



THE LONDON STEAM-SHIP OWNERS' MUTUAL INSURANCE ASSOCIATION LIMITED

Solvency & Financial Condition Report

As at 20 February 2023

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

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

Contents

INTRODUCTION	3
APPROVAL BY THE BOARD OF DIRECTORS.....	4
A. BUSINESS AND PERFORMANCE	5
A.1 Business Information.....	5
A.2 Underwriting Performance	7
A.3 Investment Performance	9
A.4 Performance of Other Activities	10
A.5 Any Other Information	10
B. SYSTEM OF GOVERNANCE.....	11
B.1 General Information on the System of Governance.....	11
B.2 Fit & Proper Requirements	13
B.3 Risk Management System including the Own Risk & Solvency Assessment.....	13
B.4 Internal Control System.....	16
B.5 Internal Audit Function.....	17
B.6 Actuarial Function	17
B.7 Outsourcing	17
B.8 Any Other Information	18
C. RISK PROFILE.....	19
C.1 Underwriting Risk.....	19
C.2 Market Risk	19
C.3 Credit Risk	21
C.4 Liquidity Risk.....	22
C.5 Operational Risk.....	23
C.6 Other Material Risks	23
C.7 Any Other Information	24
D. VALUATION FOR SOLVENCY PURPOSES	25
D.1 Assets.....	25
D.2 Technical Provisions.....	26
D.3 Other Liabilities	29
D.4 Alternative methods for valuation	29
D.5 Any Other Information	29
E. CAPITAL MANAGEMENT	30
E.1 Own Funds	30
E.2 Solvency Capital Requirement and Minimum Capital Requirement	31

E.3	Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.....	34
E.4	Differences between the Standard Formula and any Internal Model used.....	34
E.5	Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement.....	34
E.6	Any Other Information	34
Appendix 1: Quantitative Reporting Templates (QRTs)		35

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 2023 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 Protecting & 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 12 strong International Group of P&I Clubs ("IG") which between them provide P&I cover on a mutual basis for a substantial majority of the world's ocean-going ships. More information on the IG can be found at www.igpandi.org.

Gross earned premium income of US\$136.5m was recognised in the 2022/23 financial year on a UK GAAP basis, a 2.5% increase on the prior year comparative excluding Supplementary Calls. Reinsurance costs in 2022/23 totalled US\$25.2m (2021/22: US\$21.0m), with the increase attributable to the combination of higher premiums charged by the International Group's reinsurers and a significant increase in business written by the War Risks Class following Russia's invasion of Ukraine. The net incurred cost of claims in the year just ended was US\$125.1m (2021/22: US\$154.2m). It was another year of elevated claims for the Club, although lower than the exceptionally high claims outturn in 2021/22. The Club incurred two claims projected to cost in excess of our US\$10m retention under the Pooling Agreement, bringing to five the total number of claims incurred in excess of US\$10m in the past two years. Other drivers of the higher than forecast cost of claims in 2022/23 were some significant cost increases on a small number of other Clubs' Pool claims in older policy years and a strengthening of reserving for future latent occupational disease claims related to the rise in inflation seen over the course of 2022/23. Bond prices have an inverse relationship to interest rates and the rising interest rate environment in 2022/23 caused the Club's bond prices to fall. The Club recognised an investment loss for the year, inclusive of foreign exchange movements and associated investment management expenses, of US\$18.8m. The combined ratio for the year was 128% and, with the inclusion of the investment loss, the operating result was an after tax deficit of US\$50.5m. Free reserves were US\$113.5m (2022: US\$164.0m) as at 20 February 2023.

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. Billbrough & Co Ltd.

As at 20 February 2023 the Club's Solvency Capital Requirement ("SCR"), calculated using the standard formula and uplifted by way of a voluntary capital add-on in the amount of US\$4.5m, was US\$122.3m. Its Minimum Capital Requirement ("MCR") was US\$49.4m. The Club's overall capital resources available to meet the SCR and MCR stood at US\$151.3m, comprising US\$126.3m 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 2023 stood at US\$82.7m and US\$20.7m respectively. LSSO London had overall capital resources available of US\$149.4m at this date.

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
Director

AG JONES
Director

10 July 2023

A. BUSINESS AND PERFORMANCE

A.1 Business Information

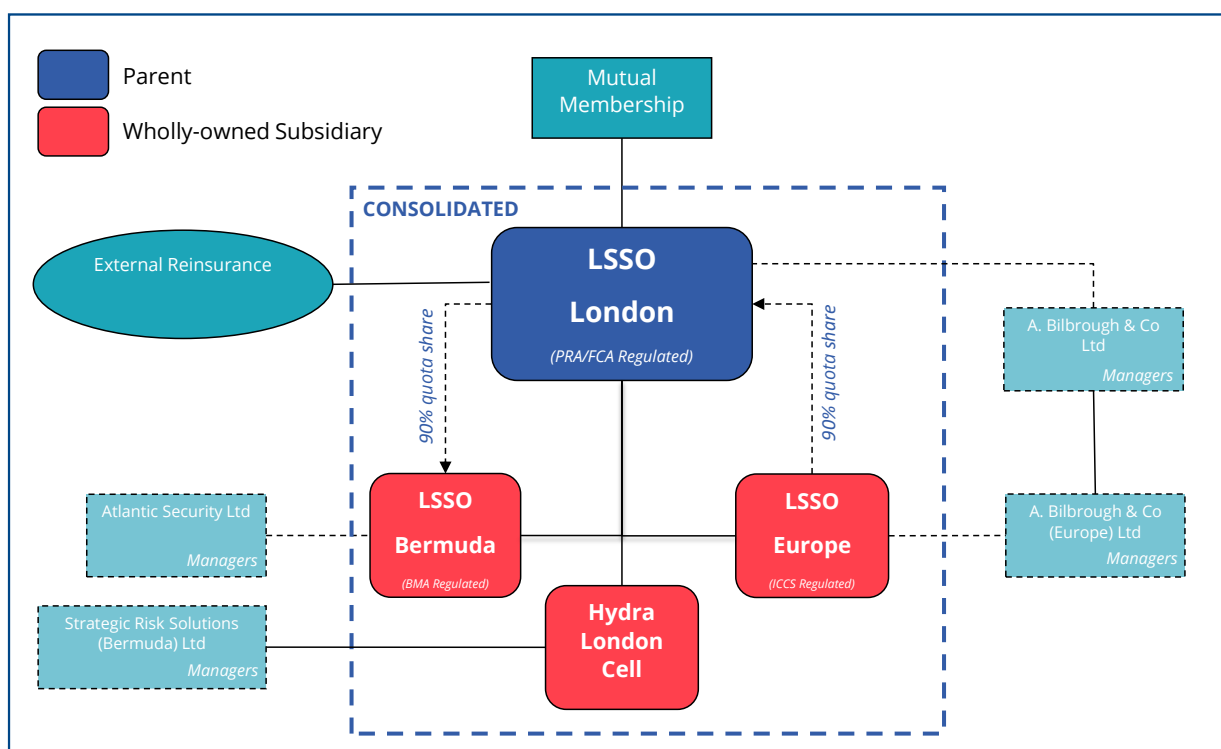
A.1.1 Legal & Operating Structure

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 Leaman 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:



