UK P&I Club N.V.

Solvency and Financial Condition Report

For the year ended 20 February 2024

UK P&I CLUB IS MANAGED BY THOMAS MILLER

Contents

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 2024. 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 2024 (financial year 2023/2024) was a year in which UKNV has been informed by two Fronted Clubs (TT Club and ITIC) that they have established new entities in the European Economic Area (EEA) and will start to write their business through these entities in the future. UKNV is fully supporting the orderly wind-down of current business operations and the accompanying portfolio transfer, pending regulatory approvals and adherence to established timelines. But throughout financial year 2023/2024 UKNV still fronted for all Fronted businesses with a total business volume of US$ 163.4m.

After the uncertainties resulting of the COVID-related years and the turbulence around sanctions related to the Russian invasion of Ukraine, UKNV had a relatively stable year in 2023/2024. The P&I insurance business grew due to the rate increases around the 20th February 2023 renewal and also due to the inclusion of the fixed premium book managed via Thomas Miller Specialty (TMS). 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 is relatively small. 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.

In total the value of the claims managed by UKNV was US$ 79.0 million.

On 24th March 2023 UKNV 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 has transferred 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.

During the financial year 2023/2024 UKNV benefited from the increased interest rates. Over the course of the year, the UKP&I NV portfolio, consisting of U.S. Treasury Bonds and money market funds, returned 3.80%, resulting in a positive investment return of US$ 2.9m. UKNV's investment strategy is and will remain prudent and risk averse.

Profitability and continuity

Over the years UKNV has received several capital contributions from the parent company, amounting to US$ 38 million in total. This was in line with the business plan and the changing environment due to Brexit. Contrary to the business plan, no capital contribution was required for the financial year ending 20th February 2024. Mainly due to the prospect of ITIC (which has no credit rating) leaving UKNV's fronted structure and an improvement in reinsurance credit ratings, the Company's SCR ratio stayed within the bandwidth of the risk-appetite.

UKNV is adequately capitalised (SCR ratio is 186%) and meets all regulatory requirements.

UKNV has a low risk appetite and manages its business in a prudent manner.

The increased activity by Ansar Allah (Houthi) rebels in the Red Sea area, including armed attacks on commercial vessels have led many firms to avoid the Bab al-Mandeb Strait and the Suez Canal, one of the world's busiest shipping lanes, resulting in longer voyages and increased fuel costs for shipping companies. UKNV is not materially impacted by these developments and is unaware of any claims related to Red Sea turbulence

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 UK P&I Club N.V.

31st May 2024

A. Business Model and Strategy

A.1. Business and Performance

Corporate information

UK P&I Club N.V. ("UKNV" or "the Company") is a Dutch insurance company , regulated and supervised by De Nederlandsche Bank (DNB) for prudential purposes 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. 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

In the Netherlands UKNV is regulated by De Nederlandsche Bank (DNB) for prudential purposes and by Autoriteit Financiële Markten (AFM) for conduct purposes. The UK Club as a whole is regulated by the UK Prudential Regulation Authority (PRA). UKC's entities are regulated by various other authorities, as shown in the table below.

Table 2: Regulatory authorities

Entity	Regulator
UKC	Prudential Regulation Authority Financial Conduct Authority
UKNV	De Nederlandsche Bank Autoriteit Financiële Markten
Hydra	Bermuda Monetary Authority

The Group as a whole operates as a single business, which means that all policies of insurance issued by the Group are written by UKC and UKNV.

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 this report 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.

- 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 insurance cover for EEA-based risks of Members of the Fronted Clubs and manages the respective claims. Detailed procedures exist for underwriting and claims management activities. Further details on premium and claims per line of business are set out in appendix 3 (template S.05.01).

Strategic change

During 2023 two of the Fronted Club indicated that they would apply for an independent license with the ultimate objective to terminate the fronting agreements in place. During the course of 2023 ITIC has received an insurance license in Cyprus and TT has received an insurance license in the Netherlands. It is expected that both Fronted Clubs will start using their new licenses in 2024 and will transfer their historical liabilities to their respective licensed entities. Both portfolio transfers are subject to DNB approval. After the completion of this transition, UKNV will continue with P&I and War-risk business. The Management Board has reviewed the impact on the business model with various stakeholders. Fronting fees have been reviewed to ensure a financially viable future.

