 127m.

The P&I 2022 renewal was difficult in a number of respects: the Covid-19 pandemic restricted travel and face to meetings; some sectors of the industry had been hit hard by the pandemic, notably the Cruise sector while others, such as the container industry, prospered. The biggest challenge, however, was the need to increase premium levels once again. All P&I Clubs in the International Group faced rising combined ratios, which had been driven mainly by the increasing cost of a small number of large claims. Mutualising these costs in a claims environment which has seen significant reductions in the frequency of smaller claims, and consequently improving loss ratios across the membership of all clubs, will remain a challenge and will require further premium increases over the coming years. Despite these issues the club saw strong tonnage growth and premiums increased in line with expectations for both the UK P&I Club and UKNV.

Business for the other Fronted Clubs went well with both TT and ITIC achieving growth in their EEA portfolio. The UK War Risks portfolio remained stable. PAMIA's EEA business remains relatively small.

Appendix 2 provides Premiums, claims and expenses per line of business, whereas Appendix 3 provides the same for the main geographical areas where the company is active. Table 2 provides an overview of the underwriting performance.

Table 2 shows the profitability of UKNV. It is clear that GWP levels increased from the previous year. The net underwriting result is zero due to the reinsurance structure in place.

Table 2: UKNV's underwriting performance 2022

TECHNICAL ACCOUNT

Amounts in $000, year ending:	**20 February 2022**	**20 February 2021**
Income		
Gross premium written	127,115	93,495
Reinsurance premium payable	(106,813)	(84,455)
	20,302	9,040
Changes in technical provisions (Unearned Premiums)		
Change technical provision unearned premium	(9,478)	(25,465)
Change reinsurance share technical provision unearned premium	6,816	21,519
	(2,662)	(3,946)
Net earned premium	**17,640**	**5,094**
Fronting fee gross written premium	4,766	3,830
Fronting fee cost of capital	890	1,351
Investment return transferred from the non-technical account	(1,104)	1,008
Claims Incurred		
Claims paid	(41,071)	(50,269)
Reinsurance recoveries	41,071	50,269
	0	0
Changes in claims provision		
Changes in claims provision	4,764	48,098
Changes in reinsurance share of claims provision	(4,764)	(48,098)
	-	-
Net claims incurred	**0**	**0**
Net Continuity Credit		
Continuity credit raised	(6,832)	(3,028)
Deferred continuity credit	463	1,499
	(6,370)	(1,529)
Total Income	**15,822**	**9,754**
Expenses		
Acquisition cost	(13,469)	(6,012)
Deferred acquisition cost	2,199	2,447
Operating expenses	(4,622)	(5,499)
Total Expenses	**(15,892)**	**(9,064)**
Result Technical Account	**(70)**	**690**

NON-TECHNICAL ACCOUNT

Balance on technical account	**(70)**	**690**
Net investment return	(1,104)	1,008
Investment return transferred to the technical account	1,104	(1,008)
Investment management fee	(13)	(100)
Net income before taxation	(83)	**590**
Taxation	498	(127)
Net income after tax	**415**	**463**

A.3. Investment performance

The investment portfolio is comprised of US Treasuries and money market funds which during the course of the reporting year showed a stable negative investment income until Q4.
In Q4 there has been a broad rise in bond yields (and decline in bond values) due to prevailing economic conditions and uncertainties in the market related to Ukraine reflecting into a relatively large negative unrealised result of US$ -/-932k for the total reporting year.
The investment risk is closely monitored. The portfolio does not include financial derivatives.
A summary of the investment return for the year is provided below:

Table 3: Investment income during 2022

Amounts in US$000s	**2022**	**2021**
Total realised investment income	(172)	1,015
Total unrealised investment income (loss)	(932)	(7)
Total investment income	**(1,104)**	**1,008**

Asset allocation

According to the UKNV investment mandate, the investments are US treasury bonds, money market instruments and cash. The investment mandate did not change during the year.

Table 4: Realised investment income during 2022

Amounts in US$000s	**2022**	**2021**
Dividend from shares	-	-
Interest from fixed income securities	287	451
Foreign exchange (losses)/gains	(375)	378
Realised on sale of fixed income securities	(84)	186
Total realised investment income	**(172)**	**1,015**

A.4. Performance from other activities

As noted in A.2. all of the UKNV's activities relate to its core business.

A.5. Any other information

As the Covid-19 pandemic continued into 2021 it became clear that it would not materially affect UKNV's ability to service its Members. Working from home arrangements have allowed the employees to communicate effectively with members, colleagues, and various stakeholders.

The war between Russia and Ukraine has overshadowed all aspects of our business and has impacted lives of millions of people. The human tragedy aside, those engaged in financial services have had to be particular vigilant to ensure compliance with the multi state sanctions that have been imposed on Russian companies and individuals. Throughout UKNV's operations, sanction checking takes place on a daily basis in order to comply with all relevant sanctions regulations (EU, US and UK). In response to the war, all Fronted Club Boards have been actively engaged on the risks associated with Russian sanctions and the need to ensure compliance with the sanctions rules at all times. The Management Board believes that this war is unlikely to have a material impact on UKNV's business model or its solvency levels in the foreseeable future.

B. System of Governance

B.1. General Information on the System of Governance

B.1.1. Overview

UKNV has a two-tier board structure with a separate Management Board and Supervisory Board.

The Management Board directs and has day-to-day responsibility for all activities of UKNV. The Supervisory Board maintains an overview of the performance of the Management Board. It also monitors the effectiveness of the risk management framework and the functioning of governance arrangements within UKNV.

The Supervisory Board has installed an Audit & Risk Committee to closely monitor and advise on risk management, compliance, actuarial, financial and audit matters.

The Management Board considers that the System of Governance is appropriate for the nature, scale and complexity of the inherent risks facing UKNV.

UKNV maintains a decision matrix in accordance with the RACI structure to identify who or what body has decision making authority for a wide list of topics.

B.1.1.2. Outsourcing

UKNV outsources all functions, including controlled functions, to Thomas Miller B.V., except for the investment function which is outsourced to Thomas Miller Investment.