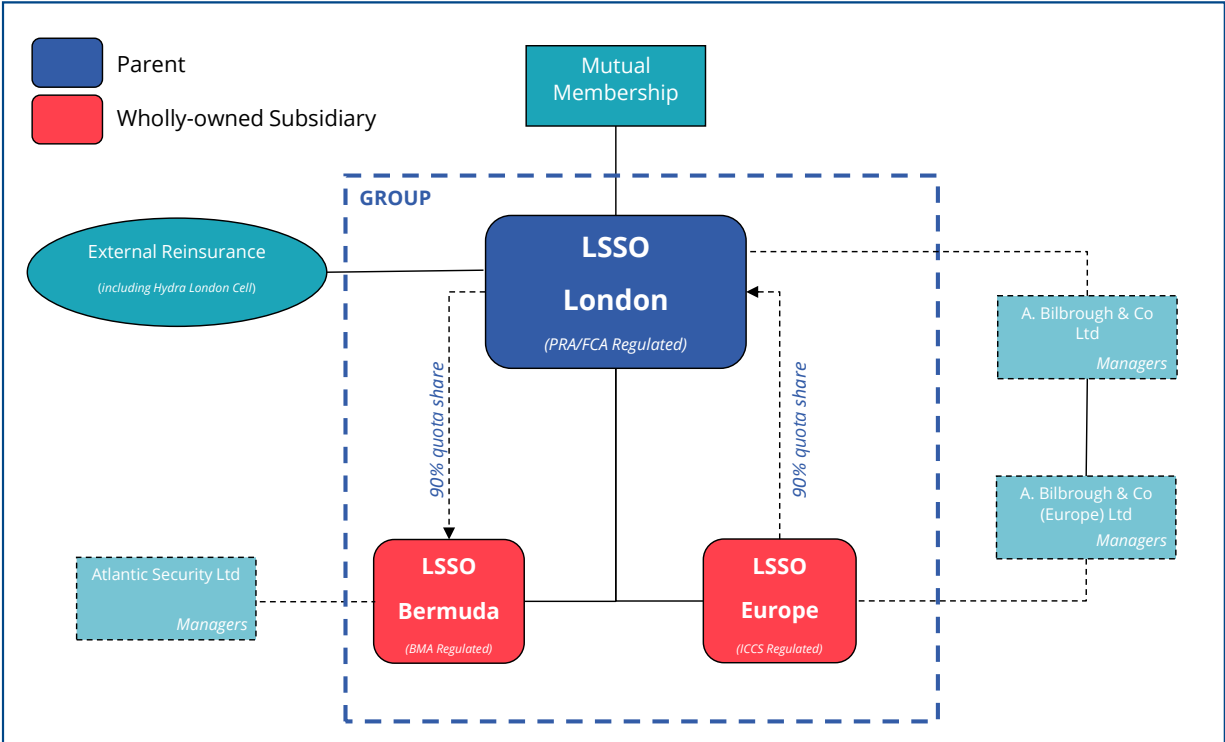
The parent entity is the main provider of insurance to third party Members and assureds and is owned by the Mutual Membership. The day-to-day operation of the Club is undertaken by a dedicated management company, A. Bilbrough & Co Ltd.

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 discount) 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 discount) 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 International Group (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 Strategic Risk Solutions (Bermuda) Limited, a privately held firm 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.

A.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.

A.1.3 External Auditor

The Club's external auditor is Deloitte LLP, Hill House, 1 Little New Street, London EC4A 3TR.

A.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.

A.1.5 Material lines of business

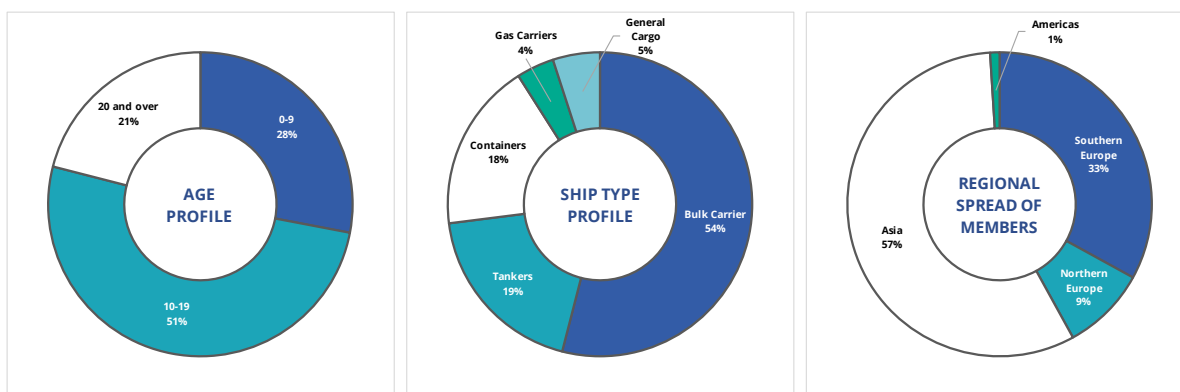
The Club's material lines of business are as follows:

- 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.

A.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 2023:

	2022/23 US\$'000	2021/22 US\$'000
Net earned premiums	111,287	193,829
Net incurred claims	(125,084)	(154,232)
Net operating expenses	(17,919)	(24,867)
Technical result	(31,716)	14,730

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 2023:

	CLASS 5 P&I		CLASS 8 FD&D	
	2022/23 US\$'000	2021/22 US\$'000	2022/23 US\$'000	2021/22 US\$'000
Net earned premiums	99,759	181,708	10,913	11,910
Net incurred claims	(115,210)	(142,534)	(9,874)	(11,698)
Net operating expenses	(15,995)	(22,490)	(2,102)	(2,314)
Technical result	(31,446)	16,684	(1,063)	(2,102)

The Club's technical result for the financial year under review was a deficit of US\$31.7m and a combined ratio of 128.5%.

The net incurred cost of claims in 2022/23 was US\$125.1m. This represented a 18.9% decrease on the prior year comparative. Notwithstanding that the incurred cost was a decrease on the prior year comparative, it was nevertheless another year of elevated claims costs for the Club to contend with. Commenting further on the key components of overall claims incurred recognised in the 2022/23 year:

- Attritional level claims, which had increased in 2020/21 and 2021/22 as a result of COVID-19, dropped back to pre-pandemic levels. The impact of higher inflation was evident during the year, however it remained well contained through ongoing attention paid by Underwriters to deductible levels.
- The frequency and aggregate cost of 2022/23 year medium and higher severity claims costs, net of reinsurance, was almost as high as in the very expensive 2021/22 year. The Club incurred two Pool claims in the 2022/23 policy year. At expiry of the 2022/23 policy year the other 11 International Group Clubs combined had reported only two claims to the Pool.
- Despite the lack of 2022/23 policy year activity reported to the Pool, there were some very significant cost increases on a small number of other Clubs' back year claims during the 2022/23 financial year. Reserve strengthening for other Clubs' Pool claims in recent back years added over 10% to the combined ratio in the financial year just ended.

- The Club reserves for its exposure to Occupational Disease claims by following industry standard actuarial techniques developed for this particular category of claim. The long latency period associated with these liabilities makes them particularly sensitive to assumptions with regard to future inflation, both economic and social. Adjustments to inflation assumptions at the most recent year-end date, against the backdrop of higher prevailing inflation rates, added 3% to the combined ratio. By contrast the Club has seen a reduction in the frequency and cost of new Occupational Disease claim notifications in the last two years, although this has yet to be fully reflected in the assumptions underlying the current reserves for these claims.

Many Clubs, in their Annual Reports to Members, refer to the sensitivity of the technical result in any one year to the frequency and severity of high value claims. In the last two policy years, the five Pool claims reported by this Club is more than the number reported by any other International Group Club, irrespective of size.

LSSO London's underwriting result for the year was a deficit of US\$3.8m.