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 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 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 across the entire EEA region. Appendix 2 presents the top 5 countries where UKNV's insured risks are located. Please note that the list does not replicate the specific SII template verbatim but summarizes the top 5.

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$ 163m (2022/2023: US$ 152m). There has been natural growth compared to the previous year. The Fronted Clubs, including TT, ITIC, UK War and Pamia saw premium and rating changes in line with their business plans.

The P&I insurance business grew due to the rate increases around 20th February 2023 renewal and also due to the inclusion of the fixed premium book managed via Thomas Miller Specialty (TMS). 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.

Table 3 shows the profit & loss account of UKNV for the year-ending 20th February 2024. 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 profit for the year is almost fully attributable to the investments.

Table 3: UKNV's underwriting performance

TECHNICAL ACCOUNT Amounts in US$000	2023/2024	2022/2023
Income		
Gross premium written	163,354	152,329
Reinsurance premium payable	(141,732)	(129,002)
	21,622	23,327
Changes in technical provisions (Unearned Premiums)		
Change technical provision unearned premium	(2,961)	(5,236)
Change reinsurance share technical provision unearned premium	3,059	4,517
	99	(719)
Net earned premium	**21,721**	**22,608**
Other income	6,054	5,840
Investment return transferred from the non-technical account	2,344	(1,454)
Claims Incurred		
Claims paid	(78,984)	(56,172)
Reinsurance recoveries	78,984	56,172
	-	-
Changes in claims provision	8,930	(22,110)
Changes in reinsurance share of claims provision	(8,930)	22,110
	0	-
Net claims incurred	**0**	**-**
Net Continuity Credit		
Continuity credit raised	(6,681)	(8,570)
Deferred continuity credit	(403)	527
	(7,084)	(8,043)
Total income	**23,034**	**18,951**
Acquisition cost	(14,941)	(14,757)
Deferred acquisition cost	304	192
Operating expenses	(5,781)	(5,701)
Total expenses	**(20,417)**	**(20,266)**
Result Technical Account	**2,617**	**(1,315)**

NON-TECHNICAL ACCOUNT Amounts in US$000	2023/2024	2022/2023
Balance on technical account	**2,617**	**(1,315)**
Net investment return	2,344	(1,454)
Investment return transferred to the technical account	(2,344)	1,454
Investment management fee	(185)	(268)
Net income before taxation	**2,432**	**(1,583)**
Taxation	(160)	-
Net income after tax	**2,272**	**(1,583)**

A.3. Investment performance

The investment portfolio is comprised of U.S. treasuries and money market funds. Due to the increased interest rates the investment portfolio has shown a positive interest income. The decline in bond values of the previous year has been compensated during the current year. There were no material changes in the portfolio.

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 5: Investment income during financial years ending 20th February

Amounts in US$000s	**2023/2024**	**2022/2023**
Total realised investment income	1,945	858
Total unrealised investment income (loss)	399	(2,312)
Total investment income	**2,344**	**(1,454)**

Asset allocation

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

Table 6: Realised investment income during financial years ending 20th February

Amounts in US$000s	**2023/2024**	**2022/2023**
Dividend from shares	-	-
Interest on fixed income securities	2,427	991
Foreign exchange (losses)/gains	(583)	(120)
Realised on sale of fixed income securities	500	(13)
Total realised investment income	**2,344**	**858**

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. As discussed above, two Fronted Clubs have set up their independent licensed entities from which they will start underwriting and managing claims during the course of calendar year 2024 according to current plans. However, UKNVs business model will remain 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. Moreover fronting fees have been reviewed and a cost-sharing programme has been set in motion to ensure long-term financial viability for the company.

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 for every 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.

The Fit & Proper Policy applies to:

- All Directors of UKNV and its Committees;
- All employees of TMBV; and
- Persons responsible for key functions.

