Directors' Report & Financial Statements

For the year ended 20 February 2025

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

Our Key Financials

For the year ended 20 February 2025

$474M

Gross Written Premium

116%

Combined ratio

6.6%

Investment return

$494M

Free reserves

242%

Solvency II Capital Adequacy Ratio

A-/stable

S&P financial strength rating

Our Members

For the year ended 20 February 2025

162M+
Owned tonnage declared to IGP&I in April 2025

110M+
Chartered tonnage

6,662
Total ship count

4,766
Ship count (above 1,500 GT)

10%
Americas

44%
Europe, Middle East & Africa

46%
Asia Pacific

Split by trade type

32%
Bulk carrier

26%
Tanker

18%
Container

13%
Gas carrier

6%
Passenger

5%
Other

Chairman's Statement

Welcome to the UK Club's 2025 annual report, my second as Chair. I am delighted that the Club has continued to grow this year, both in entered tonnage and financial strength. The Club has developed a clear plan for sustainable growth based upon a foundation of exceptional service and strong long-term relationships.

Against that background of strength, the Club has experienced one of its most expensive policy years on record in 2024. When I wrote my last report, the Club was assessing the ramifications of the highest-profile shipping incident in recent years after the container ship MV Dali collided with a harbour bridge in Baltimore in March 2024. Although the MV Dali was entered with another P&I Club, the UK Club will contribute as much as US$22 million to the claim through the International Group pooling mechanism. As the year progressed, further substantial Pool claims were reported and it is likely that 2024 will develop into the most expensive Pool year ever. Even without MV Dali, Pool claims in the 2024 policy year would have been more costly than the two previous years' claims combined.

Society's expectations of owners following these major incidents makes the handling of very large claims increasingly complex and ever more costly. The financial demands of the Pool can seem challenging, but pooling is a key strength of the P&I system, enabling the Clubs collectively to efficiently manage the cost of the largest claims in the industry.

One striking feature was the number of claims notified in the final few weeks of the year. It provides a timely reminder that a small number of large claims can significantly change the outcome of the year, particularly as the frequency of day-to-day attritional claims continues to decline.

Our contributions to the Pool, plus a handful of large claims within our US$10 million retention, resulted in a combined ratio of 116% compared to 107% last year. The underwriting deficit is outside the Club's acceptable range, highlighting the need for continued progress on premium rating to meet the growth in claims costs. Fortunately, we were more than able to offset the underwriting deficit with a 6.6% investment return, which boosted our free reserves from US$483 million to US$494 million. I am also pleased to say we met our goal of returning our fixed-premium portfolios for charterers and small ships to profitability through our focus on quality.

With a further increase in free reserves, the UK Club remains one of strongest Clubs within the International Group. We continue to out-perform all regulatory requirements and industry benchmarks, including holding a Solvency II Capital Adequacy Ratio ('SCR') of 242% and exceeding the S&P capital model's 99.99% confidence level.

In addition to offering market-leading financial strength, we continue to focus on creating long-term partnerships with our Members though service excellence. A survey of 136 Members and brokers in May 2024 found that overall satisfaction with the Club's service was 99%, confirming we are on the right course. Helpfully, respondents also suggested some areas for enhancement, from which the Directors and Managers have created an action plan to deliver continuous improvements.

J.M. Valkier
Chair

> "Over the year, the total mutual entry grew by 5.6 million GT to reach nearly 162 million GT."

A major change during the year was the launch of a new Safety and Risk Management division. It incorporates fleet quality, loss prevention, environment, crew well-being and industry collaboration, reflecting our belief that a broad and holistic range of resources and guidance is needed to help our Members manage the evolving risks they now face.

In 2024, the Club also launched a new 'Learning From Normal Work' programme for Members. The scheme ensures that, in a world in which there are fewer actual accidents to learn from, Members can identify quality defects and operational issues before accidents happen. We redesigned our website in November to make it easier for Members to access our wide range of online information and guidance.

The UK Club's attractive combination of financial strength and exceptional service resulted in another positive renewal in February 2025. The vast majority of Members renewed for a further year, with many expanding their entry with the Club. Over the year, the total mutual entry grew by 5.6 million GT to reach nearly 162 million GT. Chartered entries stayed strong at around 110 million GT and we have a healthy pipeline of new tonnage committed by existing Members to attach during the 2025 policy year.

Looking ahead, we will carry on helping all Members navigate the increasing geopolitical headwinds they now face, with continued Western sanctions on Russia, ongoing attacks in the Red Sea and the prospect of global tariff increases. The shipping industry has however always been resilient to change, and I am confident that as an industry we will rise to the new challenges.

One such challenge is the development of new alternative fuels. While the full introduction of these fuels is some way off, the Club continues to support our Members as they seek ways to reduce fuel costs and emissions. Our 2025 Sustainability Report highlights examples of Members who are trialling various new technologies and how we have worked with them to understand the risk profile for the provision of P&I cover. We also continue to support a range of industry initiatives from Blue Visby to the Nuclear Energy Maritime Organization (NEMO), which we were the first P&I Club to join in 2024.

Finally, I thank all Members who have served so diligently as Directors on the Club's regulated Board and Members' Committee. During the year, we welcomed Laurent Audaz of MSC to the Board as a new deputy chair. He replaced Niko Schües of Reederei F. Laeisz, who stepped down after many years of outstanding service to the Club.

We also welcomed Shaikh Khaled Al-Sabah of Kuwait Oil Tanker Company, Isidore Caroussis of Chios Navigation, Lou Dongyang of China Merchants Energy Shipping, Barbara Pickering of Chevron Shipping and Alexander Slee of Taylor Maritime Investments to the Members' Committee, which continues to provide a vital link between the Board, our Members and the Club's Manager Thomas Miller.

Finally, I want to thank our Managers and staff, whose continued professionalism and dedication provides Members, brokers and other stakeholders with the top-class service they expect from the Club. It is through their collective and collaborative efforts that the UK P&I Club continues to go from strength to strength.

Jan Valkier
Chair
28 May 2025

Directors' Report

The Directors have pleasure in presenting the Report and Financial Statements of the UK P&I Club for the year ended 20 February 2025.

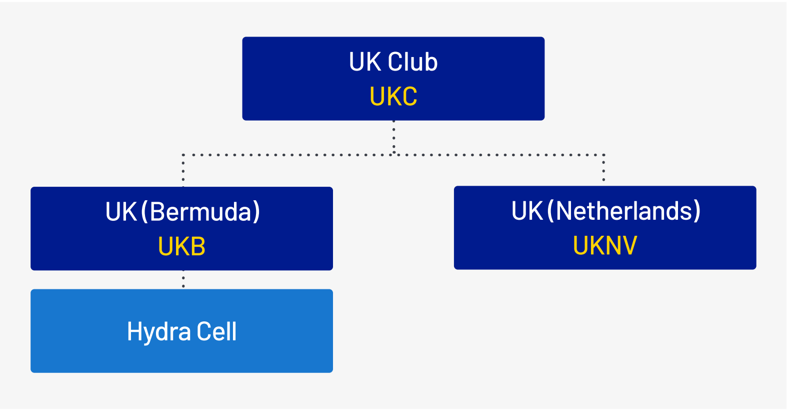
The Club has been protecting its Members from third-party liabilities and related claims-handling expenses in the form of protection and indemnity (P&I) insurance and other marine covers for over 150 years. It continues to offer excellent cover, financial security and value for money.

The Club operates from 10 offices worldwide and, with its extensive correspondent network, provides assistance and local knowledge in over 350 ports worldwide. The Club's deep industry knowledge and innovative services support its service offering, aiding Members at any time and any location.

The Club provides one of the most comprehensive support packages for loss prevention available in the market. This focuses on making ships safer, keeping crews healthier and providing expert advice through joint initiatives with our industry partners.

Structure

The principal activity of the Club during the year was the insurance and reinsurance of marine protection and indemnity risks on behalf of its Members. The Club has the following active corporate structure.



- **The United Kingdom Mutual Steam Ship Assurance Association Limited (UKC)** writes all of the Club's direct business either directly (through branches in Hong Kong, Singapore and Japan), through an arrangement with Thomas Miller Specialty or via a reinsurance arrangement with UKNV.
- **The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited (UKB)** reinsures 90% of UKC's business (net of external reinsurances).
- **UK P&I Club N.V. (UKNV)** was established in order to continue to operate throughout the European Economic Area EEA. UKNV also provides a fronting solution for some other mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to the fronted insurer so that UKNV does not retain any of the risk.
- **Club's Hydra Cell** – The Club owns, together with other members of the International Group of P&I Clubs (IGP&I), a reinsurance captive in the form of a segregated cell company in Bermuda, Hydra Insurance Company Limited. The Club owns 100% of its own cell and this cell is included in the Club's Consolidated Financial Statements.

In addition, the Club contains two dormant/non-trading subsidiaries:

- **The United Kingdom Mutual Steam Ship Assurance Association (London) Limited (UKL)** is a subsidiary of UKC; and
- **International P&I Reinsurance Company Limited (IPIR)** is a subsidiary of UKB.

Direction and Management

Control over the Club's affairs rests with the Board of Directors, which met on five occasions during the year. The members of the Board are elected by the Members' Committee, the membership of which is in turn elected by the Members of the Club.

The Members' Committee met on three occasions during the year. It provides input to the Board on Member-related matters and, in particular, is entrusted with decisions on discretionary claims.

Most of the Directors are active shipowners so are restricted in the amount of time that they can make available to running the Club's affairs. Therefore, the day-to-day running of the Club is delegated to Thomas Miller, through its wholly owned subsidiaries Thomas Miller P&I Ltd, Thomas Miller (Bermuda) Ltd and Thomas Miller BV.

The Managers, through a network of offices in Europe, Asia and America, form the principal contact between the Club and the Members. In addition to carrying out the policies laid down by the Boards, they also act as a conduit for feedback of the Members' views.

At Board meetings, the Directors receive reports from the Managers on all areas of the Club's operations. The Board has established several committees:

- The **Group Audit & Risk Committee** oversees all risk, regulatory and accounting (including internal and external audit) matters worldwide. This committee reviews performance against all financial risk management objectives and policies set by the Board, which are discussed in the Directors' Strategic Report and in note 4 to the Financial Statements.
- The **Nominations Committee** makes recommendations regarding the appointment of new Directors and the composition of committees and subsidiary boards.
- The **Ship and Membership Quality Committee** advises on the Club's ship inspection and condition survey schemes. It also provides the Board with advice on the criteria used to set the standards for membership of the Club and the direction of the Club's loss prevention and safety initiatives.
- The **Investment Committee** advises the Board on investment strategy and policy. It also monitors the performance of the investment portfolio.
- The **Strategy Committee** advises the Board on strategic issues.

Other committees of the Board may be formed, as needed, to review specific issues as delegated by the Board, or to take decisions on behalf of the Board, for instance regarding the operation of the Club's war risks cover, where urgent decisions may be required.

Directors

Chair

J.M. Valkier
Anthony Veder Group NV

Deputy Chairs

L. Audaz
MSC Mediterranean Shipping Company SA

R. Chen
Wan Hai Lines Ltd

M. Nomikos
A.M. Nomikos Transworld Maritime Agencies SA

Other Directors

S. Beale

M. Butler

N.C. De Silva

R.C. Gillett

A.J. Taylor

Members' Committee

The Members' Committee solely comprises elected representatives of the Members.

J.M. Valkier
Anthony Veder Group N.V.

Shaikh K.A. Al Sabah
KOTC

R. Aird
Pritchard-Gordon Tankers Ltd.

I. Al-Nadhairi
ASYAD Shipping S.A.O.C.

L. Audaz
MSC Mediterranean Shipping Company SA

P. Bagh
Oldendorff Carriers GmbH & Co. KG

I. Caroussis
Chios Navigation (Hellas)

R. Chen
Wan Hai Lines Ltd.

B. Chiu
BW Group Ltd

H. Fujikawa
MMS Co., Ltd., Meiji Shipping Group

K. Fujiwara
ENEOS Ocean Corporation

A.M. Gibson
Royal Caribbean Cruises Ltd.

D.W. Grzebinski
Kirby Corporation

I. Güngen
Güngen Maritime & Trading A/S

A. Hadjipateras
Dorian LPG

N.A. Hadjiyiannis
Hellenic Tankers Co Ltd

C.T. Hajimichael
Tsakos Shipping & Trading SA

P. Hajioannou
Safe Bulkers Inc

A. Kalathakis
Navios Maritime Partners L.P.

Lou Dongyang
China Merchants Energy Shipping Co., Ltd

E. Louis-Dreyfus
Louis Dreyfus Armateurs S.A.S.

F. Mascarenhas
Petrobras Transporte S.A. – Transpetro

S. Messina
Gruppo Messina S.p.A.

M. Nomikos
A.M. Nomikos Transworld Maritime Agencies S.A.

D. Ofer
Zodiac Maritime Ltd.

S. Paliou
Diana Shipping Inc

M. Papaioannou
Helikon Shipping Enterprises Ltd.

M. Pavić
Tankerska plovidba d.d.

B. Pickering
Chevron Shipping LLC

A. Slee
Taylor Maritime Investments Limited

N. Smedegaard
DFDS A/S

K. Sutoh
Nippon Yusen Kabushiki Kaisha

Tao Weidong
China COSCO Shipping Corporation Ltd.

