THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED

Solvency & Financial Condition Report

As at 20 February 2021

Registered in England: 10341 **Registered Office:** 50 Leman Street London E1 8HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

Contents

INTRODUCTION

This is the single group Solvency and Financial Condition Report ("SFCR" or "Report") for The London Steam-Ship Owners' Mutual Insurance Company Limited ("The London P&I Club" or "the Club"), prepared as at 20 February 2021 in accordance with the requirements of Directive 2009/138/EC and Delegated Regulation (EU) 2015/35.

The Club's core business is the provision of mutual Protection & Indemnity ("P&I") insurance on a mutual and fixed premium basis for ship-owners, operators and charterers. It also provides Freight, Demurrage & Defence ("FD&D") and War Risks insurance. It is a member of the 13 strong International Group of P&I Clubs ("IG") which between them provide P&I cover on a mutual basis for approximately 90% of the world's ocean-going tonnage. More information on the IG can be found at www.igpandi.org.

On a UK GAAP reporting basis the Club recorded a US$3.3m (2.9%) increase in gross earned premium, to US$119.5m, in the year just ended. Earned premium income after reinsurance costs increased by 2.3% year-on-year. The overall net incurred cost of claims in the year just ended was US$120.2m, a US$1.5m increase on the prior year comparative. Whilst the most recent increase was modest, annual claims costs have now increased for five consecutive years and claims costs in 2020/21 were twice the level of five years ago. The cost of claims falling on the International Group Pool was again high in 2020/21, this also having been the case in 2018/19 and 2019/20. Personnel claims incurred by the Club's Membership increased in 2020/21, both in number and total cost, due to COVID-19. The combined ratio for the financial year was 136.8%. The Club's investment income and gains for the year, net of associated investment management expenses, was US$16.7m. The Club recorded an after-tax operating deficit of US$20.3m in 2020/21. Free reserves at the year-end date stood at US$153.6m.

As a true mutual, the Club is owned by, directed by and run for the benefit of its mutual Members. The System of Governance section of this Report sets out the arrangements in place by which the Club's Board, assisted by a number of Committees and Sub-Committees, directs its affairs. The Board is currently comprised of six ship-owner representative non-executive directors drawn from the Club's mutual Membership, two independent non-executive directors and three executive directors drawn from the Club's independent management company, A. Bilbrough & Co Ltd.

As at 20 February 2021 the Club's Solvency Capital Requirement ("SCR"), calculated using the standard formula, was US$111.4m, and its Minimum Capital Requirement ("MCR") was US$46.6m. The Club's overall capital resources available to meet the SCR and MCR stood at US$151.4m, comprising US$126.4m of Tier 1 basic own funds and US$25.0m of Tier 2 ancillary own funds.

For The London Steam-Ship Owners' Mutual Insurance Association Limited on a solo basis ("LSSO London") the standard formula derived SCR and MCR as at 20 February 2021 stood at US$83.9m and US$21.0m respectively. LSSO London had overall capital resources available of US$151.2m at this date.

In the 2020/21 financial year the Club established The London P&I Insurance Company (Europe) Limited ("LSSO Europe"), a wholly owned subsidiary incorporated and registered in Cyprus. LSSO Europe was established to underwrite European Economic Area ("EEA") located risks which the Club could no longer underwrite from the UK following the expiry of the transition period agreed in the UK-EU Withdrawal Agreement. The transition period ended on 31 December 2020. LSSO Europe commenced underwriting activities from 01 January 2021 for new entries of vessels that are registered under an EEA flag or, for charterers cover, where the charterer is cased in the EEA.

APPROVAL BY THE BOARD OF DIRECTORS

We acknowledge our responsibility for preparing the Club's SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a) throughout the financial year in question, the Club has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Club; and
b) it is reasonable to believe that, at the date of the publication of this SFCR, the Club has continued so to comply, and will continue so to comply in the future.

For and on behalf of the Board

I PAUL	AG JONES
Director	Director

9 July 2021

1 BUSINESS AND PERFORMANCE

1.1 Business Information

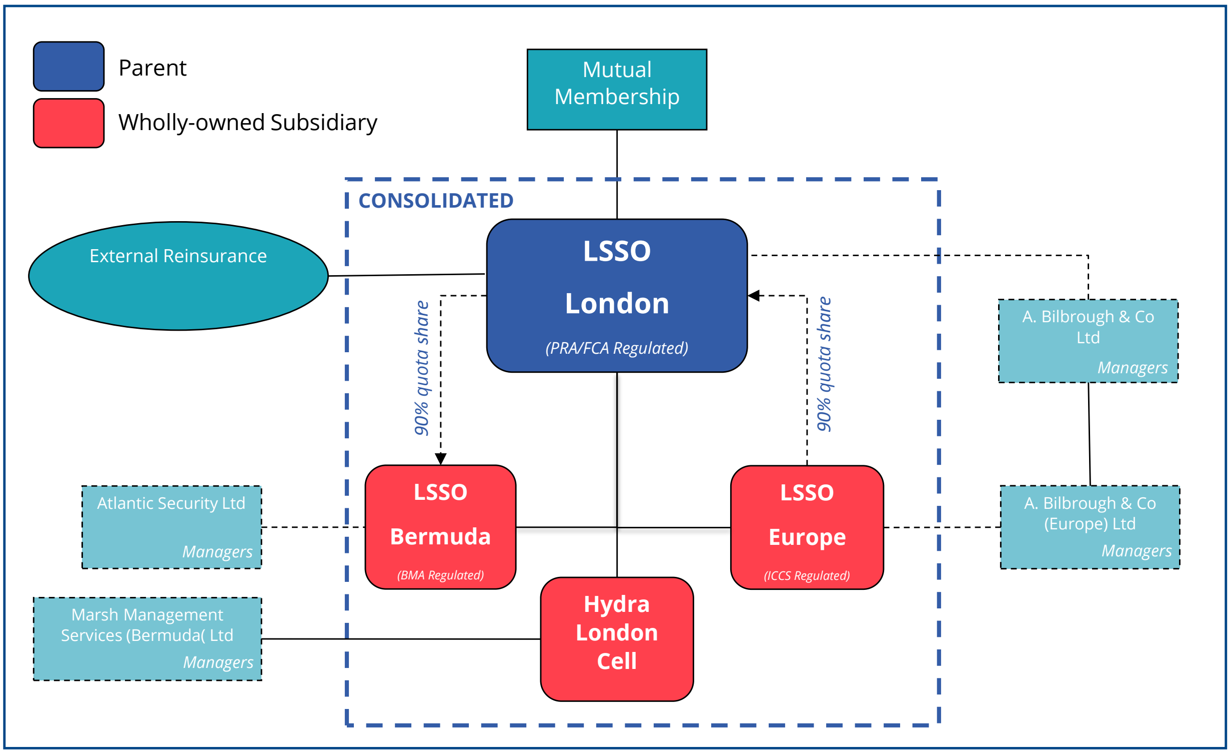
1.1.1 Legal & Operating Structure

The London P&I Club is a private mutual insurance company limited by guarantee without share capital. It was incorporated in the United Kingdom in 1876 (Company number 10341) and its registered office address is 50 Leman Street, London E1 8HQ.

For UK GAAP reporting purposes the Club has three wholly-owned trading subsidiaries as follows:

- The London P&I Insurance Company (Europe) Limited ("LSSO Europe");
- The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited ("LSSO Bermuda");and
- Hydra Insurance Company Limited ("Hydra") – London Cell ("Hydra London Cell").

A group structure chart for the Club on the basis of UK GAAP financial reporting is included below:



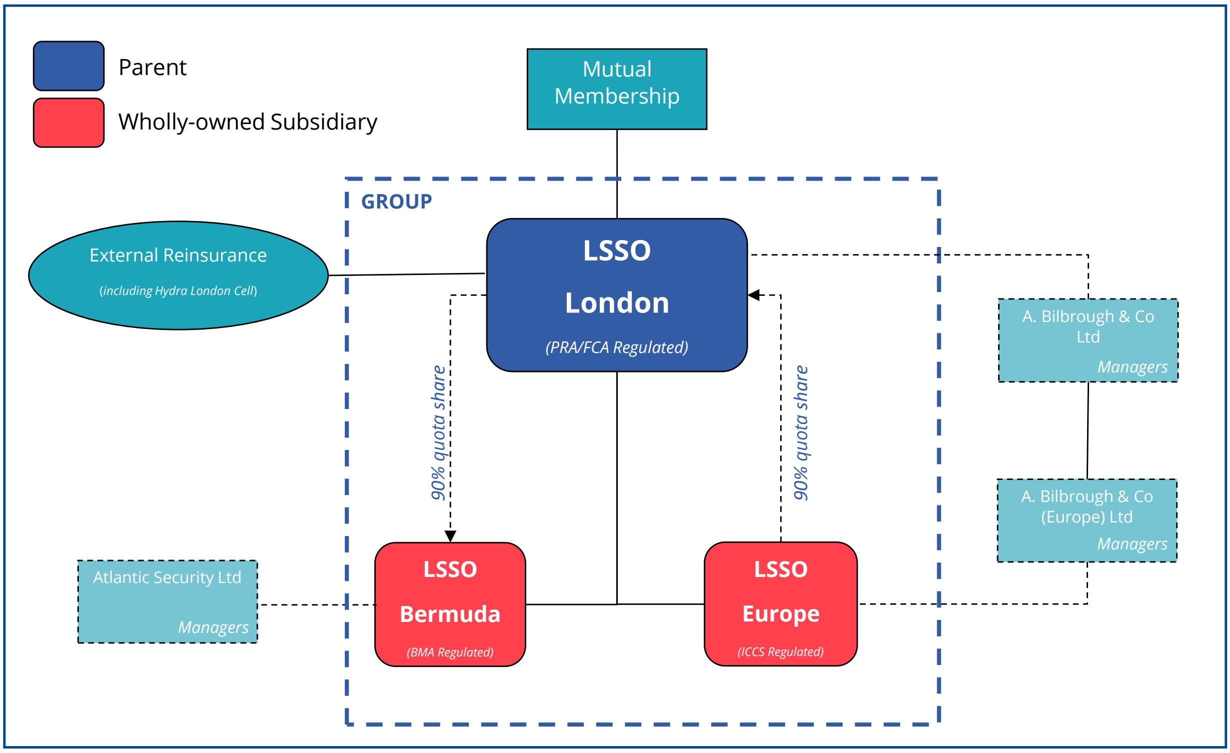
The parent entity is the main provider of insurance to third party Members and assureds and is owned by the Mutual Membership. The day-to-day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co Ltd.

LSSO Europe was incorporated in Cyprus on 12 June 2020 as a private limited company by shares under the provisions of the Cyprus Companies Law, Cap.113. Its registered office is at Esperidon 5, 4th floor, Strovolos, 2001, Nicosia, Cyprus. LSSO Europe obtained an insurance licence from the Superintendent of Insurance in Cyprus on 18 December 2020. Its principal activity is the provision of P&I and FD&D insurance for those EEA located risks which the Club could no longer underwrite from the UK following the expiry of the transition period agreed in the UK-EU Withdrawal Agreement. Under a quota share agreement LSSO Europe cedes 90% of premiums net of external reinsurance costs (less a ceding commission) and 90% of claims net of external reinsurance recoveries to the parent entity. The day-to-day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co (Europe) Ltd.

LSSO Bermuda is a private mutual insurance company limited by guarantee. It was incorporated in Bermuda in 1978 (Company number 6685), is a Class 2 licensed insurer regulated by the Bermuda Monetary Authority and its registered address is Clarendon House, Church Street West, Hamilton HM DX, Bermuda. The activities of LSSO Bermuda are limited to the intra-group reinsurance of insurance business written by the Club. Under a quota share reinsurance agreement which has been in place since 1996, the Club cedes 90% of gross premiums (less a ceding commission) from direct insurance business and 90% of gross claims incurred from direct insurance business to LSSO Bermuda. Furthermore, the Club cedes 90% of the cost of all external reinsurance purchases and 90% of all external reinsurance recoveries to LSSO Bermuda. In respect of its reinsurance of business written by LSSO Europe the Club cedes all premiums received and all claims incurred to LSSO Bermuda. The day to day operation of LSSO Bermuda is undertaken by Atlantic Security Ltd, a privately held firm providing captive management services in Bermuda.

