United Kingdom Mutual War Risks Association Limited

Solvency and Financial Condition Report

For the year ended 20 February 2023

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SUMMARY

The new, harmonised EU-wide regulatory regime for Insurance Companies, known as Solvency II, came into force with effect from 1 January 2016. The regime requires new reporting and public disclosure arrangements to be put in place by insurers and some of that is required to be published on the Company's public website. This document The Solvency and Financial Condition Report ("SFCR") is required to be published by United Kingdom Mutual War Risks Association Limited (" the company") ("UKWR").

This report covers the Business and Performance of the Company, its System of Governance, Risk Profile, Valuation for Solvency Purposes and Capital Management. The ultimate administrative body that has the responsibility for all of these matters is the Company's Board of Directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

The Company's financial year runs to 20 February each year and it reports its results in US dollars.

For Solvency purposes the Company uses the standard formula to calculate its Solvency capital requirement (SCR) and as a mutual mono line insurer of merchant ships against war risks of its Members, the Company's insurance business is classified as Marine, Aviation and Transport (MAT) for Solvency II purposes. Although all business is underwritten from the United Kingdom, its Members are dispersed internationally.

Following the decision of the United Kingdom to leave the EU by the 31 January 2021 ,the Managers have in place an agreement with the UK P & I Club N.V (UKNV) based in Rotterdam to front all EEA business for the Company. This will ensure that the Company continues to offer high quality, competitively priced cover to Members, based in the EU with as little disruption as possible. Although this will involve additional cost, this will be absorbed by the Association with no impact on premium rates.

The Company recognises the need to remain competitive in a war risks market that remains supplied with plentiful underwriting capacity. This has benefits in terms of the reduction in the cost of the Company's reinsurance programme with these benefits having been passed on to Members. At the 2023 renewal, a Discretionary Continuity Credit was made to Members who renewed their entries. Individual Members returns were made by reference to their capital Entered and are being made to reward loyalty as well as to emphasise the Board's commitment to provide all Members, both large and small, with the best possible terms. Additional Premium rates will continue to be kept under constant review during the coming year. The Company's competitiveness, both in terms of premium levels and the breadth of cover it offers, has ensured a high retention rate of Members in recent years.

During the year under review, the Company had a surplus of US$0.685m after making a Discretionary Continuity Credit of US$2.625m.

SUMMARY (continued)

The surplus was due to the growth in Membership both in terms of new Members joining and existing Members adding additional tonnage. In addition, the Company earned additional premium on ships entering Additional Premium areas.

The Company's investment portfolio also performed well in difficult market conditions generating an investment income of US $0.763m,which represents a return of 1.2% (2022:6.07%).

In addition, because of the Company's reinsurance programme, it is protected from any claims arising. Free reserves of the Company as at 20 February 2023 now stand at US$50.046m.

A further testament of the Company's strength is that for the eleventh-year running it has retained its A.M. Best, A- Stable rating. The rating reflects the Company's excellent risk adjusted capitalisation, its record of accomplishment of operating performance and its established profile as a specialist underwriter of war risk insurance for ships.

For solvency purposes, the Company's own basic funds are US$53.046m. Its Solvency Capital Requirement (SCR) is US$27.120m; at the year-end, the Company exceeded its regulatory capital requirement by US$25.926m (ratio of 196 %).

The Company's Minimum Capital Requirement (MCR) has been calculated at US$6.780m. At the year-end, the Company exceeded its minimum capital requirement by US$46.266m (ratio of 782%).

DIRECTORS' REPORT

Directors' Responsibilities

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report in all material respects in accordance with the PRA Rules and the Solvency II Regulations. The Solvency II Directive, the Delegated Acts, related Implementation Rules, Technical Standards and Guidelines, as well as PRA rules provide the regulatory framework in which the Company operates. The Solvency II rules and regulations include, but are not limited to, the recognition and measurement of its assets and liabilities including Technical Provisions and Risk Margin, the calculation of its capital requirement and the reporting and disclosures of the Solvency II results.

Directors' Statement

We are satisfied that:

- throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and
- it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

Statement of disclosure of information to auditors:

In accordance with Section 418 of the Companies Act 2006, each of the persons who is a director in office at the date this report is approved, confirms that: (a) so far as each of them is aware, there is no relevant audit information of which the auditors are unaware; and (b) each of them has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

By order of the Board

RAA Harnal

Rajiv A A Harnal
Chief Financial Officer
United Kingdom Mutual War Risks Association ("the company")
25 May 2023

AUDITORS REPORT

Report of the external independent auditor to the Directors of United Kingdom Mutual War Risks Association Limited ("the Company") pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms.