A. Thanopoulos
DryLog Ltd

S.N. Vlassopoulos
Ionic Shipping (Management) Inc

R. Zein
Naftomar Shipping and Trading Co. Ltd.

The following Members have resigned from the Members' Committee since 20 February 2024: P.C. Over (Taylor Maritime); M.H. Ross (Chevron Shipping LLC); N.H. Schües (Reederei F. Laeisz GmbH); Wang Yongxin (China Merchants Energy Shipping Co Ltd).

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report, Strategic Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 102 – Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and FRS103 – Insurance Contracts, issued by the Financial Reporting Council and in conformity with the requirements of the Companies Act 2006). Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Club for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Club will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Club's transactions and disclose with reasonable accuracy at any time the financial position of the Club and for ensuring that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Club and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors has effected a Directors' and Officers' Liability insurance policy to indemnify the Directors and Officers of the Club against loss arising from any claim against them jointly or severally by reason of any wrongful act in their capacity as Directors or Officers of the Club. The cost of the insurance is included in net operating expenses.

Disclosure of Information to the Auditor

So far as each of the persons who are Directors at the time of this report are aware, there is no relevant audit information of which the Club's auditor is unaware and the Directors confirm that they have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Club's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

The Directors have appointed Deloitte LLP as auditor. Deloitte LLP has indicated its willingness to continue in office and a resolution will be proposed at the annual general meeting to reappoint Deloitte LLP as auditor for the next financial year.

Financial Instruments

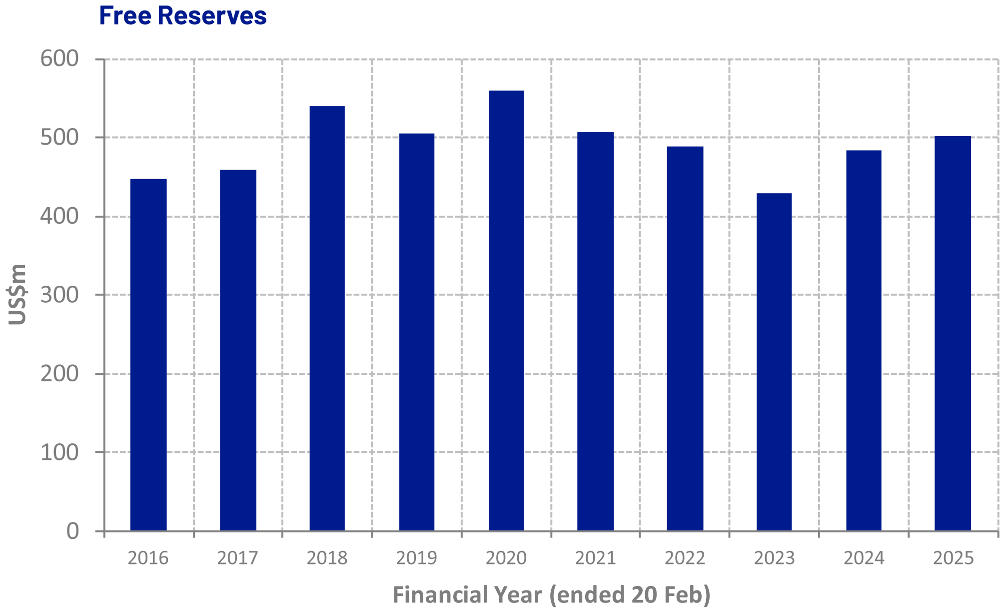
The Club's financial instruments comprise its financial investments, cash and various items arising directly from operations, such as insurance and other debtors, technical provisions and creditors. The main risks arising from these financial instruments are insurance risk, market risk and credit risk. The Club's approach to management of these risks is disclosed in note 4 of the Financial Statements.

> "The Club's financial strength remains among the strongest in the industry."

Directors' Strategic Report

Overall Performance

In the year ended 20 February 2025, the UK P&I Club recorded a surplus of US$11 million (2024: surplus of US$53 million), increasing the Club's free reserves to US$494 million (2024: US$483 million). The Club's financial strength remains among the strongest in the industry, with an S&P credit rating of 'A-/Stable'. The following sections illustrate the Club's KPIs and discuss the key drivers of the overall result. The same drivers also apply to the parent company's result.



Underwriting

The Club aims to maintain breakeven underwriting over the medium term by calling sufficient premium to cover claims and expenses incurred.

Since 2021, pricing has recovered following the previous soft market cycle and, for the 2025 renewal, the Club has achieved another year of rate increase in line with its financial forecast.

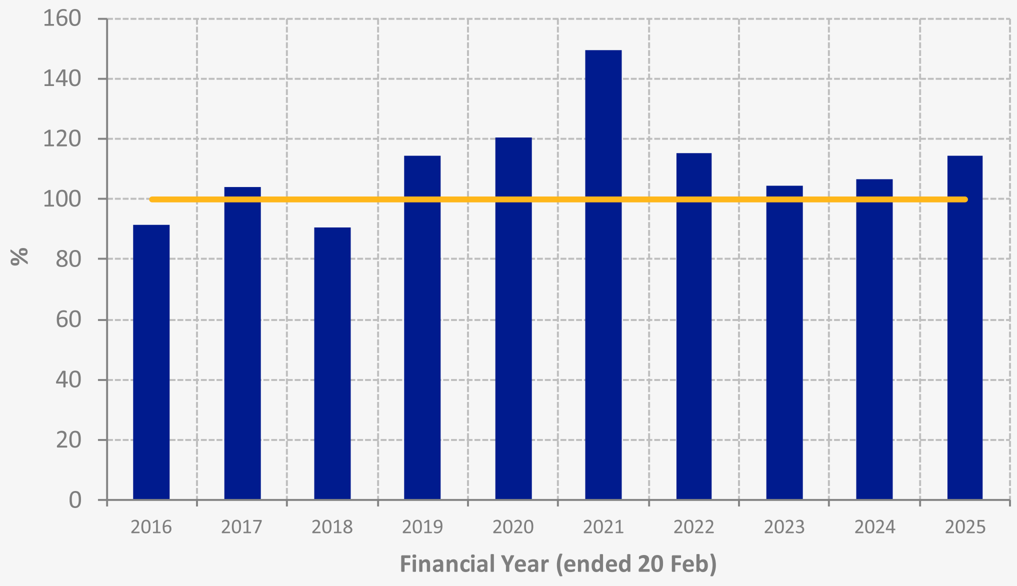
The combined ratio of 116% reported this year is higher than the Club's financial forecast, driven by one of the worst years for market large loss volatility. Development of Pool claims across the International Group of P&I Clubs (IGP&I) after 12 months suggests that the 2024/5 financial year may produce the worst Pool result in history. From a more positive angle, the Club saw profitable stabilisation of its fixed premium P&I and charterers portfolios following several years of remediation.

The mutual premium increase achieved at the recent renewal is in line with the Club's longer-term financial forecast and the Club continues to refine its risk appetite and take appropriate action to improve the overall portfolio composition of mutual and fixed premium business entered.

The Club is reporting year-on-year growth of 5.6 million GT of mutual entered tonnage, whilst continuing to remove underperforming business. The Club also continues to enjoy a strong pipeline of new tonnage committed by existing Members to attach during the forthcoming policy year.

The Club continues to purchase appropriate reinsurance to protect against portfolio volatility and manage capital efficiency.

Combined Ratio



Claims

For a few days in March 2024, shipping hit the mainstream media for all the wrong reasons after the Francis Scott Key bridge in Baltimore collapsed having been hit by the containership MV Dali. Although the ship was entered in a different P&I Club, that incident as well as a number of other high-profile shipping accidents in 2024 are likely to have a material impact on the Club's performance through the International Group Pool.

In terms of the Club's own claims, once again, the level of attritional claims (those under US$0.5 million) remained stable – moderately below 2023 in terms of numbers and almost identical in terms of value. As in previous years, this is despite continued growth in the Club's tonnage. The average cost of attritional claims continues to increase, reflecting underlying inflationary pressures as well as larger deductibles agreed in Members' terms of entry.

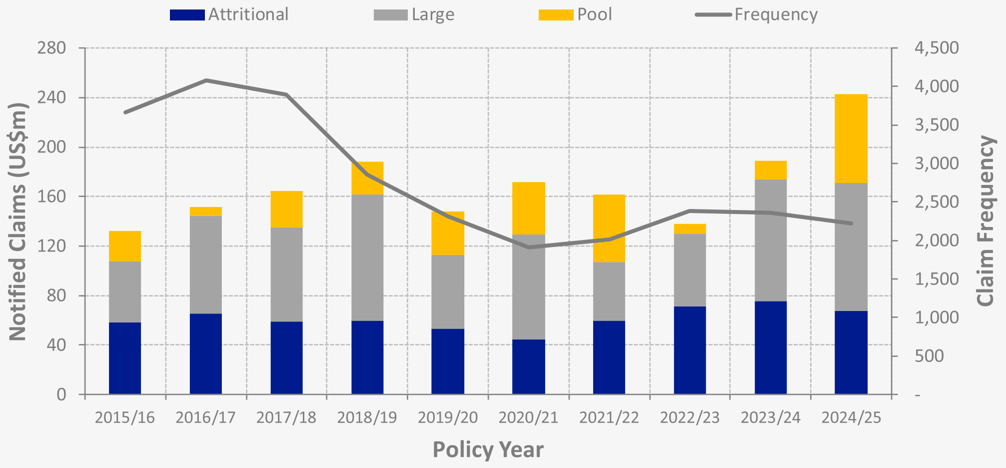
However, there was a sharp increase in large claims, particularly towards the end of the year, with 14 claims notified in excess of US$2 million, including three dock damage claims, two injuries in the United States and two major groundings, one of which featured a specialist heavy-lift ship becoming a wreck off Taiwan, resulting in a claim on the Pool.

The Club also experienced two major container ship fires, which originated in containers loaded with dangerous goods. Both cases highlighted the challenges of fighting such fires without external assistance and in identifying suitable ports of refuge for ships in distress. Challenges also arise in the processing and disposal of fire-damaged waste, causing considerable costs. Thankfully, there are viable and strong prospects of a substantial recovery in both cases, albeit the Club will likely have to incur costs in the first instance. Larger than average third-party recoveries are also anticipated in three major claims following the carriage of soybeans from Brazil to China.

However, the most noteworthy claims experience in the past year has been in the Pool, driven not so much by the number of claims, but by their severity. As well as the Baltimore incident, there have been several high-profile shipping casualties such that 2024 Pool is the costliest in living memory.

In contrast to the 2024 policy year, claims experience in older years has been favourable, helped by a number of better than anticipated outcomes, but also three sizeable third-party recoveries, one of which featured a US$10 million dock damage claim in Argentina where a tribunal ruled that the port was unsafe for the bulk carrier in question.

Total Net Notified Claims by Size and Frequency at 12 Months' Development

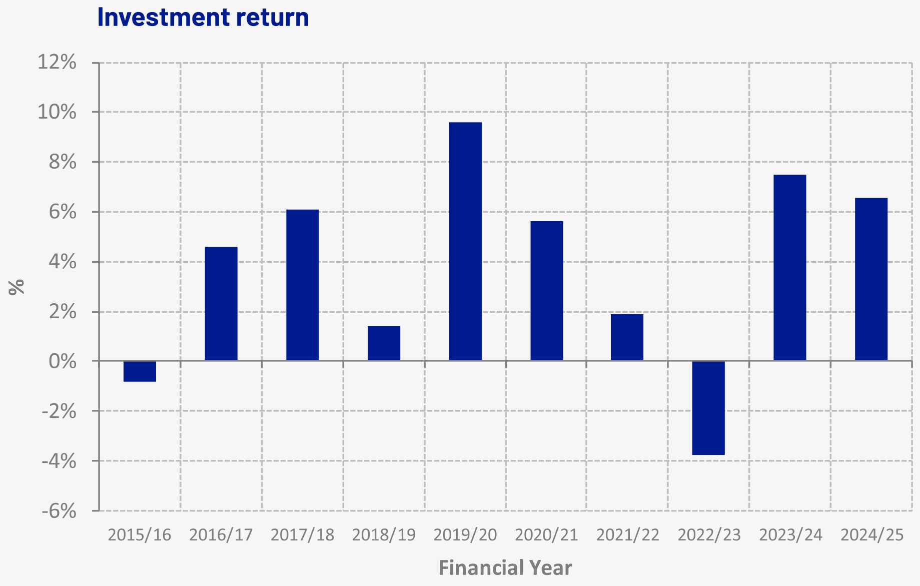


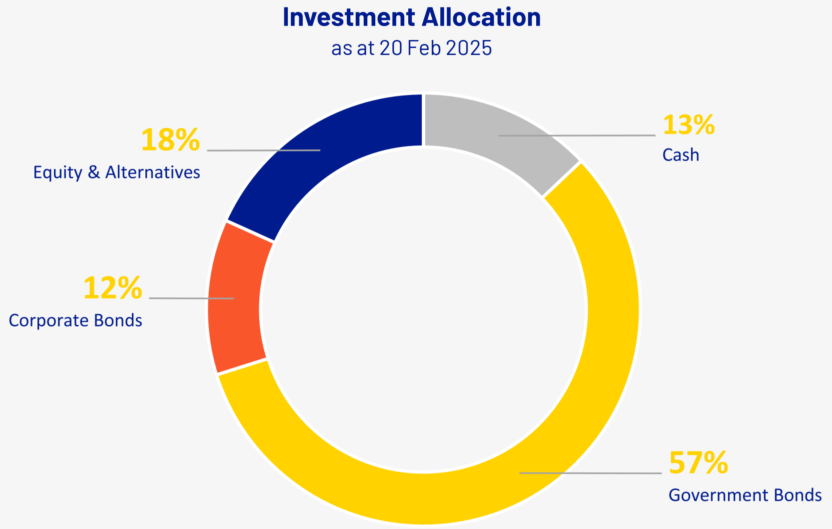
Investments

Over the 2024/25 financial year, the consolidated investment portfolio returned 6.6%. The second half of the financial year proved more challenging than the first for return generation as bond yields rose sharply on market concerns over the future path of interest rates. Despite this, performance remained robust and was led by the equity holdings, which delivered over 17% in total returns. Fixed income investments also made positive contributions to performance, with gains of 4.5% from the combined corporate bond and government bond holdings.