Thomas Miller B.V. acts as a service provider in three ways:

- It acts as an authorised agent for insurance operations
- It provides staff and facilities to support the business
- It is an outsourcing service provider for certain activities of UKNV

The outsourcing is subject to strict monitoring of the Management and Supervisory Board and underpinned by an outsourcing policy in line with the Solvency II requirements and DNB regulations. Outsourced service providers are closely monitored by the Management Board and report on their activities on a quarterly basis.

UKNV outsources its investment activities to Thomas Miller Investments (TMI). TMI provides monthly investment reports and provides evidence that the investment portfolio remains within the restrictions of the investment mandate. This is subject to the same outsourcing policy as mentioned above.

B.1.2. Remuneration

UKNV outsources all executive matters to TMBV in accordance with Management Agreements. TMBV operates on a formal remuneration policy. This policy promotes the long-term interest of the business and competitive rates. TMBV staff receive remuneration that fits within the policies of corporate governance that encourages sound business behaviour.

UKNV Supervisory Board members receive a fixed fee for the year or a per-meeting fee. The independent chair and ARC chair earn a fixed fee for the year. The other members earn a per-meeting fee per attended meeting.

The financial rewards for TMBV are based on a cost-plus basis and a healthy profit margin as laid out in the management fee agreements. Remuneration of individual TMBV staff is subject to the remuneration policy that aims to avoid conflicts of interests and excessive short-term risk taking by the company. The remuneration policy does not allow for severance payments.

B.1.3. Related party transactions

UKNV is wholly owned by UKC. Some of the Supervisory Board members are also members of the P&I Club and ship owners. The transactions between SB members and UKNV are insurance transactions and payment of their fees. Ship owners have no direct interest in UKNV other than the insurance of their ships, which is arranged on an arm's length basis.

B.2. Fit and Proper Requirements

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

All persons within the scope of the UKNV'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 will be given to potential conflicts of interest and financial soundness. This is screened by an independent screening agency.

The Fit & Proper Policy applies to:

- All Directors of the Club as a whole and its Committees;
- All employees of TMBV; and
- Persons within TMBV or Thomas Miller responsible for key functions.

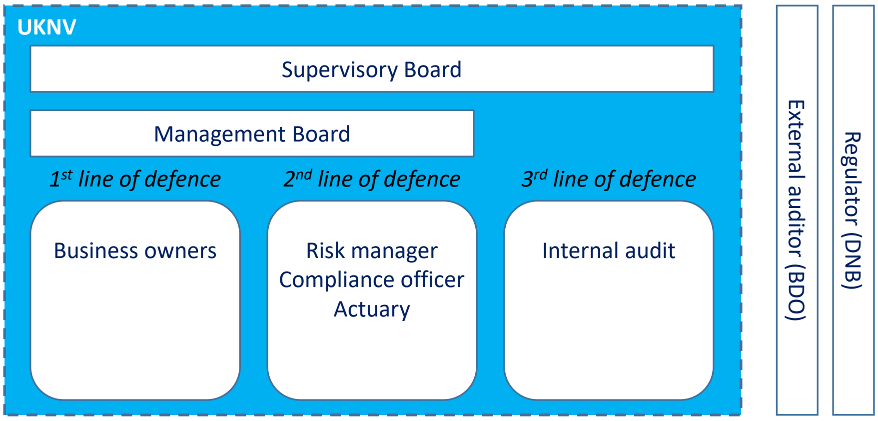
B.3. Risk Management System

The UKNV Risk Management System

UKNV 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: management board members and business line managers. They are risk owners in the risk management framework
- 2nd line of defence: risk management, actuarial and compliance functions
- 3rd line of defence: internal audit

Figure 1: Three lines of defence model for UKNV



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

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

As part of the risk management framework, UKNV employs a risk management process to identify, measure, manage, monitor and report risks in a consistent and continuous manner. Risks are assessed against the Risk Appetite set by the Management Board.

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

The cornerstones of risk management in the first line of defence are the business processes and procedures. UKNV stores these on the Electronic Quality Management System (EQMS) system from where they are monitored and updated on an annual basis.

Risk Appetite

UKNV's risk appetite is articulated in the 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 Risk management function supports the Management Board to achieve that objective.

Own Risk and Solvency Assessment (ORSA)

The ORSA is the process used by UKNV to manage its financial and solvency position over the period of its Business Plan. This process results in an annual ORSA Report approved by the Management and reviewed by the Supervisory Board. As such it is an essential part of UKNV's strategic planning process.

Risk Mitigation

One of UKNV's key risk mitigation techniques is reinsurance. UKNV reinsures a significant part of the underwriting risks to the Fronted Club. Also, it is part of the International Group Pool of reinsurance that shares the largest risks between the IG P&I Club members. As part of that, the International Group also arranges an excess of loss reinsurance programme to cover the risks at higher levels. On an annual basis, the Management Board assesses the adequacy of the reinsurance programme and the related concentration and credit risks.

Other risk mitigation techniques may be utilised from time to time, for example the use of hedging instruments to mitigate the risk of volatility in foreign exchange rates. During the year 2021 this has not been the case.

Operational risk is mainly managed by processes and procedures and monitored by a risk control plan that is overseen by the risk management function.

B.4. Internal Control System

Internal control is defined as a continually operating process effected by UKNV's Management Board, the business line managers, all staff and outsourced service providers in achieving the business objectives and manage the inherent risks.

Control environment

TMBV and other outsourced service providers are responsible for establishing and maintaining an effective control environment throughout the organisation. In furtherance of that, there is 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 Management Board or other functions/management; have unfettered and direct access to all activities in its area of responsibility, including all documentation, systems, staff, Management, Management and Supervisory Board members.

Compliance function

The Management Board bears ultimately responsibility for regulatory compliance, and is supported by the compliance officer. UKNV 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.

B.5. Internal Audit Function

Internal Audit is the "third line of defence" (see Figure 3) in UKNV's internal control framework, established 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 outsourced to Thomas Miller & Co Limited, based in London who report to the Chair of the ARC. The internal audit function may engage third party expertise or skills to conduct specific audits if required.

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.