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by United Kingdom Mutual War Risks Association Limited as at 20 February 2023:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of United Kingdom Mutual War Risks Association Limited as at 20 February 2023, ('the Narrative Disclosures subject to audit'); and

- Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- Information contained within the relevant elements of the Solvency and Financial Condition Report, set out above, which are identified in the Appendix to this report;

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;

- Company templates S05.01.02, S05.02.01, S19.01.21; and

- The written acknowledgement by management of their responsibilities, including for the preparation of the solvency and Financial Condition Report ('the Responsibility Statement').

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of United Kingdom Mutual War Risks Association Limited as at 20 February 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determination.

AUDITORS REPORT (continued)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 and ISA (UK) 805. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of United Kingdom Mutual War Risks Association Limited in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the Directors' use of the going concern basis of accounting in the preparation of the SFCR is not appropriate; or

- the Directors have not disclosed in the SFCR any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the SFCR is authorised for issue.

Emphasis of Matter – Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' section of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and, we do not express an audit opinion or any form of assurance conclusion thereon.

AUDITORS REPORT (continued)

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in 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 there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. 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.

Responsibilities of Directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report 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 it 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 decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx

AUDITORS REPORT (continued)

Report on Other Legal and Regulatory Requirements.

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of The United Kingdom Mutual War Risks Association Limited statutory financial statements. 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.

DocuSigned by:

Tom Reed

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26 May 2023

Tom Reed (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street,
London.
W1U 7EU

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

The Company is incorporated in England as a Company limited by guarantee and with no share capital. In the event of liquidation, the net assets of the Company are to be distributed amongst Members and former Members in proportions and amounts as the Directors shall decide.

The Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA") regulate the Company. The PRA is located at 20 Moorgate, London, EC2R 6DA, United Kingdom and the FCA at 12 Endeavour Square, London, E20 1JN, United Kingdom.

The external auditors of the Company are BDO LLP situated at 55 Baker Street, London, W1U 7EU.

During the year, the Company's principal activity was the insurance of merchant ships against war risks.

The Company is a mono line Insurance Company that only writes one line of business -the insurance of merchant ships against war risks.

In 1913, the Membership of the Company was exclusively UK flagged. Over time, insurance and shipping became global businesses and the Membership developed to include ships that were UK owned but not UK flagged. Since 2009, Membership has been international open to ship owners with no connection to the UK.

The main geographical areas that the Company writes its business are Belgium, Egypt, Singapore, Switzerland, America, Monaco, Germany and China.

The table below compares the number of ships entered in the Company and the total entered value over the last three accounting years.

On 20 February	2023	2022	2021
Number of ships	733	685	803
Total entered value US$	$26.88bn	$24.81bn	$31.17bn

Capital entered grew by 11.11% during the 2022 policy year and has increased over the six years to February 2023 by 62.75%. The unusual drop in the number of ships entered at the February 2022 renewal was due to the decision by the Board not to renew a larger dredger of over 80 ships and barges.

The Company will continue diversifying the Membership, welcoming more Members from outside the UK and making the Membership more international.

During the year, the Directors agreed to a Discretionary Continuity Credit of US $2.625m to its Members, apart from this there has been no business or other events that had a material impact on the Company.

A.2. UNDERWRITING PERFORMANCE

The Company's EEA business is written in Rotterdam through its fronting arrangement with the UK P & I Club N.V (UKNV) and its non EEA business is underwritten from the UK, however Members are internationally dispersed. The Company writes only one line of business that is the insurance of War Risks for its Members. For further information on underwriting performance by material geographical area refer to Quantitative Reporting Template ("QRT") S.05.02.01 which forms part of the Company's annual regulatory reporting requirement.

For the year ended 20 February 2023, the Company produced a surplus of US$0.685m as detailed further in the table below that is a summary of the Company's Income and Expenditure account. The Financial Statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" (FRS 102), Financial Reporting Standard 103, "Insurance Contracts" (FRS 103) and the Companies Act 2006.

The table below compares the key financial information from the 2023 financial year with the corresponding figures from the 2022 financial year.

Year ended 20 February **All figures in US$ 000**	**2023**	**2022**
Gross premium written	20,889	19,916
Discretionary Continuity Credit	(2,613)	(2,500)
Outward reinsurance premium	(10,423)	(10,155)
Change in net provision for unearned premium	(86)	48
Other technical income	2,569	2,360
Acquisition and administration costs	(10,262)	(9,642)
Operating surplus on the technical account	74	27
Surplus/(deficit) for the year after tax	685	2,469
Reserves brought forward	49,351	46,882
Reserves carried forward	50,036	49,351

Gross premium has increased by 5% reflecting increased voyages made to Additional Premium areas and increased ship values.

