Solvency & Financial Condition Report

UKP&I Club N.V.
For the year ended 20th February 2023

Solvency and Financial Condition Report

UK P&I Club N.V.

Year ended 20th February 2023

Contents

Summary 3
A. Business Model and Strategy 5
A.1. Business and Performance 5
A.2. Underwriting performance 7
A.3. Investment performance 9
A.4. Performance from other activities 9
A.5. Any other information 9
B. System of Governance 11
B.1. General Information on the System of Governance 11
B.2. Fit and Proper Requirements 13
B.3. Risk Management System 13
B.4. Internal Control System 14
B.5. Internal Audit Function 15
B.6. Actuarial Function 15
B.7. Outsourcing 16
B.8. Adequacy of system of governance 16
B.9. Any Other Information 16
C. Risk Profile 17
C.1. Underwriting Risk 17
C.2. Market Risk 18
C.3. Credit Risk 19
C.4. Liquidity Risk 21
C.5. Operational Risk 22
C.6. Other Material Risks 22
C.7. Any Other Information 22
D. Valuation for Solvency Purposes 23
D.1. Assets 23
D.2.Technical Provisions 24
D.3. Other liabilities 26
D.4. Alternative methods of valuation 27
D.5. Any other information 27
E. Capital Management 28
E.1 Own funds 28
E.2 Solvency Capital Requirement and Minimum Capital Requirement 29

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement 29
E.4 Differences between the standard formula and any internal model used 29
E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement 29
E.6 Any other information 29
Appendices 30
1. Balance sheet 31
2. Premiums, Claims and expenses by line of Business 33
3. Premiums, claims and expenses by country 34
4. Non-life technical provisions 35
5. Non-life Insurance Claims 37
6. Own Funds 39
7. Solvency Capital Requirement 41
8. Minimum Capital requirement 42
9. List of Assets 43

Summary

This document is the Regular Solvency Report ("RSR") of UK P&I Club N.V (hereafter "UKNV" or the Company). It explains the Company's performance during the underwriting year ending 20th February 2023. 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.

The financial year ending 20th February 2023 (financial year 2022) was a year in which business worked as usual with all the Fronted Clubs, with the obvious exception of the impact of Russian invasion of Ukraine and the related focus on sanctions (more below). The total business volume amounted to US$ 152.3m.

With respect to P&I insurance, the beginning of the policy year was affected by the Covid-19 but the pandemic's impact decreased as the year progressed. Cruise businesses that had come to a standstill had picked up again which led to a return to full service premium volumes of UKNV's business. The 20th February 2022 renewal resulted in rating adequacy improvements and increases in reinsurance costs which were passed on the Members. All P&I Clubs in the International Group had announced rate increases. It is expected that moderate premium increases will remain necessary for the coming years to restore combined ratios for the P&I books of all Clubs within the International Group.

Business for the other Fronted Clubs developed in line with expectations with some growth for TT and ITIC. The portfolios of UKWAR and PAMIA remained stable. PAMIA's EEA business remains relatively small.

Claims developed in line with expectations. For the TT portfolio, claims grew after the completion of the Part VII portfolio transfer in December 2021. In total the value of the claims managed by UKNV was US$ 56.2 million. In addition to some large claim notifications in the financial year 2022, there was also one particularly large claim where UKNV was able to settle the claim with significant reserve releases in Autumn 2022.

With respect to P&I, on 24th March 2023 UKNV has received formal approval from DNB for the retrospective transfer of the historical Occupational Disease liabilities for the P&I book at 20th February 2023. With this approval UKNV will transfer US$ 2.6 million to Accredited Insurance (Europe) Limited in Malta. The net impact of the transfer is immaterial as the same amount will be released from the reinsurance share of the claims provision.

In addition to premium and claims matters, the financial year 2022 is notable for changes in the investment portfolio. During the financial year 2022 the interest rates increased. As a result, the value of the existing bond portfolio dropped. This caused a significant loss in value during the year causing a pre-tax loss for UKNV. In the long term this is beneficial for UKNV as it invests mainly in U.S. Treasury Bonds.