B.6. Actuarial Function

The Actuarial function is outsourced to Thomas Miller & Co Limited, based in London. One person serves as actuarial function holder, but there is a larger team available to perform operational first and second line actuarial work. This individual oversees the adequacy of the work required by Solvency II.

The Actuarial Function is independent of the Management Board and therefore able to undertake its duties in an objective, fair and independent manner. However, for operational purposes, the Actuarial Function has been integrated into the internal control system through frequent meetings and attendance of ARC meetings.

B.7. Outsourcing

UKNV’s business model relies on outsourcing of the main operational processes to Thomas Miller B.V. which has the authority to subcontract parties. The Management Board is responsible for the ultimate results as well as monitoring the adequacy of the outsourcing arrangements. The major outsourcing takes place within the Group allowing in-depth monitoring as well as regular performance reporting.

UKNV has in place an outsourcing policy directed at managing services or activities that are particularly important or critical to the business.

B.8. Adequacy of system of governance

UKNV considers the system of governance adequate and proportional to the risks underlying the business and the business model. The Supervisory Board is responsible for an annual assessment of the system of governance as part of its monitoring role.

B.9. Any Other Information

UKNV considers no other information material to be disclosed.

C. Risk Profile

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

1. Insurance 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
5. Operational risk – being the risk of failure of internal processes or controls.

UKNV uses the Solvency II Standard Formula to assess its financial and underwriting risks. The outcome of this formula is the basis for regulatory reporting and ORSA.

C.1. Underwriting Risk

UKNV is an insurer focussed mainly on the marine and transport industry, underwriting only protection and indemnity insurance for the shipping and transport community.

Reserve risk is managed by UKNV's reserving policy. The Company 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 the Management Board and actuarial function holder.

Premium risk is managed by an underwriting policy that establishes robust underwriting practices in order to meet business needs and satisfy regulatory control. This is supplemented with a robust forecasting approach undertaken as part of the Company's ORSA process.

The underwriting process is based on a thorough understanding of the risk accepted. This understanding is enhanced as: UKNV is a focussed insurer that continues the same cover that for many years have been provided directly by the Fronted Clubs.
Underwriting authority is delegated to specific individuals who operate under set underwriting parameters and are subject to ongoing guidance and review by the Management Board.

Underwriting Risk is mitigated via the reinsurance programme by which the underwriting risk is reinsured to the Fronted Clubs or external reinsurers, including via the International Group. This latter programme comprises excess of loss reinsurance cover for P&I, purchased jointly with other members of the International Group, and the International Group Pooling agreement. In addition there is also external reinsurance of P&I claims that fall below the deductible of the International Group pooling threshold. To support the reinsurance programme, the parent company have provided substantial cover for all exposures not mitigated under the external reinsurance programme. A separate reinsurance structure had been acquired to support the fixed premium P&I book managed by Thomas Miller Specialty. 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. This makes it the largest marine reinsurance programme in the world.

Throughout the year, the Company has fronted insurance business for five mutual insurers:

- The parent company, the United Kingdom Mutual Steam Ship Assurance Association Limited (UKC), providing marine protection and indemnity risks
- TT Club Mutual Insurance Limited (TT) provides insurance and reinsurance in respect of the equipment, property and liabilities in the international transport and logistics industry
- the International Transport Intermediaries Club (ITIC), providing liability insurance for professionals in the transport industry
- UK Mutual War Risks Association provides insurance of merchant ships against war risks.
- PAMIA Limited provides professional indemnity insurance for patent and trademark attorney practices,

The table 5 below provides an overview of the EEA premiums by Fronted Club for the year ending 20th February 2022 and 2021 respectively, currently US$ 127.1m.

Table 5

Amounts in US$000s	2021	2020
P&I	61,000	57,930
TT	39,910	16,924
ITIC	16,989	18,592
UKWR	9,046	21
Pamia	171	28
Total	**127,115**	**93,945**

Although the business grew significantly, the risk profile has remained the same. The risk underwritten were similar to the previous year and the strategy remained identical. Moreover the risks were fully reinsured to the respective Fronted Club.

C.2. Market Risk

Market risk arises through fluctuations in market valuations, interest rates, corporate bond spreads and foreign currency exchange rates. UKNV operates a prudent investment policy with exposure to interest rates. A modest level of foreign exchange risk is incurred in the operational processes of the company. This level of currency risk has been hedged within the agreements with the Fronted Clubs.

The prudent person principle

All of the 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.

The Investment Mandate provides a framework to the Investment Managers for the management and stewardship of the assets in conformity with the business and investment objectives and sets the parameters within which UKNV’s assets may be invested. It is considered and approved by the Management Board on an annual basis.

Investment Risk

The portfolio is comprised of US Treasuries and money market funds which during the course of the reporting year showed a stable negative investment income until Q4. In Q4 there has been a broad rise in bond yields (and decline in bond values) due to prevailing economic conditions and uncertainties in the market related to Ukraine reflecting into a relatively large negative unrealised result US$ -/-932k for the total reporting year.

As the reporting currency is US$, no currency risk is involved. The investment risk is closely monitored. During 2021 US$ 31.7m was invested in the I-shares fixed income fund. These funds were previously invested in short term investment funds which are presented as cash and cash equivalents. UKNV received last year a capital injection of US$ 4m which was required to support the Part VII of TT Club. The injection and investment in I-shares are the main driver of the change of assets. There has been no change in investment mandate. The portfolio does not include financial derivatives. Table 6 shows the movements of the investments.

Table 6: Movement investments

Amounts in US$000s	Mutual Funds	Bonds	Total
Carrying amount as at February 20, 2021	21,604	11,926	33,530
Acquisitions	31,710	22,052	53,762
Disposals	-	(23,252)	- 23,252
Revaluation and other changes	(799)	(157)	- 956
Carrying amount as at February 20, 2022	**52,515**	**10,569**	**63,084**

Amounts in US$000s	Mutual Funds	Bonds	Total
Carrying amount as at February 20, 2020	-	31,840	31,840
Acquisitions	21,604		21,604
Disposals	-	(19,907)	(19,907)
Revaluation and other changes	-	(7)	(7)
Carrying amount as at February 20, 2021	**21,604**	**11,926**	**33,530**

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. UKNV's objective is to manage credit risk through the risk management techniques discussed below.