A.3 Investment Performance

The combination of economies recovering from pandemic lockdowns, on-going supply chain issues, labour shortages and, importantly, the fall-out in energy markets from Russia's invasion of Ukraine, placed upward pressure on inflation and resulted in sharp rises in official interest rates during the period under review. The Federal Funds rate ended the Club's year at 4.75%. In the bond market the yield on 5-year US Treasuries rose from 1.8% at the start of the financial year to just over 4.0% at year-end, having peaked at almost 4.5% in October 2022. Rising yields cause bond prices to fall and the Club's US investment grade portfolio declined by 6.2% over the course of the year. Equities fared only slightly better than bonds, with the Club's equity investments dropping by 5.0% compared to a 6.0% fall in the S&P 500. The following two tables below provide a breakdown of the investment return for both years by asset class and income/expenses component:

Asset Class	2022/23 US\$'000	2021/22 US\$'000
Equity securities	(4,275)	1,544
Debt securities	(11,830)	(4,408)
Investment property	(3,259)	(677)
Cash & cash equivalents	1,261	111
Other	2,016	1,111
Investment expenses	(1,753)	(1,958)
Investment return	(17,840)	(4,277)
Income/Expense component	2022/23 US\$'000	2021/22 US\$'000
Investment income	7,012	6,483
Realised gains/losses on investments	(8,588)	9,883
Unrealised gains/losses on investments	(14,990)	(18,796)
Unrealised gains/losses on investment property	(782)	-
Bank & other interest receivable	1,261	111
Investment expenses	(1,753)	(1,958)
Investment return	(17,840)	(4,277)

The Board kept the portfolio under regular review throughout the year with a number of ad-hoc meetings being held to discuss market and economic developments in addition to the regular schedule of meetings. In May 2022 the Board decided to raise average fixed income credit quality to dampen volatility and reduce credit risk. The Board also decided to further reduce the sensitivity to further interest rate rises by investing a substantial amount of surplus cash into short-term US Treasury Bills.

LSSO London recorded an investment gain for the year after tax of US\$412.4k, including foreign exchange gains and losses.

A.4 Performance of Other Activities

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

A.5 Any Other Information

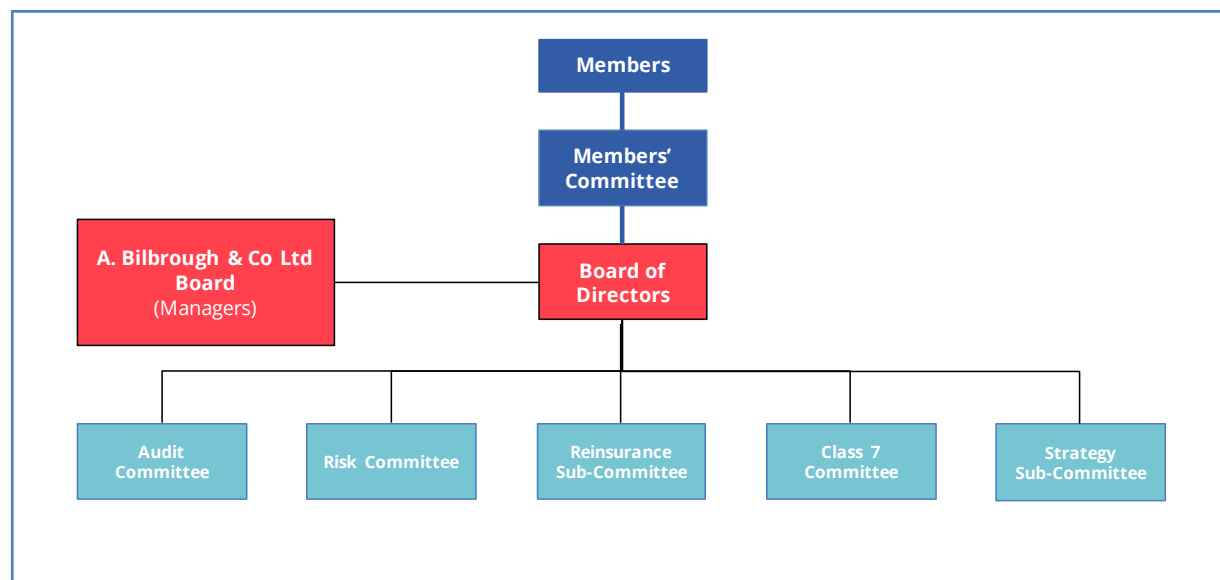
There is no other material information to report regarding the Club's business and performance.

B. SYSTEM OF GOVERNANCE

B.1 General Information on the System of Governance

B.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.

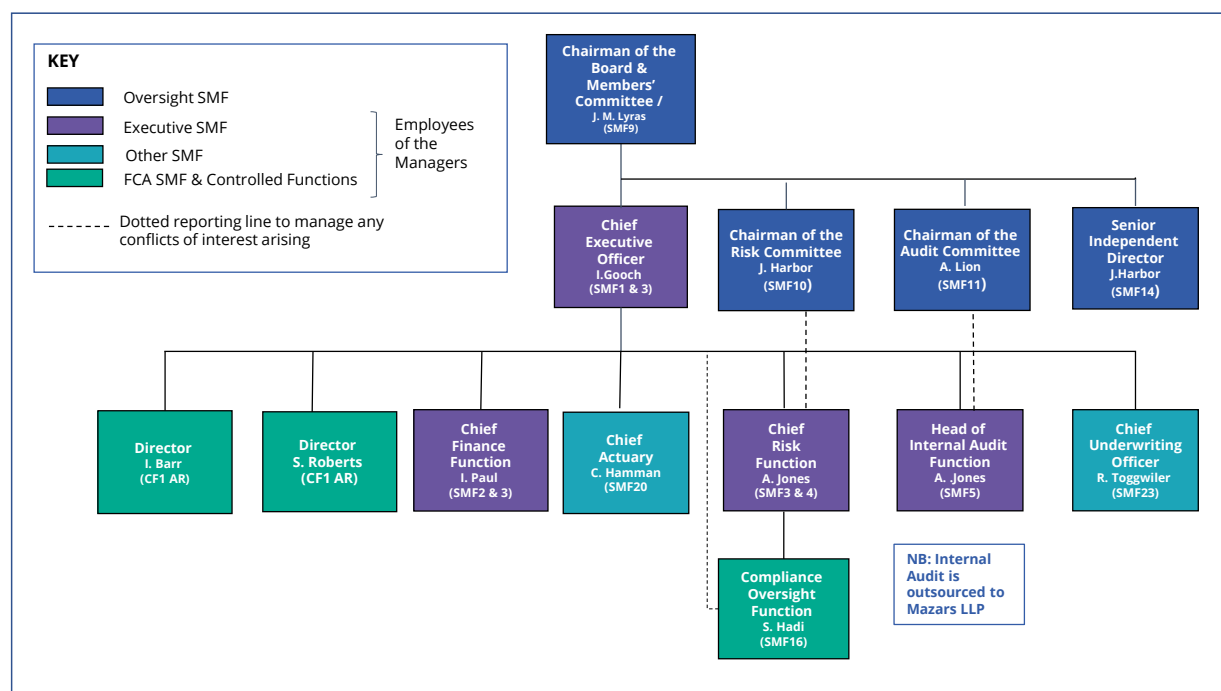
Strategy Sub-Committee

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.

B.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:



B.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.

B.1.4 Related Party Transactions

The Club has no share capital and is controlled by its mutual Members who are also insureds. A majority of 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.