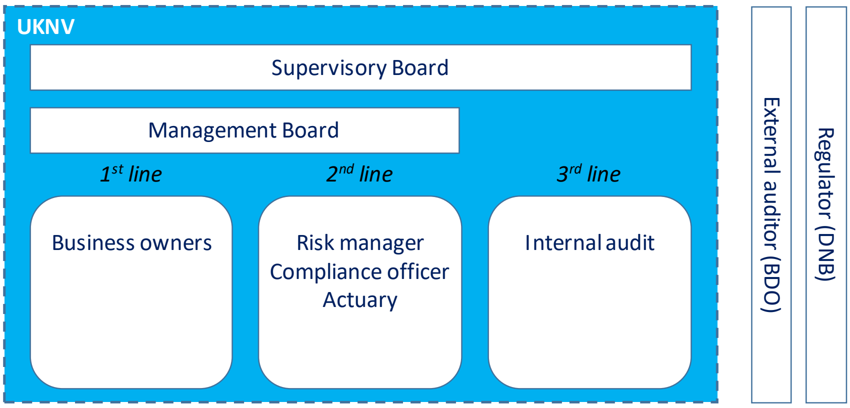
B.3. Risk Management System

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:

- 1st line: management board members and business line managers. They are risk owners in the risk management framework
- 2nd line: risk management, actuarial and compliance functions
- 3rd line: internal audit

Figure 3: Three lines 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.

In line with the policies and procedures for the Systematic Integrity Risk Assessment (SIRA), the Management Board addresses the integrity risks on a quarterly basis using a prospective and scenario based approach.

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 2023 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" (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.

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.

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 100% of 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 as indicated in Chapter A1. The table 9 below provides an overview of the EEA premiums by Fronted Club for the years ending 20th February 2024 and 2023 respectively.

Table 9: Gross written premium breakdown per entity

Amounts in US$000s	2023/2024	2022/2023
P&I	75,236	66,937
TMS*	7,862	6,527
TT	56,810	46,585
ITIC	15,781	20,925
UKWR	7,511	11,129
PAMIA	252	225
Total	**163,452**	**152,328**

* As authorized agent

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

UKNV’s investment strategy is prudent and risk averse. The objective of the investment portfolio is value protection rather than profit generation. The portfolio consists of U.S. Treasury Bonds and some money market funds and does not include financial derivatives.. As the reporting currency is US$, no currency risk is involved. The investment risk is closely monitored. Over the course of the financial year, the portfolio returned 3.8%. This has resulted in a positive investment return of US$ 2.9m.

Table 10: Movement investments

Amounts in US$000s	Mutual Funds	Bonds	Total
Carrying amount as at 20th February 2023	60,926	-	60,926
Acquisitions	7,148	3,578	10,726
Disposals	-	(3,676)	(3,676)
Revaluation and other changes	398	117	515
Carrying amount as at 20th February 2024	**68,472**	**19**	**68,491**

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	(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**

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 11 shows the assets by counterparty rating as at 20th February 2024 and the preceding year. UCITS are two money market funds and an index fund which invest solely in US Treasuries. The amount due from members consists of recently issued debit notes and these amounts relate to unrated members. The differences compared to the previous year are due to normal course of business without any changes in business fundamentals.

Table 11: Outstanding amounts per rating class

As at 20th February 2024 Amounts in US$000s	AAA	AA	A	Not readily available/ not rated	Total
Debt securities	-				-
UCITS				4,188	4,188
Cash at bank and in hand			23,755		23,755
Investments in funds		19		68,472	68,491
Amounts due from members				34,565	34,565
Amounts due from reinsurers	-	-	1,024	316	1,340
Total of assets subject to credit risk	**-**	**19**	**24,779**	**107,540**	**132,339**

UCITS : Undertaking for Collective Investments in Transferable Securities

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				46,550	46,550
Amounts due from reinsurers			794	285	1,080
Total of assets subject to credit risk	**0**	**0**	**21,932**	**118,838**	**133,770**

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 always be satisfied when due. Fronted Clubs have an incentive to honour their own Members' claims. Short term cash needs are monitored to ensure the most efficient investment of cash balances. Table 12 outlines the maturity profile of assets held.

The liquidity profile did not change in the current year. Amounts have changed due to normal course of business and the natural growth of the portfolio without any changes in business fundamentals.

The amount of Expected Profit in Future Premium (EPIFP) is US$ 20.2 million for policies running over multiple years.