Hydra is a segregated accounts company registered in Bermuda under the Segregated Accounts Companies Act 2000. It reinsures IG Clubs for a proportion of the pooled risk not covered by the IG Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, contributed surplus and premium from the owning Club, although the cells are not in themselves separate legal entities. The Club accounts for its investment in Hydra as a special purpose entity, consolidating the cell financial statements for Hydra London Cell into its UK GAAP consolidated financial statements. As with LSSO Bermuda, the activities of Hydra London Cell are limited to the intra-group reinsurance of the Club's business. The day to day operation of Hydra is undertaken by Marsh Management Services (Bermuda) Limited, a subsidiary of Marsh Inc. providing captive management services in Bermuda.

An organisation chart for the Club on the basis of Solvency II reporting is included below:



For Solvency II reporting purposes the Club's investment in Hydra is accounted for as an equity investment asset. The Club has assessed that it is not a related undertaking as defined in Article 212 of Directive 2009/138/EC. The trading activities of Hydra are not significant enough to lead to any distortion of Club operating performance attributable to this difference in accounting treatment.

1.1.2 Supervisory Authority

The Club is regulated in the United Kingdom by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). The PRA is responsible for financial supervision of the Club on a solo basis and at the level of the group. The PRA is a wholly owned subsidiary of the Bank of England and its contact address is 20 Moorgate, London EC2R 6DA.

1.1.3 External Auditor

The Club's external auditor is BDO LLP, 55 Baker Street, London W1U 7EU.

1.1.4 Single SFCR

In accordance with Article 256 of Directive 2009/138/EC LSSO London applied for, and received, approval to publish a single group SFCR. Notwithstanding the fact that the Club is a legal group, it is operated and managed on a unified basis. As is clear from the operating structure described above, the Club is not a group in the conventional sense with subsidiary business units writing third party business. The Club operates with a single book of business only, underwritten by either the parent entity or LSSO Europe depending on location of risk, split 10%/90% with LSSO Bermuda by way of a quota share agreement. The Club has assessed its risks and solvency requirements on a solo basis as well as at the level of the group. In endeavouring to develop a robust and comprehensive approach Management looked from a number of different angles at how the Club's group risks might deviate from the solo risks. With each approach taken, however, the conclusion reached was that its risks and solvency needs on a solo basis were in all respects the same as those at the level of the group.

Non-life underwriting risk for LSSO London on a solo basis is substantially reduced compared to risk at the level of the group due to the 90% quota share ceding to LSSO Bermuda. Any non-life underwriting loss suffered by LSSO Bermuda, however, is ultimately borne by LSSO London on a solo basis in the form of a reduction in the net asset value of LSSO Bermuda as a related undertaking on the solo balance sheet. The market value consistent approach under Solvency II to the valuation of participating undertakings on the solo balance sheet eliminates any risk mitigating benefit on a solo basis arising out of this type of intra-group reinsurance arrangement.

The appendices to this Report include the full suite of Annual Quantitative Reporting Templates ("QRTs") completed at the level of the group as well as for LSSO London on a solo basis. All references to the Club in this Report have the meaning of the group and all financial information disclosed is at the level of the group unless expressly stated otherwise. The Report includes, where practical to do so, information disclosed at a solo level as well as at the level of the group. In the opinion of Management, however, only information disclosed at the level of the group provides any meaningful insight into the solvency and financial condition of the Club.

1.1.5 Material lines of business

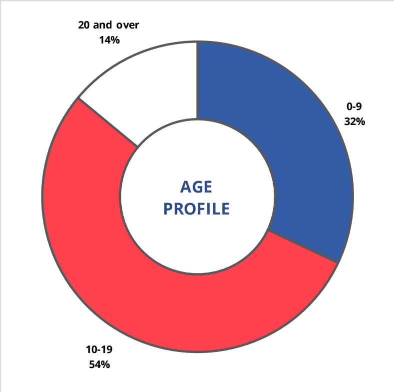
The Club's material lines of business are as follows:

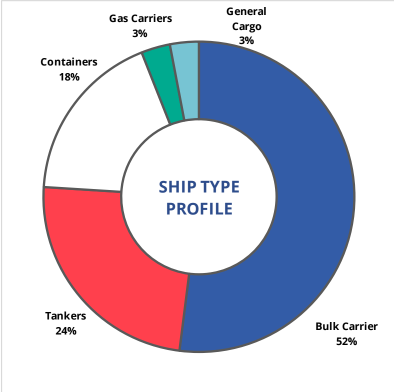
- P&I insurance on a mutual and fixed premium basis for ship-owners, operators and charterers; and
- FD&D insurance on a mutual and fixed premium basis for ship-owners, operators and charterers.

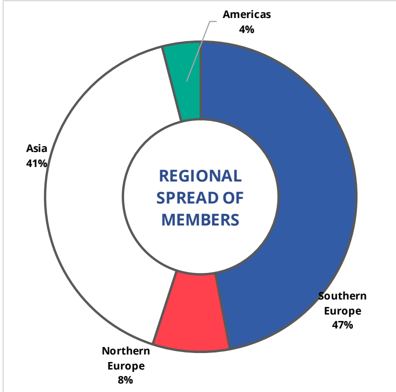
The majority of the Club's underwriting activity is carried out from its head office in London with its EEA business underwritten through its LSSO Europe subsidiary.

1.2 Underwriting Performance

The Club's dominant line of business is insurance for P&I risks. The pie charts below illustrate the P&I mutual tonnage profile of the Club by ship type, regional spread of Members (based on place of management) and by ship age:







Underwriting performance for all business written, along with prior year comparatives, is presented below as shown in the Club's consolidated GAAP financial statements for the year ended 20 February 2021:

	2020/21 US$'000	2019/20 US$'000
Net earned premiums	99,968	97,673
Net incurred claims	(120,194)	(118,680)
Net operating expenses	(16,489)	(15,093)
Technical result	**(36,715)**	**(36,100)**

Underwriting performance for the Club's two material lines of business, along with prior year comparatives, is presented below as shown in the Club's consolidated GAAP financial statements for the year ended 20 February 2021:

	CLASS 5 P&I		CLASS 8 FD&D	
	2020/21 US$'000	2019/20 US$'000	2020/21 US$'000	2019/20 US$'000
Net earned premiums	88,901	86,432	10,983	11,230
Net incurred claims	(110,295)	(109,547)	(9,899)	(9,133)
Net operating expenses	(14,362)	(12,928)	(2,154)	(2,184)
Technical result	**(35,756)**	**(36,043)**	**(1,070)**	**(87)**

The Club's technical result for the financial year under review was a deficit of US$36.7m and a combined ratio of 136.7%. Gross revenues increased 2.9% year-on-year to US$119.5m, with net earned premiums of US$100.0m increasing by 2.3%.

The net incurred cost of claims in 2020/21 was US$120.2m. This represented a 1.3% increase on the prior year comparative and a 15.6% increase on the cost of claims two years prior.

LSSO London's underwriting result for the year was a surplus of US$13.4m.

1.3 Investment Performance

The return on invested liquid assets and cash was 5.3% in 2020/21. Including an investment property loss of US$2.2m attributable to the combined impact of a formal revaluation and a foreign exchange translation movement, investment returns contributed US$16.7m to the operating result for the year. This represented a reduction on the prior year return of 9.1% (US$41.4m). The following two tables below provide a breakdown of the investment return for both years by asset class and income/expenses component:

Asset Class	2020/21 US$'000	2019/20 US$'000
Equity securities	5,930	10,636
Debt securities	14,080	22,684
Investment property	(2,213)	8,768
Cash & cash equivalents	199	946
Other	989	835
Investment expenses	(2,315)	(2,446)
Investment return	**16,670**	**41,423**

Income/Expense component	2020/21 US$'000	2019/20 US$'000
Investment income	9,526	10,263
Realised gains/losses on investments	13,464	12,758
Unrealised gains/losses on investments	(4,204)	19,902
Bank & other interest receivable	199	946
Investment expenses	(2,315)	(2,446)
Investment return	**16,670**	**41,423**

During the year, the Board took a number of steps to reduce the future volatility of the Club's investment returns. The main rebalancing was in the late summer of 2020, after the US equity market had recovered most of its losses. The equity component of the portfolio was cut from approximately 19% of assets under management to about 10% of assets under management at the time. Other changes were more modest, including an improvement in the average credit quality of fixed income holdings, but the overall effect was to reduce the future volatility of the investment portfolio during turbulent times.

LSSO London recorded an investment gain for the year after tax of US$19.8m, including foreign exchange gains and losses.

1.4 Performance of Other Activities

The Club had no other material income and expenses over the reporting period.

1.5 Any Other Information

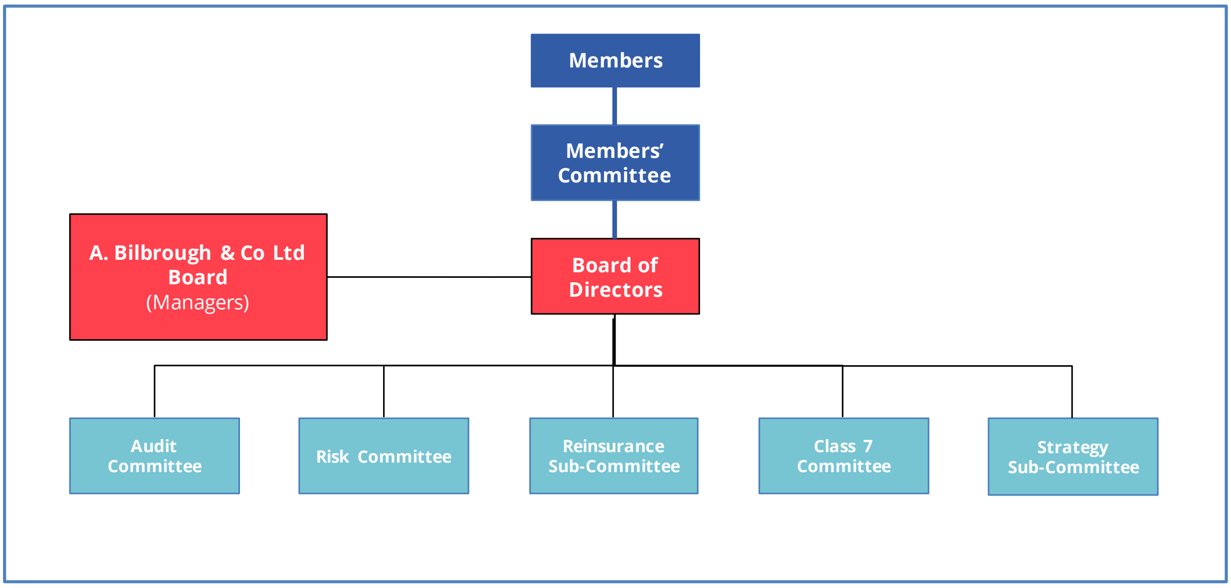
There is no other material information to report regarding the Club's business and performance.

2 SYSTEM OF GOVERNANCE

2.1 General Information on the System of Governance

2.1.1 Corporate Governance Structure

The governance structure in place within the Club is illustrated below:



Members' Committee

This Committee's overarching duty is to ensure the interests of the Members as a whole are represented at all times, promoting a culture of mutuality and fairness. Furthermore it exists to provide the Board with support, challenge and Member perspective and views on the operation of the Club. The Members' Committee does not carry out any regulated function.

Board

The Club's Board, as the ultimate parent undertaking, directs and has responsibility for all activities of the Group.

The duties and responsibilities of the Club's Board are extensive, including but not limited to:

- Determining the corporate governance and structure of the Club;
- Calling annual general meetings, other general meetings and Class meetings of the Club in accordance with the Articles;
- Reviewing, proposing and seeking approval for changes to the Articles and Rules at general meetings or Class meetings of the Club;
- Appointing and removing members of the Board's Sub-Committees;
- Determining the remuneration of the Board and its Sub-Committees;
- Directing and monitoring the operation of the Club in accordance with the Articles and Rules;
- Setting the strategic direction of the Club, including determining the Club's investment, underwriting and marketing strategies, business model and plan;
- Setting the risk appetite for the Club and considering and approving the risk policies of the Club;
- Monitoring and reviewing the overall financial, claims, operational and investment performance of the Club;
- Ensuring and overseeing the Club's compliance with all applicable legal, regulatory and capital requirements and implementing all adequate systems and controls to ensure that such requirements are met; and
- Approving all regulatory returns and submitting the annual report of the Club to the Members.