This year the Directors decided to return US$2.625m by a way of a Discretionary Continuity Credit to Members renewing their entries to reward their loyalty as the Association continues to benefit from having strong capital reserves.

Other technical income relates to the commission earned by the company for placing reinsurance of its Members in respect of their annual premium as well as the premium for calls to additional premium areas.

Acquisition and administration costs are higher than last year primarily due to increased brokerage fees payable on increased premium earned, impact of exchange rate as the Company's main expenses are paid in pound sterling (of which the management fee is the main component) and finally the normal inflation expense increases.

A.2. UNDERWRITING PERFORMANCE (continued)

The Company's primary investment objective is to conserve and accumulate capital in order to cover future obligations and support the business objectives. The secondary objective is to earn greater returns than the benchmarks set out in the Investment Mandate. The return for the year ended 20 February 2023 was 1.2% (2022:6.07%).

The positive return for the year was a result of increases in equities offset by falls in the fived income and alternative classes of assets held in the portfolio.

The Company is protected against the incidence of claims by reinsurance contracts and the Company is fully reinsured without deductible up to US$1 billion.

A.3. INVESTMENT PERFORMANCE

In accordance with the Investment Policy, the investment Mandate is updated on a regular basis, with a full review-taking place every three years.

Invested assets split by asset class as at 20 February 2022:

	2023	2022
	US$'000	US$'000
Asset class		
Government fixed interest securities	11,534	14,569
Fixed Income Corporate Bonds	2,265	501
Equities & Alternatives	26,456	27,462
UCITS	7,665	7,659
Settlement account	506	162
	48,426	50,353

The following table details the Company's investment income by asset class as reported in the Company's UK GAAP financial statements:

	2023	2022
	US$'000	US$'000
Asset class		
Dividends from equities	119	183
Interest on bonds and government stocks	287	272
Interest on bank deposits	7	2
Exchange gain/(loss) during the year	344	188
	757	575

Expenses related to the management of these investments were US$12k for the year (2022: US$3k).

The Income and Expenditure account and movement in reserves may be seen on page 29 of the Company's Directors' Report and Financial Statements.

A.4. PERFORMANCE OF OTHER ACTIVITIES

The Company has no other activities than its main insurance activities as presented in A2.

A.5. ANY OTHER INFORMATION

There have been no other material matters affecting business and performance.

B. SYSTEM OF GOVERNANCE

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B1.1 Overview

The Board of Directors

Ultimate responsibility for the governance of the Company rests with the Board of Directors. The Company's Directors are generally drawn from senior individuals within the Membership. However, the Board may appoint any person to be a Director without restriction. In practice, the Board comprises individuals who are figures of standing within the shipping industry, are equity Principals or senior individuals within the organisations, which they represent, which in turn are Members of the Company. The Directors meet three times a year. The Articles and the Rules give the Board of Directors wide powers to manage the affairs of the Company and set out how these powers are to be exercised.

Although the Managers administer the business of the Company on a day-to-day basis, ultimate responsibility remains with the Directors.

The following items come up annually for consideration at Board Meetings:

- Reinsurance for the next policy year;
- Rates charged to Members and the terms of insurance;
- Approval of the Directors' Report and the audited Financial Statements for the previous year;
- Investment policy;
- Closure of policy years; and
- Approval of Regulatory returns.

Claims are discussed as and when they arise, although for the past few years there has been little in the way of claims activity in respect of ships entered in the Company.

The Managers present the items on the Agenda, which the Board then considers.

The Articles allow the Directors to delegate any of their powers to Committees, although the Committee must then conform to any conditions put on it by the Directors.

There are currently no Committees.

B1.1.2 Key functions

The Managers

The Company has no employees and as such, the Board rely on the Managers for the day-to-day management duties of the Company. The functions and responsibilities of the Managers are set out in the Management Agreement between the Managers and the Company.

The Board may delegate a wide range of powers, duties and discretions to the Managers on such terms as it sees fit. Under the Articles of Company, the Managers are entitled to attend all meetings of the Board and all general meetings of the Company and have a representative on the Board of Directors.

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (continued)

B1.1 Overview (continued)

B1.1.2 Key functions (continued)

The Investment Managers
Investment of the Company's funds is conducted by the Investment Managers in accordance with the Board's Investment Policy and is subject to internal compliance procedures.