Table 12: Outstanding amounts *per 20th February 2024 over time*

As at 20th February 2024 Amounts in US$000s	Short term assets	Within 1 year	1-2 years	Total
Debt securities	-	-	-	-
UCITS	4,188	-	-	4,188
Cash at bank and in hand	23,775	-	-	23,755
Investments in funds	68,491	-	-	68,491
Amounts due from members	34,565	-	-	34,565
Amounts due from reinsurers	1,340	-	-	1,340
Total assets	**132,339**	**-**	**-**	**132,339**

UCITS : Undertaking for Collective Investments in Transferable Securities

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	46,550	-	-	46,550
Amounts due from reinsurers	1,080	-	-	1,080
Total assets	**133,770**	**-**	**-**	**133,770**

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. 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 14 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.

The movement in total assets under Solvency II is mainly attributable to the increase in the investments. The capital contribution of US$ 5 million was converted into investments shortly after 20th February 2023.

Table 14: Reconciliation of Assets between Solvency II and Dutch GAAP

As at 20th February 2024, amounts in US$000	Solvency II	Dutch GAAP
Assets		
Deferred tax assets	527	-
Deferred acquisition costs	-	5,526
Financial investments	72,679	72,679
Reinsurance receivables	383	383
Reinsurance recoverables	234,437	-
Insurance receivables	9,774	34,565
Trade receivables	4,909	4,909
Other receivables	181	181
Cash and cash equivalents	19,471	19,471
Total assets	**342,361**	**137,713**

As at 20th February 2023, amounts in US$000	Solvency II	Dutch GAAP
Assets		
Deferred tax assets	981	-
Deferred acquisition costs	-	5,198
Financial investments	65,002	65,002
Reinsurance receivables	1,555	1,555
Reinsurance recoverables	236,567	-
Insurance receivables	11,826	46,550
Trade receivables	1,025	1,025
Other receivables	-	-
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.

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

Total gross technical provisions has decreased due to the decrease in the Underwriting Risk capital charge and the counterparty Default Risk capital charge has also decreased. For more information refer to section E.

Table 15: UKNV technical provisions

As at 20th February 2024, amounts in US$000	Solvency II	Dutch GAAP
Premium provision		
Gross best estimate premium provisions	(6,984)	
Recoverables from reinsurance, after adjustment for counterparty default risk	(4,838)	
Net best estimate premium provision	(2,146)	
Claims provision		
Gross best estimate claims provisions	240,265	
Recoverables from reinsurance, after adjustment for counterparty default risk	239,274	
Net best estimate claims provision	991	
Risk Margin	4,757	
Total gross technical provisions (net for Dutch GAAP)	**238,039**	**5,541**

As at 20th February 2023, amounts in US$000	Solvency II	Dutch GAAP
Premium provision		
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 coincide 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 15 provides a reconciliation of Dutch GAAP technical provisions to Solvency II technical provisions.

D.3. Other liabilities

Table 16 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 16: Liabilities

As at 20th February 2024, amounts in US$000	Solvency II	Dutch GAAP
Technical provisions	238,039	5,541
Provisions other than technical provisions	-	-
Reinsurance payables	26,472	51,263
Other liabilities	3,984	3,984
Total liabilities	**268,495**	**60,788**

As at 20th February 2023, amounts in US$000	Solvency II	Dutch GAAP
Technical provisions	240,134	5,214
Provisions other than technical provisions	-	-
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.

UKNV does not assume policy holder behaviour in the valuation of the assets and liabilities other than described above. UKNV does not take into account management actions in the valuation of assets and liabilities. To determine the capitalisation, it assumes management actions as described in the ORSA.