Audit Committee

The primary purpose of this Committee is to assist the Board in monitoring and reviewing in detail the annual financial statements and regulatory returns of the Club, internal controls and internal and external audit matters affecting the Club. It will make recommendations to the Board and, where authorised by the Board, instruct the Managers to take action in relation to matters such as the integrity of the management accounts and annual financial statements, the effectiveness of all audit activities, selection of the Club's statutory and internal auditors, the effectiveness of the Managers' system of internal control, the regulatory environment in which the Club operates and its compliance with regulatory and corporate governance requirements.

Risk Committee

This Committee's primary duties are to assist and report to the Board and Audit Committee on risk matters and to ensure that the Club's risk management system is suitable, effective and proportionate to the nature, scale and complexity of the risks in the business whilst ensuring that the Club fulfils its corporate governance and regulatory responsibilities relating to risk management, solvency and capital management.

Reinsurance Sub-Committee

This Sub-Committee directs and monitors all matters relating to reinsurances or other insurances purchased by the Club, including the strategy for protecting the Club as a whole as well as the individual product lines offered by the Club. This Sub-Committee is also responsible for decisions on whether and at what level of indemnity to purchase Directors' & Officers' liability insurance to protect the members of the Board and the Members' Committee, officers and Managers against claims made against them personally.

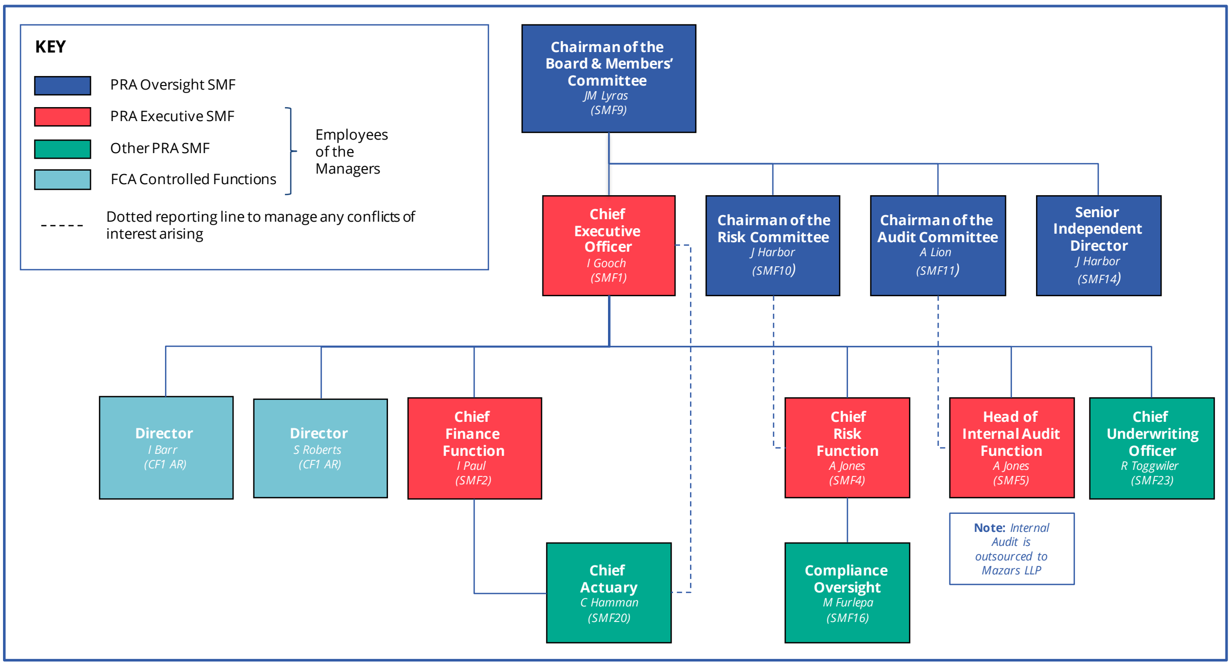
Strategy Sub-Committee

This Sub-Committee's primary duties are to assist and to report views and recommendations to the Board on strategic issues involving the Club's performance, positioning and prospects, including product lines offered by the Club, the Club's business environment and strategic initiatives including potential alliances and mergers.

2.1.2 Senior Managers Regime

The PRA's Senior Managers & Certification Regime ("SM&CR") is the accountability regime for senior executives of insurance firms and it requires the Club to maintain a Management Responsibilities Map to evidence the appropriate apportionment of responsibilities amongst the members of the Board and Executives who have been approved by the PRA to undertake Senior Management Functions.

The Senior Management Function-holders and FCA Controlled Functions for the Club are shown in the chart below:



2.1.3 Remuneration Policy & Practices

The Club has a Remuneration Policy, the key principles of which are:

- Remuneration for Directors of the Club and its Managers will take into account the achievement of the business objectives outlined in the Business Plan, the long-term interests of the Club and market rates.
- Performance related bonuses, incentives, or any other variable parts of remuneration, to the Club's Directors, Directors and employees of the Managers or other material outsourced service providers are prohibited to ensure that conflicts of interest are avoided.
- Any termination payments must be approved by the Management Board who will ensure that they are appropriate and take into account the performance and contribution of the individual over the full term of their employment.
- One-off payments to the Managers' employees to recognise past exceptional performance are permitted at the discretion of the Management Board. Such payments will only be made where a positive contribution has been made to the Membership and will not be material compared to the recipient's annual fixed pay.

The Club did not operate any enhanced pension arrangements or early retirement schemes for members of the Board or key function-holders during the period.

2.1.4 Related Party Transactions

The Club has no share capital and is controlled by its mutual Members who are also insureds. Most members of the Board are representatives or agents of Member companies. Other than the insurance and Membership interests in the Board members' companies, members of the Board have no financial interest in the Club.

2.2 Fit & Proper Requirements

The competency requirements and qualifications of Senior Managers and key function-holders are those identified as appropriate for each individual role and any specialisms applicable. For all Senior Managers competencies considered are:

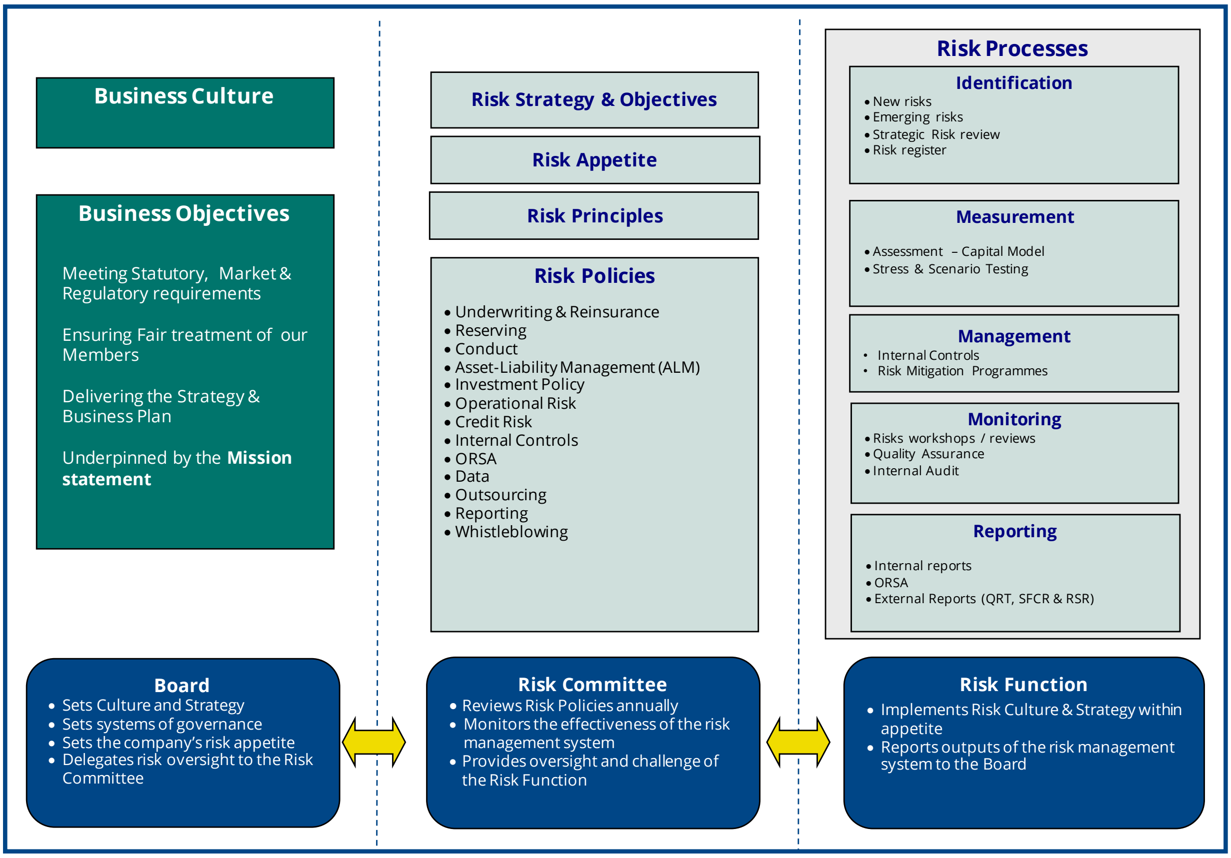
- Market Knowledge
- Financial Analysis
- Customer Experience
- Corporate Governance
- Insurance Regulation
- Underwriting & Claims

The Club has implemented a Fit & Proper Policy and processes to ensure individuals acting for the Club are both fit and proper, in line with PRA and FCA rules. On appointment all Senior Managers are subject to due diligence enquiries to ensure that they are honest, of good reputation, have integrity, and are financially sound. The fit and proper assessments are repeated annually by the Compliance Function. Where a key function is outsourced, the Company ensures the outsourcing firm has procedures in place for ensuring those carrying out the function are fit and proper.

2.3 Risk Management System

The risk management system of the Club is fully documented and subject to regular review and updating by the Risk Committee and ultimately the Board. The Club's Enterprise Risk Management Framework ("ERMF") is the overarching document which describes the risk management system in place and cross refers to the extensive library of risk documentation, processes and procedures which combine to ensure the Club is able to effectively identify, measure, monitor and report the risks to which the Club is exposed.

A chart taken from the Club's ERMF, which describes in graphical format the Business Objectives, Risk Strategy & Objectives and Risk Processes, and how they knit together and are integrated into the Club's organisational structure, is included below:



The Club's Risk Appetite Framework ("RAF") includes a description of its risk strategy. Risk preferences are those risks identified as presenting opportunities and which are taken deliberately in the expectation of creating value and contributing to achieving the Club's business objectives. For each risk preference, the strategy requires a quantitative expression of the Club's risk tolerances and risk limits.

Reporting procedures at Board, and Sub-Committee level in regard to the monitoring and managing of risks are referred to in Section 2.1.1. At a more granular level, and as presented in the chart above, there are a range of risk processes in place to ensure the Club is able to effectively identify, measure, manage, monitor and report on the risks to which it is exposed. More detail on the key processes is provided below:

Identification

- The Risk Committee (RC) maintains and updates as appropriate a log of new and emerging risks at each meeting.
- The RC conducts an annual review of the Club's overall risk profile soon after the Club's 20 February renewal date for its mutual business to identify any new or emerging risks arising out of changes in the mix of business on risk and/or evolving claims experience.
- The Club's Risk Register is reviewed and updated as risks change, or at least annually.

Measurement

- The Club's internal capital model is updated annually and calibrated to measure all material, quantifiable risks to which the Club is exposed over a one year time horizon.
- The Club's Risk Register incorporates an impact and likelihood scoring matrix for each individual risk identified.
- The Own Risk & Solvency Assessment (ORSA) process includes stress testing and scenario analysis to measure the financial impact of a range of specific extreme events.

Management

- The Club's internal control system ensures robust controls are in place to mitigate material risks identified in the business.

- The Club's Risk Register incorporates a scoring matrix which measures the risk mitigating impact of controls in place for each risk identified.

Monitoring

- Processes in place for measuring and reporting ensure that all risks are appropriately monitored over time.