UKNV is exposed to credit risk from a counterparty failing to comply with their obligations under a contract of reinsurance. UKNV has the following reinsurance counterparties:

- UKC
- ITIC
- TTI
- UK War
- Pamia
- IG Pool members

- External reinsurers provided for by the groups reinsurance programme to which UKNV is a joint assured

This list remained identical to the previous year. In order to manage these risks, the Management Board has set limits and selection criteria whereby each market reinsurer is required to hold a credit rating greater than or equal to "A" at the time the contract is made.

Amounts due from members represents premium owing to UKNV in respect of insurance business written. UKNV manages the risk of member default through a screening process to ensure the quality of new entrants and the ability to cancel cover and outstanding claims to members that fail to settle amounts payable. There are limits on the reliance on any single member.

Under the reinsurance agreements, the portfolios managed by UKNV generate a fronting fee for the company. The fronting fee will continue to be calibrated over the coming years to ensure adequate coverage of the expenses.

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

Table 7 shows the assets by counterparty rating as at 20 February 2022. The debt securities are only US Treasuries. UCITS are two money market funds and an index fund which invests in US Treasuries. The amount due from members consists of recently issued debit notes and these amounts relate to unrated members. The situation is comparable to the previous year, except that the GWP of the portfolio has grown, causing a natural increase of premiums due. Also there has been a shift between the I-shares mutual fund and actual US Treasuries held, causing as reclassification rather than a change of risk profile during the year.

Amounts due from Reinsurers has increased in the year due to a natural growth of the claims portfolio and the implementation of the various Part VII transactions.

Table 7: Outstanding amounts per rating class

As at 20th February 2022 **Amounts in US$000s**	**AAA**	**AA**	**A**	**Not readily available/ not rated**	**Total**
Debt securities	10,630				10,630
UCITS				3,301	3,301
Cash at bank and in hand			14,701		14,701
Investments in funds				52,515	52,515
Amounts due from members				35,442	35,442
Amounts due from reinsurers	-	-	11,847	396	12,243
Total of assets subject to credit risk	**10,630**	**0**	**26,548**	**91,654**	**128,831**

UCITS : Undertaking for Collective Investments in Transferable Securities

As at 20th February 2021 Amounts in US$000s	AAA	AA	A	Not readily available/ not rated	Total
Debt securities	12,056				12,056
UCITS				29,451	29,451
Cash at bank and in hand			15,815		15,815
Investments in funds				21,474	21,474
Amounts due from members				35,528	35,528
Amounts due from reinsurers	-	-	610	268	878
Total of assets subject to credit risk	**12,056**	**0**	**16,425**	**86,721**	**115,202**

UCITS : Undertaking for Collective Investments in Transferable Securities

C.4. Liquidity Risk

Liquidity risk is the risk that cash may not be available to pay obligations as they fall due. UKNV has adopted an investment strategy which requires the maintenance of significant holdings in cash and money market funds to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand. Moreover, the reinsurance agreements with the Fronted Club are such that urgent liquidity needs will be satisfied when due. Short term cash needs are monitored to ensure the most efficient investment of cash balances. Table 8 outlines the future maturity of assets held.

The liquidity profile of the investments changed during the year due to a shift from 1-2 years US Treasuries to the I-share funds and the passage of time. The increase in liquidity exposure on reinsurance is due to Part VII transactions. The change in investment portfolio from government bonds, reinvested in investment funds is in line with the mandate and strategy.

The amount of Expected Profit in Future Premium (EPIFP) is US$ 11,9 million for policies running over multiple years.

Table 8: Outstanding amounts *per 20th February 2022 over time*

As at 20th February 2022 Amounts in US$000s	Short term assets	Within 1 year	1-2 years	Total
Debt securities	-	10,630	0	10,630
UCITS	3,301	-	-	3,301
Cash at bank and in hand	14,701	-	-	14,701
Investments in funds	52,515	-	-	52,515
Amounts due from members	36,702	-	-	36,702
Amounts due from reinsurers	10,983	-	-	10,983
Total assets	**118,201**	**10,630**	**0**	**128,831**

UCITS : Undertaking for Collective Investments in Transferable Securities

As at 20th February 2021 Amounts in US$000s	Short term assets	Within 1 year	1-2 years	Total
Debt securities	-	1,232	10,824	12,056
UCITS	29,451	-	-	29,451
Cash at bank and in hand	15,815	-	-	15,815
Investments in funds	21,474	-	-	21,474
Amounts due from members	35,528	-	-	35,528
Amounts due from reinsurers	878	-	-	878
Total assets	**103,146**	**1,232**	**10,824**	**115,202**

UCITS : Undertaking for Collective Investments in Transferable Securities

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. In order to mitigate such risks UKNV has engaged Thomas Miller B.V.to document all key processes and controls in a procedural manual. With the growing business volumes and processes, this manual has been updated in 2020. It is embedded into the organisation and available to all staff and outsourced service providers. There is no significant change in the risk profile compared to the previous year.

C.6. Other Material Risks

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

C.7. Any Other Information

Stress and Scenario testing

Stress and scenario tests are presented within ORSA. They are based upon the business plan and projects the financial and capital position over the next four years and considers its solvency position relative to its overall risk appetite statement.

D. Valuation for Solvency Purposes

D.1. Assets

Table 9 presents amounts at Solvency II and Dutch GAAP valuation bases respectively. For classification purposes an aggregated Solvency II classification of amounts has been used in order to best demonstrate any valuation differences between the two valuation bases. The main difference between the Solvency II presentation and the Dutch GAAP presentation is that the assets in the Dutch GAAP balance sheet do not include a reinsurance recoverable as this amount is set off against the gross technical provision under liabilities. The deferred tax asset has been recognized this year on the Solvency II balance. Our accounting policies have not changed during the year.