E. Capital Management

E.1 Own funds

Table 17 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 16: Own funds specification

As at 20th February, amounts in US$000	2024	2023
Solvency Capital Requirement (SCR)	39,712	46,286
Eligible Own Funds	73,866	72,083
Excess/(shortfall)	34,154	25,796
SCR ratio	**186%**	**156%**
Minimum Capital Requirement (MCR)	9,928	11,572
Eligible Own Funds	73,339	71,102
Excess/(shortfall)	63,411	59,531
MCR ratio	**739%**	**614%**

Table 17.1: Own funds Tiering

As at 20th February, amounts in US$000	2024	2023
Tier 1 capital	73,339	71,102
Tier 3 capital	527	981
Eligible own funds to meet SCR	**73,866**	**72,083**

The decrease of SCR is further explained in section E.2

The latest capital injection received from the shareholder was in 2022/2023 for an amount of US$5m to absorb the investment losses that took place at that time. 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 18 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 18: SCR composition

As at 20th February, amounts in US$000		2024		2023
Market Risk	4,486.5		3,598.0	
Counterparty Default Risk	20,205.7		22,686.0	
Underwriting Risk	15,653.8		21,232.0	
Diversification effect	(7,632.4)		(8,285.0)	
Basic-SCR		32,713.6		39,231.0
Operational Risk		6,998.4		7,055.0
Total Solvency Capital Requirement (SCR)		**39,712.0**		**46,286.0**
Minimum Capital Requirement (MCR)		**9,928.0**		**11,572.0**

The SCR has been calculated using the standard formula as described in section E.4 below. Refer to appendix 7 (template S.25.01) for more information on the SCR.

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

UKNV's SCR has decreased compared to the last year end, driven by the following factors:

- There has been a decrease in the Underwriting Risk capital charge. This is driven by the decrease in the Catastrophe Risk capital charge as ITIC stopped writing business through UKNV on February 14 2024. As such ITIC's expected earned premium over the next 12 months has dropped substantially, and due to non-equivalence, so has the Catastrophe Risk capital charge.

- The Counterparty Default Risk capital charge has also decreased. Whilst there has been a slight decrease in Type 1 exposures, the decrease is driven by the change in reinsurance credit ratings. These have improved following the S&P's upgrade of Lloyd's credit rating from A- to AA+ on 13 December 2023.

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 20th February 2024, amounts in US$000

Assets	
Goodwill	-
Deferred acquisition costs	-
Intangible assets	-
Deferred tax assets	527
Pension benefit surplus	-
Property, plant & equipment held for own use	-
Investments (other than assets held for index-linked and unit-linked contracts)	72,679
Property (other than for own use)	-
Holdings in related undertakings, including participations	-
Equities	-
Equities - listed	-
Equities - unlisted	-
Bonds	19
Government Bonds	19
Corporate Bonds	-
Structured notes	-
Collateralised securities	-
Collective Investments Undertakings	72,659
Derivatives	-
Deposits other than cash equivalents	-
Other investments	-
Assets held for index-linked and unit-linked contracts	-
Loans and mortgages	-
Loans on policies	-
Loans and mortgages to individuals	-
Other loans and mortgages	-
Reinsurance recoverables from:	234,437
Non-life and health similar to non-life	234,437
Non-life excluding health	234,437
Health similar to non-life	-
Life and health similar to life, excluding index-linked and unit-linked	-
Health similar to life	-
Life excluding health and index-linked and unit-linked	-
Life index-linked and unit-linked	-
Deposits to cedants	-
Insurance and intermediaries receivables	9,774
Reinsurance receivables	383
Receivables (trade, not insurance)	4,909
Own shares (held directly)	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-
Cash and cash equivalents	19,471
Any other assets, not elsewhere shown	181
Total assets	**342,361**
Liabilities	
Technical provisions - non-life	238,039
Technical provisions - non-life (excluding health)	238,039
TP calculated as a whole	-