Equity markets proved to be resilient over the year, hitting new highs, although increasingly expensive valuations, narrow market breadth and a weakening economic backdrop suggest some caution is warranted. Consequently, a more defensive investment strategy has been temporarily adopted through a reduced exposure to equity investments.

Although it is important that investment strategy is responsive to shorter-term market dynamics, the Club's financial strength allows it to be a long-term investor. The Club's investment strategy reflects that long-term approach. Overall, the investment portfolio remains well diversified and consistent with the Club's risk tolerance, capital and regulatory constraints, expected liabilities and credit rating agency requirements.





Capital

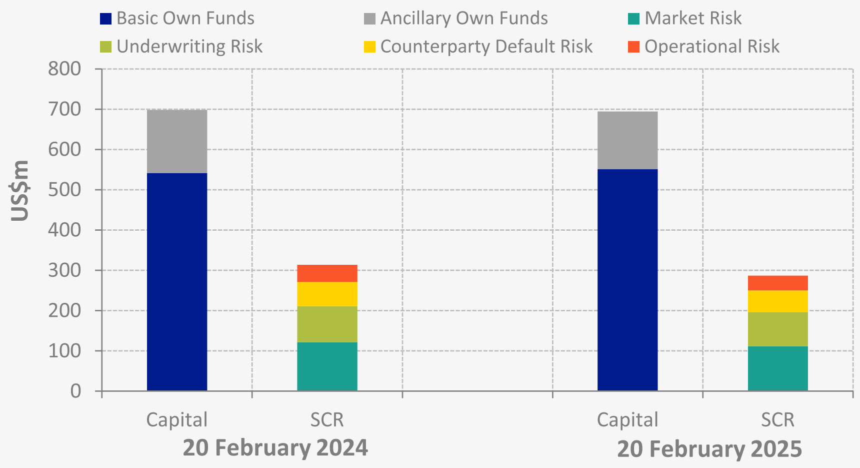
The Club has a strong capital position, with free reserves of US$494 million. The Club aims to hold sufficient capital to provide Members with first-class security without holding excessive amounts. As such, the Club's key objectives are to maintain its rating from S&P within the 'A' range and retain sufficient capital to meet its regulatory requirements in all jurisdictions. The Club's capital continues to exceed the 99.99% confidence level as per S&P's capital model. The Club's credit rating of 'A-/Stable' was most recently confirmed by S&P in March 2024.

The Club's key regulatory capital requirement is Solvency II's Solvency Capital Requirement (SCR). Rather than use the standard formula to calculate the Club's SCR, the Club uses its own sophisticated internal model, which better reflects the Club's risks and avoids it having to hold unnecessary levels of Members' capital.

The Club's regulatory capital coverage is shown in the following chart, which illustrates its SCR, broken down into key risk categories. For further information, see the Club's Solvency and Financial Condition Report, which is available on the Club's website.

> "The Club's capital continues to exceed the '99.99%' confidence level as per S&P's capital model."

Group regulatory capital



Risk Management

The Club has put in place a risk management framework designed to ensure that it identifies, assesses and manages risks which could adversely affect the Club's performance, financial stability or ability to deliver excellent service to Members. The framework evaluates the potential for adverse outcomes from the insurance and investment markets in which it operates and due to operational, geopolitical or macroeconomic factors.

The Club monitors potential new or deteriorating risks, including consideration of emerging cyber threats, the potential for investment losses or changes in underwriting exposure due to climate change, changes in maritime practice affecting loss experience (such as new fuel types or cargoes), and changes in the geopolitical and regulatory environment which could affect insurance and investment markets or the Club's ability to service Members effectively.

The Club's understanding of risk is integrated into its decision-making process through the Own Risk and Solvency Assessment (ORSA) process, which incorporates qualitative analyses, quantitative scenario testing and use of stochastic modelling methods. The Club's internal model is a key element of the risk management framework, informing business planning, strategy, reinsurance and capital management in addition to being an approved model for the purposes of calculating the Club's regulatory capital requirement.

The Club's most material risks arise from its insurance activities (underwriting risk) and investments (market risk), which are discussed in more detail above. Underwriting and market risks are accepted where they are expected to further the objectives of the Club and remain within defined risk appetite limits set by the Board. The Club seeks to minimise its exposure to other sources of risk to the extent this is practical and cost effective.

A key tool for managing underwriting exposures is the use of reinsurance to mitigate the cost of individual large claims and/or a higher frequency of larger claims than anticipated in the business plan. The Club buys reinsurance on its own account and is also a member of the IGP&I, participating in the International Group's Pooling Agreement. The Pooling Agreement provides protection for claims greater than US$10 million through the pooling of these claims with other IGP&I Clubs, although this mitigation is partially offset by the Club's exposure to large claims incurred by other IGP&I Club claims. Pool claims greater than US$100 million are ceded into the international reinsurance market. Details of the IGP&I's reinsurance programme are available on the IGP&I's website and the structure is similar to last year.

Safety and Risk Management

The Club has transitioned from a focus on loss prevention to embracing a wider responsibility for safety and risk management. This enhanced approach provides a structured and comprehensive framework by integrating safety and risk management, claims and underwriting to elevate both internal and external knowledge. This enables the Club to stay abreast of emerging technologies, evolving environmental concerns and new risks.

The Club's safety offerings encompass aviation-standard human-element training, customised on-board safety assessments aimed at helping Members identify and mitigate hazards, reflective learning and training programmes, and crew training webinars and in-person seminars. Additionally, it publishes animated training videos on 'lessons learnt', which are available on the UK Club website and promoted through various independent training platforms and safety initiatives.

Understanding the significance of seafarer health and well-being, the Club acknowledges that maintaining a healthy workforce is essential for safety and productivity on board. The Club provides extensive resources to Members for maintaining the health, happiness and safety of their crews, including an exclusive pre-employment medical exam programme, which will celebrate 29 years in operation in 2025.

The Club endorses 'Together in Safety', an initiative focused on improving safety within the shipping industry with the core objective of protecting seafarers' lives while enhancing business efficiency and commercial effectiveness. Together in Safety advances a modern approach to the maritime sector, promoting well-being, safety and environmental stewardship.

In its commitment to behaviour-based safety, in 2024, the Club partnered with a leading industrial psychologist to implement the Learning from Normal Work methodology for its Members. This initiative seeks to advance safety and risk management within the maritime sector by employing proactive learning techniques.

This collaboration aims to empower maritime professionals to reduce human errors, understand the reasons behind non-compliance, and leverage the differences between planned and actual work to identify opportunities for improvement. The primary goal is to enhance operational safety and efficiency by pre-emptively addressing error traps and other risks.

In summary, the Club remains committed to safety and strives to decrease incidents resulting in claims by making ships safer, ensuring crew health and providing expert advice through collaborative initiatives with industry partners.

Sustainability and Corporate Social Responsibility

The UK Club's approach to sustainability is set out in the Club's Sustainability Reports, which describe the Club's impacts in the areas identified as being most relevant to the Club.

The UK Club is a signatory to the United Nations Global Compact and, as such, is committed to implementing the 'Ten Principles' of the UN Global Compact, taking action in support of the Sustainable Development Goals (SDGs) and submitting an annual Communication on Progress (COP). We support all 17 SDGs, but our Sustainability Reports focus on the Club's impact with reference to the five SDGs that are most closely aligned with the Club's activities: SDG3 on 'good health and well-being', SDG8 on 'decent work and economic growth', SDG13 on 'climate action', SDG14 on 'life below water' and SDG17 on 'partnerships for the goals'. Further details are set out in the Sustainability Reporting section below.

Following publication of the Club's first Sustainability Report in late 2022, the Club has sought to identify those areas where we can improve the Club's impact, and to find and progress projects in areas where our expertise and resources can make a real difference. The Club's most recent Sustainability Report, published in March 2025, provides an update on our progress over the past two years, including the following projects:

- The Club's 2022 Sustainability Report explained that the Club's greatest positive sustainability impact is in supporting its Members' efforts to decarbonise. To that end, both the Club and its Manager, Thomas Miller have provided significant support to the Blue Visby coalition, a project aiming to cut greenhouse gas emissions from shipping by approximately 15% through the use of innovative technology.

> "During the past year, the Club made charitable donations totalling circa US$170,000, none of which was to a political party."

- The Club has also joined with other industry partners in the Methane Abatement in Maritime Innovation Initiative (MAMII), a project focused on measuring and helping to abate the release of unburnt methane, a potent greenhouse gas.
- Following a successful trial focused on the business-travel and related emissions of the Club's Board, the Board has decided to expand the scheme to cover all Club business travel, and to purchase products to offset or mitigate the carbon footprint of the Board's travel and meetings from May 2023, and the wider Club's travel from May 2024. Work is now ongoing to measure all corporate travel emissions and identify suitable schemes by which to offset or mitigate them.
- On the human side of sustainability, the Club has funded and helped to drive forward a 'Safe at Sea' project aimed at preventing harassment at sea through education and allyship, and has co-funded a charity (Safer Waves) focused on prevention and support through education for seafarers who have suffered harassment.

The Club is fully managed and, consequently, its corporate citizenship goals are reflected by those of its Managers. Further details of Thomas Miller's impact and progress in this area are set out in Thomas Miller's 2024 ESG report.

The Club has developed strong and enduring relationships with a number of charities, including the Mission to Seafarers, the Seafarers' Charity, the Sailors' Society, Stella Maris, ISWAN and Safer Waves, and has provided significant financial and practical support for several key initiatives focused on maritime health and welfare, and on encouraging greater diversity in shipping.

Further details of all of the Club's initiatives are set out in its Sustainability Reports.

During the past year, the Club made charitable donations totalling circa US$216k, none of which was to a political party.

Sustainability Reporting

Sustainability Reports

The Sustainability Reports describe the Club's impacts in the areas we have identified as being most relevant to the Club and set out the Club's plans for the future, which are focused mainly on our support for our Members.

The reports include a summary of the Club's governance of sustainability-related matters and of its compliance with sustainability-related regulations and legislation, as well as a summary of the Club's activities in five specific areas, and how those activities align with the SDGs most relevant to the Club:

- An 'Insured operations' section focuses on the Club's long-standing efforts to prevent and mitigate environmental damage from casualties through skilful loss prevention and claims handling, as well as support for Members making the 'green transition' to alternative fuels and technologies, all with reference to SDG14 ('life below water'). The most recent report contains details of the Club's new Safety and Risk Management division, as well as Member case studies and details of the Club's support for decarbonisation initiatives, including the Blue Visby coalition and MAMII (see above).
- An 'Insured people' section focuses on the Club's many existing safety projects, especially those focused on the human element, and the Club's ongoing support for various seafarer-focused charities, and how these link with SDG3 ('good health and well-being'). The most recent report also includes case studies of two projects/charities the Club has supported which aim to prevent harassment and promote equality at sea.
- An 'Own operations' section focuses on the sustainability aspects of the Club's operations (again via Thomas Miller) and how those align with SDG13 ('climate action'). This section also sets out details of the Club's commitment to measuring, reducing and offsetting or mitigating its greenhouse gas emissions to help combat climate change.
- An 'Own people' section focuses on those people who work for the Club, and addresses human resource-related matters such as the equality and diversity of those working (via Thomas Miller) for the Club and how those align with SDG8 ('decent work and economic growth').
- A 'Collaboration and partnership' section focuses on the Club's partnerships with its Members, with Thomas Miller, with other Clubs through the IGP&I and with other industry groups, and how these initiatives align with SDG17 ('partnerships for the goals').

Communication on Progress (COP)

As a signatory of the UN Global Compact, the Club is required to submit an annual Communication on Progress (COP) to the Global Compact. The Club made its COP disclosure in 2024 and has started work on its 2025 COP.

Corporate Sustainability Reporting Directive (CSRD)

The Club's Dutch subsidiary, UK P&I Club NV (UKNV) has been working towards compliance with the European Union's Corporate Sustainability Reporting Directive (CSRD) and publication of a first CSRD Sustainability Report on the year to 20 February 2026. In late February 2025, however, the European Union published an 'Omnibus package', which includes proposals to simplify the CSRD reporting requirements. The changes take UKNV out of scope for CSRD, but the Club and its Managers will continue to monitor these developments and ensure that the Club complies with all necessary reporting requirements.

Streamlined Energy and Carbon Reporting (SECR)

As the Club's core management and business activities are outsourced to Thomas Miller, and the UK Club itself uses less than 40,000 kwh of energy per year, SECR is therefore carried out at the Thomas Miller level and, for these reasons, the Directors have not included information in relation to the Club's energy and carbon usage.

Other Regulatory Matters

Section 172 Statement

In accordance with Section 172 of the UK Companies Act, the Directors' key responsibility is to promote the success of the UK P&I Club (the Club). This principle is embodied in the Board's terms of reference, which are reviewed annually. Each Director is cognisant that in discharging this responsibility, they must have regard to:

- the need to foster business relationships with Members, suppliers and others;
- the need to treat Members of the Club fairly;
- the likely consequences of any decisions in the long term;
- the interests of the Club's staff;
- the impact of the Club's operations on the community and environment; and
- the need to maintain a reputation for high standards of business conduct.