Profitability and continuity

Over the years UKNV has received several capital contributions from the parent, amounting to US$ 38 million in total. This was in line with the business plan and the changing environment due to Brexit. This year UKNV received a capital contribution of US$ 5 million to mitigate the investment loss and stay within the bandwidth of the risk-appetite.
UKNV is adequately capitalised (SCR ratio is 156%) and meets all regulatory requirements.

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

Management Boards' Statement

We acknowledge our responsibility for preparing the RSR 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 the UK P&I Club N.V.

<31st May 2023>

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 Autoriteit Financiële 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 the United Kingdom as a company limited by guarantee without share capital.

The UK Club is a mutual Club with the objective of providing 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 UK 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
UKNV	De Nederlandsche Bank Autoriteit Financiële Markten
Hydra	Bermuda Monetary Authority

The principal activity of UKNV is the insurance of risks on behalf of the Fronted Clubs.

The external auditor of UKNV is BDO Audit & Assurance B.V., based in the Netherlands. The external auditor's engagement does not cover an audit on the information disclosed in the Solvency and Financial Condition Report (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 risks of Members of the Fronted Clubs and manages the respective claims.

UKNV also manages all historical EEA-related claims for the relevant Fronted Clubs. UKC and UKNV jointly decided to transfer the historic liabilities relating to occupational diseases. The reason for transferring the portfolio is to reduce the risk of the actual ultimate losses relating to occupational diseases. On 24th March 2023 UKNV has received formal approval from DNB for the retrospective transfer of the historical Occupational Disease liabilities for the P&I book at 20th February 2023. The capital impact will be marginally positive.

In January 2022 UKNV started to act as risk carrier for the P&I fixed premium business of Thomas Miller Specialty ("TMS")'. TMS is a Managing General Agent or MGA. This is joint initiative with the parent company UKC in which UKNV is the underwriter for the EEA-flagged vessels and UKC for the remainder. The contract with TMS is part of a wider growth and diversification strategy of the Club as a whole.

As part of normal course of business, UKNV also received claims which 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 covers the period from 20th February in any particular year to 20th February of the next year. The accounting year matches the policy year of the P&I insurance cover fronted for the parent company. Most 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 suboutsourced 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 charge adequate premium to cover claims and all 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 of UKNV.

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

Underwriting performance

During this financial year UKNV has underwritten business for a full year for all Fronted Clubs, that are all insurance mutuals based in the UK. UKNV's clients are Members of the respective Fronted Clubs that have EEA-based risks. The total premium written amounted to US$ 152m. The overall underwriting performance is balanced as a consequence of the reinsurance arrangements with all Fronted Clubs.

The Fronted Clubs, including TT, ITIC, UK War and Pamia saw premium and rating changes in line with their business plans.

With respect to P&I insurance, the beginning of the policy year was affected by the Covid-19 but the pandemic's impact decreased as the year progressed. Cruise businesses that had come to a standstill had picked up again which led to a return to full service premium volumes of UKNV's business. The 20th February 2022 renewal resulted in rating adequacy improvements and increases in reinsurance costs which were passed on the Members. All P&I Clubs in the International Group had announced rate increases. It is expected that moderate premium increases will remain necessary for the coming years to restore combined ratios for the P&I books of all Clubs within the International Group.

Business for the other Fronted Clubs developed in line with expectations with some growth for TT and ITIC. The portfolios of UKWAR and PAMIA remained stable. PAMIA's EEA business remains relatively small.

During the financial year 2022 the Russian invasion of Ukraine and subsequent Russian related sanctions resulted in the termination of a limited number of insurance contracts. The Management Board remains focussed on sanctions compliance, including contact with UKNV's regulator.

Table 2 shows the profit & loss account of UKNV for the year-ending 20th February 2023. It is clear that GWP levels increased from the previous year. The net underwriting result is zero due to the reinsurance structure in place. The loss for the year is almost fully attributable to the investment loss.