Best Estimate	233,282
Risk margin	4,757
Technical provisions - health (similar to non-life)	-
TP calculated as a whole	-
Best Estimate	-
Risk margin	-
Technical provisions - life (excluding index-linked and unit-linked)	-
Technical provisions - health (similar to life)	-
TP calculated as a whole	
Best Estimate	
Risk margin	
Technical provisions - life (excluding health and index-linked and unit-linked)	-
TP calculated as a whole	
Best Estimate	
Risk margin	
Technical provisions - index-linked and unit-linked	-
TP calculated as a whole	
Best Estimate	
Risk margin	
Other technical provisions	
Contingent liabilities	-
Provisions other than technical provisions	
Pension benefit obligations	
Deposits from reinsurers	
Deferred tax liabilities	
Derivatives	
Debts owed to credit institutions	-
Debts owed to credit institutions resident domestically	
Debts owed to credit institutions resident in the euro area other than domestic	
Debts owed to credit institutions resident in rest of the world	
Financial liabilities other than debts owed to credit institutions	-
Debts owed to non-credit institutions	-
Debts owed to non-credit institutions resident domestically	
Debts owed to non-credit institutions resident in the euro area other than domestic	
Debts owed to non-credit institutions resident in rest of the world	
Other financial liabilities (debt securities issued)	
Insurance & intermediaries payables	3,863
Reinsurance payables	22,609
Payables (trade, not insurance)	3,981
Subordinated liabilities	-
Any other liabilities, not elsewhere shown	3
Total liabilities	**268,495**
Excess of assets over liabilities	**73,866**

2. Top 5 premiums, claims and expenses by country

Top 5 per country is based on Solvency II templates S.04.05 summarised for all lines of business.

As at 20th February 2024, 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	FR	PT	
Premiums written							
Gross - Direct Business	13,854	24,688	15,101	15,031	13,500	13,397	95,572
Reinsurers' share	12,744	22,994	12,611	13,033	12,301	12,325	86,009
Net	1,109	1,694	2,491	1,998	1,199	1,072	9,563
Premiums earned							
Gross - Direct Business	13,481	24,905	13,513	14,710	13,096	13,148	92,853
Reinsurers' share	12,401	23,196	11,284	12,755	11,933	12,096	83,666
Net	1,080	1,709	2,229	1,955	1,163	1,052	9,188
Claims incurred							
Gross - Direct Business	7,389	16,942	9,879	7,340	3,957	-1,315	44,190
Reinsurers' share	7,389	16,942	9,879	7,340	3,957	-1,315	44,190
Net	0	0	0	0	0	0	0
Expenses incurred	1,383	2,291	1,384	1,699	1,238	1,227	9,221
Other expenses							
Total expenses							9,221

3. Premiums, Claims and expenses by line of Business

Solvency II template S.05.01

As at 20th February 2024, 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	507	122,528	3,446	30,191	156,673
Gross - Proportional reinsurance accepted	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	500	111,974	3,054	26,205	141,732
Net	7	10,554	393	3,987	14,941
Premiums earned					
Gross - Direct Business	514	118,713	2,806	31,276	153,309
Gross - Proportional reinsurance accepted	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	506	108,477	2,529	27,160	138,673
Net	7	10,236	277	4,116	14,636
Claims incurred					
Gross - Direct Business	(20)	48,679	(5,718)	27,114	70,054
Gross - Proportional reinsurance accepted	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	(20)	48,679	(5,718)	27,114	70,054
Net	-	0	-	-	0
Expenses incurred	10	10,864	291	4,272	15,438
Investment management expenses					
Gross - Direct Business	1	140	3	41	185
Acquisition expenses					
Gross - Direct Business	7	10,236	277	4,116	14,636
Overhead expenses					
Gross - Direct Business	19	4,398	102	1,262	5,781
Gross - Proportional reinsurance accepted	-	-	-	-	-
Gross - Non-proportional reinsurance accepted	-	-	-	-	-
Reinsurers' share	17	3,911	90	1,147	5,165
Net	2	488	11	115	616
Balance - other technical expenses/income					
Total technical expenses					15,438

4. Non-life technical provisions

Solvency II template S.17.01.02

As at 20th February 2024,
amounts in US$1,000

		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 whole		0.00	0.00	0.00	0.00	0.00
Direct business						0.00
Accepted proportional reinsurance business						0.00
Total recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole						0.00

Technical provisions calculated as a sum of BE and RM

Best estimate

Premium provisions

Gross - Total		-33	-12,770	375	5,444	-6,984
Gross - direct business		-33	-12,770	375	5,444	-6,984
Gross - accepted proportional reinsurance business						0
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default		-32,570.02	-33	-10,144	375	5,444
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses					5,444	-33
Recoverables from SPV before adjustment for expected losses						0
Recoverables from Finite Reinsurance before adjustment for expected losses						
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default					5,013	-33