Table 9: Reconciliation of Assets between Solvency II and Dutch GAAP

As at 20 February 2022, amounts in US$000	Solvency II	Dutch GAAP
Assets		
Deferred tax asset	1,297	0
Deferred Acquisition Costs	0	5,050
Financial investments	66,446	66,446
Reinsurance receivable	11,486	11,486
Reinsurance recoverable	246,678	0
Insurance receivables	7,311	35,490
Trade receivables	3,999	3,999
Other receivables	421	421
Cash and cash equivalents	10,995	10,995
Total assets	**348,633**	**133,887**

Refer to appendix 1 (template S.02.01) for a full Solvency II balance sheet. UKNV's assets are valued using the following principles:

Deferred tax assets

The basis for the deferred tax assets (DTA) position related to temporary differences. This DTA position is the base for this line item on the Solvency II balance sheet, adjusted for Solvency II revaluations.

Investments

Investments are carried at market value. The 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. Since all investments are traded in active markets (bonds and money market funds), it is not deemed necessary to employ different valuation bases such as reference values or 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 or less liquid.

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 a suitable proxy for fair value.

Insurance and reinsurance receivables

These represent balances that are due for existing insurance and reinsurance contracts. Due to the short term nature of these balances, the carrying amount is considered a suitable proxy for its fair value. When these amounts are not yet due, 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.

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 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 are no material differences between the valuation used for Solvency purposes and the valuation used in the financial statements.

D.2.Technical Provisions

Table 10: UKNV technical provisions

As at 20 February 2022, amounts in US$000	Solvency II	Dutch GAAP
Premium provisions		
Gross best estimate premium provisions	-316	
Recoverables from reinsurance, after adjustment for counterparty default risk	-1978	
Net best estimate premium provision	-2,294	
Claims provision		
Gross best estimate claims provisions	245,518	
Recoverables from reinsurance, after adjustment for counterparty default risk	244,700	
Net best estimate claims provision	818	
Risk Margin	4,780	
Total gross technical provisions (net for Dutch GAAP)	**249,981**	**5,066**

Refer to appendices 4 (template S.17.01.01) and 5 (template S.19.01) for further details on technical provisions.

The Dutch GAAP gross technical provisions in the balance sheet are net of reinsurance, whereas the reinsurance receivables are reflected as Assets under Solvency II.

Technical provisions

This relates to the insurance liabilities, which fall under the “marine, aviation and transport” or “general indemnity” lines of business under Solvency II. These relates to claims arising from the members of the Fronted Clubs. In addition, UKNV 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. These are fully reinsured back to UKC.

Solvency II 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 provision

The key assumptions underlying the calculation of the claims provision are the gross loss ratios. The claims element of the best estimate is calculated using the experience data from the respective Fronted Clubs’ claims experience. Since each of the Fronted Clubs is managed by Thomas Miller, UKNV has access to the relevant data of the Fronted Clubs. In addition to the regular claims experience, UKNV received one large claim for P&I and one for ITIC. Claims reserves have been adjusted to reflect this.

As a result of the Part VII transaction described in the business activities paragraph, on 31 December 2021 $45.3m has been added to the claims provision without a corresponding movement in the profit and loss account.

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).

Nearly all of the UKNV’s marine P&I and UKWR policies 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. TT and ITIC related business renews throughout the year and consequently incurs a premium provision.

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 6% per annum in line with the Solvency II requirements. 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. The SCRs in future time periods have been calculated based on the expected run-off of underwriting risk and operational risk and assuming counterparty default risk run-off in line with the run-off of the best estimate reinsurance recoverables.

Reinsurance recoverables

This relates to the expected recoverables from its reinsurance arrangements at the valuation date. It is made up of two elements: reinsurance payments 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.

Differences between GAAP and Solvency II technical provisions

Table 8 provides a reconciliation of Dutch GAAP technical provisions to Solvency II technical provisions.

D.3. Other liabilities

Table 11 presents amounts at Solvency II and Dutch GAAP valuation bases respectively. For classification purposes an aggregated Solvency II classification of amounts has been used in order to best demonstrate any valuation differences between the two bases. The liabilities are valued using the principles laid out below.

Table 11: Total liabilities

As at 20 February 2022, amounts in US$000	Solvency II	Dutch GAAP
Technical provisions	249,981	5,066
Provisions other than technical provisions	0	0
Reinsurance payables	25,459	53,638
Other liabilities	3,947	3,947
Total liabilities	**279,387**	**62,651**

Technical provisions

The valuation principles of technical provisions are further detailed in D.2.
As explained in section D1 and D2, the Dutch GAAP technical provision is net of reinsurance.

Reinsurance 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.

Any other liabilities not elsewhere shown

Under statutory accounting requirements, these balances include intercompany payables under the reinsurance arrangement and fronting fee arrangements. However when not yet due, these amounts are included as a future cash flow in the calculation of reinsurance technical provisions under Solvency II requirements.

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

UKNV does not utilise any alternative methods of valuation. UKNV does not apply matching adjustments or volatility adjustments as referred to in art. 77 of the Solvency II Directive. UKNV applies the regular published risk-free term structure.

D.5. Any other information

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

E. Capital Management

E.1 Own funds

Table 12 show the available capital in relation to the capital requirements. UKNV is well capitalised and meets all regulatory requirements. UKNV's capital structure consists almost entirely of Tier 1 Basic Own Funds. A separate deferred tax asset constitutes Tier 3, well within the limits of Solvency II. Please consult appendix 6 (template S.23.01) for more information.

Table 12: Own funds specification

As at 20 February 2022, amounts in US$000	**2022**	**2021**
Solvency Capital Requirement (SCR)	43,334	37,665
Eligible Own Funds	69,245	63,931
Excess (/ shortfall)	25,911	26,266
SCR ratio	**160%**	**170%**
Minimum Capital Requirement (MCR)	10,833	9,416
Eligible Own Funds	69,245	63,931
Excess (/ shortfall)	58,412	54,515
MCR ratio	**627%**	**679%**

Table 12.1: Own funds Tiering

As at 20 February 2022, amounts in US$000	**2022**	**2021**
Tier 1 capital	67,948	63,931
Tier 3 capital	1,297	0
Eligible own funds to meet SCR	**69,245**	**63,931**

As can be seen in table 10, the Eligible Own Funds have increased significantly compared to last year end, due to a US$4m capital injection which was made over the year to prepare for an anticipated increase in the SCR. This year the deferred tax asset is recognized which includes temporarily differences and the benefits of loss compensation for prior years. Please refer to caption E.2 for an explanation of the latter increase.