Table 2: UKNV's underwriting performance

TECHNICAL ACCOUNT Amounts in $000	20th February 2023	20th February 2022
Income		
Gross premium written	152,329	127,115
Reinsurance premium payable	(129,002)	(106,813)
	23,327	20,302
Changes in technical provisions (Unearned Premiums)		
Change technical provision unearned premium	(5,236)	(9,478)
Change reinsurance share technical provision unearned premium	6,816	4,517
	(719)	(2,662)
Net earned premium	**22,608**	**17,640**
Fronting fee gross written premium	4,950	4,766
Fronting fee cost of capital	890	890
Investment return transferred from the non-technical account	(1,454)	1,008
Claims Incurred		
Claims paid	(56,172)	(41,071)
Reinsurance recoveries	56,172	41,071
	0	0
Changes in claims provision		
Changes in claims provision	(22,110)	4,764
Changes in reinsurance share of claims provision	22,110	(4,764)
	-	-
Net claims incurred	**0**	**0**
Net Continuity Credit		
Continuity credit raised	(8,570)	(6,832)
Deferred continuity credit	527	463
	(8,043)	(6,370)
Total Income	**18,951**	**15,822**
Expenses		
Acquisition cost	(14,757)	(13,469)
Deferred acquisition cost	192	2,199
Operating expenses	(5,701)	(4,622)
Total Expenses	**(20,266)**	**(15,892)**
Result Technical Account	**(1,315)**	**(70)**
NON-TECHNICAL ACCOUNT		
Balance on technical account	**(1,331)**	**(70)**
Net investment return	(1,454)	(1,104)
Investment return transferred to the technical account	1,454	1,104
Investment management fee	(268)	(13)
Net income before taxation	**(1,583)**	**(83)**
Taxation	**0**	**498**
Net income after tax	**(1,583)**	**415**

A.3. Investment performance

The portfolio is comprised of U.S. Treasuries which have been redeemed in the first quarter and money market funds which during the course of the reporting year showed a negative investment income. In the financial year 2022 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 the Russian invasion of Ukraine. This translated into a negative unrealised result US$ 2.3m for the financial year 2022.

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 financial years ending 20th February

Amounts in US$000s	2023	2022
Total realised investment income	858	(172)
Total unrealised investment income (loss)	(2,312)	(932)
Total investment income	**(1,454)**	**(1,104)**

Asset allocation

In line with UKNV's investment mandate investments are held in US treasury bonds, money market instruments and cash.

Table 4: Realised investment income during financial years ending 20th February

Amounts in US$000s	2023	2022
Dividend from shares	-	-
Interest from fixed income securities	991	287
Foreign exchange (losses)/gains	(120)	(375)
Realised on sale of fixed income securities	(13)	(84)
Total realised investment income	**858**	**(172)**

UKNV does not employ an interest rate vision as to predict the future development of interest rates or financial markets.

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

UKNV has had stable operations since commencing underwriting in 2019, has met the service needs of the Fronted Clubs and maintains a favourable regulatory relationship. Nonetheless, Fronted Clubs could assess the merits of an independent licensed entity. If changes occurred in its fronting structure, the Company remains viable because approximately 20% of UKC's consolidated gross written premium relates to EEA-based risks. Any potential effect of fronting changes will be reflected in ORSA updates.

The financial year 2023 reinsurance renewal includes exclusions on some components of Fronted Clubs’ reinsurance programs following the Russian invasion of Ukraine. The Fronted Clubs’ reinsurance programmes were placed in line with the policy with a diversified range of at least A- rated reinsurers with defined minimum shareholder capital levels.

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 Ltd.

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 by 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 Ltd. (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's Supervisory Board members receive a fixed fee for the year or a per-meeting fee. The chairman of the Supervisory Board and the chairman of the ARC receive 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. All staff working for UKNV are seconded from TMBV. 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 UKNV and/or the UK Club. The transactions between Supervisory Board 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 at 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.