Net Best Estimate of Premium Provisions	0	-2,579	1	431	-2,146

Claims provisions

Gross - Total	232	192,569	1,923	45,541	240,265
Gross - direct business	232	192,569	1,923	45,541	240,265
Gross - accepted proportional reinsurance business					0
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	232,182.46	232	192,569	1,923	45,541
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses				45,541	232
Recoverables from SPV before adjustment for expected losses					0
Recoverables from Finite Reinsurance before adjustment for expected losses					
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				44,691	232
Net Best Estimate of Claims Provisions	0	139	1	850	991

Total best estimate - gross	200	179,800	2,297	50,985	233,282
Total best estimate - net	0	-2,439	3	1,281	-1,155

Risk margin	5	3,606	74	1,072	4,757

Amount of the transitional on Technical Provisions

TP as a whole					0.00
Best estimate					0.00
Risk margin					0.00

Technical provisions - total	204	183,406	2,372	52,057	238,039
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	199	182,239	2,295	49,704	234,437

Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	5	1,167	77	2,353	3,602

Line of Business (LoB): further segmentation (Homogeneous Risk Groups)

Premium provisions - Total number of homogeneous risk group				
Claims provisions - Total number of homogeneous risk groups				

Cash-flows of the Best estimate of Premium Provisions (Gross)

Cash out-flows

Future benefits and claims	18	74,944	1,892	15,843	92,697
Future expenses and other cash out-flows	6	3,748	132	1,483	5,369

Cash in-flows

Future premiums	57	81,070	1,649	11,882	94,658
Other cash in-flows (incl. Recoverables from salvages and subrogations)		10,391			10,391

Cash-flows of the Best estimate of Claims Provisions (Gross)

Cash out-flows

Future benefits and claims	235	218,480	2,024	45,405	266,143
Future expenses and other cash out-flows	12	7,278	107	3,380	10,777

Cash in-flows

Future premiums	15	1,806	207	3,245	5,273
Other cash in-flows (incl. Recoverables from salvages and subrogations)		31,382			31,382

Percentage of gross Best Estimate calculated using approximations					

Best estimate subject to transitional of the interest rate					0.00
Technical provisions without transitional on interest rate					0.00
Best estimate subject to volatility adjustment					0.00
Technical provisions without volatility adjustment and without others transitional measures					0.00

Expected profits included in future premiums (EPIFP)	50	17,421	266	2,429	20,166

5. Non-life Insurance Claims

Solvency II template S.19.01 per accident year

As at 20th February 2024, amounts in US$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	7,628	16,231	13,657	5,900	5,373	2,173	1,488	1,631	470	-189	79	85	44	1,304	15	15	55,891
N-13	14,412	50,302	34,346	13,622	8,138	3,622	12,163	3,071	3,239	3,656	88	49	202	264		264	147,174
N-12	12,062	20,685	11,288	7,305	3,605	3,432	283	928	386	99	90	-245	80			80	59,999
N-11	12,146	23,526	8,769	4,262	3,335	2,509	354	2,725	208	-48	273	1,504				1,504	59,562
N-10	17,809	24,329	16,818	6,531	26,292	8,325	3,941	2,366	404	114	497					497	107,425
N-9	13,937	14,161	9,943	3,882	3,639	10,941	2,356	496	535	147						147	60,038
N-8	9,598	15,189	11,729	6,299	7,466	3,789	1,112	5,516	3,246							3,246	63,946
N-7	20,169	16,610	10,383	6,247	3,335	2,663	590	870								870	60,866
N-6	13,704	13,436	6,054	5,559	7,091	1,977	11,871									11,871	59,691
N-5	12,750	25,258	11,605	7,640	4,829	6,566										6,566	68,649
N-4	8,866	12,654	6,537	3,751	2,514											2,514	34,322
N-3	52,722	19,231	6,780	4,307												4,307	83,041
N-2	8,173	19,009	17,600													17,600	44,782
N-1	7,271	20,100														20,100	27,371
N	8,216															8,216	8,216
															Total	77,797	940,972