B.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

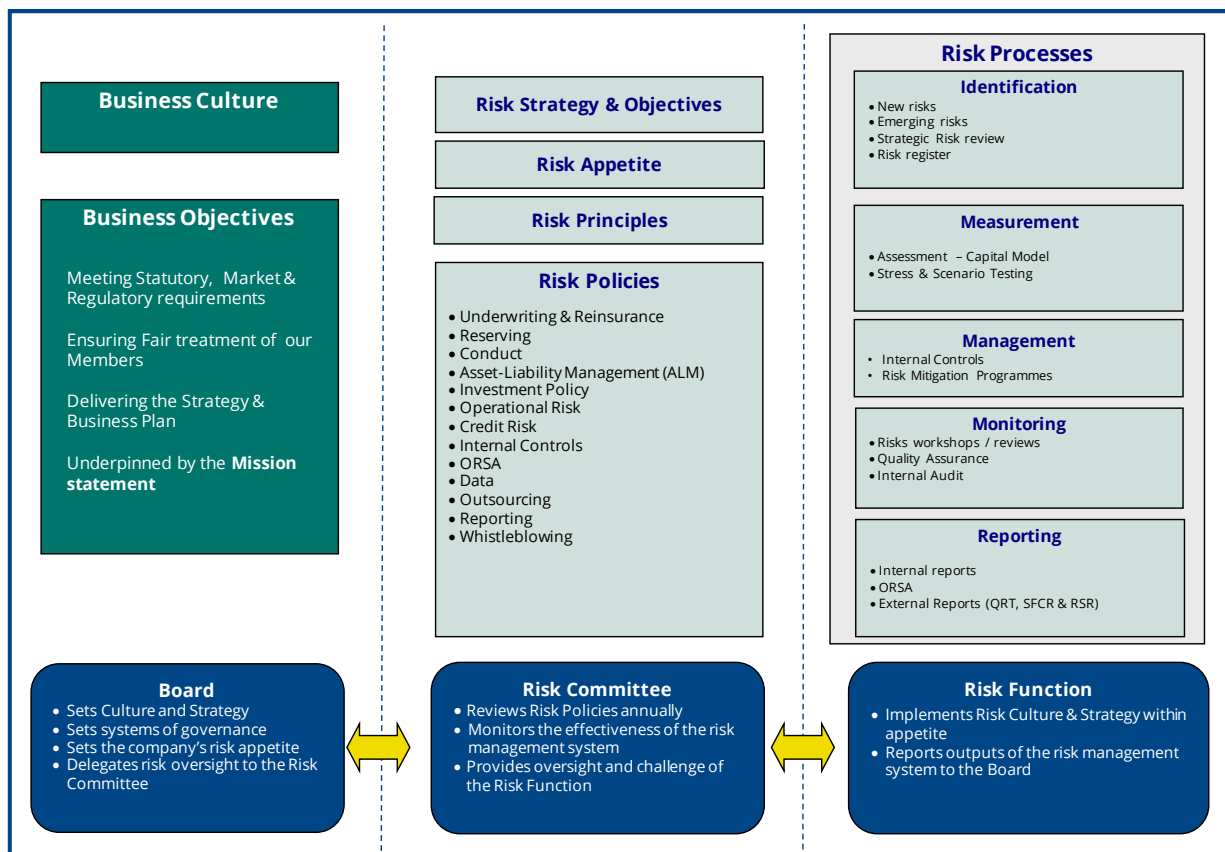
The Club has implemented a Fit & Proper Policy and processes to ensure individuals acting for the Club are both fit and proper, in line with PRA and FCA rules. On appointment all Senior Managers are subject to due diligence enquiries to ensure that they are honest, of good reputation, have integrity, 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.

B.3 Risk Management System including the Own Risk & Solvency Assessment

B.3.1 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. These are regularly reviewed by the Risk Committee (RC) and the RAF is updated and approved by the Board annually.

Reporting procedures at Board, and Sub-Committee level in regard to the monitoring and managing of risks are referred to in Section B.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 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 are in place for measuring and reporting to ensure that all risks are appropriately monitored over time.

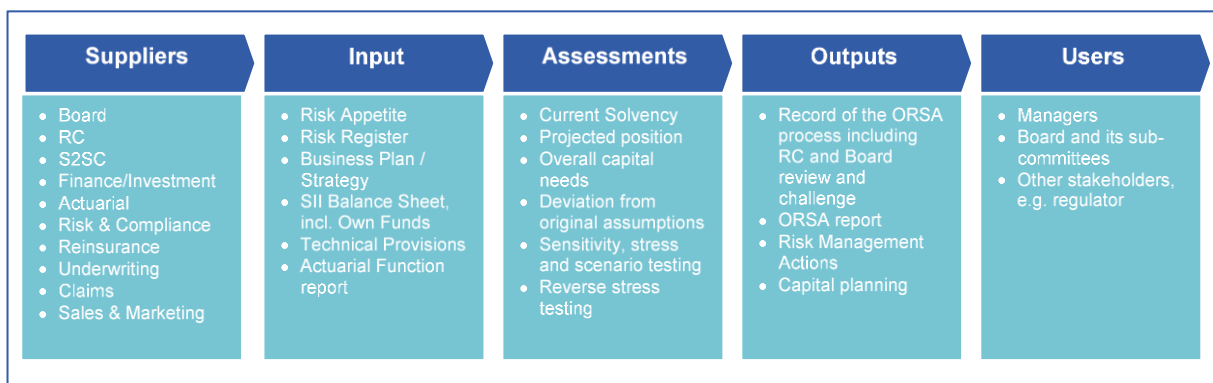
Reporting

- 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.

B.3.2 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, appropriately tailored to reflect the nature, scale and complexity of the Club's risks. The most recent ORSA was conducted in 2022 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 2022 ORSA Report was formally approved by the Board on 21 December 2022.

B.4 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 Risk & Compliance Function, together with the Actuarial Function which provides support to the Risk Function, monitors risks arising and the operation of the risk management system.
- 3rd Line – The Internal Audit Function through its annual audit plan together with the external quality assessments by the ISO accreditation body provide the Board with independent assurance on the effectiveness of the internal controls framework.

B.4.1 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 and Risk Management Plan sets out the scheduled activities and deliverables of the Compliance and Risk Functions taking into account all relevant areas of the Club's activities.

B.4.2 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.

B.5 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' Partner 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 annually.

B.6 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.

B.7 Outsourcing

The Club's Outsourcing Policy has been prepared on the basis that the material 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 Bermuda are Atlantic Security Ltd. The other material outsourcing arrangement exists between the Club and its internal auditors, Mazars LLP.

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, ensures the Club is able to maintain operational resilience of its important business within Board approved impact tolerances, and a Contingency Plan allows 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 Risk Committee.

B.8 Any Other Information

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 UK and 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.

C. RISK PROFILE

C.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 book of business diversified by geography, ship size and ship type, 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 including the impact of inflation, 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.

Uncertainty as to the incidence of claims, and their ultimate cost, is the principal risk variable in respect of insurance risk. The impact on the reported operating result before tax, and year-end free reserves, of a 5% change in net claims incurred for the year just ended, with all other inputs unchanged, is shown below. The methodology chosen was to select a level of sensitivity which fell within the actual level of annual claims volatility experienced in recent years and also one which was seen as reasonably possible for the year just ended.

	2022/23	2021/22
	US\$'000	US\$'000
Increase in Claims Incurred by 5 percentage points		
Gross	(7,229)	(21,055)
Net	(6,254)	(7,712)
Decrease in Claims Incurred by 5 percentage points		
Gross	7,229	21,055
Net	6,254	7,712

C.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	Change in Valuation US\$'000
As at 20 February 2023	9,327
As at 20 February 2022	9,079

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\$5,118k (2022: US\$5,405k).