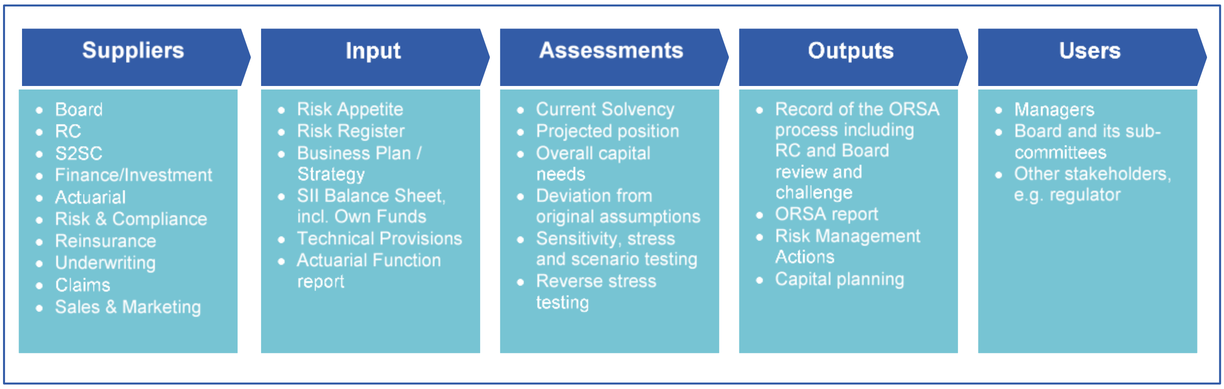
Reporting

- Measurement of all material, quantifiable risks to which the Club is exposed over a one year time horizon, as calculated using the Club's internal capital model, is reported to the RC annually.
- The Club's Risk Register is updated and presented to the RC at least annually. Changes to the Risk Register and an update on any risk management actions are reported at each RC meeting.
- The Club's Internal Audit Function submits written reports to the Audit Committee (AC) and attends AC meetings on a biannual basis.
- The Club's ORSA Report is presented to and reviewed by the Board at least annually.

2.4 Own Risk & Solvency Assessment (ORSA)

The Club carries out an assessment of its own risks and solvency requirements annually, following the processes and procedures for this assessment prescribed in its ERMF and ORSA Policy & Procedures document ("ORSA policy").

The ORSA policy states that the Board retains overall responsibility for the Club's risk management framework and approval of the ORSA. It has delegated to the Risk Committee authority for oversight and challenge of risk and associated controls. The following chart from the Club's ORSA Policy shows the end-to-end assessment process:



The individual processes undertaken during the assessment process are designed to address EIOPA's Guidelines on own risk and solvency assessment (EIOPA-BoS-14/259 EN), appropriately tailored to reflect the nature, scale and complexity of the Club's risks. The most recent ORSA was conducted in 2020 and included an assessment of the following:

- The Club's risk profile;
- The Club's business strategy;
- The extent to which the Club's risk profile deviated from the assumptions underlying the standard formula SCR calculation;
- Stress and scenario testing of the capital charges by risk category;
- The Club's risk appetite and risk tolerances/limits;
- The Club's current and prospective overall solvency position over its five year business planning time horizon;
- Non-quantifiable risks not captured by the standard formula;
- The Club's current and prospective solvency needs over its five year business planning time horizon;
- The quality and quantity of the Club's current and prospective financial resources available to meet its solvency needs; and
- Capital planning and management.

The Board reviews annually in detail the ORSA Report prepared following the conclusion of the assessment process. The Board validation, challenge and assessment process was undertaken at the Board Meeting held on 13 October 2020.

2.5 Internal Control System

The Club's internal control system is documented in its Internal Controls Policy. This policy aims to assist with the achievement of the Mission Statement and Corporate Objectives, and to ensure fair outcomes for Members and compliance with all applicable regulations. The policy requires all Management to implement robust controls to mitigate material risks identified in the business in order that risks do not exceed the Club's risk appetite. Management of controls is a key part of the Club's Risk Management System and the Quality Management System. ISO 9001 accreditation is maintained in respect of the Quality Management System.

The policy requires Management:

- To effect appropriate internal controls within their processes and procedures in order to ensure:
    - Continuous compliance with all relevant regulations
    - Mitigation of risks arising which are outside the Club's Risk Appetite
    - The availability and reliability of financial and non-financial reporting
    - Service excellence to Members.
- Where weaknesses in internal controls are identified, to implement effective strategies to mitigate the risks arising.
- To provide regular feedback to the Audit Committee, Risk Committee and Quality Steering Committee on the status of internal controls and any actions arising.

The Club operates a three lines of defence model to guide how responsibilities are divided:

- 1st Line – Risk owners (Directors and Line Managers) are responsible for the continuous identification and assessment of risks within their departments and for ensuring effective systems and controls are in place to mitigate risks arising.
- 2nd Line – The Internal Audit Function reviews the effectiveness of the Internal Controls environment and adherence to the Internal Controls Policy. The Risk & Compliance Function monitors risks arising and the operation of the risk management system.
- 3rd Line – External quality assessments by the ISO accreditation body and a review of the risk and control environment operating within the business as part of the Club annual external audit.

2.5.1 Compliance Function

The Club's Compliance Manual describes how the Compliance Function is organised to ensure compliance with the requirements of its prudential and conduct regulators both in the UK and in all other jurisdictions in which the Club has a regulated presence. It defines the responsibilities, competencies and reporting duties of the Compliance Function and its documented key processes and procedures are consistent with the specific requirements of Article 46(2) of Directive 2009/138/EC and Article 270 of the Commission Delegated Regulation 2015/35.

The responsibilities of the Compliance Function include:

- identifying, assessing, monitoring and reporting on the Club's compliance risk exposures and assessing the appropriateness of measures adopted by the Club to prevent possible non-compliances;
- providing support and advice to the Club's management on all compliance matters and arranging any training required by staff to ensure they understand the Club's regulatory obligations;
- assessing the impact of any changes in the legal environment on the operations of the Club and any new compliance risk exposures arising; and
- reporting to the Board on the Club's compliance with all laws, regulations and administrative provisions relevant to the jurisdictions in which it operates.

A Compliance Monitoring Plan sets out the scheduled activities and deliverables of the Compliance Function taking into account all relevant areas of the Club's activities.

2.5.2 Risk Function

The risk function is responsible for providing support to the business on its risk management activity and for monitoring and reporting on risk and risk-related activities within the Club to Management and the Board. The responsibilities of the Risk function include:

- Maintaining the Club's risk register.
- On a rolling three year programme, conducting independent reviews of all risks within the register to challenge and validate the risk owners' assessments.
- Monitoring risks arising from strategic review, other internal and external events.
- Overseeing the annual 'top-down' risk review with the Board and Senior Managers.
- Undertaking stress and scenario testing, including reverse stress testing.
- Maintaining the Risk Appetite Framework and updating the Board of the status of risks against agreed risk tolerances and limits.
- Providing input into the ORSA, ensuring the report is completed in accordance with the ORSA Policy.
- Ensuring the Enterprise Risk Management Framework and Risk Policies remain appropriate to the business and the risks arising.

Reporting on risk related matters to the Risk Committee and Board.

2.6 Internal Audit Function

The Internal Audit Function is outsourced to Mazars LLP. To maintain objectivity, Mazars do not carry out any activities for the Club on which they perform internal audit services. Internal Audit is directly accountable to the Chairman of the Audit Committee, and has free and unrestricted access to the Chairman of the Audit Committee and the Chairman of the Board.

The Mazars' audit director responsible for the engagement attends the Audit Committee meeting to present his latest report on a biannual basis. Copies of the full audit reports, including management responses, are sent to the Chairman of the Audit Committee once finalised, with a summary report included in the Audit Committee Agenda.

Mazars present for approval their proposed three year rolling internal audit plan, including details of and the rationale for audits to be performed, to the Audit Committee biannually.

2.7 Actuarial Function

The Club's Specification for the Actuarial Function – Policy and Material Responsibilities document describes how the actuarial function is organised to ensure compliance with the requirements of Solvency II.

The Club's management has an actuarial team, headed by a qualified actuary, providing the Club with an effective Actuarial Function. The documented key processes and procedures for the Actuarial Function are consistent with the specific requirements of Article 48 of Directive 2009/138/EC.

2.8 Outsourcing

The Club's Outsourcing Policy has been prepared on the basis that the major outsourcing arrangement is between the Club and its managers. The Managers of LSSO London are A. Bilbrough & Co Ltd. The Managers of LSSO Europe are A. Bilbrough & Co. (Europe) Ltd. The Managers of LSSO B are Atlantic Security Ltd.

The Policy includes a number of Policy Statements which provide a framework within which this key outsourcing arrangement is organised, for example stipulating that it is subject to a written legal agreement which meets all legal and regulatory requirements, and requiring the Club to maintain a Contingency Plan for the termination of the arrangement.

The Policy further contains a list of Board roles and responsibilities retained by the Board in respect of the arrangement, examples being an annual review of the financial resources of the Managers to properly perform the agreement, a formal review of the agreement at least every five years and bi-annual tests of the Managers' BCP arrangements with results reported annually to the Board.

2.9 Assessment of the Adequacy of the System of Governance

The Club is a relatively small insurer with a simple operating structure focused principally on providing P&I insurance to its mutual members and fixed premium assureds. Notwithstanding this, it has in place a comprehensive system of governance complying with the same full suite of Solvency II regulatory requirements applicable to the EU's largest and most complex insurance groups. Against this background the Club assesses that its system of governance is more than adequate for the nature, scale and complexity of the risks inherent in its business. There have been no material changes to the system of governance in the last year.

2.10 Any Other Information

There is no other material information to report regarding the Club's system of governance.

3 RISK PROFILE

3.1 Underwriting Risk

Premium Risk

Premium risk is the risk that Calls and Gross Premiums will not be sufficient to cover losses and associated administrative expenses. This risk is managed and mitigated by writing a diversified book of business, with documented underwriting guidelines and risk appetite tolerances in place to ensure only acceptable risks are entered with the Club. The risk function regularly reviews and analyses the portfolio of business on risk during the year, including portfolio composition by ship type, ship age and place of management.

The purchase of appropriate reinsurance is central to the management of underwriting risk on a net basis in line with the Club's capital management plan. The Club is a member of the IG which operates a pooling system for the sharing of claims costs on an excess of loss basis, and further purchases commercial market reinsurance on a collective basis for all Clubs. The Club purchases additional reinsurance for its exposure to claims below the attachment point of the IG Pool and for exposure to non-poolable risks.

Reserving Risk

Reserving risk is the risk that technical provisions set in respect of claims incurred but not settled are ultimately insufficient to cover future settlements and associated claims handling expenses. In common with all marine liability insurers there remains uncertainty with regards to the eventual cost of claims incurred but not settled at each year end date. Sources of uncertainty include changes in the economic climate, national and international liability regimes, commodity prices and currency fluctuations amongst many others. The Club's processes and procedures for valuing technical provisions reflect the fact that this represents a high risk area for the Club.

The Club incorporates a risk margin within its technical provisions in excess of the best estimate projected future cost in order to reduce the probability that the valuation is insufficient to cover future settlements and associated claims handling costs. It is to be expected that actual experience will differ from the valuation of technical provisions at the year-end date, and there remains a residual risk that the eventual outcome will exceed the valuation.

Some results of sensitivity testing are set out below, showing the impact on surplus before tax and equity, gross and net of reinsurance. For each sensitivity, the impact of a change in a single factor is shown, with other assumptions unchanged. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred. There are no changes from the methods and assumptions used in the prior year's calculation.

	2020/21 US$'000	2019/20 US$'000
Increase in Loss Ratio by 5 percentage points		
Gross	(5,975)	(5,809)
Net	(4,998)	(4,884)
Decrease in Loss Ratio by 5 percentage points		
Gross	5,975	5,809
Net	4,998	4,884

3.2 Market Risk

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

The majority of the Club's invested assets are held by LSSO Bermuda. The LSSO Bermuda Board, whilst comprising individuals with a range of skills and experience, possesses a bias towards financial market experience, covering amongst other things investment management, portfolio construction tailored to prevailing risk appetite, investment manager and security selection, compliance and portfolio analysis. The control environment, including investment manager guidelines, monthly reporting obligations and standing agenda items for each Meeting of the Board, combine to ensure the Club can at all times properly identify, measure, monitor, manage, control and report the investment risks to which it is exposed.

Interest Rate Risk

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

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

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

It is estimated that the value of the Club's fixed interest securities would decrease in value by the following amount if market interest rates increased by 100 basis points at the year-end date. This sensitivity analysis is limited to interest rate sensitive asset holdings as the mitigating effect of matching liability valuation changes is not considered to be significant.

Increase of 100 Basis Points	**Reduction in Valuation US$'000**
As at 20 February 2021	13,458
As at 20 February 2020	12,573

Equity Price Risk

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

A 10 per cent decrease in the value of equity securities held at the year-end date would have decreased accumulated reserves at that date by US$5,624k (2020: US$6,429k).