As a mutual, the Club exists for the benefit of its Members, who are both mutual policyholders and owners of the Club. The Club's more than 150-year history and its focus on long-term partnerships mean that there is a natural alignment with other key stakeholders, such as its Manager Thomas Miller, other policyholders, brokers, reinsurers and regulators. The Club maintains regular dialogue with all stakeholders to maintain strong relationships, as this is central to the success of the Club. Underwriters and claims handlers travel widely to visit Members and attend industry events to foster these relationships. The Club upholds a high standard of business conduct, ensuring regulators are informed in a timely manner of any matters arising.

The commitment of the Club to the community and environment has been discussed in the sustainability and corporate social responsibility report on page 15.

The Club considers the long-term consequences of its decisions as part of its Own Risk and Solvency Assessment (ORSA) process. A key element of the Club's strategy is to provide a financially stable platform, from which to provide risk management and loss prevention services to the shipping industry.

Achieving this objective involves decisions on underwriting, in particular the target premium requirement for the Club; reinsurance; capital management; and investments. These considerations form the cornerstone of discussions and decision-making, supported by the Club's governance structure. In particular, the Members' Committee, which represents the wider Member base and appoints the Board, is a core part of the governance specifically aimed at ensuring that wider views are considered and that all of the Club's Members are treated fairly.

Anti-Bribery and Corruption

The Club is committed to ethical business practices and has a zero-tolerance policy for bribery and corruption. The policy prohibits any form of bribery or inducement and requires all employees and associated persons to comply and report any concerns. The Company provides training to ensure awareness and compliance, and regularly reviews the policy's effectiveness. The goal is to maintain high standards of honesty and accountability in all business activities.

Employee Matters

As noted above, the Club is fully managed by Thomas Miller, which has put in place appropriate measures bearing in mind the interests of its staff working on Club matters.

Modern Slavery

The Club has a zero-tolerance approach to modern slavery and human trafficking, and is also committed to acting ethically and with integrity in all its business dealings and relationships to ensure modern slavery is not taking place in its own business nor in any of the supply chains it operates. The Club commits to the highest professional standards and complies with all laws and regulations applicable to the business. The selection and management of suppliers, including service evaluation and review, are governed by procurement policies. Recruitment methods and standards for potential suppliers are articulated in those policies.

Industry Issues

Many industry issues were addressed during the year in publications, circulars, legal updates and loss prevention bulletins, accessible by Members via the Club's website, with a strong focus on decarbonisation and alternate fuels, and on matters relating to safety. However, as in 2023, much of the reporting to the Board and Members' Committee was directed to issues relating to Western sanctions following Russia's aggression against Ukraine, including the growth of the shadow fleet and associated environmental threats.

While the Club ceased early in the conflict to have relationships with Russian flagged or beneficially owned fleets, it continued to provide cover for the carriage of permitted Russian cargoes in accordance with the strategic objectives of the members of the Price Cap Alliance, which have been to reduce the revenue earned by Russia while maintaining a supply of crude oil and petroleum products to global markets sufficient to avoid an oil price shock.

As noted in a prior year's report, decisions which affect the world's supplies of energy, food and fertilisers should be taken by governments, which can address the consequences, and not by shipowners' mutuals. For most of the 2024 policy year, there was strong sanctions co-ordination between the governments of the EU, UK and US, extended to the G7 and Australia for the Price Cap, with significant efforts made to strengthen enforcement, including numerous advisories to industry and revised attestation procedures.

However, the explicit use of sanctions against insurers in coalition states (including the IGP&I), as a means of preventing ships of all flags from carrying Russian cargoes priced above the Cap, has fuelled the growth of a 'shadow fleet' insured by entities not reliant upon the IGP&I Clubs or Western reinsurance markets, and not classed by IACS members.

In consequence, coastal states have become increasingly concerned that protections traditionally given (by Clubs) through the blue card system to victims of maritime accidents may be illusory if given by shadow fleet insurers who have no real substance. The Board noted the difficulties for states in balancing conflicting objectives of wishing to preserve freedom of navigation (especially rights of transit passage) and wishing to ensure by proactive steps that shadow fleet tankers with ineffective insurance are prevented from causing environmental damage.

One subject newly considered by MEMCO is that of insurance for nuclear-propelled vessels, prompted by the sharp increase in 2024 in conferences devoted to civilian nuclear shipping. Apart from a few Russian icebreakers, no such vessels are currently in use outside of navies, but plans for the development of Small Modular Reactors (SMRs) in non-shipping contexts, coupled with concerns about slow rates of decarbonisation, have provided the impetus for a fresh look at the potential pros and cons of nuclear propulsion in shipping. Currently, nuclear risks are excluded from cover under Club Rules, and under the International Group's Pooling Agreement and reinsurance programme. Time will tell whether new nuclear technology is considered safe enough to warrant a re-appraisal of the need for nuclear exclusions, or whether nuclear risks will remain the preserve of specialist nuclear insurers. In either event, there is a need to update the international legal regime to provide for appropriate liability and compensation mechanisms for nuclear risks arising in connection with such vessels, and this will take some time to achieve. The UK Club was in 2024 the first P&I insurer to join the Nuclear Energy Maritime Organization (NEMO) and is contributing to its work on the legal and insurance challenges.

The Board and Members' Committee received a report at their last meeting of the year on the activities of all the committees and working groups of the IGP&I, where legal, regulatory, technical and insurance aspects of shipowners' liabilities are addressed collectively and solutions found. The ability of shipowners to reach consensus in relation to liability and compensation issues, through their membership in the mutual Clubs that participate in the IGP&I's arrangements, is of great value. The UK Club Managers therefore continues to play a very active role in all IGP&I work.

Looking to the Future

The Club is well positioned to meet its future strategic objectives. To deliver these, the Club will continue to focus on its core capabilities to enhance its market position. These core capabilities include the Club's:

- people, who bring a wealth of experience to support Members through all eventualities;
- leading safety and risk management proposition, which champions innovative techniques to prevent, mitigate or respond to the impact of losses at sea;
- capital position, which is among the best in the industry and provides the necessary financial resilience, even in the most extreme scenarios;
- leading brand and service proposition, which provide assurance of professionalism and expertise to Members;
- governance structure, which drives a culture that puts the needs of our Members first, so ensuring a commitment to delivering market-leading service;
- unrivalled membership, which illustrates the attraction of the Club's leading brand to the highest-quality Members.

The Club has developed strong long-term partnerships with its Members through these core capabilities which, when taken together, build an attractive proposition for the shipping community, as evidenced through recent renewal processes.

> “The Club is well positioned to meet its future strategic objectives.”

Approved by the Board of Directors and signed on behalf of the Board.

K. P. Halpenny
Company Secretary
28 May 2025

Independent auditor's report to the Members of The United Kingdom Mutual Steam Ship Assurance Association Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of The United Kingdom Mutual Steam Ship Assurance Association Limited (the 'parent company') and its subsidiaries (the 'club'):

- give a true and fair view of the state of the club's and of the parent company's affairs as at 20 February 2025 and of the club's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of income and expenditure;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 20, excluding the capital adequacy disclosures in note 4.6 calculated in accordance with the Solvency II regime, which are marked as unaudited.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the club and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the club for the year are disclosed in note 14 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the club or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of gross technical provisions.
Materiality	The materiality that we used for the club's financial statements was \$10.0m which was determined on the basis of total reserves.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the club audit team.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the club's and parent company's ability to continue to adopt the going concern basis of accounting included:

- review of the latest available Own Risk and Solvency Assessment (ORSA) return to assess compliance with regulatory solvency requirements, including evaluating management's forecasts and stress testing;
- assessing the solvency position through assessing the sufficiency of assets to meet liabilities and the adequacy of regulatory capital;
- assessing the historical accuracy of past forecasts; and
- assessing the appropriateness of the going concern disclosure in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the club's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of gross technical provisions

Key audit matter description

The club's gross technical provisions total $1,268.7m as at 20 February 2025 ($1,451.6m as at 20 February 2024) and represent the single largest liability on the balance sheet. See notes 2, 3 & 10 of the financial statements for disclosures of related accounting policies, accounting estimates and judgements and estimation uncertainty.

Gross technical provisions include reserves for claims incurred but not reported ('IBNR') and a margin added to the actuarial best estimate.

The valuation of certain classes within these elements of the overall gross technical provisions are inherently subjective with high estimation uncertainty, and alterations in underlying assumptions may have a material impact on the financial position of the club. Within the balance, the valuation of IBNR, given its complexity and reliance on future claim estimations, presents a level of judgement.

Management also apply a margin in addition to the actuarial best estimate to capture the uncertainty within the balance and to provide for the risk of adverse development in the claims reserves. The margin is a judgement taken by management, based on the perceived uncertainty and potential for volatility in the underlying claims.

Furthermore, given the high level of estimation involved, we have determined that there is potential for fraud through possible manipulation of these inputs and therefore the valuation.

Materiality

We have gained an understanding of the end-to-end reserving process and obtained an understanding of the relevant controls, specifically over the methodology and assumptions used in reserving.

We tested the underlying claims and reserves data to assess completeness and accuracy of data and associated data attributes relied upon in the club's reserving process.

We have worked with our actuarial specialists to assess and challenge the appropriateness of the methodology and assumptions used by management in setting the club's technical provisions. This challenge of the technical provisions included:

- inspecting actuarial reports and management papers to critically assess the methodologies used to determine whether they are reasonable and supportable;
- evaluating the consistency of management's assumptions with historical claims trends, the prior year approach and emerging experience;
- projecting our own indicative estimates over certain IBNR classes and assessing whether there were any material differences when compared to management's IBNR estimates;
- inspecting and challenging management's methodology and key assumptions when setting the margin, including assessing whether the approach behind the construction of the margin is reasonable considering changes in economic and non-economic events in the current year; and
- assessing the reasonability of the movements in the margin since the prior year and challenging any changes in the approach to the setting of the margin since the prior year.

Where management had used the support of actuarial experts, we assessed their competence, capability and objectivity

Scoping

We have concluded that the valuation of gross technical provisions is reasonable.

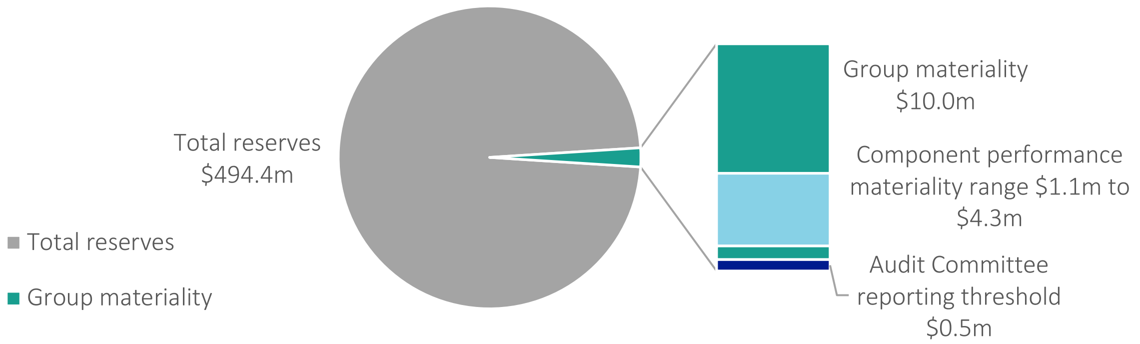
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	Parent company financial statements
Materiality	$10.0m	$2.5m
Basis for determining materiality	2% of total reserves	2% of total reserves
Rationale for the benchmark applied	As a mutual insurance company, the club exists for the benefit of its members. We considered total reserves to be the most appropriate benchmark as this represents the club and parent company's overall financial strength and is a proxy for regulatory capital, and therefore its ability to meet claims as they fall due, which is deemed to be of the most concern to the members.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Consolidated financial statements	Parent company financial statements
Performance Materiality	70% of club materiality	70% of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment and whether we were able to rely on controls; and b. that this is our first year as the club's auditor, including our assessment of the uncorrected and corrected misstatements expected in the current year.	

6.3. Error reporting threshold

We agreed with the Group Audit and Risk Committee that we would report to the Committee all audit differences in excess of $0.5m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Group Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The scope of our audit was determined by obtaining an understanding of the club and its environment, including internal control and assessing the risks of material misstatement. The club is made up of 5 legal entities, out of which 2 are dormant entities. Within these, the parent company is made up of three separate branches. We identified components at the legal entity level, also identifying the branches as separate components for our group audit. We performed audits of the entire financial information over all components, except the dormant entities, which therefore covered all revenue and net assets. All audit work to respond to the risks of material misstatement was performed by the club engagement team.

7.2. Our consideration of the control environment

IT controls:

In planning our 2025 audit, we identified 8 systems and tools that were relevant to the club's financial reporting processes which handled data relating to premiums and claims. With the involvement of our IT specialist, we obtained an understanding of the relevant IT controls associated with these systems, and the supporting infrastructures and wider general IT control environment. We identified certain findings in relation to the IT control environment and reported these to the Group Audit and Risk Committee. Due to the reliance of business processes on IT controls and our findings identified, which did not include any significant deficiencies, we adopted a fully substantive, non-controls reliance audit approach for the 2025 year-end audit.