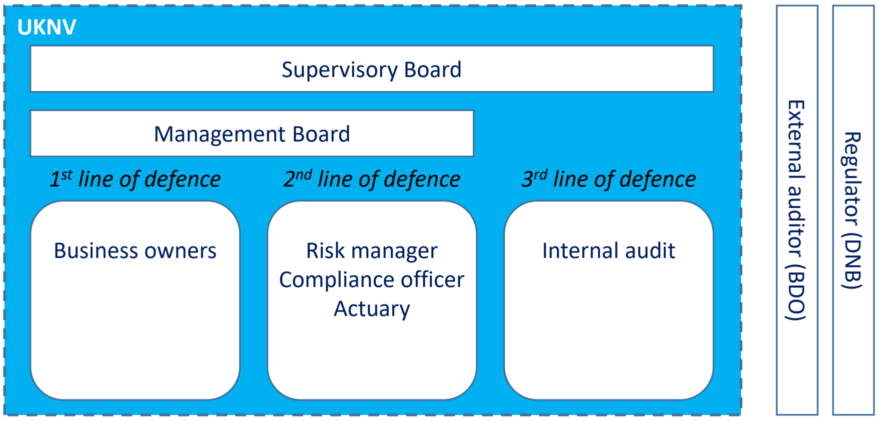
The Fit & Proper Policy applies to:
- All Directors of UKNV and its Committees;
- All employees of TMBV; and
- Persons responsible for key functions.

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 Management 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 2022 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.

Compliance function

The Management Board bears ultimate 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 1) 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.

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.

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 if it sees fit (c.f. section B.1.1.2). The Management Board is ultimately responsible for the 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

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

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 years ending 20th February 2023 and 2022 respectively.

Table 5

Amounts in US$000s	**2023**	**2022**
P&I	66,937	61,000
TMS	6,527	
TT	46,585	39,910
ITIC	20,925	16,989
UKWR	11,129	9,046
PAMIA	225	171
Total	**152,329**	**127,115**

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 U.S. Treasuries which have been redeemed in the first quarter and money market funds which during the course of the reporting year showed a negative investment income. In the financial year 2022 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 the Russian invasion of Ukraine. This translated into a negative unrealised result US$ 2.3m for the total reporting year.

As the reporting currency is US$, no currency risk is involved. The investment risk is closely monitored. UKNV received a capital contribution of US$ 5 million to mitigate the investment loss and stay within the bandwidth of the risk-appetite, this injection has been kept liquid until after the financial year and invested in accordance with the investment mandate in March 2023. The redemption of US bonds in portfolio and unrealised revaluation 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 20th February 2022	52,515	10,569	63,084
Acquisitions	16,863	-	16,863
Disposals/redemptions	(5,376)	(10,587)	-15,963
Revaluation and other changes	(3,076)	18	-3,059
Carrying amount as at 20th February 2023	**60,926**	**-**	**60,926**

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

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-range” 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 premium payer.

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 20th February 2023. The debt securities are only US Treasuries. UCITS are two money market funds and an index fund which invest 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.

Table 7: Outstanding amounts per rating class

As at 20th February 2023 **Amounts in US$000s**	**AAA**	**AA**	**A**	**Not readily available/ not rated**	**Total**
Debt securities					
UCITS				4,076	4,076
Cash at bank and in hand			21,138		21,138
Investments in funds				60,926	60,926
Amounts due from members				46,713	46,713
Amounts due from reinsurers			794	285	1,080
Total of assets subject to credit risk	**0**	**0**	**21,932**	**112,000**	**133,933**

UCITS : Undertaking for Collective Investments in Transferable Securities

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

UKNV does not hold any collateral against its reinsurance agreements, since reinsurance exposures ultimately rest with the Fronted Clubs who have no incentive to default on reinsurance claims against their own Members.

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 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$ 18.3 million for policies running over multiple years.

Table 8: Outstanding amounts *per 20th February 2023 over time*

As at 20th February 2023 Amounts in US$000s	Short term assets	Within 1 year	1-2 years	Total
Debt securities	-	-	-	-
UCITS	4,076	-	-	4,076
Cash at bank and in hand	21,138	-	-	21,138
Investments in funds	60,926	-	-	60,926
Amounts due from members	46,713	-	-	46,713
Amounts due from reinsurers	1,080	-	-	1,080
Total assets	**133,933**	**0**	**0**	**133,933**

UCITS : Undertaking for Collective Investments in Transferable Securities

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

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 the second half of 2020. It is embedded into the organisation and available to all staff and outsourced service providers.