Foreign Currency Risk

A significant majority of the Club's liabilities are denominated in its functional currency of US Dollars. It does, however, incur liabilities in a range of other currencies, the two most significant being Sterling and Euro. The Club's assets are predominantly invested in US$ denominated securities to ensure there is a matching of assets and liabilities in respect of the dominant currency of operation.

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

As at 20 February 2021	**USD US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	500,107	24,925	19,495	509	545,036
Total Liabilities	345,886	11,319	19,528	14,732	391,465
Net Asset Position	**154,221**	**13,606**	**(33)**	**(14,223)**	**153,571**
As at 20 February 2020	**USD US$'000**	**GBP US$'000**	**EUR US$'000**	**Other US$'000**	**Total US$'000**
Total Assets	476,901	31,708	10,571	7,321	526,501
Total Liabilities	301,392	12,519	18,173	20,527	352,611
Net Asset Position	**175,509**	**19,189**	**(7,602)**	**(13,206)**	**173,890**

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

	At 20 February 2021 US$'000	At 20 February 2020 US$'000
Strengthening		
Sterling	680	959
Euro	(2)	(380)
Weakening		
Sterling	(680)	(959)
Euro	2	380

3.3 Credit Risk

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

1. Amounts due from reinsurers
2. Amounts due from Members and assureds
3. Counterparty risk with respect to investments and cash deposits

Reinsurance default risk is managed by regular monitoring of current and prospective reinsurance counterparties and by having in place guidelines in respect of acceptable credit ratings and concentration limits. On a solo basis the quota share reinsurance agreement with LSSO Bermuda explained in Section 1.1.1 represents a concentration of counterparty default risk. As explained in Section 1.1.4, however, the Club is operated on a unified basis and the underlying risks on a solo basis are the same as those at the level of the group.

Default risk in respect of Members and assureds is managed through the careful selection of new entrants and a cycle of regulator monitoring of existing Members and assureds. The Club's Management has in place processes and procedures for the regular monitoring of overdue receivable amounts, including escalation procedures leading ultimately to termination of cover in the event that amounts due are not settled in an appropriately timely manner.

As at 20 February 2021	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB & Below US$'000	Other US$'000	Total US$'000
Reinsurance Assets	88,782	-	14,953	69,922	3,885	22	**88,782**
RI Share of UPR	848	-	-	848	-	-	**848**
Taxation	18	-	-	-	-	18	**18**
Receivables	28,718	1	8,431	2,870	409	17,007	**28,718**
Deferred Acquisition Costs	566	-	-	-	-	566	**566**
Total	**118,932**	**1**	**23,384**	**73,640**	**4,294**	**17,613**	**118,932**

As at 20 February 2020	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB & Below US$'000	Other US$'000	Total US$'000
Reinsurance Assets	87,909	-	7,938	75,201	4,738	32	**87,909**
RI Share of UPR	918	-	-	918	-	-	**918**
Receivables	17,882	4	1,347	2,222	1,021	13,288	**17,882**
Deferred Acquisition Costs	570	-	-	-	-	570	**570**
Total	**107,279**	**4**	**9,285**	**78,341**	**5,759**	**13,890**	**107,279**

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

As at 20 February 2021	SOFP US$'000	AAA US$'000	AA US$'000	A US$'000	BBB US$'000	Other US$'000	Total US$'000
Cash & Investments	403,667	430	111,663	151,402	54,972	85,200	**403,667**
As at 20 February 2020	**SOFP US$'000**	**AAA US$'000**	**AA US$'000**	**A US$'000**	**BBB US$'000**	**Other US$'000**	**Total US$'000**
Cash & Investments	394,603	1,109	150,919	95,690	45,404	101,481	**394,603**

3.4 Liquidity Risk

This is the risk the Club may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The predominant liquidity risk the Club faces is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Club's approach is to maintain a significant holding of liquid assets, either in cash or in liquid assets that can be translated into cash at short notice and at low risk of suffering any material capital loss. Cash flow projections are reviewed and updated regularly to ensure the most efficient use of cash resources. All anticipated future profits in respect of future premiums are offset by losses as reflected in the Premium Provision calculation referred to in Section 4.2, which amount to about US$11.8m.

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

Assets at 20 February 2021	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	403,667	124,028	20,311	56,546	202,782	**403,667**
Investment Property	22,406	-	-	-	22,406	**22,406**
Taxation	18	18	-	-	-	**18**
Receivables	28,749	28,749	-	-	-	**28,749**
Reinsurance Assets	88,782	16,691	23,261	14,827	34,003	**88,782**
Reinsurer Share of UPR	848	848	-	-	-	**848**
Deferred Acquisition Costs	566	566	-	-	-	**566**
Total Assets	**545,036**	**170,900**	**43,572**	**71,373**	**259,191**	**545,036**
Liabilities at 20 February 2021	**SOFP US$'000**	**Up to 1 year US$'000**	**1-3 Years US$'000**	**3-5 Years US$'000**	**5+ Years US$'000**	**Total US$'000**
Insurance Liabilities	352,225	97,566	103,554	53,538	97,567	**352,225**
Unearned Premium	3,839	3,839	-	-	-	**3,839**
Payables	35,401	35,401	-	-	-	**35,401**
Total Liabilities	**391,465**	**136,806**	**103,554**	**53,538**	**97,567**	**391,465**

Assets at 20 February 2020	SOFP US$'000	Up to 1 year US$'000	1-3 Years US$'000	3-5 Years US$'000	5+ Years US$'000	Total US$'000
Cash & Investments	394,603	98,561	28,830	55,883	211,329	**394,603**
Investment Property	24,619	-	-	-	24,619	**24,619**
Receivables	17,882	17,882	-	-	-	**17,882**
Reinsurance Assets	87,909	15,384	24,263	14,681	33,581	**87,909**
Reinsurer Share of UPR	918	918	-	-	-	**918**
Deferred Acquisition Costs	570	570	-	-	-	**570**
Total Assets	**526,501**	**133,315**	**53,093**	**70,564**	**269,529**	**526,501**
Liabilities at 20 February 2020	**SOFP US$'000**	**Up to 1 year US$'000**	**1-3 Years US$'000**	**3-5 Years US$'000**	**5+ Years US$'000**	**Total US$'000**
Insurance Liabilities	334,852	85,387	103,804	51,902	93,759	**334,852**
Unearned Premium	3,953	3,953	-	-	-	**3,953**
Taxation	126	126	-	-	-	**126**
Payables	13,680	13,680	-	-	-	**13,680**
Total Liabilities	**352,611**	**103,146**	**103,804**	**51,902**	**93,759**	**352,611**

3.5 Operational Risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks the Club documents all key processes and controls in a procedures manual. This manual is embedded into the organisation, updated on a continual basis by senior staff and available to all staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function which is directed and reviewed by the Audit Committee. A staff handbook contains all key policies that have also been documented.

3.6 Climate Risk

Climate Risk means the financial risks arising from climate change. The Club considers climate change as a long term risk and it has been added to the Risk Register as a cross-cutting strategic risk as it is seen as an 'amplifier' of a number of existing risks noted above that the Club faces. The key financial risks associated with climate change identified include:

- Physical risks – increased weather-related natural disasters leading to increased claims and disruption to the Club's operations, for example closure of offices in London, Piraeus, Cyprus and/or Hong Kong;
- Transition risks – e.g. decarbonisation of the economy leading to:
  - a fall in asset values driven by decarbonisation (stranded assets);
  - failure to adapt investment strategy to take advantage of new high performing investment categories;
  - changes in policyholder/member trading patterns and insurance requirements (new vessel types but also IMO2020 type events);
  - reputational risk – internally as well as externally; and
  - regulatory risks of non-compliance with regulatory requirements.

Of these risks, the main change in the risk profile over the last year is the increase in regulatory risks as the deadline to comply with PRA guidelines on managing the financial risks arising from climate change by the end of 2021. This is a focus of the Board which is receiving regular updates from the Climate Change Working Group on progress towards the deadline.

3.7 Risk Concentrations

Appropriate risk mitigating controls are in place protect the Club against exposure to any material risk concentrations.

3.8 Any Other Information

There is no other material information to report regarding the Club's Risk Profile.

4 VALUATION FOR SOLVENCY PURPOSES

The Group calculation has been prepared using the Accounting Consolidation-based method – Method 1 as set out in Article 230 of Directive 2009/138/EC which means the consolidated balance sheet of the Club has been prepared in accordance with Solvency II regulations.

4.1 Assets

The following table sets out a comparison of the valuation of assets between UK GAAP/IFRS and Solvency II for the Club as well as both LSSO London and LSSO Europe:

	20 Feb 2021			20 Feb 2020		
Club	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Deferred acquisition costs	565	-	(565)	570	-	(570)
Investments (including derivatives)	323,391	346,967	23,576	389,811	362,512	(27,299)
Strategic equity investments	5,811	9,601	3,790	5,811	21,105	15,294
Reinsurers' share of technical provisions	89,630	103,959	14,329	88,827	105,510	16,683
Insurance and intermediaries receivables	7,919	5,870	(2,049)	10,090	7,569	(2,521)
Reinsurance receivables	2,665	2,665	-	1,979	1,979	-
Receivables (trade, not insurance)	18,164	16,863	(1,301)	5,813	4,211	(1,602)
Taxation	18	18	-	-	-	-
Cash and cash equivalents	96,873	42,381	(54,492)	23,600	20,374	(3,226)
Total Assets	**545,036**	**528,324**	**(16,712)**	**526,501**	**523,260**	**(3,241)**
LSSO London	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Deferred Acquisition Costs	565	-	(565)	570	-	(570)
Investments (including derivatives)	23,882	24,065	183	36,019	36,072	53
Strategic equity investments	25,811	146,487	120,676	5,811	159,343	153,532
Reinsurers' share of technical provisions	338,026	304,158	(33,868)	322,631	304,088	(18,543)
Insurance and intermediaries receivables	7,913	5,864	(2,049)	10,090	7,569	(2,521)
Reinsurance receivables	2,665	2,665	-	1,979	1,979	-
Receivables (trade, not insurance)	3,404	3,356	(48)	2,589	2,538	(51)
Taxation	18	18	-	-	-	-
Cash and cash equivalents	11,819	11,797	(22)	3,573	3,556	(17)
Total Assets	**414,103**	**498,410**	**84,307**	**383,262**	**515,145**	**131,883**
LSSO Europe	**IFRS US$'000**	**Solvency II US$'000**	**Variance US$'000**	**IFRS US$'000**	**Solvency II US$'000**	**Variance US$'000**
Reinsurers' share of technical provisions	4	(1,253)	(1,257)	-	-	-
Insurance and intermediaries receivables	6	6	-	-	-	-
Cash and cash equivalents	20,030	20,030	-	-	-	-
Total Assets	**20,040**	**18,783**	**(1,257)**	**n/a**	**n/a**	**n/a**

4.1.1 Differences between Solvency II and UK GAAP/IFRS valuations

In general, the valuation method of assets is aligned with the statutory accounts and so the basis of preparation aligns with the accounting policies outlined in the Club's Annual Report and Financial Statements in Notes 1 and 2. Exceptions to these methods are outlined in the relevant sections below, most of which relates to treatment of the Club's investment in Hydra.

Deferred acquisition costs

Under FRS103 acquisitions costs, comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the valuation date. Deferred acquisition costs are not recognised separately under Solvency II to the extent that they form part of the premium provision calculation of the technical provisions. Please refer to section 4.2 for further details.

Investments & Cash and cash equivalents

The Club holds a diverse portfolio of equities, government and corporate bonds, and short-term deposits as well as one freehold property in London. Whilst the total value of the investments is unchanged between UK GAAP/IFRS and Solvency II, there are small classification differences between asset sectors. The main difference is attributable to the treatment of the Club's investment in Hydra.

Insurance and intermediaries receivables

Under UK GAAP/IFRS, insurance debtors include all insurance balances receivables, irrespective of the amounts overdue. Those amounts not yet due were reclassified as part of the Solvency II technical provisions.

Strategic equity investments

As explained in section 1.1.1 of this Report, for UK GAAP/IFRS reporting purposes the Club accounts for its investment in Hydra as a special purpose entity, consolidating the cell financial statements for Hydra London Cell. For Solvency II reporting purposes this investment is accounted for as an equity investment asset, specifically a strategic equity investment.

Strategic equity investments and investments in subsidiaries are valued at cost under UK GAAP/IFRS whereas under Solvency II they are valued at their net asset value.