The functions and responsibilities of the Investment Managers are set out in the Management Agreement between the Investment Managers and the Company.

Responsibilities Map
The Company maintains a responsibilities map that details the key Senior Manager Functions and Key Functions. The following functions are maintained through the responsibilities map with an agreed set of responsibilities:

- Chairman (Board)
- Chief Executive Officer (Managers)
- Chief Financial Officer (Managers)
- Chief Risk Officer (Managers)
- Head of Internal Audit (Managers)
- Chief Actuary (Managers)
- Chief Underwriting Officer (Managers)
- Claims Function (Managers)
- Investment Manager (Managers)
- Compliance Officer (Managers)

B.1.2. Remuneration

The Company has no employees, no internal executive function and has outsourced its management to Thomas Miller War Risks Services Limited (the "Managers") who are part of the Thomas Miller Holdings Ltd group of companies. The Managers are responsible for recruitment in line with the Thomas Miller Group Recruitment Policy and performance management, ensuring that all staff have and maintain the relevant skills, knowledge and expertise necessary to perform their roles and responsibilities. Thomas Miller pays for the Managers' remuneration.

B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE (continued)

B1.1.2 Key functions (continued)

The Company pays the Managers a fixed fee for the management of the Company.

Directors receive an attendance fee for each meeting and an annual fee. Directors' fees are not subject to pension or early retirement schemes and there are no variable components to the Directors' remuneration.

B.1.3. Related party transactions

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

All of the Directors are either current representatives of Member companies or are appointed as specialist non- executive Directors and other than the insurance cover, which is arranged on an arm's length basis, and Member interests of these companies, the Directors have no financial interests in the Company.

B.1.4. Adequacy of the system of governance

The Directors consider the system to be adequate given the nature scale and complexity of the risks inherent to the Company.

B.2. FIT AND PROPER REQUIREMENTS

The Company has a Fit & Proper Policy in place that sets out its approach to the fitness and propriety of the persons responsible for running the Company, including the Senior Management Functions and Key Function holders.

All persons within the scope of the Company's Fit and Proper policy must have the professional qualifications, knowledge and experience and demonstrate the sound judgement necessary to discharge their areas of responsibility competently, both at the time of their appointment or employment and on a continuous basis to meet the changing or increasing requirements of their particular responsibilities and the business in general.

They must be of good repute and demonstrate in their personal behaviour and business conduct character, integrity and honesty. As part of the assessment, consideration will be given to potential conflicts of interest and financial soundness. The level of fitness must be appropriate and proportionate to each person's role, tasks and responsibilities.

The Board must be composed in a way to ensure that its Members collectively possess sufficient knowledge, competence and experience to direct and oversee the Company's affairs effectively.

The Managers maintain role specifications for all executive roles that are within the scope of the Fit and Proper policy, which detail the key competencies, and duties for each position. All persons to whom the policy applies are required to have the appropriate and designated competencies for their positions.

The Chairman, the Company Manager or the Compliance Officer carries out fit and proper assessments. No person is permitted to undertake their own assessment.

B.3. RISK MANAGEMENT SYSTEM

The Company's Risk Management System

The Company uses a Risk Management Framework to design an effective risk management system with an integrated approach to risk management and the application of three lines of defence:

- 1st line of defence: business units, process and risk owners
- 2nd line of defence: risk management and compliance functions
- 3rd line of defence: internal and external audit

The risk management system includes:

- a clearly defined and well-documented risk management strategy;
- adequate written policies;
- appropriate processes and procedures;
- appropriate reporting procedures;
- reports on the material risks faced by the Company and on the effectiveness of the risk management system;
- a suitable Own Risk and Solvency Assessment (ORSA);
- underwriting and reserving risk;
- market risk (including investment, asset-liability management, liquidity and concentration risks);
- reinsurance and other risk mitigation techniques;
- credit risk; and
- operational risk.

The risk management system covers all the risks, which the Company is exposed to and is included in the calculation of the Solvency Capital Requirement.

The risk management system also has a coherent focus on data and IT infrastructure governance and appropriate policies and standards to outline the framework within which responsibilities will be exercised. It is supported by a robust internal control system and is designed to identify measure, manage, monitor and report significant risks to the achievement of our business objectives. The core elements of the risk management framework are as follows:

Risk Management Strategy

The objectives of the Company's risk management strategy are to identify measure, monitor, manage, and report in a consistent, continuous and timely fashion, based on the Company's risk appetite as set by the Board and documented in the business plan.