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 objective to maintain its total capital resources (own funds) in line with its risk appetite statement over the insurance cycle. UKNV forecasts its capital over a four-year planning horizon as part of its ORSA process.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

SCR and MCR

Table 13 summarises the Solvency Capital Requirements for the current period. Further details can be found in appendices 7 (template S.25.01) and 8 (template S.28.01).

Table 13: SCR composition

As at 20 February 2022, amounts in US$000		2022		2021
Market Risk	1,579		2,291	
Counterparty Default Risk	21,678		19,740	
Underwriting Risk	19,279		16,429	
Diversification effect	-6,558		-6,358	
Basic-SCR		35,978		31,102
Operational Risk		7,356		5,563
Total Solvency Capital Requirement (SCR)		**43,334**		**37,665**
Minimum Capital Requirement (MCR)		**10,883**		**9,416**

The SCR has been calculated using the standard formula as described in section E.4 below.

The SCR has increased significantly compared to last year end. This increase was expected and a $4m capital injection was made over the year to prepare for this.

The inputs into the MCR are net written premium and net technical provisions as further detailed in appendix 8 (template S.28.01).

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

This sub-module is not used by UKNV since UKNV does not invest in equities.

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

UKNV applies the Standard Formula to calculate SCR. Undertaking-specific parameters or simplified calculations are not applied.

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

UKNV has fully complied with the SCR and MCR requirements during the period under review. Refer to section E1 for results of the SCR / MCR Calculations

E.6 Any other information

The Association considers no other information material that should be disclosed.

Appendices

1. Balance sheet

Solvency II Template S.02.01

As at 20 February 2022, amounts in US$000

Assets	
Goodwill	0
Deferred acquisition costs	1,297
Intangible assets	0
Deferred tax assets	0
Pension benefit surplus	0
Property, plant & equipment held for own use	0
Investments (other than assets held for index-linked and unit-linked contracts)	66,446
Property (other than for own use)	0
Holdings in related undertakings, including participations	0
Equities	0
Equities - listed	0
Equities - unlisted	0
Bonds	0
Government Bonds	10,630
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	55,816
Derivatives	0
Deposits other than cash equivalents	0
Other investments	0
Assets held for index-linked and unit-linked contracts	0
Loans and mortgages	0
Loans on policies	0
Loans and mortgages to individuals	0
Other loans and mortgages	0
Reinsurance recoverables from:	0
Non-life and health similar to non-life	0
Non-life excluding health	246,678
Health similar to non-life	0
Life and health similar to life, excluding index-linked and unit-linked	0
Health similar to life	0
Life excluding health and index-linked and unit-linked	0
Life index-linked and unit-linked	0
Deposits to cedants	0
Insurance and intermediaries receivables	7,311
Reinsurance receivables	11,486
Receivables (trade, not insurance)	3,999
Own shares (held directly)	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	10,996

Any other assets, not elsewhere shown	421
Total assets	348,633

As at 20 February 2022, amounts in US$000	0
Liabilities	0
Technical provisions - non-life	249,981
Technical provisions - non-life (excluding health)	249,981
TP calculated as a whole	0
Best Estimate	245,201
Risk margin	4,780
Technical provisions - health (similar to non-life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - life (excluding index-linked and unit-linked)	0
Technical provisions - health (similar to life)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - life (excluding health and index-linked and unit-linked)	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Technical provisions - index-linked and unit-linked	0
TP calculated as a whole	0
Best Estimate	0
Risk margin	0
Other technical provisions	0
Contingent liabilities	0
Provisions other than technical provisions	0
Pension benefit obligations	0
Deposits from reinsurers	0
Deferred tax liabilities	0
Derivatives	0
Debts owed to credit institutions	0
Financial liabilities other than debts owed to credit institutions	0
Insurance & intermediaries payables	258
Reinsurance payables	25,459
Payables (trade, not insurance)	3,687
Subordinated liabilities	0
Subordinated liabilities not in BOF	0
Subordinated liabilities in BOF	0
Any other liabilities, not elsewhere shown	2
Total liabilities	279,387
Excess of assets over liabilities	69,245

2. Premiums, Claims and expenses by line of Business

Solvency II template S.05.01

As at 20 February 2022, amounts in US$000	Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)				
	Motor vehicle liability insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Total
Premiums written					
Gross - Direct Business	41	88,893	2,649	28,699	120,283
Gross - Proportional reinsurance accepted					
Gross - Non-proportional reinsurance accepted					
Reinsurers' share	34	80,304	2,158	24,317	106,813
Net	7	8,589	491	4,382	13,469
Premiums earned					
Gross - Direct Business	574	85,616	2,301	22,777	111,267
Gross - Proportional reinsurance accepted					
Gross - Non-proportional reinsurance accepted					
Reinsurers' share	572	78,420	1,882	19,123	99,997
Net	1	7,196	419	3,654	11,270
Claims incurred					
Gross - Direct Business	169	19,674	2,292	14,171	36,307
Gross - Proportional reinsurance accepted					
Gross - Non-proportional reinsurance accepted					
Reinsurers' share	169	19,674	2,292	14,171	36,307
Net					
Expenses incurred	1	7,082	417	3,640	11,140
Investment management expenses - Gross - Direct Business	0	10	0	3	13
Acquisition expenses - Gross - Direct Business	1	7,196	419	3,654	11,270
Overhead expenses					
Overhead expenses - Gross - Direct Business	22	3,461	91	1,048	4,622
Reinsurers' share	23	3,585	93	1,064	4,766
Net	-1	-124	-2	-17	-144
Total expenses					11,140