Reinsurers' share of technical provisions

The difference between UK GAAP/IFRS and Solvency II values for reinsurers' share of technical provisions reflects the difference in methodology used to calculate the underlying technical provisions under the two bases. Please refer to section 4.2.1 for further details on the methodology followed to value reinsurers' share of technical provisions under Solvency II.

4.2 Technical Provisions

The following table shows separately for the Club as well as LSSO London and LSSO Europe the net best estimate and risk margin, as well as the comparative figures as at 20 February 2020:

Club	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Variance US$'000**
Net Technical Provisions as per Statutory Accounts UK GAAP	265,869	249,978	15,891
Solvency II Adjustments	(25,596)	(11,090)	(14,506)
Net Best Estimate	240,273	238,888	1,385
Risk Margin	22,259	21,781	478
Net Technical Provisions	**262,532**	**260,669**	**1,863**
LSSO London	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Variance US$'000**
Net Technical Provisions as per Statutory Accounts UK GAAP	17,472	16,173	1,299
Solvency II Adjustments	6,879	7,739	(860)
Net Best Estimate	24,351	23,912	439
Risk Margin	6,028	5,811	217
Net Technical Provisions	**30,379**	**29,723**	**656**
LSSO Europe	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Variance US$'000**
Net Technical Provisions as per Statutory Accounts IFRS	-	-	n/a
Solvency II Adjustments	362	-	n/a
Net Best Estimate	362	-	n/a
Risk Margin	813	-	n/a
Net Technical Provisions	**1,175**	**-**	**n/a**

The main differences between the UK GAAP/IFRS and the Solvency II net technical provisions are attributed to the inclusion of a Premium Provision relating to 'bound but not incepted' ("BBNI") business as well as the adjustments required to treat the Club's Hydra Cell as an investment and hence a third-party reinsurer.

A further breakdown showing the Claim Provision and Premium Provision separately by Solvency II line of business is provided in template S.17.01 in the QRTs in the Appendix towards the end of this Report.

4.2.1 Methodology and main assumptions used for valuation of best estimate

The technical provisions have been calculated separately for a Premium Provision and a Claim Provision. Furthermore, the 'Best Estimate' corresponds to the probability-weighted average of future cash-flows, taking the time value of money into account using the relevant risk-free interest rate term structure. A risk margin is added at the end to reflect the value of the technical provisions as the equivalent amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations of the Club. Although a predominantly marine liability insurer, we have split the assessment of our technical provisions into two classes of business, 'Marine, Aviation & Transport' and 'Legal Expenses'. The underlying methodology adopted was broadly similar for both classes using assumptions specific to each class of business, for example bespoke run-off patterns. A split of the best estimate and risk margin can be found in template S.17.01 of the QRTs included in the Appendix.

Claim Provisions and corresponding reinsurance recoveries

The first step was to determine the 'true' best estimates. The UK GAAP/IFRS reserve assessment, which is based on commonly accepted actuarial techniques, is used as the starting point. All implicit margins are then removed. Both attritional and large claim cash-flow patterns are derived using a chain-ladder approach, separately for Class 5 P&I and Class 8 FD&D. We have adopted a separate payment pattern for latent disease claim exposures.

The projected cash-flows for the large claims are then passed through the various reinsurance programmes (mainly excess loss) to derive appropriate reinsurance recovery payments patterns for main reinsurance groupings (e.g. IG Pooling Agreement, Hydra London Cell, LSSO Bermuda, etc.). For each of these groupings appropriate one-year probability of default and recovery rate assumptions are used based on the average credit rating of the counterparties within that grouping to derive an adjustment for counterparty default. The default probabilities used were those similar to the relevant credit quality steps provided by EIOPA.

Claims payments are made in various currencies over time with the overall majority of payments in US$. Two other currencies that are used fairly regularly, especially in relation to claim fees, are GBP and EUR and we have allowed for appropriate cash-flow patterns for both these currencies.

Premium Provision

There was a small amount of unearned business relating to Fixed Premium business as at the valuation date. By far the biggest component of the Club's Premium Provision as at 20 February 2021 relates to BBNI business. This is because for the majority of our business, which is mutual entries, cover is renewed shortly before year-end and incepts at midday on 20 February.

Appropriate loss ratio assumptions are made and relevant cash-flow patterns are applied to premiums, gross claims, reinsurance premiums and recoveries, and expenses. As a traditional mutual aiming for a long-term breakeven result and in line with our underwriting risk appetite, we allow for a combined ratio in excess of 100%. This means under Solvency II we recognise the net present value of this anticipated loss, which leads to an increase in overall net technical provisions.

Expenses

The payment patterns described under Claim Provisions include all allocated loss adjustment expenses ("ALAE"), and hence future associated claim handling expenses and corresponding administration expenses are included and no further explicit allowance is required.

Unallocated loss adjustment expenses ("ULAE") are not included within the gross paid claim amounts and so they are projected separately under the following headings:

- Claims management expenses;
- Administrative expenses;
- Investment management expenses; and
- Acquisition expenses

For these expense items an estimate was made of the corresponding amount for the forthcoming financial year and of the corresponding proportion which relate to the servicing of existing liabilities. This assumes that the Club continues to write new business.

In deriving a cash-flow pattern for claims handling costs we determined a run-off pattern based on past data for the notification and closure of claims, and assigning appropriate annual costs of opening a claim, closing a claim and running an ongoing claim. Administrative expenses were assumed to run off in proportion to liabilities and investment expenses were assumed to run-off in a similar fashion but based on the average of the opening and closing reserve at each future year.

We've allowed for acquisition costs under Premium Provisions based on the actual data from BBNI business.

Allowance for events not in the data ("ENID")

A percentage loading is added to each future annual cash-flow separately for each currency, which increases over time to reflect the uncertainty associated with cash-flows long into the future.

Discounting

All future cash-flows (claims, premiums, reinsurance recoveries, expenses, etc.) have been discounted using the prescribed EIOPA yield curves as at 28 February 2021. Where cash-flows were split between USD, GBP and EUR the relevant interest rate structure for each of these currencies was used. Reinsurance recoveries are in USD and here we used a weighted average yield curve based on the USD, GBP and EUR gross cash-flows.

Risk Margin

In line with EIOPA guidance, the risk margin is calculated using a cost-of-capital approach (currently equal to 6%). This approach is intended to ensure that the value of the technical provisions is equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

The 'proxy SCR' as at the valuation date is calculated using the Standard Formula in line with the calculation for a full SCR, but only applied to business included in the Solvency II Technical Provisions (e.g. excluding Market risk). Future SCRs are projected to run-off in line with the net future liabilities but subject to an adjustment so as to ensure that the proportion of the discounted SCR at each future period in relation to the discounted net technical provisions at the same time period is not lower than the corresponding ratio between proxy SCR and net technical provisions as at the valuation date.

4.2.2 Uncertainty associated with the value of technical provisions

Whilst we have made every effort to ensure the estimate of the Solvency II technical provisions is an accurate assessment of future obligations, it remains an approximation. Factors affecting the level of uncertainty are both internal and external and the nature of these factors are such that they are difficult to quantify in both likelihood and magnitude. The issues that affect the certainty of the technical provisions include:

- The projection of numerous cash-flows, including future premiums, claim payments and reinsurance recoveries on these payments. None of these will develop exactly as projected and deviations from these projections are normal and to be expected.
- The assumptions used to calculate the Premium Provision are based on the expectation of an 'average year'. Actual underwriting performance for that business may vary significantly from the assumed position at the outset.
- The yield curves used to discount future cash-flows can vary from one year to the next which introduces additional balance sheet volatility that doesn't exist on a UK GAAP/IFRS balance sheet.
- There is greater uncertainty associated with more recent policy years as these are still in an early stage of development.
- For certain elements of the technical provisions, for example ENIDs, very little data exists on which to base the assumptions and hence a high degree of judgement is required, which could lead to increased uncertainty in the estimates.

4.2.3 Other adjustments

We have not applied any other adjustments to the technical provisions such as the matching adjustment or volatility adjustments. Neither did we apply any transitional arrangements such as for example on the risk free interest rate term structures.

4.2.4 Material changes since the previous valuation

There have been no other material changes in the Technical Provisions methodology since the previous valuation.

4.3 Other Liabilities

The following two tables set out a comparison of the valuation of liabilities between UK GAAP/IFRS and Solvency II for the Club as well as both LSSO London and LSSO Europe:

	20 Feb 2021			20 Feb 2020		
Club	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Technical Provisions	356,064	366,491	10,427	338,805	366,179	27,374
Derivatives	-	13	13	-	42	42
Insurance & Intermediaries payables	2,812	2,812	-	1,962	1,962	-
Reinsurance payables	237	237	-	252	252	-
Payables (trade, not insurance)	32,353	32,337	(16)	11,466	11,411	(55)
Any other liabilities, not else shown	-	-	-	126	126	-
Total Liabilities	**391,466**	**401,890**	**10,424**	**352,611**	**379,972**	**27,361**
Excess of Assets over Liabilities	**153,570**	**126,434**	**(27,136)**	**173,890**	**143,288**	**(30,602)**
LSSO London	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**	**UK GAAP US$'000**	**Solvency II US$'000**	**Variance US$'000**
Technical Provisions	356,063	334,537	(21,526)	338,805	333,811	(4,994)
Insurance & Intermediaries payables	2,786	2,786	-	1,962	1,962	-
Reinsurance payables	237	237	-	252	252	-
Payables (trade, not insurance)	34,603	34,603	-	35,079	35,079	-
Any other liabilities, not else shown	-	-	-	126	126	-
Total Liabilities	**393,689**	**372,163**	**(21,526)**	**376,224**	**371,230**	**(4,994)**
Excess of Assets over Liabilities	**20,414**	**126,247**	**105,833**	**7,038**	**143,915**	**136,877**
LSSO Europe	**IFRS US$'000**	**Solvency II US$'000**	**Variance US$'000**	**IFRS US$'000**	**Solvency II US$'000**	**Variance US$'000**
Technical Provisions	5	(77)	(82)	-	-	-
Insurance & Intermediaries payables	26	26	-	-	-	-
Payables (trade, not insurance)	132	132	-	-	-	-
Total Liabilities	**163**	**81**	**(82)**	**n/a**	**n/a**	**n/a**
Excess of Assets over Liabilities	**19,877**	**18,702**	**(1,175)**	**n/a**	**n/a**	**n/a**

4.3.1 Differences between Solvency II and UK GAAP/IFRS valuations

In general, the valuation method of liabilities is aligned with the statutory accounts and so the basis of preparation aligns with the accounting policies outlined in the Club's Annual Report and Financial Statements in Notes 14 and 15.

4.4 Any Other Information

There is no other material information to report regarding the Club's valuation of assets and liabilities.

5 CAPITAL MANAGEMENT

5.1 Own Funds

5.1.1 Objectives and management of Own Funds

The Club's Business Plan and ORSA process measure the Club's current and projected capital and solvency position over a five year time horizon. The core capital management objective over this time horizon is for the Club to maintain Tier 1 basic own funds at a level which provides a capital buffer in excess of the higher of its SCR and its ORSA derived solvency needs.

Notwithstanding this core objective, however, the contractual right to make a supplementary call on the mutual Membership represents an important, well understood and highly efficient means by which the Club can manage its capital requirements in times of financial stress. Article 89 of Directive 2009/138/EC recognises that in the case of a mutual association with variable contributions, future claims which it has the right to levy on its Membership may be treated as ancillary own funds ("AOF") forming part of the association's overall capital resources available to meet the SCR. The Club views it as an important matter of principle that this highly reliable source of capital is recognised as part of the overall capital resources available, and is committed to maintaining at all times supervisory approval for this AOF item.