As at 20th February 2024, amounts in US$000																
Gross undiscounted Best Estimate Claims Provisions																
Year	**Development year**															**Year end (discounted data)**
	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
N-14	0	0	0	0	0	0	0	0	0	0	0	572	2,185	366	528	475
N-13	0	0	0	0	0	0	0	0	0	0	8,235	4,384	3,802	3,633		3,312
N-12	0	0	0	0	0	0	0	0	0	847	962	746	528			487
N-11	0	0	0	0	0	0	0	0	0	3,573	3,127	678				624
N-10	0	0	0	0	0	0	0	12,736	1,236	11,824	11,510					10,422
N-9	0	0	0	0	0	0	5,564	3,783	13,957	2,650						2,395
N-8	0	0	0	0	0	34,221	38,263	14,170	7,292							6,606
N-7	0	0	0	0	9,022	5,578	4,247	2,444								2,215
N-6	0	0	0	21,409	9,067	6,163	4,249									3,889
N-5	0	0	26,945	26,638	23,652	16,045										14,706
N-4	250	29,684	22,577	17,430	11,478											10,452
N-3	42,640	55,555	43,946	43,345												39,470
N-2	59,787	73,691	51,968													47,358
N-1	56,446	46,549														42,639
N	60,359															55,117
															Total	240,167

6. Own Funds

Solvency II template S.23.01

As at 20th February 2024, 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)	541
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	2,161
Preference shares	0
Share premium account related to preference shares	0
Reconciliation reserve	-3,059
Subordinated liabilities	0
An amount equal to the value of net deferred tax assets	527
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	0.00

Deductions

Deductions for participations in financial and credit institutions	0.00
Total basic own funds after deductions	73,866

Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand	0
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0
Unpaid and uncalled preference shares callable on demand	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0
Other ancillary own funds	0
Total ancillary own funds	0

Available and eligible own funds

Total available own funds to meet the SCR	73,866
Total available own funds to meet the MCR	73,339
Total eligible own funds to meet the SCR	73,866
Total eligible own funds to meet the MCR	73,339

SCR	39,712
MCR	9,928
Ratio of Eligible own funds to SCR	186.00%
Ratio of Eligible own funds to MCR	738.71%

Reconciliation reserve	**Value**
Excess of assets over liabilities	73,866
Own shares (held directly and indirectly)	0
Foreseeable dividends, distributions and charges	
Other basic own fund items	76,925
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	0
Reconciliation reserve	-3,059

Expected profits	
Expected profits included in future premiums (EPIFP) - Life business	
Expected profits included in future premiums (EPIFP) - Non- life business	20,166
Total Expected profits included in future premiums (EPIFP)	20,166

7. Solvency Capital Requirement

Solvency II template S.25.01

As at 20th February 2024, amounts in US$000	Regular reporting	
	Net solvency capital requirement	Gross solvency capital requirement
Market risk	4,487	4,487
Counterparty default risk	20,206	20,206
Life underwriting risk		
Health underwriting risk		
Non-life underwriting risk	15,654	15,654
Diversification	-7,632	-7,632
Intangible asset risk	0	0
Basic Solvency Capital Requirement	32,714	32,714

Calculation of Solvency Capital Requirement

Adjustment due to RFF/MAP nSCR aggregation	
Operational risk	6,998
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	
Solvency Capital Requirement excluding capital add-on	39,712
Capital add-ons already set	0
of which, capital add-ons already set - Article 37 (1) Type a	
of which, capital add-ons already set - Article 37 (1) Type b	
of which, capital add-ons already set - Article 37 (1) Type c	
of which, capital add-ons already set - Article 37 (1) Type d	
Solvency capital requirement	39,712

8. Minimum Capital requirement

Solvency II template S.28.01

As at 20th February 2024, amounts in US$000

Linear formula component for non-life insurance and reinsurance obligations

MCR_{NL} Result	2,162		
		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		1	7
Other motor insurance and proportional reinsurance		0	
Marine, aviation and transport insurance and proportional reinsurance		0	10,554
Fire and other damage to property insurance and proportional reinsurance		2	393
General liability insurance and proportional reinsurance		1,281	3,987
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	2,162		
SCR	39,712		
MCR cap	17,870		
MCR floor	9,928		
Combined MCR	9,928		
Absolute floor of the MCR	4,248		

Minimum Capital Requirement	9,928