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 2023	USD US\$'000	GBP US\$'000	EUR US\$'000	Other US\$'000	Total US\$'000
Total Assets	651,601	26,747	13,698	2,329	694,375
Total Liabilities	523,569	18,331	18,549	20,400	580,849
Net Asset Position	128,032	8,416	(4,851)	(18,071)	113,526
As at 20 February 2022	USD US\$'000	GBP US\$'000	EUR US\$'000	Other US\$'000	Total US\$'000
Total Assets	756,892	30,272	15,229	6,918	809,311
Total Liabilities	572,670	18,271	19,713	34,654	645,308
Net Asset Position	184,222	12,001	(4,484)	(27,736)	164,003

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 2023 US\$'000	At 20 February 2022 US\$'000
Strengthening		
Sterling	421	600
Euro	(243)	(224)
Weakening		
Sterling	(421)	(600)
Euro	243	224

C.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 A.1.1 represents a concentration of counterparty default risk. As explained in Section A.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 regular 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 2023	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB & Below US\$'000	Other US\$'000	Total US\$'000
Reinsurance Assets	239,703	-	38,464	170,886	30,332	21	239,703
RI Share of UPR	1,413	-	-	1,413	-	-	1,413
Taxation	35	-	-	-	-	35	35
Receivables	24,257	-	1,758	6,075	89	16,335	24,257
Deferred Acquisition Costs	766	-	-	-	-	766	766
Prepayments & Accrued Income	7,981	-	447	149	358	7,027	7,981
Total	274,155	-	40,669	178,523	30,779	24,184	274,155
As at 20 February 2022	SOPF US\$'000	AAA US\$'000	AA US\$'000	A US\$'000	BBB & Below US\$'000	Other US\$'000	Total US\$'000
Reinsurance Assets	311,965	-	39,299	256,067	16,577	22	311,965
RI Share of UPR	1,006	-	-	1,006	-	-	1,006
Taxation	40	-	-	-	-	40	40
Receivables	53,757	-	2,416	7,512	162	43,667	53,757
Deferred Acquisition Costs	710	-	-	-	-	710	710
Prepayments & Accrued Income	34,515	-	201	102	277	33,935	34,515
Total	401,993	-	41,916	264,687	17,016	78,374	401,993

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	SOPF	AAA	AA	A	BBB	Other	Total
20 February 2023	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cash & Investments	385,589	96,171	83,784	82,115	38,619	84,900	385,589
As at	SOPF	AAA	AA	A	BBB	Other	Total
20 February 2022	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Cash & Investments	403,667	430	111,663	151,402	54,972	85,200	403,667

C.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. Anticipated future profits in respect of future premiums are included within the Premium Provision calculation referred to in Section D.2, which amounted to about US\$8.0m on a Solvency II valuation basis.

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 2023	SOPF	Up to 1	1-3 Years	3-5 Years	5+ Years	Total
	US\$'000	year	US\$'000	US\$'000	US\$'000	US\$'000
Cash & Investments	401,750	137,265	70,252	47,736	146,497	401,750
Taxation	35	35	-	-	-	35
Receivables	24,257	24,257	-	-	-	24,257
Reinsurance Assets	239,703	74,567	92,297	33,944	38,895	239,703
Reinsurer Share of UPR	1,413	1,413	-	-	-	1,413
Deferred Acquisition Costs	766	766	-	-	-	766
Prepayments & Accrued Income	7,981	7,981	-	-	-	7,981
Total Assets	675,905	246,284	162,549	81,680	185,392	675,905
Liabilities at 20 February 2023	SOPF	Up to 1	1-3 Years	3-5 Years	5+ Years	Total
	US\$'000	year	US\$'000	US\$'000	US\$'000	US\$'000
Insurance Liabilities	542,966	181,408	207,882	72,497	81,179	542,966
Unearned Premium	5,354	5,354	-	-	-	5,354
Payables	27,654	27,654	-	-	-	27,654
Accruals & Deferred Income	4,875	4,875	-	-	-	4,875
Total Liabilities	580,849		207,882	72,497	81,179	580,849

Assets at 20 February 2022	SOPF	Up to 1	1-3	3-5	5+	Total
	US\$'000	year	Years	Years	Years	US\$'000
Cash & Investments	385,589	116,960	74,969	37,275	156,385	385,589
Taxation	40	40	-	-	-	40
Receivables	53,757	53,757	-	-	-	53,757
Reinsurance Assets	311,965	70,504	91,406	51,786	98,269	311,965
Reinsurer Share of UPR	1,006	1,006	-	-	-	1,006
Deferred Acquisition Costs	710	710	-	-	-	710
Prepayments & Accrued Income	34,515	34,515	-	-	-	34,515
Total Assets	787,582	277,492	166,375	89,061	254,654	787,582
Liabilities at 20 February 2022	SOPF	Up to 1	1-3	3-5	5+	Total
	US\$'000	year	Years	Years	Years	US\$'000
Insurance Liabilities	591,969	162,791	181,734	91,163	156,281	591,969
Unearned Premium	4,768	4,768	-	-	-	4,768
Payables	42,365	42,365	-	-	-	42,365
Accruals & Deferred Income	6,206	6,206	-	-	-	6,206
Total Liabilities	645,308	216,130	181,734	91,163	156,281	645,308

C.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.

C.6 Other Material Risks

Climate Risk

Climate Risk means the financial risks arising from climate change and is included in 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, for example increased frequency of containers being lost over board and vessel collisions due to higher frequency and severity of storms, vessel groundings in areas of drought in the short-medium term; and longer term disruption to the Club's operations, for example closure of offices in London, Piraeus, Cyprus and/or Hong Kong due to flooding as sea level rises;
- 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.

These risks continue to be reviewed to ensure there are no new risks to the business or material changes to risks previously identified. Risk monitoring is undertaken by the ESG Working Group and any changes to the risk assessment are notified to the Risk Committee.

Risk Concentrations

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

C.7 Any Other Information

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

D. 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.

D.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:

Club	20 Feb 2023			20 Feb 2022		
	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	766	-	(766)	710	-	(710)
Investments (including derivatives)	330,778	299,014	(31,764)	350,585	317,381	(33,204)
Strategic equity investments	14,789	18,166	3,377	14,789	21,503	6,714
Reinsurers' share of technical provisions	241,115	215,364	(25,751)	312,971	293,924	(19,047)
Insurance and intermediaries receivables	12,050	8,553	(3,497)	36,057	10,521	(25,536)
Reinsurance receivables	6,011	6,011	-	3,584	3,584	-
Receivables (trade, not insurance)	14,177	13,072	(1,105)	48,631	15,565	(33,066)
Taxation	35	35	-	40	40	-
Cash and cash equivalents	74,653	68,392	(6,261)	41,944	41,119	(825)
Total Assets	694,374	628,607	(65,767)	809,311	703,637	(105,674)
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	717	-	(717)	629	-	(629)
Investments (including derivatives)	20,046	20,094	48	50,860	51,006	146
Strategic equity investments	84,789	135,255	50,466	34,789	122,838	88,049
Reinsurers' share of technical provisions	527,298	418,960	(108,338)	576,052	484,486	(91,566)
Insurance and intermediaries receivables	10,890	7,431	(3,459)	35,158	9,622	(25,536)
Reinsurance receivables	6,001	6,001	-	3,584	3,584	-
Receivables (trade, not insurance)	7,837	7,778	(59)	33,862	1,667	(32,195)
Taxation	15	15	-	18	18	-
Cash and cash equivalents	53,285	53,285	-	20,438	20,438	-
Total Assets	710,878	648,819	(62,059)	755,390	693,659	(61,731)
LSSO Europe	IFRS US\$'000	Solvency II US\$'000	Variance US\$'000	IFRS US\$'000	Solvency II US\$'000	Variance US\$'000
Deferred Acquisition Costs	49	-	(49)	81	-	(81)
Investments (including derivatives)	11,936	11,936	-	-	-	-
Reinsurers' share of technical provisions	11,128	6,222	(4,906)	9,464	6,684	(2,780)
Insurance and intermediaries receivables	2,476	2,476	-	899	899	-
Receivables (trade, not insurance)	-	-	-	8,627	8,627	-
Taxation	8	8	-	22	22	-
Cash and cash equivalents	8,105	8,105	-	12,164	12,164	-
Total Assets	33,702	28,747	(4,955)	31,257	28,396	(2,861)

D.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 D.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 A.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 D.2.1 for further details on the methodology followed to value reinsurers' share of technical provisions under Solvency II.