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 accounting policies have not changed last year.

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

As at 20th February 2023, amounts in US$000	Solvency II	Dutch GAAP
Assets		
Deferred tax asset	981	0
Deferred Acquisition Costs	0	5,198
Financial investments	65,002	65,002
Reinsurance receivable	1,555	1,555
Reinsurance recoverable	236,567	0
Insurance receivables	11,826	46,550
Trade receivables	1,025	1,025
Other receivables	0	0
Cash and cash equivalents	17,062	17,062
Total assets	**334,017**	**136,392**

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.

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 20th February 2023, amounts in US$000	Solvency II	Dutch GAAP
Premium provisions		
Gross best estimate premium provisions	-5,676	
Recoverables from reinsurance, after adjustment for counterparty default risk	-3,266	
Net best estimate premium provision	-2,409	
Claims provision		
Gross best estimate claims provisions	240,849	
Recoverables from reinsurance, after adjustment for counterparty default risk	239,833	
Net best estimate claims provision	1,016	
Risk Margin	4,961	
Total gross technical provisions (net for Dutch GAAP)	**240,134**	**5,214**

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 recovered from 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.

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 UKWar 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 11 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: Liabilities

As at 20th February 2023, amounts in US$000	Solvency II	Dutch GAAP
Technical provisions	240,134	5,214
Provisions other than technical provisions	0	0
Reinsurance payables	15,826	50,550
Other liabilities	5,975	5,975
Total liabilities	**261,935**	**61,738**

Technical provisions

The valuation principles of technical provisions are further detailed in D.2.
As explained in section D.1 and D.2, 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 and reflecting the amount recoverable from the tax authorities. Please consult appendix 6 (template S.23.01) for more information.

Table 12: Own funds specification

As at 20th February, amounts in US$000	2023	2022
Solvency Capital Requirement (SCR)	46,286	43,334
Eligible Own Funds	72,083	69,245
Excess (/ shortfall)	25,796	25,911
SCR ratio	**156%**	**160%**
Minimum Capital Requirement (MCR)	11,572	10,833
Eligible Own Funds	71,102	67,948
Excess (/ shortfall)	59,531	57,116
MCR ratio	**614%**	**627%**

Table 13: Own funds Tiering

As at 20th February, amounts in US$000	2023	2022
Tier 1 capital	71,102	67,948
Tier 3 capital	981	1,297
Eligible own funds to meet SCR	**72,083**	**69,245**

As can be seen in table 13, the Eligible Own Funds have increased significantly compared to last year end, due to a US$5m capital injection which was made over the year to prepare for an anticipated increase in the SCR. Part of the capital injection was absorbed by the investment loss. In the current year we have taken a more prudent approach in regards to the valuation of the deferred tax asset (Tier 3 capital). Please refer to caption E.2 for an explanation of the available own funds.

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 the 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 14 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 14: SCR composition

As at 20 February 2023, amounts in US$000		**2023**		**2022**
Market Risk	3,598		1,579	
Counterparty Default Risk	22,686		21,678	
Underwriting Risk	21,232		19,279	
Diversification effect	-8,285		-6,558	
Basic-SCR		39,231		35,978
Operational Risk		7,055		7,356
Total Solvency Capital Requirement (SCR)		**46,286**		**43,334**
Minimum Capital Requirement (MCR)		**11,572**		**10,883**

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

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

The SCR has increased compared to last year end. This increase was expected and a $5m capital injection was made over the year to stay within the SCR risk appetite.