Business process and financial reporting controls:

In planning our 2025 audit, we identified 6 business processes that we concluded were most relevant to the club's financial reporting process. These processes covered transactions and account balances including the premiums, claims, reinsurance, reserving, treasury and financial reporting processes. Given this was a first-year audit, we planned to test controls across all processes, however, given the reliance of the business process controls on the IT controls, we concluded that obtaining an understanding of the relevant controls to support a fully substantive audit was more appropriate for the year ended 20 February 2025.

7.3. Our consideration of climate-related risks

As part of our audit, we have considered the impact of climate change on the club's operations and its impact on its financial statements. We gained an understanding of management's processes to address climate-related risks, including the reporting and monitoring of climate-related risks to the audit committee.

We performed our own risk assessment of the financial impact of climate risks on the financial statements. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks may impact their valuation. We read the disclosures relating to climate risks in the Directors' strategic report on page 15 and the annual report and considered whether they are materially consistent with the financial statements as well as our knowledge obtained during the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the club's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the club or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the club's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the club's own assessment of the risks that irregularities may occur either as a result of fraud or error that was approved by the board on 2 November 2024;
- results of our enquiries of management, internal audit, the directors and the Group Audit and Risk Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the club's sector;
- any matters we identified having obtained and reviewed the club's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations and IT specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of gross technical provisions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the club operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the club's ability to operate or to avoid a material penalty. These included the club's regulatory solvency requirements, environmental regulations, data protection, UK Bribery Act and Financial Services and Markets Act 2000, as well as regulations covering the club's branches in Hong Kong (regulated by the Hong Kong Insurance Authority), Singapore (regulated by the Monetary Authority of Singapore), Japan (regulated by the Financial Services Agency in Japan) and the subsidiaries in the Netherlands (regulated by the Authority for the Financial Markets) and Bermuda (regulated by the Bermuda Monetary Authority).

11.2. Audit response to risks identified

As a result of performing the above, we identified the valuation of gross technical provisions as the key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matters.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the directors and the Group Audit and Risk Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the FCA and the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Group Audit and Risk Committee, we were appointed by the Board of Directors on 20 September 2024 to audit the financial statements for the year ending 20 February 2025 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 1 year, covering the year ending 20 February 2025.

14.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the club's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kirstie Hanley, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

28 May 2025

Financial Statements

Consolidated Statement of Income and Expenditure

For the year ended 20 February 2025

Technical Account

Amounts in US$000	**Notes**	**2025**	**2024**
Income			
Gross earned premium	12	531,739	536,191
Outward reinsurance premium	12	(169,543)	(181,031)
Net earned premium		362,196	355,160
Other insurance income		1,316	3,254
Investment return transferred from the non-technical account	13	71,593	77,075
Total income		**435,105**	**435,489**
Expenses			
Net claims paid	10	(298,766)	(276,946)
Change in provision for claims	10	(49,469)	(27,195)
Net claims incurred		(348,235)	(304,141)
Net operating expenses	14	(74,755)	(77,901)
Total expenses		(422,990)	**(382,042)**
Balance on technical account		**12,115**	**53,447**

Non-Technical Account

Amounts in US$000	**Notes**		
Balance on technical account		12,115	53,447
Net investment income	13	71,593	77,075
Investment return transferred to the technical account		(71,593)	(77,075)
Exceptional gain/(loss)	18	-	(197)
Net surplus/(deficit) before taxation		**12,115**	**53,250**
Taxation	15	(1,073)	(235)
Total comprehensive income/(loss) after tax		**11,042**	**53,015**

Consolidated Statement of Financial Position

For the year ended 20 February 2025

Amounts in US$000	Notes	2025	2024
Assets			
Financial investments	6	1,098,515	871,681
Derivative financial instruments	7	2,895	4,591
Reinsurers' share of technical provisions	10	449,544	675,225
Debtors	8	98,381	122,969
Cash and cash equivalents	9	163,741	368,838
Current income tax credit		1,442	1,290
Accrued interest		772	1,088
Total assets		**1,815,290**	**2,045,682**
Reserves and liabilities			
Capital and reserves attributable to Members			
Income and expenditure account		(494,162)	(483,220)
Other reserves		(240)	(240)
Total reserves		**(494,402)**	**(483,460)**
Liabilities			
Technical provisions	10	(1,268,742)	(1,451,575)
Derivative financial instruments	7	(2,766)	(4,179)
Creditors	11	(49,380)	(106,468)
Total liabilities		**(1,320,888)**	**(1,562,222)**
Total reserves and liabilities		**(1,815,290)**	**(2,045,682)**

The accompanying notes are an integral part of the Financial Statements.
The Consolidated Financial Statements were approved by the Board of Directors on 28 May 2025 and were signed on its behalf by:

J.M. Valkier
Chairman

A.J. Taylor
Chief Executive

R. Chen
Director

Companies House number: 00022215

Parent Company Statement of Financial Position

For the year ended 20 February 2025

Amounts in US$000	Notes	2025	2024
Assets			
Investment in subsidiaries	16	79,740	74,241
Financial investments	6	43,732	51,567
Reinsurers' share of technical provisions	10	1,196,667	1,266,375
Debtors	8	98,001	91,042
Cash and cash equivalents	9	100,139	129,944
Current income tax		1,706	1,069
Accrued interest		247	425
Total assets		**1,520,232**	**1,614,663**
Reserves and liabilities			
Capital and reserves attributable to Members			
Income and expenditure account		(60,925)	(58,883)
Other reserves		(129,179)	(129,179)
Total reserves		**(190,104)**	**(188,062)**
Liabilities			
Technical provisions	10	(1,266,042)	(1,333,270)
Creditors	11	(64,086)	(93,331)
Total liabilities		**(1,330,128)**	**(1,426,601)**
Total reserves and liabilities		**(1,520,232)**	**(1,614,663)**

The parent company made a profit of US$2.0 million (2024: loss of US$3.7million) on ordinary activities after tax for the year ended 20 February 2025. The Club has taken exemption under Section 408 of the Companies Act from preparing a Parent Company Statement of Income and Expenditure. The parent company financial position was approved by the Board of Directors on 28 May 2025 and was signed on its behalf by:

J.M. Valkier
Chairman

A.J. Taylor
Chief Executive

R. Chen
Director

Companies House number: 00022215

Consolidated Statement of Changes in Equity

For the year ended 20 February 2025

Amounts in US$000	Notes	Free reserves	Other reserves	Total
Balance as at 20 February 2023		**430,205**	**240**	**430,445**
Total comprehensive income for the year		53,015	-	53,015
Balance as at 20 February 2024		**483,220**	**240**	**483,460**
Total comprehensive income for the year		11,042	-	11,042
Transfer of capital	18	(100)	-	(100)
Balance as at 20 February 2025		**494,162**	**240**	**494,402**

Parent Company Statement of Changes in Equity

For the year ended 20 February 2025

Amounts in US$000	Notes	Free reserves	Other reserves	Total
Balance as at 20 February 2023		**62,636**	**129,179**	**191,815**
Surplus/(deficit) for the year		(3,753)	-	(3,753)
Balance as at 20 February 2024		**58,883**	**129,179**	**188,062**
Surplus/(deficit) for the year		2,042	-	2,042
Balance as at 20 February 2025		**60,925**	**129,179**	**190,104**

Consolidated Statement of Cash Flows

For the year ended 20 February 2025

Amounts in US$000	Notes	2025	2024
Operating activities			
Calls and premiums received		524,553	600,771
Receipts from reinsurance recoveries		284,333	219,426
Interest and dividends received		30,661	23,913
		839,546	**844,110**
Claims paid		(612,928)	(512,941)
Acquisition costs and operating expenses paid		(67,473)	(77,482)
Reinsurance premiums paid		(178,002)	(167,201)
Taxation paid		(1,226)	(1,327)
		(859,629)	**(758,951)**
Net cash generated/(used) in operating activities		**(20,083)**	**85,159**
Investing activities			
Purchase of investments		(329,900)	(249,909)
Sale of investments		145,052	308,370
Net cash generated/(used) in investing activities		**(184,848)**	**58,461**
Net increase/(decrease) in cash and cash equivalents		(204,931)	143,620
Effect of exchange rate fluctuations on cash and cash equivalents		(166)	(42)
Cash and cash equivalents at the beginning of the year	9	368,838	225,260
Cash and cash equivalents at the end of the year	**9**	**163,741**	**368,838**

The accompanying notes are an integral part of the Financial Statements.

Notes to the Financial Statements

1. General Information

The United Kingdom Mutual Steam Ship Assurance Association Limited (the Club) is incorporated in the United Kingdom as a private company, registered in England and Wales, limited by guarantee and having a statutory reserve but not share capital. It is controlled by the Members who are also the insured policyholders.

The Club is a private company registered in England and Wales, at 90 Fenchurch Street, London, EC3M 4ST, United Kingdom and the company number is 00022215.

The principal activities of the Club are the insurance and reinsurance of marine protection and indemnity risks on behalf of the Members. The liability of the Members is limited to the calls and supplementary premiums set by the Directors and, in the event of its liquidation, any net assets of the Club (including the Statutory Reserve) are to be returned equitably to those Members insured by it during the final five underwriting years.

These Consolidated Financial Statements have been authorised for issue by the Board of Directors on 28 May 2025.

2. Accounting Policies

The principal accounting policies applied in the preparation of these Consolidated Financial Statements are set out below. These policies have been consistently applied to each of the years presented, unless otherwise stated.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument’s contractual obligations, rather than the financial instrument’s legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

2.1. Accounting disclosures

The Financial Statements are prepared on an annual basis under the historical cost convention as modified to include certain items at fair value and in accordance with Financial Reporting Standards FRS 102 – Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and FRS 103 – Insurance contracts, issued by the Financial Reporting Council and in conformity with the requirements of the Companies Act 2006.

The Financial Statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 relating to insurance groups.

The Club has taken exemption from presenting a parent company Income and Expenditure Statement under section 408 of Companies Act 2006. The Club has taken exemption from presenting a parent Statement of Cash Flows under section 1.12(b) of FRS 102.

Going concern

The Group has a total accumulated surplus as at 20 February 2025 of US$494 million (2024: US$483 million) and, as a mutual organisation, has the facility to raise additional capital via additional calls from its Members for open policy years, should they be required. The Directors consider that the Group's Financial Statements should be prepared on a going concern basis.

The Directors are satisfied that based on the reasonably possible downside scenarios, and after considering the level of capital resources available to the Group, it will be able to meet its obligations to Members, policyholders and others for the foreseeable future, being at least 12 months from the date of approval of these Financial Statements. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Basis of consolidation

The Consolidated Financial Statements incorporate the assets, liabilities and results of the Club and its subsidiary undertakings (per note 16) drawn up to 20 February each year. Intra-group transactions, balances, and gains and losses on intra-group transactions are eliminated upon consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Club.

The Club accounts for its investment in Hydra as a special purpose entity. Hydra is registered in Bermuda as a segregated accounts company under the Segregated Accounts Companies Act 2000, and reinsures International Group of P&I Clubs (IGP&I) for a proportion of the pooled risk not covered by the International Group Reinsurance Programme. Each Club has its own segregated cell, wholly owned and funded by share capital, and contributed surplus and premium income from the 'owning' Club, although the cells are not in themselves separate legal entities. The liabilities of each segregated cell are several and not joint; the assets of each cell may only be used to satisfy the liabilities of that cell and/or the 'owning' Club.

2.2. Foreign currencies

Functional currency presentation

Items included in the Financial Statements of the Club's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). This is considered to be the US Dollar and has been selected on the basis that, materially, all of the Club's claims are paid in US Dollars, and the Club's main reinsurance contract with UKB (the Club's Bermudian subsidiary) is denominated in US Dollars.

Transactions and balances

Revenue transactions in foreign currencies have been translated into US Dollars at rates revised at monthly intervals. Foreign currency assets and liabilities are translated into US Dollars at the rates of exchange ruling at the end of the reporting period. All exchange gains and losses, whether realised or unrealised, are included in the non-technical account.

2.3. Gross premiums

Calls and premiums, including fronted business, are presented net of return premiums and gross of commissions in the Income Statement. Where applicable, calls and premiums written during the financial year are earned as revenue on a pro-rata basis over the period of cover provided, from inception to expiry. Amounts relating to periods after the year end are treated as unearned and are included within liabilities in the Statement of Financial Position.

2.4. Outward reinsurance premiums

As discussed in note 4.1 on underwriting risk management, the Club uses reinsurance to mitigate its exposure. Outward reinsurance premiums are the total payable in respect of excess of loss and quota share reinsurances for the period to which the relevant contracts relate.

Quota share reinsurance premiums with UKB are subject to an overriding commission in the form of an agreed discount, the rate of which is agreed for each policy year with UKB. The agreed discount is recognised in the parent company Financial Statements when corresponding reinsurance premiums are recognised.

The Club fronts on behalf of a number of mutual insurance companies managed by Thomas Miller (the Club's Manager). This business is 100% reinsured back to the fronted company, so that the Club does not retain any of the insurance risk.

2.5. Claims

These are the legal costs and expenses of the policyholders covered by the Club and the Club's contribution to claims under the International Group's Pooling Agreement. They include all claims incurred during the year, whether paid, estimated or unreported, together with internal claims management costs, future claims management costs and adjustments for claims outstanding from previous years. Note that they do not include third-party liabilities, although the Club may sometimes pay such liabilities initially and recover the amounts at a later date. The Club has the ability to issue guarantees on behalf of Members; where these are in respect of covered claims, they are included in the technical provisions, otherwise amounts claimed under the guarantee would be recovered from the Member.

Reinsurance recoveries represent recoveries made and due in respect of claims paid by the Club in the year. They include amounts recoverable under the Pooling Agreement and market reinsurance contracts.