D.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 2022:

Club	20 Feb 2023	20 Feb 2022	Variance
	US\$'000	US\$'000	US\$'000
Net Technical Provisions as per Statutory Accounts UK GAAP	307,205	283,056	24,149
Solvency II Adjustments	(74,808)	(97,326)	22,518
Net Best Estimate	232,397	185,730	46,667
Risk Margin	21,991	24,884	(2,893)
Net Technical Provisions	254,388	210,614	(43,774)
LSSO London	20 Feb 2023	20 Feb 2022	Variance
	US\$'000	US\$'000	US\$'000
Net Technical Provisions as per Statutory Accounts UK GAAP	19,732	18,947	785
Solvency II Adjustments	(2,971)	(38,953)	35,982
Net Best Estimate	16,761	(20,006)	36,767
Risk Margin	8,692	7,313	1,379
Net Technical Provisions	25,453	(12,693)	38,146
LSSO Europe	20 Feb 2023	20 Feb 2022	Variance
	US\$'000	US\$'000	US\$'000
Net Technical Provisions as per Statutory Accounts IFRS	1,259	1,023	236
Solvency II Adjustments	37	884	(847)
Net Best Estimate	1,296	1,907	(611)
Risk Margin	850	2,123	(1,273)
Net Technical Provisions	2,146	4,030	(1,884)

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.

D.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 Dollars. 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 2023 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.

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 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 2023. 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 regulatory 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.

D.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.

D.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.

D.2.4 Material changes since the previous valuation

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

D.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:

Club	20 Feb 2023			20 Feb 2022		
	UK GAAP US\$'000	Solvency II US\$'000	Variance US\$'000	UK GAAP US\$'000	Solvency II US\$'000	Variance US\$'000
Technical Provisions	548,320	469,752	(78,568)	596,737	504,539	(92,198)
Derivatives	-	76	76	-	126	126
Insurance & Intermediaries payables	7,815	7,815	-	9,150	9,150	-
Reinsurance payables	1,219	1,219	-	1,034	1,034	-
Payables (trade, not insurance)	23,301	23,301	-	38,387	38,387	-
Any other liabilities, not else shown	193	193	-	-	-	-
Total Liabilities	580,848	502,356	(78,492)	645,308	553,236	(92,072)
Excess of Assets over Liabilities	113,526	126,251	12,725	164,003	150,401	(13,602)
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	547,030	444,412	(102,618)	595,628	472,194	(123,434)
Insurance & Intermediaries payables	6,989	6,989	-	8,949	8,949	-
Reinsurance payables	1,219	1,219	-	1,034	1,034	-
Payables (trade, not insurance)	71,659	71,659	-	62,680	62,680	-
Any other liabilities, not else shown	182	182	-	-	-	-
Total Liabilities	627,079	524,461	(102,618)	668,291	544,857	(123,434)
Excess of Assets over Liabilities	83,799	124,358	40,559	87,099	148,802	61,703
LSSO Europe	IFRS US\$'000	Solvency II US\$'000	Variance US\$'000	IFRS US\$'000	Solvency II US\$'000	Variance US\$'000
Technical Provisions	12,388	8,368	(4,020)	10,567	10,713	146
Insurance & Intermediaries payables	1,103	1,103	-	202	202	-
Reinsurance payables	-	-	-	-	-	-
Payables (trade, not insurance)	1,064	1,064	-	1,424	1,424	-
Total Liabilities	14,554	10,534	(4,020)	12,193	12,339	146
Excess of Assets over Liabilities	19,148	18,212	(936)	19,064	16,057	(3,007)

D.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 17 and 18.

D.4 Alternative methods for valuation

The Club does not use alternative methods for valuation.

D.5 Any Other Information

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

E. CAPITAL MANAGEMENT

E.1 Own Funds

E.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 three to 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. In the event of a Supplementary Call, the additional own funds raised form part of the Club's surplus and are included under Tier 1 Eligible Own Funds.

E.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 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Basic Own Funds			
Reconciliation reserve	126,251	(24,150)	150,401
Total Basic Own Funds	126,251	(24,150)	150,401
Ancillary Own Funds			
Supplementary calls as per Article 89	25,000	-	25,000
Total Own Funds	151,251	(24,251)	175,401
LSSO London	20 Feb 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Basic Own Funds			
Reconciliation reserve	124,358	(24,443)	148,801
Total Basic Own Funds	124,358	(24,443)	148,801
Ancillary Own Funds			
Supplementary calls as per Article 89	25,000	-	25,000
Total Own Funds	149,358	(24,443)	173,801
LSSO Europe	20 Feb 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Basic Own Funds			
Ordinary share capital	20	-	20
Share premium account related to ordinary share capital	19,980	-	19,980
Reconciliation reserve	(1,788)	2,155	(3,943)
Total Basic Own Funds	18,212	2,155	16,057
Ancillary Own Funds			
Supplementary calls as per Article 89	-	-	-
Total Own Funds	18,212	2,155	16,057

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. This is the level of AOF reflected in the table above. The PRA has since granted the Club approval on 13 March 2023 for US\$50m of AOF when determining its own funds, effective from 20 April 2023 until 20 April 2026.

E.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 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Tier 1	126,251	(24,150)	150,401
Tier 2	25,000	-	25,000
Tier 3	-	-	-
Eligible Own Funds	151,251	(24,150)	175,401
LSSO London	20 Feb 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Tier 1	124,358	(24,443)	148,801
Tier 2	25,000	-	25,000
Tier 3	-	-	-
Eligible Own Funds	149,358	(24,443)	173,801
LSSO Europe	20 Feb 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Tier 1	18,212	2,155	16,057
Tier 2	-	-	-
Tier 3	-	-	-
Eligible Own Funds	18,212	2,155	16,057

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.

E.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 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Retained Earnings as per UK GAAP	113,526	(50,477)	164,003
Difference in valuation of assets	(65,767)	39,906	(105,673)
Difference in valuation of technical provisions	78,568	(13,629)	92,197
Difference in valuation of other liabilities	(76)	50	(126)
Solvency II excess of assets over liabilities	126,251	(24,150)	150,401
LSSO London	20 Feb 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Retained Earnings as per UK GAAP	83,799	(3,300)	87,099
Difference in valuation of assets	(62,058)	(92,521)	30,463
Difference in valuation of technical provisions	102,617	71,378	31,239
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	124,358	(24,443)	148,801
LSSO Europe	20 Feb 2023 US\$'000	Movement US\$'000	20 Feb 2022 US\$'000
Retained Earnings as per IFRS	19,148	84	19,064
Difference in valuation of assets	(4,956)	(2,095)	(2,861)
Difference in valuation of technical provisions	4,020	4,166	(146)
Difference in valuation of other liabilities	-	-	-
Solvency II excess of assets over liabilities	18,212	2,155	16,057

E.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 E.1.1 and E.1.2.