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 2023, amounts in US$000

Assets	
Goodwill	0
Deferred acquisition costs	981
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)	65,002
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	0
Corporate Bonds	0
Structured notes	0
Collateralised securities	0
Collective Investments Undertakings	65,002
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	236,567
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	11,826
Reinsurance receivables	1,555
Receivables (trade, not insurance)	1,025
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	17,062

2. Any other assets, not elsewhere shown	0
Total assets	334,017

As at 20th February 2023, amounts in US$000	0
Liabilities	0
Technical provisions - non-life	240,134
Technical provisions - non-life (excluding health)	240,134
TP calculated as a whole	0
Best Estimate	235,173
Risk margin	4,961
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	2,809
Reinsurance payables	13,017
Payables (trade, not insurance)	5,927
Subordinated liabilities	0
Subordinated liabilities not in BOF	0
Subordinated liabilities in BOF	0
Any other liabilities, not elsewhere shown	48
Total liabilities	261,935
Excess of assets over liabilities	72,083

2. Premiums, Claims and expenses by line of Business

Solvency II template S.05.01

As at 20 February 2023, 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	612	108,113	2,009	33,024	143,759
Gross - Proportional reinsurance accepted					
Gross - Non-proportional reinsurance accepted					
Reinsurers' share	605	97,873	1,811	28,748	129,036
Net	7	10,241	198	4,276	14,723
Premiums earned					
Gross - Direct Business	612	106,005	1,925	30,507	139,050
Gross - Proportional reinsurance accepted					
Gross - Non-proportional reinsurance accepted					
Reinsurers' share	528	95,831	1,683	26,477	124,519
Net	84	10,174	242	4,031	14,531
Claims incurred					
Gross - Direct Business	2,083	66,595	-2,784	12,388	78,282
Gross - Proportional reinsurance accepted					
Gross - Non-proportional reinsurance accepted					
Reinsurers' share	2,083	66,595	-2,784	12,388	78,282
Net					
Expenses incurred	89	10,970	255	4,270	15,584
Investment management expenses - Gross - Direct Business	1	200	4	63	268
Acquisition expenses - Gross - Direct Business	84	10,209	242	4,031	14,565
Overhead expenses					
Overhead expenses - Gross - Direct Business	24	4,266	75	1,336	5,701
Reinsurers' share	21	3,706	65	1,159	4,950
Net	3	561	10	177	751
Total expenses					15,584

3. Premiums, claims and expenses by country

Solvency II template S.05.02.01

As at 20th February 2023, 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**	**FR**	**ES**	**CY**	
Premiums written							
Gross - Direct Business	11,895	23,827	14,306	11,953	11,902	11,169	85,052
Reinsurers' share	11,135	21,170	12,269	11,001	9,539	9,311	74,424
Net	760	2,657	2,037	951	2,363	1,859	10,628
Premiums earned							
Gross - Direct Business	11,468	23,602	14,924	12,375	12,377	10,508	85,214
Reinsurers' share	10,735	20,970	12,799	11,390	9,887	8,759	74,541
Net	733	2,632	2,125	985	2,450	1,749	10,674
Claims incurred							
Gross - Direct Business	3,118	22,216	12,377	5,668	-37,648	30,239	35,969
Reinsurers' share	3,118	22,216	12,377	5,668	-37,648	30,239	35,969
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	1,302	2,451	1,736	1,382	1,529	1,142	9,543
Other expenses							
Total expenses							9,543

4. Non-life technical provisions

Solvency II template S.17.01.02

As at 20th February 2023, 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	51	-10,126	527	3,975	-5,676
Gross - direct business	51	-10,126	527	3,975	-5,676
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-49	-7,245	530	4,064	-2,700
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	-49	-7,245	530	4,064	-2,700
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-49	-7,294	530	3,548	-3,266
Net Best Estimate of Premium Provisions	-2	-2,832	-3	427	-2,409
Claims provisions					
Gross - Total	249	201,636	2,343	36,621	240,849
Gross - direct business	249	201,636	2,343	36,621	240,849

Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	249	201,636	2,343	36,621	240,849
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	249	201,500	2,342	35,742	239,833
Net Best Estimate of Claims Provisions	0	136	1	879	1,016
Total best estimate - gross	198	191,510	2,870	40,596	245,201
Total best estimate - net	-2	-2,697	-1	1,306	-1,476
Risk margin	6	3,982	66	907	4,961
Technical provisions - total	204	195,491	2,936	41,503	240,134
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	200	194,206	2,872	39,290	236,567
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	4	1,285	64	2,213	3,567