Provision for outstanding claims

This provision represents the estimated cost of settling all claims (including internal and external claims settlement costs) arising from events which have occurred up to the date of the Statement of Financial Position. This includes a provision for claims incurred but not yet reported (IBNR). Gross outstanding claims are reported net of salvage and subrogation.

2.6. Financial investments

The Club only invests in assets for which risks can be identified, monitored, controlled and reported. It has applied the requirements of FRS 102 sections 11 and 12 to the measurement, presentation and disclosure of its financial assets. Investments in short-term deposit funds and the foreign exchange security deposit are designated in the Statement of Financial Position at fair value through profit and loss. Fair value is calculated using the bid price at the close of business on the Statement of Financial Position date.

The Club is required to categorise each asset under three distinct levels of hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

2.7. Investment return

This comprises income received during the year adjusted in respect of interest receivable at the year end, and profits and losses on the sale of investments, and gains and losses on closed forward currency contracts.

The unrealised gains and losses on the movement in the fair value of the investments are included in the non-technical account.

2.8. Derivative financial instruments

The Club uses forward currency contracts to hedge the foreign exchange risks that it is exposed to as a result of future operating expenses being payable in Sterling. The forward currency contracts taken out to hedge against the future management fee payments have been designated as fair value hedges.

As a result, both the fair value of the contracts and the corresponding change in the value of the hedged item are shown on the Statement of Financial Position, with the gain or loss shown in the Statement of Income and Expenditure.

The fair values of various derivative instruments used for hedging purposes, and their associated unrecognised firm commitments, are disclosed in note 7. They are classified as Level 2 assets in the fair value hierarchy described in note 2.6.

2.9. Segment reporting

The Board of Directors is responsible for making strategic decisions, including the allocation of resources and the performance assessment of the operating segments. Most business written by the Club relates to protection and indemnity risks. Internal reporting to the Board of Directors mainly covers this single segment. Segmental reporting by geography is presented in note 5.

The Club fronts business on behalf of other mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to the fronted company, so that the Club does not retain any of the risk.

2.10. Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits, and short-term and other highly liquid investments with original maturity of three months or less from the date of acquisition.

2.11. Debtors

Debtors are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables arising from insurance contracts are also classified in this category and include Members' contributions, claims deductibles recoverable from Members and reinsurance receivables. Debtors are carried at cost less impairment. Debtors are reviewed for impairment as part of an ongoing and annual review.

2.12. Taxation (current and deferred)

The charge for taxation is shown in the Consolidated Income Statement. The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3. Critical Accounting Estimates and Judgements

The Club makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

3.1. The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Club's most significant accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Club will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims reported.

The Club separates claims into categories such as cargo claims or illness claims. These different claims categories tend to display different trends or be subject to different uncertainties. Claims arising under the International Group's Pooling Agreement tend to be the most uncertain, predominantly due to their size and circumstances. The Club uses several statistical and standard actuarial techniques in order to estimate the ultimate cost of claims liabilities. These include Chain Ladder, Bornhuetter-Ferguson and other statistical/benchmarking techniques. The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development. This includes assumptions in respect of average claim costs and claim numbers. Additional qualitative judgements are used to assess the extent to which past trends can be applied in the future.

The technical provisions at the year-end are disclosed in note 10.

4. Risk Management

This note provides details of key risks that the Club is exposed to and explains its approach to identifying and managing these risks. The approach is governed by several policies, in particular the risk management framework. It is implemented by various committees of the Board and the Managers, and is overseen by the Board's Group Audit & Risk Committee and the Managers' Risk Committee.

The risk management system includes the identification and assessment of risks faced by the Club, which are described in the risk log; a risk appetite, describing the level of risk that the Club is willing to accept; the evaluation of risk, using tools such as the Club's approved internal model and scenario tests; and a risk reporting framework to assist with the monitoring, mitigation and management of risks.

The key risks are described further in the following sections of this note. A number of sensitivity analyses are provided which show the impact of a change in one input assumption with other assumptions remaining unchanged. There are typically dependencies between the assumption tested and other factors, which could have a material impact on the effects identified.

4.1. Insurance risk

Insurance risk arises from the possibility of an adverse financial result due to actual experience being different from that expected when the insurance contracts were priced and written. As an insurer, this is the principal risk that the Club faces. It is usefully considered as two sub-risks, which are discussed separately below.

Underwriting risk

This is the risk that, for the Club's future insurance obligations, premiums are inadequate to cover the associated claims and expenses. As the Club retains a small amount of unexpired risk at the date of the Statement of Financial Position, underwriting risk is not a significant risk to this set of Financial Statements. However, as a going concern which continues to write new business, it poses a significant risk to the evolution of the Club's financial position over time.

Underwriting risk is managed by an underwriting policy which establishes robust underwriting practices to meet business needs and satisfy regulatory control. This is supplemented with a robust forecasting approach using the Club's internal model, undertaken as part of the ORSA process.

The underwriting process is based on a thorough understanding of the risk accepted. This understanding is enhanced as:

- The Club is a P&I insurer and has provided broadly the same cover for many years.
- The Boards and Members' Committee of the Club include representatives from a broad section of the shipping community. This provides insight into changes in the risk accepted by the Club over time.
- Underwriting authority is delegated to specific individuals who operate under set underwriting parameters and to senior management, who provide ongoing guidance and review.
- The Club constantly interacts with its Members, providing advice and assistance in many areas, not least Safety and Risk Management. These not only help the Club to understand and underwrite a Member's risks, but also to avoid/mitigate those risks.

Underwriting risk is mitigated via the Club's reinsurance programme in accordance with its reinsurance policy. The programme comprises excess of loss reinsurance cover purchased jointly with other members of the IGP&I, the International Group's Pooling Agreement and the reinsurance of claims retained by the Club.

The excess of loss reinsurance cover purchased jointly with other members of the IGP&I provides cover for large claims arising from mutual business. The Pooling Agreement provides a sharing of claims costs between 12 member Clubs. More information on the IGP&I is available on its website: www.igpandi.org.

Reserve risk

This is the risk that the Club's existing insurance obligations are undervalued. This is a key risk for the Club as the reserves for unpaid losses represent the largest component of the Club's liabilities and are inherently uncertain. Reserve risk is managed by the Club's reserving policy.

The Club establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions are established through the application of standard actuarial techniques and assumptions as discussed in note 3.1. In order to minimise the risk of understating these provisions, the data, assumptions made and actuarial techniques employed are reviewed in detail by management and the Group Audit & Risk Committee. Actual experience is monitored against expectations at regular Finance and Reserving Committee meetings to provide early warnings of adverse experience.

Sensitivity to insurance risk

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. Consistent with last year, the Directors consider that a 5% variation in the gross and net loss ratios is a realistic spread of the uncertainty. The sensitivity tests set out below indicate the impact on the surplus before tax of a 5% increase in the loss ratios. The results would be equal and opposite for a 5% decrease.

	Consolidated		Parent	
Amounts in US$000	**2025**	**2024**	**2025**	**2024**
Increase in loss ratio by 5%				
Gross	(26,587)	(26,810)	(23,277)	(23,272)
Net	(18,110)	(17,758)	(4,531)	(4,510)

4.2. Market risk

Market risk is the risk that the fair value or future cash flows, of a financial instrument, will fluctuate because of changes in market prices. As most of the Club's assets are invested in financial instruments, this is a key risk for the Club. As a simple example, a 5% reduction in the valuation of all financial investments would reduce the free reserves by approximately US$55 million (2024: US$44 million), assuming all other assumptions were unaffected.

Investment management

Market risk is managed via the Club's investment policy, which requires that investments be managed in accordance with the 'prudent person principle', meaning that the duties of the Investment Managers are discharged with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims. More specifically, the portfolio:

- Is invested in assets and instruments whose risk can properly be identified, measured, monitored, managed, controlled and reported;
- Ensures the security, quality and liquidity of the portfolio as a whole;
- Is appropriate to the nature, currency and duration of the Club's insurance liabilities;
- Includes derivative instruments only where they contribute to a reduction of risks or efficient portfolio management;
- Includes only a prudent level of unlisted investments and assets; and
- Is diversified to avoid excessive reliance on any asset, issuer or group, or geographical area.

The Club's funds are invested by the Investment Managers in accordance with parameters and tolerances set by an Investment Mandate. The Mandate is considered and approved by the Board on a three-year cycle and on an ad hoc basis, as required. The Board's Investment Committee regularly monitors the performance of the Investment Managers and the risk/return profile of the portfolio.

Foreign currency risk and interest rate risk are key drivers of market risk and are discussed further below. Credit risk on financial investments and cash is covered in the credit risk section of this note.

Foreign currency risk

Foreign currency risk is the risk that movements in exchange rates impact the financial performance or solvency position of the Club. The Club is exposed to this risk through its liabilities in non-US Dollar currencies. To manage this risk, the Club matches assets to liabilities for each of its main currencies (Sterling and Euro). The split of assets and liabilities for each of the Club's main currencies, converted to US Dollars, is set out in the tables below:

Consolidated

Amounts in US$000	USD	GBP	EUR	Other	Total
2025					
Total assets	1,562,406	95,337	109,120	48,427	1,815,290
Total liabilities	(1,174,982)	(50,750)	(63,437)	(31,719)	(1,320,888)
Net Assets	**387,424**	**44,587**	**45,683**	**16,708**	**494,402**
2024					
Total assets	1,850,709	89,580	104,053	1,340	2,045,682
Total liabilities	(1,395,291)	(58,063)	(72,579)	(36,289)	(1,562,222)
Net Assets	**455,418**	**31,517**	**31,474**	**(34,949)**	**483,460**

Parent

Amounts in US$000	USD	GBP	EUR	Other	Total
2025					
Total assets	1,504,655	4,487	9,022	2,068	1,520,232
Total liabilities	(1,184,533)	(50,642)	(63,302)	(31,651)	(1,330,128)
Net Assets	**320,122**	**(46,155)**	**(54,280)**	**(29,583)**	**190,104**
2024					
Total assets	1,607,572	3,627	2,124	1,340	1,614,663
Total liabilities	(1,273,274)	(53,331)	(66,664)	(33,332)	(1,426,601)
Net Assets	**334,298**	**(49,704)**	**(64,540)**	**(31,992)**	**188,062**

Sensitivity to exchange rate movements

A 5% strengthening of the following currencies against the US Dollar would be estimated to have increased/(decreased) the surplus before tax and free reserves at the year-end by the following amounts:

	Consolidated		Parent	
Amounts in US$000	**2025**	**2024**	**2025**	**2024**
Impact of strengthening currencies by 5%				
GBP	2,265	1,576	(2,308)	(2,485)
EUR	(209)	1,574	(2,714)	(3,227)

A 5% weakening of these currencies against the US Dollar would have an equal and opposite effect.

Interest rate risk

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Club is exposed to interest rate risk through its investment assets. The sensitivity of the price of these financial exposures is indicated by their respective durations. The greater the duration of a security, the greater the possible price volatility.

The Club manages its interest rate risk by holding assets of a similar duration profile to its insurance liabilities. This helps to manage the underlying economic position of the Club along with its regulatory solvency position.

Sensitivity to interest rates

The sensitivity of the Club's net assets to a 100 basis point increase in interest rates (across all terms) is illustrated in the table below.

	Consolidated		Parent	
Amounts in US$000	**2025**	**2024**	**2025**	**2024**
1% increase				
Assets	(29,138)	(21,827)	(1,171)	(1,820)
Liabilities	-	-	-	-
Net Impact	**(29,138)**	**(21,827)**	**(1,171)**	**(1,820)**
1% decrease				
Assets	30,787	23,166	1,223	1,916
Liabilities	-	-	-	-
Net Impact	**30,787**	**23,166**	**1,223**	**1,916**

4.3. Credit risk

Credit risk is the risk of loss in the value of the Club's financial assets (investments, reinsurance recoveries and other debtors) due to counterparties failing to meet all or part of their obligations.

To manage this risk, the Board considers the financial position of significant counterparties on a regular basis, the Reinsurance Committee monitors aggregate exposure to each reinsurer and the Club has set selection criteria whereby each reinsurer is required to hold a credit rating greater than or equal to 'A' at the time the contract is made.

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

The investment policy manages the risk of default by investing predominantly in high-quality bonds and ensuring a broad diversification of holdings. The policy allows for a limited investment in equities, the majority of investments being in fixed interest securities and cash. Within these, most investments are at least A-rated, with many relating to government or supranational bodies.

The following tables provide information regarding aggregate credit risk exposure for financial assets with external credit ratings. The credit rating bands are provided by independent ratings agencies.