3. Premiums, claims and expenses by country

Solvency II template S.05.02.01

As at 20 February 2022, amounts in US$000	**Home Country**	**Top 5 countries (by amount of gross premiums written) - non-life obligations**					**Total Top 5 and home country**
		MT	**IT**	**ES**	**CY**	**GR**	
Premiums written							
Gross - Direct Business	9,356	18,962	14,435	11,938	10,723	8,640	74,054
Reinsurers' share	8,605	17,788	11,748	9,996	9,875	7,778	65,790
Net	751	1,174	2,686	1,943	848	862	8,264
Premiums earned							
Gross - Direct Business	8,258	18,829	12,193	8,659	10,710	8,010	66,660
Reinsurers' share	7,596	17,663	9,924	7,250	9,863	7,211	59,507
Net	663	1,166	2,269	1,409	847	799	7,153
Claims incurred							
Gross - Direct Business	2,211	16,726	-920	5,003	3,257	181	26,458
Reinsurers' share	2,211	16,726	-920	5,003	3,257	181	26,458
Net	0	0	0	0	0	0	0
Changes in other technical provisions							
Gross - Direct Business							0
Reinsurers' share							0
Net	0	0	0	0	0	0	0
Expenses incurred	865	1,567	1,305	1,042	1,000	720	6,498
Other expenses							
Total expenses							6,498

4. Non-life technical provisions

Solvency II template S.17.01.02

As at 20 February 2022, amounts in US$000	**Direct business and accepted proportional reinsurance**				
	Motor vehicle liability insurance	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Total Non-Life obligation**
Technical provisions calculated as a sum of BE and RM					
Best estimate Premium provisions					
Gross - Total	3	-6,481	402	5,759	-316
Gross - direct business	3	-6,481	402	5,759	-316
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	7	-3,809	408	5,921	2,526
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	7	-3,809	408	5,921	2,526
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	7	-3,862	407	5,425	1,978
Net Best Estimate of Premium Provisions	-3	-2,620	-5	334	-2,294
Claims provisions					
Gross - Total	365	205,853	2,051	37,249	245,518
Gross - direct business	365	205,853	2,051	37,249	245,518

Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	365	205,853	2,051	37,249	245,518
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	365	205,695	2,050	36,591	244,700
Net Best Estimate of Claims Provisions	0	158	1	658	818
Total best estimate - gross	368	199,371	2,454	43,008	245,201
Total best estimate - net	-3	-2,462	-3	992	-1,476
Risk margin	10	3,739	58	972	4,780
Technical provisions - total	378	203,110	2,512	43,980	249,981
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	372	201,833	2,457	42,016	246,678
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	6	1,278	55	1,964	3,303

5. Non-life Insurance Claims

Solvency II template S.19.01 per underwriting year

As at 20 February 2022, amounts in $000

Gross Claims Paid (non-cumulative)

Year	**Development year**															**In Current year**	**Sum of years (cum.)**
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
N-14	11,714	34,201	15,918	15,950	6,898	5,235	2,870	1,036	1,387	484	270	-82	83	1,588	224	224	97,776
N-13	13,966	21,545	18,325	9,702	5,753	3,153	4,588	1,746	920	315	341	936	209	59		59	81,557
N-12	7,823	16,702	13,849	6,176	5,525	2,291	1,511	1,649	485	-679	85	90	53			53	55,559
N-11	14,809	51,370	34,774	13,848	8,165	3,651	12,340	3,239	3,240	3,656	86	52				52	149,231
N-10	12,552	21,638	11,728	7,797	3,753	3,639	322	1,005	419	101	98					98	63,053
N-9	12,856	24,370	9,086	4,433	3,415	2,615	250	2,834	209	-41						-41	60,027
N-8	18,544	25,030	17,426	6,715	26,398	8,359	4,099	2,496	421							421	109,489
N-7	14,243	14,917	10,285	4,026	3,836	10,988	2,476	486								486	61,257
N-6	10,150	16,137	12,112	6,481	7,615	4,099	1,176									1,176	57,768
N-5	20,559	17,335	11,099	6,353	3,473	2,834										2,834	61,653
N-4	14,005	14,113	6,265	5,810	7,296											7,296	47,489
N-3	13,415	26,146	11,974	8,186												8,186	59,722
N-2	9,268	13,568	6,912													6,912	29,748
N-1	53,360	20,247														20,247	73,606
N	8,751															8,751	8,751
														Total		56,938	1,016,870

As at 20 February 2022, amounts in $000

Gross undiscounted Best Estimate Claims Provisions per underwriting year

Year	Development year															
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	**>14**
Prior	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,024
N-14	0	0	0	0	0	0	0	0	0	0	0	0	0	558	1,149	
N-13	0	0	0	0	0	0	0	0	0	0	0	0	1,433	1,848		
N-12	0	0	0	0	0	0	0	0	0	0	0	572	2,185			
N-11	0	0	0	0	0	0	0	0	0	0	8,235	4,384				
N-10	0	0	0	0	0	0	0	0	0	847	962					
N-9	0	0	0	0	0	0	0	0	978	3,573						
N-8	0	0	0	0	0	0	0	12,736	13,212							
N-7	0	0	0	0	0	0	5,564	3,783								
N-6	0	0	0	0	0	34,221	38,263									
N-5	0	0	0	0	9,022	5,578										
N-4	0	0	0	21,409	9,067											
N-3	0	0	26,945	26,638												
N-2	250,446	29,684	22,577													
N-1	42,640	55,555														
N	59,787									**Total at year end for all underwriting years**						252,587

Best estimates are not available for that portfolio for the years prior to N.

6. Own Funds

Solvency II template S.23.01

As at 20 February 2022, amounts in US$000

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	**Total**
Ordinary share capital (gross of own shares)	567
Share premium account related to ordinary share capital	68,696
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0
Subordinated mutual member accounts	0
Surplus funds	676
Preference shares	0
Share premium account related to preference shares	0
Reconciliation reserve	-1,991
Subordinated liabilities	0
An amount equal to the value of net deferred tax assets	1.297
Other own fund items approved by the supervisory authority as basic own funds not specified above	0
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	
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
Deductions	
Deductions for participations in financial and credit institutions	0
Total basic own funds after deductions	69,245
Ancillary own funds	0
Available and eligible own funds	
Total available own funds to meet the SCR	69,245
Total available own funds to meet the MCR	67,949
Total eligible own funds to meet the SCR	69,245
Total eligible own funds to meet the MCR	67,949
SCR	43,334
MCR	10,833
Ratio of Eligible own funds to SCR	159.8%
Ratio of Eligible own funds to MCR	627.2%
Reconciliation reserve	
Excess of assets over liabilities	69,245

Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	
Other basic own fund items	71,236
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	-1,991

Expected profits

Expected profits included in future premiums (EPIFP) - Life business	
Expected profits included in future premiums (EPIFP) - Non- life business	11,945
Total Expected profits included in future premiums (EPIFP)	11,945

7. Solvency Capital Requirement

Solvency II template S.25.01

Article 112	Regular reporting	
As at 20 February 2022, amounts in US$000	**Net solvency capital requirement**	**Gross solvency capital requirement**
Market risk	1,579	1,579
Counterparty default risk	21,678	21,678
Life underwriting risk	0	0
Health underwriting risk	0	0
Non-life underwriting risk	19,279	19,279
Diversification	-6,558	-6,558
Intangible asset risk	0	0
Basic Solvency Capital Requirement	35,978	35,978

Calculation of Solvency Capital Requirement	
Adjustment due to RFF/MAP nSCR aggregation	0
Operational risk	7,356
Loss-absorbing capacity of technical provisions	0
Loss-absorbing capacity of deferred taxes	
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
Solvency Capital Requirement excluding capital add-on	43,334
Capital add-ons already set	0
Solvency capital requirement	43,334

8. Minimum Capital requirement

Solvency II template S.28.01

As at 20 February 2022, amounts in US$000

Linear formula component for non-life insurance and reinsurance obligations

MCR_{NL} Result	1,916

	Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
Medical expense insurance and proportional reinsurance	0	
Income protection insurance and proportional reinsurance	0	
Workers' compensation insurance and proportional reinsurance	0	
Motor vehicle liability insurance and proportional reinsurance	0	7
Other motor insurance and proportional reinsurance	0	
Marine, aviation and transport insurance and proportional reinsurance	0	8,589
Fire and other damage to property insurance and proportional reinsurance	0	491
General liability insurance and proportional reinsurance	992	4,382
Credit and suretyship insurance and proportional reinsurance	0	
Legal expenses insurance and proportional reinsurance	0	
Assistance and proportional reinsurance	0	
Miscellaneous financial loss insurance and proportional reinsurance	0	
Non-proportional health reinsurance	0	
Non-proportional casualty reinsurance	0	
Non-proportional marine, aviation and transport reinsurance	0	
Non-proportional property reinsurance	0	

Overall MCR calculation

Linear MCR	1,916
SCR	43,334
MCR cap	19,500
MCR floor	10,833
Combined MCR	10,833
Absolute floor of the MCR	4,309

Minimum Capital Requirement	10,833

9. List of Assets

Solvency II template S.06.02 (summary)

As at 20 February 2022, amounts in US$

Asset ID Code	Custodian	Quantity	Par amount	Acquisition value	Total Solvency II amount	Accrued interest	Item Title	Issuer Name	Currency	External Rating	Nominated ECAI	Duration
US912828W895	THE BANK OF NEW YORK MELLON SA/NV, LONDON BRANCH		5,270	5,280	5,318	39	U S TREASURY NOTE	United States of America	USD	AA+	S&P Global Ratings Europe Limited	0.12
US912828XD79	THE BANK OF NEW YORK MELLON SA/NV, LONDON BRANCH		5,270	5,279	5,312	22	U S TREASURY NOTE	United States of America	USD	AA+	S&P Global Ratings Europe Limited	0.28
IE0003763251	Goldman Sachs Group Inc/The	1,650.		1,651	1,651		GS USD LIQ RSRV-INST DIS	Goldman Sachs Group Inc/The	USD			0.08
IE00B44BQ083	BlackRock Inc	1,650.		1,650	1,650		ICS USD LIQ-PRM DIST	BlackRock Inc	USD			0.08
US4642874576	BlackRock Inc	621		53,314	52,515		ISHARES 1-3 YEAR TREASURY BO	BlackRock Inc	USD			
CASHUSD	Citibank Europe plc		31		31		CASH	Citibank Europe plc	USD			
25493	Citibank Europe plc		3,396		3,396		N50 EUR CITIBANK	Citibank Europe plc	EUR			

						CURRENT 266071279						
25494	Citibank Europe plc		64		64		N50 GBP CITIBANK CURRENT 108743417	Citibank Europe plc	GBP			
25495	Citibank Europe plc		884		884		N50 USD CITIBANK CURRENT 108531649	Citibank Europe plc	US D			
25496	Citibank Europe plc		2,375		2,375		N52 EUR CITIBANK CURRENT 2032293501	Citibank Europe plc	EUR			
25497	Citibank Europe plc		58		58		N52 GBP CITIBANK CURRENT 108732490	Citibank Europe plc	GBP			
25498	Citibank Europe plc		502		502		N52 USD CITIBANK CURRENT 108732539	Citibank Europe plc	US D			
25499	Citibank Europe plc		333		333		N51 EUR CITIBANK CURRENT 2032293544	Citibank Europe plc	EU R			
25611	Citibank Europe plc		28		28		N51 GBP CITIBANK CURRENT 108732520	Citibank Europe plc	GB P			

25620	Citibank Europe plc		1,819		1,819		N50 USD CITIBANK CURRENT 108531649	Citibank Europe plc	US D			
25742	Citibank Europe plc		446		446		N51 USD CITIBANK CURRENT 108732563	Citibank Europe plc	US D			
25745	Citibank Europe plc		113		113		N53 EUR CITIBANK CURRENT 2032293528	Citibank Europe plc	EUR			
25746	Citibank Europe plc		864		864		N53 GBP CITIBANK CURRENT 108732504	Citibank Europe plc	GBP			
25763	Citibank Europe plc		9		9		N53 USD CITIBANK CURRENT 108732547	Citibank Europe plc	USD			
25764	Citibank Europe plc		3		3		N54 EUR CITIBANK CURRENT 2032293536	Citibank Europe plc	EUR			
25765	Citibank Europe plc		6		6		N54 GBP CITIBANK CURRENT 108732512	Citibank Europe plc	GBP			
25767	Citibank Europe plc		64		64		N54 USD CITIBANK	Citibank Europe plc	USD			

							CURRENT 108732555					