5. Non-life Insurance Claims

Solvency II template S.19.01 per underwriting year

As at 20th February 2023, amounts in $000																	
Gross Claims Paid (non-cumulative)																**In Current year**	**Sum of years (cum.)**
Year	**Development year**																
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14		
N-14	13,966	21,544	18,324	9,702	5,753	3,153	4,588	1,746	920	315	341	936	209	59	285	285	81,840
N-13	7,821	16,701	13,849	6,176	5,525	2,291	1,511	1,649	485	-679	85	90	53	1,466		1,466	57,022
N-12	14,771	51,370	34,774	13,848	8,165	3,651	12,340	3,239	3,240	3,656	86	52	206			206	143,399
N-11	12,545	21,635	11,611	7,727	3,753	3,639	322	1,005	419	101	98	-294				-294	62,561
N-10	12,856	24,368	9,017	4,433	3,415	2,615	250	2,834	209	-41	280					280	60,236
N-9	18,542	25,029	17,367	6,714	26,398	8,359	4,057	2,496	421	117						117	109,501
N-8	14,240	14,916	10,284	3,959	3,836	10,962	2,474	485	488							488	61,645
N-7	10,146	16,134	12,035	6,480	7,615	4,099	1,175	5,709								5,709	63,394
N-6	20,559	17,332	11,099	6,353	3,473	2,834	614									614	62,264
N-5	14,005	14,112	6,265	5,810	7,296	2,019										2,019	49,507
N-4	13,411	26,107	11,938	8,185	5,027											5,027	64,667
N-3	9,194	13,562	6,904	3,907												3,907	33,567
N-2	53,354	20,224	7,094													7,094	80,673
N-1	8,744	19,951														19,951	28,695
N	7,858															7,858	7,858
															Total	54,727	972,829

As at 20th February 2023, 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	558	1,149	2,919
N-14	0	0	0	0	0	0	0	0	0	0	0	0	1,433	1,848	1,534	
N-13	0	0	0	0	0	0	0	0	0	0	0	572	2,185	366		
N-12	0	0	0	0	0	0	0	0	0	0	8,235	4,384	3,802			
N-11	0	0	0	0	0	0	0	0	0	847	962	746				
N-10	0	0	0	0	0	0	0	0	978	3,573	3,127					
N-9	0	0	0	0	0	0	0	12,736	13,212	11,824						
N-8	0	0	0	0	0	0	5,564	3,783	2,887							
N-7	0	0	0	0	0	34,221	38,263	14,170								
N-6	0	0	0	0	9,022	5,578	4,427									
N-5	0	0	0	21,409	9,067	6,163										
N-4	0	0	26,945	26,638	23,652											
N-3	250	29,684	22,577	17,340												
N-2	42,640	55,555	43,946													
N-1	59,787	73,691														
N	56,445										**Total at year end for all underwriting years**					266,951

6. Own Funds

Solvency II template S.23.01

As at 20th February 2023, 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)	534
Share premium account related to ordinary share capital	73,696
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	-558
Preference shares	0
Share premium account related to preference shares	0
Reconciliation reserve	-2,570
Subordinated liabilities	0
An amount equal to the value of net deferred tax assets	981
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	72,083
Ancillary own funds	0
Available and eligible own funds	
Total available own funds to meet the SCR	72,083
Total available own funds to meet the MCR	71,102
Total eligible own funds to meet the SCR	72,083
Total eligible own funds to meet the MCR	71,102
SCR	46,286
MCR	11,572
Ratio of Eligible own funds to SCR	155.7%
Ratio of Eligible own funds to MCR	614.4%
Reconciliation reserve	
Excess of assets over liabilities	72,083

Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	
Other basic own fund items	74,653
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
Reconciliation reserve	-2,570

Expected profits

Expected profits included in future premiums (EPIFP) - Life business	
Expected profits included in future premiums (EPIFP) - Non- life business	18,342
Total Expected profits included in future premiums (EPIFP)	18,342