E.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.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement as at 20 February 2023

The SCR of the Club as at the valuation date is US\$122.3m with the SCRs for LSSO London and LSSO Europe entities equal to US\$82.7m and US\$6.3m respectively. The following table shows the relevant SCRs split by risk modules as at 20 February 2023:

Club	20 Feb 2023	20 Feb 2022	Change
	US\$'000	US\$'000	US\$'000
Non-life Underwriting Risk	82,174	81,878	296
Market Risk	35,329	44,049	(8,720)
Counterparty Default Risk	12,811	19,096	(6,285)
Undiversified Basic SCR	130,314	145,023	(14,709)
Diversification benefit	(25,933)	(31,902)	5,969
Basic SCR	104,381	113,121	(8,740)
Operational Risk	13,433	14,390	(957)
SCR excluding capital add-on (Standard Formula)	117,814	127,511	(9,697)
Capital Add-on	4,470	5,280	(810)
Solvency Capital Requirement	122,284	132,791	(10,507)
LSSO London	20 Feb 2023	20 Feb 2022	Change
	US\$'000	US\$'000	US\$'000
Non-life Underwriting Risk	10,887	11,463	(576)
Market Risk	40,085	61,159	(21,074)
Counterparty Default Risk	40,626	58,810	(18,184)
Undiversified Basic SCR	91,598	131,432	(39,834)
Diversification benefit	(21,973)	(30,667)	8,694
Basic SCR	69,625	100,765	(31,140)
Operational Risk	13,072	13,934	(862)
Solvency Capital Requirement (Standard Formula)	82,697	114,699	(32,003)
LSSO Europe	20 Feb 2023	20 Feb 2022	Change
	US\$'000	US\$'000	US\$'000
Non-life Underwriting Risk	2,457	2,584	(127)
Market Risk	859	301	558
Counterparty Default Risk	3,939	4,957	(1,018)
Undiversified Basic SCR	7,255	7,842	(587)
Diversification benefit	(1,363)	(1,112)	(251)
Basic SCR	5,892	6,730	(838)
Operational Risk	409	734	(325)
Solvency Capital Requirement (Standard Formula)	6,300	7,464	(1,164)

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. Under 'Equity Risk' we have applied a symmetrical adjustment of +0.59% 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 it has outstanding liabilities, there remains an element of currency mismatching, principally with regards to GBP and EUR exposures.

Counterparty Default Risk (CDR)

The Club announced Supplementary Calls in October 2021 on the 2019/20, 2020/21 and 2021/22 policy years, payable in three instalments respectively on 31 December 2021, 31 March 2022 and 31 July 2022. Two instalments remained not yet due as at the previous valuation date which attracted a 15% capital charge under the CDR module ('Type 2 Exposures'). Substantially all of these Supplementary Calls have now been collected, which led to a substantial reduction in 'Type 2 Exposures'.

Capital Add-on

The Club agreed with the PRA a voluntary capital add-on, effective 20 February 2022, as part of its group level SCR for the remote risk the Club is exposed to through its management agreement contract and relationship with its independent management company, and its pension deficit. The capital add-on has reduced from US\$5.3m to US\$4.5m due to an improvement in the funding level of the pension scheme.

E.2.2 Minimum Capital Requirement as at 20 February 2023

The MCR of the Club as at the valuation date is US\$49.4m with the MCRs for the LSSO London and LSSO Europe entities equal to US\$20.1m and US\$4.3m respectively. The following table shows the inputs into the MCR calculation as at 20 February 2023. Note the Absolute Floor of the MCR ("AMCR") is prescribed by EIOPA and is €4.0m:

Club	20 Feb 2023 US\$'000	20 Feb 2022 US\$'000	Change US\$'000
AMCR*	3,966	4,309	(343)
Linear MCR	35,109	34,945	164
SCR	122,284	132,791	(10,507)
Combined MCR	35,109	34,945	164
Minimum consolidated Group SCR	49,365	55,584	(6,219)
Minimum Capital Requirement	49,365	55,584	(6,219)
LSSO London	20 Feb 2023 US\$'000	20 Feb 2022 US\$'000	Change US\$'000
AMCR*	3,966	4,309	(343)
Linear MCR	4,611	14,523	(9,912)
SCR	82,697	114,699	(32,002)
Combined MCR	20,674	28,675	(8,001)
Minimum Capital Requirement	20,674	28,675	(8,001)
LSSO Europe	20 Feb 2023 US\$'000	20 Feb 2022 US\$'000	Change US\$'000
AMCR*	4,250	4,309	(59)
Linear MCR	414	479	(65)
SCR	6,300	7,464	(1,164)
Combined MCR	1,575	1,866	(291)
Minimum Capital Requirement	4,250	4,309	(59)

*AMCR is €4.0m converted at US\$0.9914 (20 Feb 2022: US\$1.1645) as per Article 300

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

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

E.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. Risk exposures in relation to Market Risk and Counterparty Default Risk reduced which led to a reduction in the capital charges under both these risk modules.

There was a US\$6.2m decrease in the minimum consolidated Group SCR as a result of a US\$8.0m decrease in the LSSO London MCR, which in turn is primarily driven by an decrease in the underlying SCR (MCR 25% floor of SCR applies).

E.2.4 Overall Solvency

The table below shows the SCR and MCR solvency ratios for the Club and subsidiaries as at 20 February 2023:

Club	Solvency Capital Requirement			Minimum Capital Requirement		
	20 Feb 2023 US\$'000	20 Feb 2022 US\$'000	Change US\$'000	20 Feb 2023 US\$'000	20 Feb 2022 US\$'000	Change US\$'000
Capital Requirement	122,284	132,791	(10,507)	49,365	55,584	(6,219)
Eligible Own Funds	151,251	175,401	(24,150)	126,251	150,401	(24,150)
Surplus Funds	28,967	42,610	(13,643)	76,886	94,817	(17,931)
Solvency Ratio	123.7%	132.1%	(8.4%)	255.8%	270.6%	(14.8%)

LSSO London	20 Feb 2023	20 Feb 2022	Change	20 Feb 2023	20 Feb 2022	Change
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Capital Requirement	82,697	114,699	(32,002)	20,674	28,675	(8,001)
Eligible Own Funds	149,358	173,801	(24,443)	124,358	148,801	(24,443)
Surplus Funds	66,661	59,102	7,559	103,684	120,126	(16,442)
Solvency Ratio	180.6%	151.5%	29.1%	601.5%	518.9%	82.6%
LSSO Europe	20 Feb 2023	20 Feb 2022	Change	20 Feb 2023	20 Feb 2022	Change
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Capital Requirement	6,300	7,464	(1,164)	4,250	4,309	(59)
Eligible Own Funds	18,212	16,057	2,155	18,212	16,057	2,155
Surplus Funds	11,912	8,593	3,319	13,962	11,748	2,214
Solvency Ratio	289.1%	215.1%	74.0%	428.5%	372.7%	59.8%

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

The Club does not use make use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

E.4 Differences between the Standard Formula and any Internal Model used

No internal or partial internal model is used to calculate the regulatory capital requirement.

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

There were no instances of non-compliance with either the MCR or the SCR during the period from 20 February 2022 to 20 February 2023. This applies to the Group and the undertakings within scope of this SFCR.

E.6 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
(Group) Limited

Solvency and Financial Condition
Report

Group Disclosures

20 February

2023

(Monetary amounts in USD thousands)

General information

Participating undertaking name	The London Steam-Ship Owners' Mutual Insurance Association (Group) 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 2023
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	
C0010	
	0
	317,180
	18,470
	18,166
	35,509
	35,509
	198,514
	75,929
	74,044
	0
	48,542
	35,353
	91
	11,076
	0
	0
	0
	215,364
	215,364
	215,364
	0
	0
	8,553
	6,011
	13,072
	0
	68,392
	35
R0500 Total assets	628,607

Assets

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

S.02.01.02

Balance sheet

Solvency II value	
C0010	
R0510	469,752
R0520	469,752
R0530	
R0540	447,761
R0550	21,991
R0560	0
R0570	
R0580	
R0590	
R0600	0
R0610	0
R0620	
R0630	
R0640	
R0650	0
R0660	
R0670	
R0680	
R0690	0
R0700	
R0710	
R0720	
R0740	
R0750	
R0760	
R0770	
R0780	
R0790	76
R0800	
R0810	
R0820	7,815
R0830	1,219
R0840	23,301
R0850	0
R0860	
R0870	0
R0880	193
R0900	502,357
R1000	126,251