Consolidated

Amounts in US$000	AAA	AA	A	Not readily available/ not rated	Total
2025					
Financial investments	412,999	315,696	55,973	313,847	**1,098,515**
Cash and cash equivalents	57,798	1,928	104,015	-	**163,741**
Derivative financial instruments	-	2,895	-	-	**2,895**
Debtors	-	-	-	98,381	**98,381**
Reinsurers' share of technical provisions	-	160,831	235,816	52,897	**449,544**
Other	946	738	530	-	**2,214**
Total	**471,743**	**482,088**	**396,334**	**465,125**	**1,815,290**
2024					
Financial investments	524,694	61,350	64,942	220,695	**871,681**
Cash and cash equivalents	143,898	9,700	207,935	7,305	**368,838**
Derivative financial instruments	-	4,591	-	-	**4,591**
Debtors	-	-	-	122,969	**122,969**
Reinsurers' share of technical provisions	-	164,784	389,837	120,604	**675,225**
Other	1,087	1,291	-	-	**2,378**
Total	**669,679**	**241,716**	**662,714**	**471,573**	**2,045,682**

Parent

Amounts in US$000	AAA	AA	A	Not readily available/ not rated	Total
2025					
Financial investments	43,732	-	-	-	**43,732**
Cash and cash equivalents	11,877	1,927	86,335	-	**100,139**
Investment in subsidiaries	-	-	79,740	-	**79,740**
Debtors	-	-	-	98,001	**98,001**
Reinsurers' share of technical provisions	-	160,408	868,835	167,424	**1,196,667**
Other	671	739	543	-	**1,953**
Total	**56,280**	**163,074**	**1,029,937**	**265,425**	**1,520,232**
2024					
Financial investments	51,567	-	-	-	**51,567**
Cash and cash equivalents	870	10,697	91,621	26,756	**129,944**
Investment in subsidiaries	-	-	74,241	-	**74,241**
Debtors	-	-	-	91,042	**91,042**
Reinsurers' share of technical provisions	-	164,327	909,688	192,360	**1,266,375**
Other	425	1,069	-	-	**1,494**
Total	**52,862**	**176,093**	**1,075,550**	**310,158**	**1,614,663**

4.4. Liquidity risk

Liquidity risk is the risk that cash may not be available to settle obligations as they fall due. To manage this risk, the Club monitors cash balances daily, ensuring adequate liquidity to meet the expected cash flow requirements due over the short term.

Over the longer term, the Club has adopted an investment policy which requires the maintenance of significant holdings in liquid, short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand.

The following table provides a maturity analysis of the Club's assets and liabilities in the Statement of Financial Position. The timing of cash flows is based on current estimates and historic trends. The actual timings of cash flows may be materially different from those disclosed below:

Consolidated

Amounts in US$000	Short-term assets	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
2025						
Assets	347,392	371,189	394,417	423,508	278,784	**1,815,290**
Liabilities	(521)	(471,244)	(272,095)	(383,486)	(193,542)	**(1,320,888)**
Net	**346,871**	**(100,055)**	**122,322**	**40,022**	**85,242**	**494,402**
2024						
Assets	491,365	483,859	241,266	635,070	194,122	**2,045,682**
Liabilities	(893)	(592,210)	(310,557)	(430,803)	(227,759)	**(1,562,222)**
Net	**490,472**	**(108,351)**	**(69,291)**	**204,267**	**(33,637)**	**483,460**

Parent

Amounts in US$000	Short-term assets	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
2025						
Assets	176,417	504,733	266,863	387,846	184,373	**1,520,232**
Liabilities	-	(480,440)	(271,740)	(382,886)	(195,062)	**(1,330,128)**
Net	**176,417**	**24,293**	**(4,877)**	**4,960**	**(10,689)**	**190,104**
2024						
Assets	197,808	533,530	272,617	425,463	185,245	**1,614,663**
Liabilities	-	(544,256)	(286,950)	(400,365)	(195,030)	**(1,426,601)**
Net	**197,808**	**(10,726)**	**(14,333)**	**25,098**	**(9,785)**	**188,062**

4.5. Operational risk

Operational risk is the potential for loss arising from the failure of people, processes or systems, or the impact of external events. The nature of operational risk means that it is dispersed across all functional areas of the Club.

Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring. These processes are documented and compliance is audited on a regular basis through quality control checks and by the internal audit function, which is directed and reviewed by the Group Audit & Risk Committee.

4.6. Capital management

The Club's objective is to maintain sufficient capital to ensure it can continue to meet regulatory requirements and maintain an 'A' range rating with Standard and Poor's.

The Club continues to be regulated in the United Kingdom by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Under the Solvency II regime, the Club is obliged to assess and maintain the amount of capital required to meet the risks that it faces based on a 99.5% confidence level of solvency over a one-year time frame. As illustrated in the Directors' Strategic Report, the Club's Solvency Capital Requirement ('SCR') is calculated to be US$287 million as at 20 February 2025 (unaudited), representing a solvency ratio of 242%. Throughout the period, the Club complied with the regulator's capital requirements and the requirements in the other countries in which it operates.

The Club monitors available capital and its funding structure in the light of the prevailing economic environment, the risk associated with its asset holdings and regulatory developments impacting on the Club. The Club's internal model is a key tool used for capital management and other business decision-making purposes.

5. Segmental Information

The UK Club provides protection and indemnity risk cover to its Members in respect of ships at sea trading all over the world. Consequently, the Club only reports on this single segment, and it is not feasible to report on other risk or geographical concentrations.

The entity is domiciled in the United Kingdom. A breakdown of revenue by the country in which a Member is located is provided below.

Amounts in US$000	**2025**	**2024**
United States of America	94,960	94,425
Greece	67,774	73,594
China	52,352	45,443
Japan	40,583	38,485
Switzerland	37,056	30,298
Germany	24,485	26,098
United Kingdom	18,740	17,414
Singapore	15,378	15,286
Other[1]	180,413	195,148
Total	**531,739**	**536,191**

[1] The UK Club fronted US$29.6 million (2024: US$74.0 million) of business on behalf of several mutual insurance companies managed by Thomas Miller. This business is 100% reinsured back to each fronted insurer, so that the Club does not retain any of the insurance risk. Most of this relates to two businesses that have now set up their own EU entities and have withdrawn from the fronting arrangement as discussed in note 18.

6. Financial Investments

All financial investments have been designated as held at fair value through profit or loss and are categorised as described in note 2.6. This is illustrated in the following tables for the Club and the parent company respectively.

The Club's financial investments are summarised below by measurement category:

Consolidated

Amounts in US$000	Level 1	Level 2	Level 3	Total
As at 20 February 2025				
Debt securities	868,223	-	-	**868,223**
Equity securities and alternative investments	188,434	-	41,857	**230,291**
Total	**1,056,658**	**-**	**41,857**	**1,098,515**
As at 20 February 2024				
Debt securities	669,616	-	-	**669,616**
Equity securities and alternative investments	166,995	-	35,070	**202,065**
Total	**836,611**	**-**	**35,070**	**871,681**

Parent

Amounts in US$000	Level 1	Level 2	Level 3	Total
As at 20 February 2025				
Debt securities	43,732	-	-	**43,732**
Total	**43,732**	**-**	**-**	**43,732**
As at 20 February 2024				
Debt securities	51,567	-	-	**51,567**
Total	**51,567**	**-**	**-**	**51,567**

The movement in the Club's financial investments is summarised in the following table.

Consolidated

Amounts in US$000	Total
As at 20 February 2023	**881,065**
Additions	249,909
Disposals	(264,808)
Fair value movements recognised in the Income Statement	5,515
As at 20 February 2024	**871,681**
Additions	329,900
Disposals	(112,177)
Fair value movements recognised in the Income Statement	9,110
As at 20 February 2025	**1,098,515**

Parent

Amounts in US$000	Total
As at 20 February 2023	**43,330**
Additions	43,216
Disposals	(36,736)
Fair value movements recognised in the Income Statement	1,757
As at 20 February 2024	**51,567**
Additions	25,026
Disposals	(32,834)
Fair value movements recognised in the Income Statement	(27)
As at 20 February 2025	**43,732**

Consolidated

	Market value		Cost value	
	2025	**2024**	**2025**	**2024**
Held at fair value through profit and loss:				
Debt securities	868,223	669,616	921,756	721,189
Equity securities and alternative investments	230,291	202,065	225,490	155,969
Financial assets held at fair value through profit and loss	**1,098,515**	**871,681**	**1,147,246**	**877,158**

Parent

	Market value		Cost value	
	2025	**2024**	**2025**	**2024**
Held at fair value through profit and loss:				
Debt securities	43,732	51,567	43,440	51,236
Financial assets held at fair value through profit and loss	**43,732**	**51,567**	**43,440**	**51,236**

7. Derivative Financial Investments

The Club holds a number of derivative financial instruments which are used to hedge against currency fluctuations. Of these US$0.1 million (2024: US$0.4 million) are held within the investment portfolio.

As described in note 2.8, the remainder are taken out to hedge against the future management fee payments and have been designated as fair value hedges. They are all held by UKB. The table below analyses these derivative positions where hedging instruments are represented by forward currency contracts and the hedged item is represented by the currency portion of future management fee payments that are classified as unrecognised firm commitments.

Forward currency contracts		**2025**			**2024**	
Amounts in US$000	**Contract/ notional amount**	**Fair value asset**	**Fair value liability**	**Contract/ notional amount**	**Fair value asset**	**Fair value liability**
Hedged item	114,089	2,787	-	66,452	4,192	-
Hedging instrument	114,089	-	(2,765)	66,452	-	(4,179)
Total		**2,787**	**(2,765)**		**4,192**	**(4,179)**

8. Debtors

	Consolidated		Parent	
Amounts in US$000	**2025**	**2024**	**2025**	**2024**
Insurance receivables				
Contract holders	26,130	77,089	25,724	46,257
Reinsurers	52,551	26,944	52,497	26,603
Provision for doubtful debts	(2,107)	(3,080)	(2,107)	(3,080)
Total	**76,574**	**100,953**	**76,114**	**69,780**
Other debtors				
Prepayments	1,164	994	1,122	903
Sundry debtors	20,642	21,022	20,765	20,359
Total other debtors	**21,806**	**22,016**	**21,887**	**21,262**
Total debtors	**98,381**	**122,969**	**98,001**	**91,042**

All debtors relate to amounts due within one year.

There is no material concentration of credit risk with respect to the debtors' balance, as the Club has many internationally dispersed debtors.

9. Cash and Cash Equivalents

Amounts in US$000	Consolidated 2025	Consolidated 2024	Parent 2025	Parent 2024
Cash at bank and in hand	105,943	224,940	88,262	107,233
Money market funds	57,798	143,898	11,877	22,711
Total	**163,741**	**368,838**	**100,139**	**129,944**

10. Technical Provisions

Amounts in US$000	Consolidated 2025	Consolidated 2024	Parent 2025	Parent 2024
Gross outstanding claims	(1,253,884)	(1,385,548)	(1,250,871)	(1,302,345)
Provision for unearned premium and DAC	(14,858)	(66,027)	(15,171)	(30,925)
Technical provisions	(1,268,742)	**(1,451,575)**	**(1,266,042)**	**(1,333,270)**
Reinsurers' share of gross outstanding claims	438,097	619,230	1,182,123	1,236,946
Provision for unearned reinsurance premium and ceded DAC	11,447	55,995	14,544	29,429
Reinsurers' share of technical provisions	**449,544**	**675,225**	**1,196,667**	**1,266,375**
Total insurance liabilities, net	**(819,198)**	**(776,350)**	**(69,375)**	**(66,895)**

10.1. Claims development tables

The tables below show the development of claims over time on a gross and net of reinsurance basis. The top half of each table illustrates how the total claims (notified and IBNR) for each of the last 10 accident years has changed at successive year ends (including movements due to currency fluctuations). The bottom half of the table reconciles the cumulative claims to the amount appearing in the Consolidated Statement of Financial Position.

Gross claims

Amounts in US$000 **Reporting year**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
- End of reporting year	275,552	250,572	282,111	277,372	240,638	385,640	299,656	279,038	398,363	358,499
- One year later	264,873	248,028	291,969	268,472	404,861	403,458	341,884	299,992	409,631	-
- Two years later	273,145	243,901	320,782	267,488	380,296	501,500	341,350	265,284	-	-
- Three years later	270,602	233,917	341,822	248,687	409,922	480,037	339,105	-	-	-
- Four years later	249,056	237,002	324,992	264,347	443,819	490,521	-	-	-	-
- Five years later	250,682	230,343	359,715	275,020	518,944	-	-	-	-	-
- Six years later	247,365	238,597	417,148	281,224	-	-	-	-	-	-
- Seven years later	234,413	239,482	433,346	-	-	-	-	-	-	-
- Eight years later	234,008	237,069	-	-	-	-	-	-	-	-
- Nine years later	233,566	-	-	-	-	-	-	-	-	-
Current estimate of ultimate claims	233,566	237,069	433,346	281,224	518,944	490,521	339,105	265,284	409,631	358,499
Cumulative payments to date	216,827	228,816	370,290	240,478	344,386	369,249	223,937	159,709	189,789	90,858
Liability recognised in the Consolidated Statement of Financial Position	16,739	8,253	63,056	40,746	174,558	121,272	115,168	105,575	219,842	267,641

Total liability relating to the last 10 policy years	1,132,850
Other claims liabilities	121,034
Technical provisions excluding UPR in the Consolidated Statement of Financial Position	**1,253,884**

Net claims

Amounts in US$000 **Reporting year**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
- End of reporting year	233,062	250,534	249,392	265,000	232,600	237,361	219,420	202,068	271,480	314,204
- One year later	222,591	229,582	233,541	263,693	248,203	234,661	241,587	196,207	284,001	-
- Two years later	212,539	221,229	244,924	260,158	223,045	232,375	241,290	182,540	-	-
- Three years later	206,578	212,509	252,085	241,356	229,464	235,578	239,405	-	-	-
- Four years later	202,065	212,969	232,840	248,398	230,989	233,221	-	-	-	-
- Five years later	196,298	206,153	234,487	257,246	222,603	-	-	-	-	-
- Six years later	192,029	206,541	242,407	258,236	-	-	-	-	-	-
- Seven years later	192,699	207,860	242,026	-	-	-	-	-	-	-
- Eight years later	190,858	206,653	-	-	-	-	-	-	-	-
- Nine years later	190,675	-	-	-	-	-	-	-	-	-
Current estimate of ultimate claims	190,675	206,653	242,026	258,236	222,603	233,221	239,405	182,540	284,001	314,204
Cumulative payments to date	178,890	200,108	223,047	232,369	189,290	191,823	159,531	112,072	121,886	68,966
Liability recognised in the Consolidated Statement of Financial Position	11,785	6,545	18,979	25,867	33,313	41,398	79,874	70,468	162,115	245,238