7. Solvency Capital Requirement

Solvency II template S.25.01

Article 112	Regular reporting	
As at 20th February 2023, amounts in US$000	**Net solvency capital requirement**	**Gross solvency capital requirement**
Market risk	3,598	3,598
Counterparty default risk	22,686	22,686
Life underwriting risk	0	0
Health underwriting risk	0	0
Non-life underwriting risk	21,232	21,232
Diversification	-8,285	-8,285
Intangible asset risk	0	0
Basic Solvency Capital Requirement	39,231	39,231

Calculation of Solvency Capital Requirement	
Adjustment due to RFF/MAP nSCR aggregation	0
Operational risk	7,055
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	46,286
Capital add-ons already set	0
Solvency capital requirement	46,286

8. Minimum Capital requirement

Solvency II template S.28.01

As at 20th February 2023, 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	10,241
Fire and other damage to property insurance and proportional reinsurance	0	198
General liability insurance and proportional reinsurance	1,306	4,276
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	2,144
SCR	46,286
MCR cap	20,829
MCR floor	11,572
Combined MCR	11,572
Absolute floor of the MCR	3,966
Minimum Capital Requirement	11,572

9. List of Assets

Solvency II template S.06.02 (summary)

As at 20th February 2023, 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
IE0003763251	Goldman Sachs Group Inc/The	1,650.		1,989	1,989		GS USD LIQ RSRV-INST DIS	Goldman Sachs Group Inc/The	USD			0.08
IE00B44BQ083	BlackRock Inc	1,650.		2,087	2,087		ICS USD LIQ-PRM DIST	BlackRock Inc	USD			0.08
US4642874576	BlackRock Inc	751		64,027	60,926		ISHARES 1-3 YEAR TREASURY BO	BlackRock Inc	USD			
CASHUSD	Citibank Europe plc		12		12		CASH	Citibank Europe plc	USD			
25493	Citibank Europe plc		3,314		3,314		N50 EUR CITIBANK CURRENT 266071279	Citibank Europe plc	EUR			
25494	Citibank Europe plc		268		268		N50 GBP CITIBANK CURRENT 108743417	Citibank Europe plc	GBP			
25495	Citibank Europe plc		6,756		6,756		N50 USD CITIBANK	Citibank Europe plc	USD			

							CURRENT 108531649					
25496	Citibank Europe plc		2,225		2,225		N52 EUR CITIBANK CURRENT 2032293501	Citibank Europe plc	EU R			
25497	Citibank Europe plc		231		231		N52 GBP CITIBANK CURRENT 108732490	Citibank Europe plc	GB P			
25498	Citibank Europe plc		570		570		N52 USD CITIBANK CURRENT 108732539	Citibank Europe plc	US D			
25499	Citibank Europe plc		440		440		N51 EUR CITIBANK CURRENT 2032293544	Citibank Europe plc	EU R			
25611	Citibank Europe plc		47		47		N51 GBP CITIBANK CURRENT 108732520	Citibank Europe plc	GB P			
25620	Citibank Europe plc		195		195		N50 USD CITIBANK CURRENT 108531649	Citibank Europe plc	US D			
25742	Citibank Europe plc		763		763		N51 USD CITIBANK CURRENT 108732563	Citibank Europe plc	US D			

25745	Citibank Europe plc		124		124		N53 EUR CITIBANK CURRENT 2032293528	Citibank Europe plc	EUR			
25746	Citibank Europe plc		2,060		2,060		N53 GBP CITIBANK CURRENT 108732504	Citibank Europe plc	GBP			
25763	Citibank Europe plc		48		48		N53 USD CITIBANK CURRENT 108732547	Citibank Europe plc	USD			
25764	Citibank Europe plc		0		0		N54 EUR CITIBANK CURRENT 2032293536	Citibank Europe plc	EUR			
25765	Citibank Europe plc		2		2		N54 GBP CITIBANK CURRENT 108732512	Citibank Europe plc	GBP			
25767	Citibank Europe plc		7		7		N54 USD CITIBANK CURRENT 108732555	Citibank Europe plc	USD			