Liabilities

R0510	Technical provisions - non-life
R0520	<i>Technical provisions - non-life (excluding health)</i>
R0530	<i>TP calculated as a whole</i>
R0540	<i>Best Estimate</i>
R0550	<i>Risk margin</i>
R0560	<i>Technical provisions - health (similar to non-life)</i>
R0570	<i>TP calculated as a whole</i>
R0580	<i>Best Estimate</i>
R0590	<i>Risk margin</i>
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	<i>Technical provisions - health (similar to life)</i>
R0620	<i>TP calculated as a whole</i>
R0630	<i>Best Estimate</i>
R0640	<i>Risk margin</i>
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>
R0660	<i>TP calculated as a whole</i>
R0670	<i>Best Estimate</i>
R0680	<i>Risk margin</i>
R0690	Technical provisions - index-linked and unit-linked
R0700	<i>TP calculated as a whole</i>
R0710	<i>Best Estimate</i>
R0720	<i>Risk margin</i>
R0740	Contingent liabilities
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
R0830	Reinsurance payables
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	<i>Subordinated liabilities not in BOF</i>
R0870	<i>Subordinated liabilities in BOF</i>
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

5.23.01.22

Own Funds

Basic own funds before deduction for participations in other financial sector

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

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0	0		0	
0				
0	0		0	
0	0		0	
0		0	0	0
0				
0	0			
0		0	0	0
0		0	0	0
0		0	0	0
0				
126,251	126,251			
0		0	0	0
0				
0				0
0				0
0	0	0	0	0
0				
0				
0				
126,251	126,251	0	0	0
0				
0				
0				
0				
0				
25,000			25,000	
0				
0				
0				
25,000			25,000	0
0				
0				
0				
0	0	0	0	0

S.23.01.22

Own Funds

Basic own funds before deduction for participations in other financial sector

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
R0460	Own funds aggregated when using the D&A and combination of method net of IGT
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)
R0530	Total available own funds to meet the minimum consolidated group SCR
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)
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)
R0610	Minimum consolidated Group SCR
R0650	Ratio of Eligible own funds to Minimum Consolidated Group SCR
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)
R0680	Group SCR
R0690	Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Forseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0750	Other non available own funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0				
0				
151,251	126,251	0	25,000	0
126,251	126,251	0	0	
151,251	126,251	0	25,000	0
126,251	126,251	0	0	
49,365				
255.75%				
151,251	126,251	0	25,000	0
122,284				
123.69%				
C0060				
126,251				
0				
0				
126,251				
C0060				
7,998				
7,998				

S.32.01.22

Undertakings in the scope of the group

	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
Row	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080
1	GB	213800VZJ8TFB8ZDR87	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	213800VZJ8TFB8ZDR87-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

S.32.01.22

Undertakings in the scope of the group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation	
				% 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	
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

2023

(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 2023
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	
C0010	
	0
	155,349
	0
	135,255
	0
	0
	0
	0
	0
	0
	0
	9,746
	10,348
	0
	418,960
	418,960
	418,960
	0
	0
	0
	7,431
	6,000
	7,779
	0
	53,283
	15
R0500 Total assets	648,819

Assets

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

S.02.01.02

Balance sheet

Solvency II value	
C0010	
R0510	444,413
R0520	444,413
R0530	0
R0540	435,721
R0550	8,692
R0560	0
R0570	0
R0580	0
R0590	0
R0600	0
R0610	0
R0620	
R0630	
R0640	
R0650	0
R0660	
R0670	
R0680	
R0690	0
R0700	
R0710	
R0720	
R0740	0
R0750	
R0760	
R0770	
R0780	
R0790	
R0800	
R0810	
R0820	6,989
R0830	1,219
R0840	71,659
R0850	0
R0860	
R0870	0
R0880	181
R0900	524,461
R1000	124,358

Liabilities

R0510	Technical provisions - non-life
R0520	<i>Technical provisions - non-life (excluding health)</i>
R0530	<i>TP calculated as a whole</i>
R0540	<i>Best Estimate</i>
R0550	<i>Risk margin</i>
R0560	<i>Technical provisions - health (similar to non-life)</i>
R0570	<i>TP calculated as a whole</i>
R0580	<i>Best Estimate</i>
R0590	<i>Risk margin</i>
R0600	Technical provisions - life (excluding index-linked and unit-linked)
R0610	<i>Technical provisions - health (similar to life)</i>
R0620	<i>TP calculated as a whole</i>
R0630	<i>Best Estimate</i>
R0640	<i>Risk margin</i>
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>
R0660	<i>TP calculated as a whole</i>
R0670	<i>Best Estimate</i>
R0680	<i>Risk margin</i>
R0690	Technical provisions - index-linked and unit-linked
R0700	<i>TP calculated as a whole</i>
R0710	<i>Best Estimate</i>
R0720	<i>Risk margin</i>
R0740	Contingent liabilities
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
R0830	Reinsurance payables
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	<i>Subordinated liabilities not in BOF</i>
R0870	<i>Subordinated liabilities in BOF</i>
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year											In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											9,260	9,260	9,260
R0160	2014	12,290	20,331	11,550	7,309	4,854	6,820	3,562	1,504	420	207		207	68,846
R0170	2015	20,699	20,227	25,076	5,366	4,366	10,650	9,526	1,324	741			741	97,974
R0180	2016	12,590	17,556	9,761	8,182	7,330	1,696	1,539	-1,637				-1,637	57,017
R0190	2017	24,494	14,527	15,247	6,348	746	4,467	873					873	66,702
R0200	2018	11,255	19,151	9,908	10,818	4,173	1,222						1,222	56,527
R0210	2019	22,164	25,440	18,847	10,359	10,057							10,057	86,867
R0220	2020	18,426	34,291	20,850	15,165								15,165	88,733
R0230	2021	18,428	29,585	20,852									20,852	68,865
R0240	2022	84,753	109,634										109,634	194,387
R0250	2023	9,733											9,733	9,733
R0260		Total											176,108	804,912

Gross Undiscounted Best Estimate Claims Provisions														
(absolute amount)														
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360		
	Development year											Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +			
R0100	Prior											88,516	72,051	
R0160	2014	0	0	29,751	22,560	14,949	6,764	4,860	3,200	1,845	1,485		1,238	
R0170	2015	0	73,819	47,765	36,980	34,880	18,821	11,206	7,320	6,619			5,745	
R0180	2016	47,953	33,259	27,444	17,315	7,931	6,092	3,548	3,459				2,939	
R0190	2017	38,250	28,940	19,345	10,980	7,842	4,712	3,640					3,117	
R0200	2018	59,406	40,545	29,850	18,301	11,983	10,104						8,793	
R0210	2019	102,260	76,102	48,616	30,508	14,259							12,538	
R0220	2020	78,201	63,603	43,846	24,312								21,884	
R0230	2021	85,308	58,773	46,161									41,380	
R0240	2022	302,513	215,804										198,702	
R0250	2023	103,749											94,531	
R0260		Total											462,918	

S.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above

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 financial and credit institutions

R0290 Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0	0		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
124,358	124,358			
0		0	0	0
0				0
0	0	0	0	0
0				
124,358	124,358	0	0	0

0				
0				
0				
0				
0				
0				
0				
25,000			25,000	
0				
0				
25,000			25,000	0

149,358	124,358	0	25,000	0
124,358	124,358	0	0	
149,358	124,358	0	25,000	0
124,358	124,358	0	0	

82,697
20,674
180.61%
601.51%

C0060
124,358
0
0
0
124,358

-6,469
-6,469

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

4,611

- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
0	
0	
15,187	19,534
0	
0	
0	
1,573	2,039
0	
0	
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

- 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

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060

Overall MCR calculation

- R0300 Linear MCR
- R0310 SCR
- R0320 MCR cap
- R0330 MCR floor
- R0340 Combined MCR
- R0350 Absolute floor of the MCR
- R0400 **Minimum Capital Requirement**

C0070

4,611
82,697
37,214
20,674
20,674
3,966
20,674