5.1.2 Structure, amount and quality of Own Funds

The following tables provide a summary of the movement in own funds for the Club as well as both LSSO London and LSSO Europe over the reporting period:

Club	20 Feb 2021 US$'000	Movement US$'000	20 Feb 2020 US$'000
Basic Own Funds			
Reconciliation reserve	126,434	(16,854)	143,288
Total Basic Own Funds	**126,434**	**(16,854)**	**143,288**
Ancillary Own Funds			
Supplementary calls as per Article 89	25,000	-	25,000
Total Own Funds	**151,434**	**(16,854)**	**168,288**

LSSO London	20 Feb 2021 US$'000	Movement US$'000	20 Feb 2020 US$'000
Basic Own Funds			
Reconciliation reserve	126,247	(17,668)	143,915
Total Basic Own Funds	**126,247**	**(17,668)**	**143,915**
Ancillary Own Funds			
Supplementary calls as per Article 89	25,000	-	25,000
Total Own Funds	**151,247**	**(17,668)**	**168,915**

LSSO Europe	20 Feb 2021 US$'000	Movement US$'000	Day 1 US$'000
Basic Own Funds			
Ordinary share capital	20	-	20
Share premium account related to ordinary share capital	19,980	-	19,980
Reconciliation reserve	(1,298)	(1,298)	-
Total Basic Own Funds	**18,702**	**(1,298)**	**20,000**
Ancillary Own Funds			
Supplementary calls as per Article 89	-	-	-
Total Own Funds	**18,702**	**(1,298)**	**20,000**

The PRA granted the Club approval on 17 February 2020 for US$25m of AOF when determining its own funds, with this approval effective until noon 20 April 2023.

5.1.3 Eligible amount of Own Funds available to cover SCR and MCR, classified by tiers

The following tables provide a summary of the movement in eligible own funds for the Club as well as LSSO London and LSSO Europe over the reporting period available to cover the SCR:

Club	20 Feb 2021 US$'000	Movement US$'000	20 Feb 2020 US$'000
Tier 1	126,434	(16,854)	143,288
Tier 2	25,000	-	25,000
Tier 3	-	-	-
Eligible Own Funds	**151,434**	**(16,854)**	**168,288**
LSSO London	**20 Feb 2021 US$'000**	**Movement US$'000**	**20 Feb 2020 US$'000**
Tier 1	126,247	(17,668)	143,915
Tier 2	25,000	-	25,000
Tier 3	-	-	-
Eligible Own Funds	**151,247**	**(17,668)**	**168,915**
LSSO Europe	**20 Feb 2021 US$'000**	**Movement US$'000**	**Day 1 US$'000**
Tier 1	18,702	(1,298)	20,000
Tier 2	-	-	-
Tier 3	-	-	-
Eligible Own Funds	**18,702**	**(1,214)**	**20,000**

All eligible own funds are unrestricted and available to meet the SCR. AOF are not available to cover the MCR, and thus only Tier 1 funds in the previous two tables are available to meet the MCR.

5.1.4 Differences between UK GAAP/IFRS equity and Solvency II excess of assets over liabilities

The majority of assets and liabilities are valued identically under UK GAAP/IFRS and Solvency II. The key differences are the valuation of the technical provisions and the accounting treatment of the Club's investment in Hydra. These differences can be summarised as follows:

Club	20 Feb 2021 US$'000	Movement US$'000	20 Feb 2020 US$'000
Retained Earnings as per UK GAAP	**153,570**	**(20,320)**	**173,890**
Difference in valuation of assets	(30,475)	(11,121)	(19,354)
Difference in valuation of technical provisions	3,337	14,598	(11,261)
Difference in valuation of other liabilities	2	(11)	13
Solvency II excess of assets over liabilities	**126,434**	**(16,854)**	**143,288**
LSSO London	**20 Feb 2021 US$'000**	**Movement US$'000**	**20 Feb 2020 US$'000**
Retained Earnings as per UK GAAP	**20,414**	**13,376**	**7,038**
Difference in valuation of assets	118,740	(32,255)	150,995
Difference in valuation of technical provisions	(12,907)	1,211	(14,118)
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	**126,247**	**(17,668)**	**143,915**
LSSO Europe	**20 Feb 2021 US$'000**	**Movement US$'000**	**20 Feb 2020 US$'000**
Retained Earnings as per IFRS	**19,877**	**n/a**	**n/a**
Difference in valuation of assets	-	-	-
Difference in valuation of technical provisions	(1,175)	-	-
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	**18,702**	**n/a**	**n/a**

5.1.5 Description and the amount of Ancillary Own Funds

A description of the AOF item and the amount approved by the PRA is provided in Sections 5.1.1 and 5.1.2.

5.1.6 Description of items deducted from Own Funds

There are no items that are deducted from own funds and no significant restrictions affecting the availability and transferability of own funds.

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Solvency Capital Requirement as at 20 February 2021

The SCR of the Club as at the valuation date is US$111.4m with the SCRs for LSSO London and LSSO Europe entities equal to US$83.9m and US$6.0m respectively. The following table shows the relevant SCRs split by risk modules as at 20 February 2021:

Club	20 Feb 2021 US$'000	20 Feb 2020 US$'000	Change US$'000
Non-life Underwriting Risk	77,186	76,030	1,156
Market Risk	42,077	53,203	(11,126)
Counterparty Default Risk	8,051	7,916	135
Undiversified Basic SCR	**127,314**	**137,149**	**(9,835)**
Diversification benefit	(26,281)	(29,870)	3,589
Basic SCR	**101,033**	**107,279**	**(6,246)**
Operational Risk	10,327	10,332	(5)
Standard Formula SCR	**111,360**	**117,611**	**(6,251)**
LSSO London	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Change US$'000**
Non-life Underwriting Risk	10,704	11,004	(300)
Market Risk	48,739	50,507	(1,768)
Counterparty Default Risk	37,644	31,110	6,534
Undiversified Basic SCR	**97,087**	**92,621**	**4,466**
Diversification benefit	(23,004)	(21,588)	(1,416)
Basic SCR	**74,083**	**71,033**	**3,050**
Operational Risk	9,855	9,840	15
Standard Formula SCR	**83,938**	**80,873**	**3,065**
LSSO Europe	**20 Feb 2021 US$'000**	**Day 1 US$'000**	**Change US$'000**
Non-life Underwriting Risk	2,129	-	-
Market Risk	2,328	-	-
Counterparty Default Risk	3,502	-	-
Undiversified Basic SCR	**7,959**	**n/a**	**n/a**
Diversification benefit	(1,940)	-	-
Basic SCR	**6,019**	**n/a**	**n/a**
Operational Risk	0	-	-
Standard Formula SCR	**6,019**	**n/a**	**n/a**

No material simplified methods have been used in our assessment and neither did we use the duration-based equity risk sub-module as set out in Article 304 of Directive 2009/138/EC in the calculation of the SCR.

Non-Life Underwriting Risk

The Club's largest risk exposure relates to expired and unexpired business. 'Premium and Reserve Risk' was split between 'Marine, Aviation & Transportation' and 'Legal Expenses' lines of business. We have not used Undertaking-Specific Parameters but we did allow for geographical diversification as underlying risks are spread globally.

The 'Catastrophe Risk' sub-module reflects the exposure to a man-made catastrophe involving a tanker collision.

Market Risk

The Club follows an investment strategy that exposes it to 'Equity Risk' and 'Spread Risk' in particular. Over the reporting period there was a de-risking of equity and fixed income portfolios which resulted in a reduction in the 'Spread Risk' charge and 'Equity Risk' charge. Under 'Equity Risk' we have applied a symmetrical adjustment of +2.69% to the standard 39% and 49% shocks for Type 1 and Type 2 equities respectively, which is the SAECC index as published by the Bank of England.

Notwithstanding that the Club holds assets in each of the key currencies in which has outstanding liabilities, there remains an element of currency mismatching, principally with regards to GBP and EUR exposures.

5.2.2 Minimum Capital Requirement as at 20 February 2021

The MCR of the Club as at the valuation date is US$46.6m with the MCRs for the LSSO London and LSSO Europe entities equal to US$21.0m and US$4.3m respectively. The following table shows the inputs into the MCR calculation as at 20 February 2021. Note the Absolute Floor of the MCR ("AMCR") is prescribed by EIOPA and is €3.7m:

Club	20 Feb 2021 US$'000	20 Feb 2020 US$'000	Change US$'000
AMCR*	4,328	4,127	201
Linear MCR	33,899	33,131	768
SCR	111,360	117,611	(6,251)
Combined MCR	33,899	33,131	768
Minimum consolidated Group SCR	46,599	40,499	6,100
Minimum Capital Requirement	**46,599**	**40,499**	**6,100**
LSSO London	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Change US$'000**
AMCR*	4,328	4,127	201
Linear MCR	5,288	6,114	(826)
SCR	83,938	80,873	3,065
Combined MCR	20,984	20,218	766
Minimum Capital Requirement	**20,984**	**20,218**	**766**
LSSO Europe	**20 Feb 2021 US$'000**	**Day 1 US$'000**	**Change US$'000**
AMCR*	4,328	-	-
Linear MCR	38	-	-
SCR	6,019	-	-
Combined MCR	1,505	-	-
Minimum Capital Requirement	**4,328**	**n/a**	**n/a**

**AMCR is €3.7m converted at US$1.1698 (20 Feb 2020: US$1.1154) as per Article 300*

The following information, by Solvency II line of business, was used to calculate the MCR:

- Net written premium in the previous 12 months to the valuation date
- Net best estimate technical provisions

5.2.3 Material changes to the SCR and MCR over the reporting period

The underlying risk profile has remained broadly unchanged over the reporting period and consequently there was minimal year-on-year change in the SCRs and MCRs. The Group SCR reduced mainly due to the de-risking of equity exposures highlighted under 5.2.1. There was a US$6.1m increase in the minimum consolidated Group SCR with the addition of the LSSO Europe entity.

5.2.4 Non-compliance SCR/MCR

There were no instances of non-compliance with either the MCR or the SCR during the period from 20 February 2020 to 20 February 2021. This applies to the Group and the undertakings within scope of this SFCR.

5.3 Overall Solvency

The table below shows the SCR and MCR solvency ratios for the Club and subsidiaries as at 20 February 2021:

	Solvency Capital Requirement			Minimum Capital Requirement		
Club	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Change US$'000**	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Change US$'000**
Capital Requirement	111,360	117,611	(6,251)	46,599	40,499	6,100
Eligible Own Funds	151,434	168,288	(16,854)	126,434	143,288	(16,854)
Surplus Funds	**40,074**	**50,677**	**(10,603)**	**79,835**	**102,789**	**(22,954)**
Solvency Ratio	136.0%	143.1%	(7.1%)	271.3%	353.8%	(82.5%)
LSSO London	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Change US$'000**	**20 Feb 2021 US$'000**	**20 Feb 2020 US$'000**	**Change US$'000**
Capital Requirement	83,938	80,873	3,065	20,984	20,218	766
Eligible Own Funds	151,247	168,915	(17,668)	126,247	143,915	(17,668)
Surplus Funds	**67,309**	**88,042**	**(20,733)**	**105,263**	**123,697**	**(18,434)**
Solvency Ratio	180.2%	208.9%	(28.7%)	601.6%	711.8%	(110.2%)
LSSO Europe	**20 Feb 2021 US$'000**	**Day 1 US$'000**	**Change US$'000**	**20 Feb 2021 US$'000**	**Day 1 US$'000**	**Change US$'000**
Capital Requirement	6,019	-	-	4,328	-	-
Eligible Own Funds	18,702	-	-	18,702	-	-
Surplus Funds	**12,683**	**n/a**	**n/a**	**14,374**	**n/a**	**n/a**
Solvency Ratio	310.7%	n/a	n/a	432.1%	n/a	n/a

5.4 Any Other Information

There is no other material information to report regarding the Club's capital management.

Appendix 1: Quantitative Reporting Templates (QRTs)

The remaining part of this submission contains the required QRTs for the Club as well as LSSO London in line with Solvency II requirements.

All figures are presented in thousands of US Dollars with the exception of ratios that are in decimal. Please note that totals may differ from the component parts due to rounding. All items disclosed are consistent with the information provided privately to the regulator.