Total liability relating to the last 10 policy years	695,582
Other claims liabilities	120,205
Technical provisions excluding UPR in the Consolidated Statement of Financial Position	**815,787**

10.2. Movement in insurance liabilities and reinsurance assets

Consolidated

Amounts in US$000	2025 Gross	2025 RI	2025 Net	2024 Gross	2024 RI	2024 Net
Outstanding claims brought forward	**(1,385,548)**	**619,230**	**(766,318)**	**(1,386,089)**	**644,442**	**(741,647)**
Cash paid for claims settled in the year	608,706	(309,940)	298,766	511,464	(234,519)	276,945
Claims incurred in the current year	(559,476)	211,241	(348,235)	(513,070)	208,930	(304,140)
Exceptional item – legal portfolio transfer of EEA claims	81,107	(81,107)	-	2,567	(43)	2,524
Foreign exchange	1,327	(1,327)	-	(420)	420	-
Outstanding claims carried forward	**(1,253,884)**	**438,097**	**(815,787)**	**(1,385,548)**	**619,230**	**(766,318)**

Parent

Amounts in US$000	2025 Gross	2025 RI	2025 Net	2024 Gross	2024 RI	2024 Net
Outstanding claims brought forward	**(1,302,345)**	**1,236,946**	**(65,399)**	**(1,304,898)**	**1,243,350**	**(61,548)**
Cash paid for claims settled in the year	584,303	(558,772)	25,529	474,807	(450,650)	24,157
Claims incurred in the current year	(532,829)	503,949	(28,880)	(474,821)	444,289	(30,532)
Exceptional item – claims element	-	-	-	2,567	(43)	2,524
Outstanding claims carried forward	**(1,250,871)**	**1,182,123**	**(68,748)**	**(1,302,345)**	**1,236,946**	**(65,399)**

11. Creditors

Amounts in US$000	Consolidated 2025	Consolidated 2024	Parent 2025	Parent 2024
Claims payable	(2,645)	(5,944)	(3,022)	(3,687)
Reinsurers	(45,197)	(95,275)	(43,326)	(58,882)
Trade payables and accrued expenses	(1,538)	(5,249)	(1,580)	(3,247)
Intercompany	-	-	(16,158)	(27,515)
Total	**(49,380)**	**(106,468)**	**(64,086)**	**(93,331)**

The fair value of these balances approximates their carrying value.

12. Net Earned Premium

Consolidated

Amounts in US$000	**2025**	**2024**
Mutual premium	359,162	354,013
Fixed premium	84,875	110,356
Fronted premium	29,558	73,953
Gross Written Premium	**473,594**	**538,322**
Change in unearned premium provision	58,144	(2,131)
Gross earned premium	**531,739**	**536,191**
Premium ceded to reinsurers		
Reinsurance purchased collectively within the International Group	(56,682)	(65,206)
Other market reinsurance	(71,243)	(116,354)
	(127,925)	**(181,560)**
Change in unearned reinsurance premium provision	(41,618)	529
Total premium ceded to reinsurers	**(169,543)**	**(181,031)**
Total net earned premium	**362,196**	**355,160**

13. Investment return

Consolidated

Year ending February 2025	**Income**	**Net Realised Gains/(loss)**	**Net Unrealised Gains**	**Total Investment Return**
Equity and debt securities	26,405	11,087	29,699	**67,191**
Cash and cash equivalents	11,689	-	-	**11,689**
Other investment charges	(7,287)	-	-	**(7,287)**
Total net investment return/(loss)	**30,807**	**11,087**	**29,699**	**71,593**

Year ending February 2024	Income	Net Realised Gains	Net Unrealised Gains	Total Investment Return
Equity and debt securities	18,931	8,752	41,834	**69,517**
Cash and cash equivalents	13,475	-	-	**13,475**
Other investment charges	(5,917)	-	-	**(5,917)**
Total net investment return/(loss)	**26,489**	**8,752**	**41,834**	**77,075**

The unrealised gains and losses on the movement in the fair value of the investments are included in the non-technical account.

14. Net Operating Expenses

Amounts in US$000	2025	2024
Acquisition costs	(47,629)	(51,449)
Residual management fee	(15,060)	(14,584)
Directors' fees	(1,126)	(1,440)
Audit fees	(1,623)	(905)
- Audit services	*(1,213)*	*(747)*
- Non-audit services	*(410)*	*(158)*
Other expenses	(9,317)	(9,523)
Total operating expenses	**(74,755)**	**(77,901)**

Restated audit fees to split out non-audit expenses.

The management fee is agreed on an annual basis and covers the cost of managing the Club. All fees payable are charged to the Income Statement in the period they relate to. The 2025 audit services fee includes a prior-year adjustment of US$0.5 million.

Average expense ratio

In accordance with Schedule 3 of the International Group Agreement, the Club is required to disclose its average expense ratio (AER), being the ratio of operating expenses to income, including net earned premium and investment return.

The operating expenses include all expenditure incurred in operating the Club, excluding expenditure incurred in dealing with claims. The premium income includes all premiums and calls. The investment return includes all income and gains, whether realised or unrealised, exchange gains and losses less tax, custodial fees, and internal and external investment management costs.

For the five years ended 20 February 2025, the ratio of 13.47 (2024: 13.24) has been calculated in accordance with the Schedule and the guideline issued by the International Group, and is consistent with the relevant Financial Statements.

15. Tax on Income

Amounts in US$000	2025	2024
Current taxes on income for the reporting period	(1017)	(264)
Net adjustment in respect of current and prior periods	(11)	32
Overseas taxation	(45)	(3)
Total income tax expense	**(1,073)**	**(235)**

Tax on the Club's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated companies as follows:

Amounts in US$000	2025	2024
Profit/(deficit) before tax	12,116	53,250
Tax at 25% (2024 at 25%)	(3,029)	(12,936)
• Portion of investment income not subject to taxation		
Non-taxable transactions	1,956	12,701
Total	**(1,073)**	**(235)**

The corporation tax main rate stays at 25% for the year starting April 2024.

16. Related Party Transactions

The United Kingdom Mutual Steam Ship Assurance Association Limited is the parent company of the Group, which consists of the following subsidiaries. All subsidiary undertakings are included in the consolidation.

Name	Country of incorporation	Nature of business	Class of shares	Proportion of shareholding	Investment in subsidiary	Address
UK P&I Club N.V.	Netherlands	Insurance	Ordinary	100%	US$79.7 million (2024: US$74.2 million)	Wilhelminakade 953A 372 AP Rotterdam Netherlands
The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited	Bermuda	Reinsurance	N/A	100%	No share capital	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
Hydra Insurance Company Limited	Bermuda	Reinsurance	Preferred	100% of owned cell	US$44.2 million (2024: US$24.1 million)	Rosebank Centre 5th Floor, 11 Bermudiana Road Hamilton HM08 Bermuda
The United Kingdom Mutual Steam Ship Assurance Association (London) Limited	United Kingdom	Dormant	Private company limited by guarantee and has no share capital	100%	US$0.0 million (2024: US$0.0 million)	90 Fenchurch Street London EC3M 4ST United Kingdom
International P&I Reinsurance Company Limited	Isle of Man	Not trading	Ordinary	100%	US$200k (2024: US$200k)	Samuel Harris House 5-11 St. George's Street Douglas IM1 1AJ Isle of Man

The related party transactions are intercompany in nature with reference to the company structure and commentary on page 6.

Investments in subsidiaries are stated in the Statement of Financial Position at fair value. Unrealised gains and losses arising from changes in fair value are recognised in the Statement of Income and Expenditure and Retained Earnings for the period in which they arise. Fair value is determined based on the net asset value at the reporting date.

The United Kingdom Mutual Steam Ship Assurance Association (London) Limited (UKL) is a dormant, unregulated subsidiary of UKC. For the year ending 20 February 2025, UKL (registered number 10375) has taken advantage of section 394c of the Companies Act 2006, the exemption from preparing accounts for a dormant subsidiary and section 448c of the Companies Act 2006, exemption from filing accounts of a dormant company. UKC guarantees all liabilities of UKL.

The Club has no share capital and is controlled by the Members who are also the insured. The insurance transactions are deemed to be between related parties, but these are the only transactions between the Club and the Members.

All of the Directors (except three who are independent specialists and two who are from the management company) are representatives or agents of Member companies, and other than the insurance and membership interests of the Directors' companies, the Directors have no financial interests in the Club. However, they do receive fees in respect of their roles, which are included in the Club's operational expenses. The Directors do not receive pensions or any other benefits.

Amounts in US$000	**2025**	**2024**
Key management compensation		
Short-term employee benefits – Directors' fees	(1,126)	(1,440)

Thomas Miller P&I Limited provides management services to the Club. This company is a subsidiary of Thomas Miller Holdings Limited in which the Club holds an investment of US$41.9 million. The Club has a contract with Thomas Miller P&I Limited which contains a one-year termination clause.

The Club has taken an exemption under section 479a of the Companies Act not to disclose related party transactions within the Group.

The Club is one of the beneficiaries of the Front Street Trust (FST). FST holds investments in two companies. The Club has not consolidated or recognised an asset in respect of its interest in FST because the Club does not have control over FST and is one of a number of beneficiaries of FST with no established mechanism for the distribution of dividends that may become receivable.

17. Employees

The Group directly employs 1 (2024: 1) member of staff based in Japan in respect of its Japanese branch.

18. Exceptional Events

The Club, through UKNV, provides an EEA fronting solution for several mutual insurance companies managed by Thomas Miller. 100% of those liabilities are reinsured back to the relevant insurer, leaving the Club with no insurance risk. As such, these arrangements are not material to the Club's overall performance.

During the reporting period, two of the largest companies in that arrangement established their own EEA presence and have largely withdrawn from those fronting arrangements and transferred UKNV's relevant assets and liabilities to those new entities. Details of the transfer are included in the table below:

Date	Receiving Entity	Balance sheet	Amount (US$000)
01-Sep-24	TTNV	Assets	65,633
01-Dec-24	ITIICE	Assets	15,474
01-Sep-24	TTNV	Liabilities	(65,633)
01-Dec-24	ITIICE	Liabilities	(15,474)
01-Sep-24	Non-insurance transfer relating to portfolio transfer	Retained earnings	(142)
01-Dec-24	Other items	Retained earnings	41
Total Net Transfer of Portfolios			**(100)**

These portfolio transfers were executed under the regulatory supervision of De Nederlandsche Bank (DNB) and in compliance with applicable Dutch insurance regulations. The amounts stated above relate only to the insurance liabilities transferred. Other associated assets and liabilities (predominantly 'Reinsurers' share of technical provisions') were also transferred as part of the portfolio. The transfers were executed at book value, and no gain or loss was recognised in the Statement of Income and Expenditure.

19. Change in Accounting Policy – Investment in Subsidiary

During the financial year ended 20 February 2025, the Club changed its accounting policy for valuing investments in subsidiaries. Previously, such investments were measured at cost less impairment. Following a reassessment of the Company's accounting policies to better reflect the economic value of the investments and provide more relevant information to users, the Club has elected to measure investments in subsidiaries at fair value through profit or loss (FVTPL) in accordance with FRS 102 Section 9.26.

This change in accounting policy has been applied to the current year only, as the impact on the prior year is immaterial. The change reflects the US$5.5 million increase in fair value of the investment as of the reporting date. The fair value was determined using net asset valuation. The gain arising from fair value remeasurement has been recognised in the income and expenditure account. As the UKC parent has an exemption from reporting an income and expenditure account on a standalone basis, the increase can be seen within the retained earnings in the Statement of Financial Position.

The Directors believe this policy provides more relevant information to users of the Financial Statements by reflecting the current market value of the investments.

20. Events after the Reporting Period

This note sets out how events occurring after the reporting date relate to the financial position and performance of the Club in the reporting period. There have been no significant events occurring after the year end that have materially affected the Financial Statements.

Appendix: Policy Year Tables (unaudited)

MUTUAL ONLY Amounts in US$000	2024	2023	2022
Premium debited in this financial year	361,497	(421)	(6)
Premium debited in previous financial years	-	351,204	317,587
Reinsurance premium	(59,948)	(64,479)	(53,091)
Net premium income	**301,549**	**286,304**	**264,490**
Net paid claims and expenses	(151,508)	(185,992)	(182,617)
Investment income	15,983	34,207	7,513
Funds available	**166,024**	**134,519**	**89,386**
Gross outstanding claims (incl. IBNR)	(227,058)	(170,938)	(71,049)
Reinsurance recoveries	8,377	30,991	15,346
Net outstanding claims	**(218,681)**	**(139,947)**	**(55,703)**
(Deficit)/Surplus	**(52,657)**	**(5,428)**	**33,683**

Notes

The calls and premiums, reinsurance premiums payable, claims paid and related expenses, reinsurance recoveries and outstanding claims are all allocated to the policy years to which they relate. Return on investments is allocated proportionately to the average balance of funds on each policy year or other funds. Operating expenses are allocated to the current policy year.

Any significant deficits on open policy years will be funded by transfers from reserves or by raising a supplementary premium.

The approximate yield of a 10% supplementary premium on the open policy years would be US$36 million (2024), US$35 million (2023) and US$32 million (2022).