The following Group QRTs are provided:

Reference	QRT Template Description
S.02.01.02	Balance Sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.23.01.22	Own Funds
S.25.01.22	Solvency Capital Requirement – for groups on Standard Formula
S.32.01.22	Undertakings in the scope of the group

The following QRTs for LSSO London are provided:

Reference	QRT Template Description
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses by line of business
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-Life Technical Provisions
S.19.01.21	Non-Life insurance claims
S.23.01.01	Own Funds
S.25.01.21	Solvency Capital Requirement – for undertakings on the Standard Formula
S.28.01.01	Minimum Capital Requirement – only life or only non-life insurance or reinsurance activity

The London Steam-Ship Owners' Mutual Insurance Association Limited

Solvency and Financial Condition Report

Group Disclosures

20 February

2021

(Monetary amounts in USD thousands)

General information

Participating undertaking name	The London Steam-Ship Owners' Mutual Insurance Association Limited
Group identification code	213800VZJ8TFB8ZJDR87
Type of code of group	LEI
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	20 February 2021
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.23.01.22 - Own Funds
S.25.01.22 - Solvency Capital Requirement - for groups on Standard Formula
S.32.01.22 - Undertakings in the scope of the group

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	356,568
R0080	*Property (other than for own use)*	22,406
R0090	*Holdings in related undertakings, including participations*	9,601
R0100	*Equities*	38,189
R0110	*Equities - listed*	38,054
R0120	*Equities - unlisted*	135
R0130	*Bonds*	243,954
R0140	*Government Bonds*	65,542
R0150	*Corporate Bonds*	122,763
R0160	*Structured notes*	0
R0170	*Collateralised securities*	55,649
R0180	*Collective Investments Undertakings*	31,772
R0190	*Derivatives*	84
R0200	*Deposits other than cash equivalents*	10,527
R0210	*Other investments*	36
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	103,960
R0280	*Non-life and health similar to non-life*	103,960
R0290	*Non-life excluding health*	103,960
R0300	*Health similar to non-life*	
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5,870
R0370	Reinsurance receivables	2,665
R0380	Receivables (trade, not insurance)	16,863
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	42,381
R0420	Any other assets, not elsewhere shown	18
R0500	**Total assets**	528,324

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	366,491
R0520	*Technical provisions - non-life (excluding health)*	366,491
R0530	*TP calculated as a whole*	
R0540	*Best Estimate*	344,232
R0550	*Risk margin*	22,259
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	
R0580	*Best Estimate*	
R0590	*Risk margin*	
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	13
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	2,812
R0830	Reinsurance payables	237
R0840	Payables (trade, not insurance)	32,337
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	401,891
R1000	**Excess of assets over liabilities**	126,434

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						107,351				12,031							119,383
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						27,514				1,070							28,584
R0200	Net						79,838				10,961							90,799
	Premiums earned																	
R0210	Gross - Direct Business						107,442				12,055							119,497
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						27,582				1,072							28,654
R0300	Net						79,860				10,983							90,843
	Claims incurred																	
R0310	Gross - Direct Business						109,448				8,830							118,278
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						26,427				2,144							28,571
R0400	Net						83,021				6,686							89,707
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0				0							0
R0550	**Expenses incurred**						30,176				5,501							35,677
R1200	**Other expenses**																	
R1300	**Total expenses**																	35,677

S.05.02.01

Premiums, claims and expenses by country

Non-life

		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	119,383						119,383
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	28,584						28,584
R0200	Net	90,799						90,799
	Premiums earned							
R0210	Gross - Direct Business	119,497						119,497
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	28,654						28,654
R0300	Net	90,843						90,843
	Claims incurred							
R0310	Gross - Direct Business	118,278						118,278
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	28,571						28,571
R0400	Net	89,707						89,707
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	35,677						35,677
R1200	**Other expenses**							
R1300	**Total expenses**							35,677

S.23.01.22

Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0	0			
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	126,434	126,434			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				0
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**					
R0230	**Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities**	0				
R0240	*whereof deducted according to art 228 of the Directive 2009/138/EC*	0				
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	126,434	126,434	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	25,000			25,000	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	25,000			25,000	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

S.23.01.22
Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector	C0010	C0020	C0030	C0040	C0050
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	151,434	126,434	0	25,000	0
R0530	Total available own funds to meet the minimum consolidated group SCR	126,434	126,434	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	151,434	126,434	0	25,000	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	126,434	126,434	0	0	
R0610	**Minimum consolidated Group SCR**	46,599				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	271.32%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	151,434	126,434	0	25,000	0
R0680	**Group SCR**	111,360				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	135.99%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	126,434
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	126,434
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	-11,790
R0790	**Total Expected profits included in future premiums (EPIFP)**	-11,790

S.25.01.22

Solvency Capital Requirement - for groups on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	42,077		
R0020	Counterparty default risk	8,051		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	77,186	9	
R0060	Diversification	-26,281		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	101,033		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	10,327
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	111,360
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement for undertakings under consolidated method**	111,360
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0
R0470	Minimum consolidated group solvency capital requirement	46,599
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	0
R0520	*Institutions for occupational retirement provisions*	0
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	0
R0540	Capital requirement for non-controlled participation requirements	0
R0550	Capital requirement for residual undertakings	0
	Overall SCR	
R0560	SCR for undertakings included via D&A	0
R0570	**Solvency capital requirement**	111,360

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Undertakings in the scope of the group

Row	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800VZJ8TFB8ZJDR87	LEI	The London Steam-Ship Owners' Mutual Insurance Association Limited	Non life insurance undertaking	Limited by guarantee	Mutual	Prudential Regulation Authority
2	BM	549300OBVBZL3ADV8B91	LEI	The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited	Reinsurance undertaking	Limited by guarantee	Mutual	Bermuda Monetary Authority
3	BM	213800VZJ8TFB8ZJDR87-BM-00001	Specific code	London and Bermuda Reinsurance Company Limited	Reinsurance undertaking		Mutual	
4	CY	2138003JRMGVH8CGUR42	LEI	The London P&I Insurance Company (Europe) Limited	Non life insurance undertaking	Limited by shares	Mutual	Superintendent of Insurance

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Undertakings in the scope of the group

					Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0030	C0040	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
1	GB	213800VZJ8TFB8ZJDR87	LEI	The London Steam-Ship Owners' Mutual Insurance Association Limited					Dominant		Included in the scope		Method 1: Full consolidation
2	BM	549300OBVBZL3ADV8B91	LEI	The London Steam-Ship Owners' Mutual Insurance Association (Bermuda) Limited		100.00%	100.00%		Dominant	100.00%	Included in the scope		Method 1: Full consolidation
3	BM	213800VZJ8TFB8ZJDR87-BM-00001	Specific code	London and Bermuda Reinsurance Company Limited							Not included in the scope (art. 214 b)	2016-01-08	No inclusion in the scope of group supervision as defined in Art. 214 Directive 2009/138/EC
4	CY	2138003JRMGVH8CGUR42	LEI	The London P&I Insurance Company (Europe) Limited	100.00%				Dominant	100.00%	Included in the scope		Method 1: Full consolidation

The London Steam-Ship Owners' Mutual Insurance Association Limited

Solvency and Financial Condition Report

Solo Disclosures

20 February

2021

(Monetary amounts in USD thousands)

General information

Undertaking name	The London Steam-Ship Owners' Mutual Insurance Association Limited
Undertaking identification code	213800VZJ8TFB8ZJDR87
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	20 February 2021
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet
S.05.01.02 - Premiums, claims and expenses by line of business
S.05.02.01 - Premiums, claims and expenses by country
S.17.01.02 - Non-Life Technical Provisions
S.19.01.21 - Non-Life insurance claims
S.23.01.01 - Own Funds
S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	170,553
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	146,487
R0100	*Equities*	135
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	135
R0130	*Bonds*	0
R0140	*Government Bonds*	0
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	13,582
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	10,348
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	304,158
R0280	*Non-life and health similar to non-life*	304,158
R0290	*Non-life excluding health*	304,158
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	5,864
R0370	Reinsurance receivables	2,665
R0380	Receivables (trade, not insurance)	3,356
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	11,797
R0420	Any other assets, not elsewhere shown	18
R0500	**Total assets**	498,409

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	334,537
R0520	*Technical provisions - non-life (excluding health)*	334,537
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	328,509
R0550	*Risk margin*	6,028
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	2,786
R0830	Reinsurance payables	237
R0840	Payables (trade, not insurance)	34,603
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	372,163
R1000	**Excess of assets over liabilities**	126,246

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						107,349				12,031							119,380
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						88,734				9,744							98,478
R0200	Net						18,616				2,287							20,903
	Premiums earned																	
R0210	Gross - Direct Business						107,440				12,055							119,495
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						88,813				9,763							98,577
R0300	Net						18,627				2,292							20,918
	Claims incurred																	
R0310	Gross - Direct Business						109,448				8,830							118,278
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share						100,722				8,162							108,884
R0400	Net						8,725				669							9,394
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0				0							0
R0550	**Expenses incurred**						15,464				2,459							17,922
R1200	**Other expenses**																	
R1300	**Total expenses**																	17,922

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	119,380						119,380
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	98,478						98,478
R0200	Net	20,903						20,903
	Premiums earned							
R0210	Gross - Direct Business	119,495						119,495
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	98,577						98,577
R0300	Net	20,918						20,918
	Claims incurred							
R0310	Gross - Direct Business	118,278						118,278
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	108,884						108,884
R0400	Net	9,394						9,394
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0						0
R0550	**Expenses incurred**	17,922						17,922
R1200	**Other expenses**							
R1300	**Total expenses**							17,922

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0				0							0
R0050	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
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-8,985				-1,460							-10,445
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-9,428				-1,525							-10,953
R0150	**Net Best Estimate of Premium Provisions**						443				65							508
	Claims provisions																	
R0160	Gross						317,269				21,685							338,954
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						295,677				19,434							315,111
R0250	**Net Best Estimate of Claims Provisions**						21,592				2,251							23,843
R0260	**Total best estimate - gross**						308,283				20,226							328,509
R0270	**Total best estimate - net**						22,035				2,316							24,351
R0280	**Risk margin**						5,455				573							6,028
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**						313,738				20,799							334,537
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						286,249				17,909							304,158
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						27,490				2,890							30,380

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Non-Life insurance claims

Total Non-life business

Z0020	**Accident year / underwriting year**	Underwriting Year

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	**Development year**											**In Current year**	**Sum of years (cumulative)**
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											3,740	3,740	3,740
R0160	2012	18,992	29,662	14,087	7,094	500	1,251	2,226	141	2,053	95		95	76,100
R0170	2013	14,760	22,429	15,706	4,681	2,890	1,975	1,680	2,079	1,214			1,214	67,415
R0180	2014	12,290	20,331	11,550	7,309	4,854	6,820	3,562	1,504				1,504	68,220
R0190	2015	20,699	20,227	25,076	5,366	4,366	10,650	9,526					9,526	95,909
R0200	2016	12,590	17,556	9,761	8,182	7,330	1,696						1,696	57,116
R0210	2017	24,494	14,527	15,247	6,348	746							746	61,362
R0220	2018	11,255	19,151	9,908	10,818								10,818	51,131
R0230	2019	22,164	25,440	18,847									18,847	66,451
R0240	2020	18,426	34,291										34,291	52,717
R0250	2021	18,428											18,428	18,428
R0260												**Total**	100,904	618,589

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	**Development year**											**Year end (discounted data)**
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											106,743	101,235
R0160	2012	0	0	0	0	6,519	5,684	3,106	2,524	850	1,020		974
R0170	2013	0	0	0	13,919	9,408	5,330	2,618	290	-1,300			-1,219
R0180	2014	0	0	29,751	22,560	14,949	6,764	4,860	3,200				3,052
R0190	2015	0	73,819	47,765	36,980	34,880	18,821	11,206					10,687
R0200	2016	47,953	33,259	27,444	17,315	7,931	6,092						5,835
R0210	2017	38,250	28,940	19,345	10,980	7,842							7,543
R0220	2018	59,406	40,545	29,850	18,301								17,705
R0230	2019	102,260	76,102	48,616									47,212
R0240	2020	78,201	63,603										62,194
R0250	2021	85,308											83,736
R0260												**Total**	338,954

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	126,246	126,246			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	126,246	126,246	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	25,000			25,000	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	25,000			25,000	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	151,246	126,246	0	25,000	0
R0510	Total available own funds to meet the MCR	126,246	126,246	0	0	
R0540	Total eligible own funds to meet the SCR	151,246	126,246	0	25,000	0
R0550	Total eligible own funds to meet the MCR	126,246	126,246	0	0	
R0580	**SCR**	83,938				
R0600	**MCR**	20,984				
R0620	**Ratio of Eligible own funds to SCR**	180.19%				
R0640	**Ratio of Eligible own funds to MCR**	601.62%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	126,246
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	126,246
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	508
R0790	**Total Expected profits included in future premiums (EPIFP)**	508

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	48,739		
R0020	Counterparty default risk	37,644		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	10,704	9	
R0060	Diversification	-23,004		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	74,082		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	9,855
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	83,938
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	83,938
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	5,288

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	22,035	18,616
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	2,316	2,287
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	5,288
R0310	SCR	83,938
R0320	MCR cap	37,772
R0330	MCR floor	20,984
R0340	Combined MCR	20,984
R0350	Absolute floor of the MCR	4,328
R0400	**Minimum Capital Requirement**	20,984