The Risk Management Framework helps both support and relay the Company's business plan strategy throughout the organisation by ensuring that those factors that may advance or impede the achievement of strategic and operational objectives are managed by strong controls. The risks to which the Company is exposed are recorded in the Business Risk Log.

B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Management Strategy (continued)

Forecasts and long-term projections of how the business needs to develop and which internal and/or external factors might affect or impede such development are considered when carrying out business strategy reviews. Risk related to initiatives and objectives adopted in the business plan are added to the Business Risk Log.

Implementation of the Risk Management Strategy: Risk Policies and Procedures

The Company's strategy is specified in more detail through its policies and business plan, which underpin its day-to-day business. Policies have been developed for all material risks to which the Company is exposed. They define the Company's approach to risk management overall and more specifically the risk for which the policy has been written.

The policies establish the controls, procedures, limits and escalation to ensure that the risks are managed in line with risk appetite. Specific procedures, where appropriate, have been developed to provide full understanding of the means by which the first and second lines of defence will implement the strategy. Policies are reviewed on an annual basis. Policies and related procedures are stored on the Managers' Electronic Quality Management System and are accessible to the Company's Managers and all staff in the Company's three lines of defence structure.

The policies also include appropriate reporting procedures to ensure that information relating to the component elements of the risk management strategy is routinely reported to the Board.

Risk Appetite

The Company's Risk Appetite is articulated in the statement of risk appetite, which is a document owned by the Board and reviewed on a regular basis as new risks emerge, or at least annually. The Company's business strategy is aligned to the Corporate Plan and focuses on the following areas:

- To sustain the Company's financial position.
- To develop a more international Membership.
- To differentiate the Company's service offering from the market product.
- To establish a distinctive identity.
- To supplement the Company's marketing resources.

The Board determines the appropriate risk appetite and sets the Company's risk strategy. It has developed high-level risk appetites that will be used by the Board to monitor the implementation of the risk strategy. More detailed operational preferences and tolerances are used by the Managers to implement the risk strategy. These ae reported to the Board as part of the Company's Own Risk & Solvency Assessment (ORSA) and in Risk Reports and when tolerances are breached.

B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Appetite (continued)

The Board bears ultimate responsibility for the management of risk and for maintaining a sound system of internal control that supports the achievement of the business strategy, policies, aims and objectives of the Company.

Business Risk Log: Assessment, Measurement and Management

Risks to the business that could inhibit the Company achieving its business plan objectives are described in the Business Risk Log, together with the consequences should the risk materialise. The risks are categorised in to categories (see below), assessed, and monitored on an ongoing basis.

Reputational risk (the risk of potential loss to the Company through deterioration of its reputation or standing due to a negative perception of its image among Members, counterparties and supervisory authorities) is not recognised as a risk category on the Business Risk Log but as a risk consequent on the overall conduct of the Company. Risks that were they to crystallise would damage the reputation of the Company are flagged on the risk log.

Emerging Risk Log

As explained later under "Risk Reporting Procedures", Risk Owners are required to consider a template of questions as part of a regular process of reporting. Included in the questions posed to Risk Owners is whether they have identified potential emerging risks during the reporting period. These are then discussed at a Managers' Management Committee meeting (which meets quarterly) and included in the Business Risk log as an emerging risk.

Risk Categories

The Business Risk Log includes the following categories of risk:

- Underwriting
- Claims
- Strategic
- Reserving
- Reinsurance
- Market (including Investment, Asset-Liability Management, Liquidity and Concentration risks)
- Operational:
    - Operational Controls
    - Financial Controls
    - Information Technology
    - Compliance
    - Oversight
- Emerging

Risk categories are also defined in the Risk Management Framework.

B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Rating

A rating for each risk is determined by assessing its likelihood (being the likely probability of an occurrence) and impact (being a financial assessment of the significance of the event if it occurs), which includes reputational, legal/regulatory and other measures. Each is presented as a value between 1 and 5 (1 being low and 5 being high) in line with a likelihood/impact matrix with financial impact levels. Risks are defined as Red, Amber, Yellow or Green according to a heat map to assist the Board with the prioritisation of the management of risks and demonstrate the importance of the mitigation measures or controls in place.

The assessment of each risk is based on Inherent Risk and Residual Risk (i.e. the risk that remains after taking into account the strength of current risk management procedures that are in place).

All risks on the Business Risk Log are re-assessed on an ongoing basis and at least annually by the Managers. The Managers, in collaboration with the Risk Officer consider the Business Risk Log in the light of changes to the business plan.

The Managers and Risk Owners

Each risk on the Business Risk Log has a Risk Owner whose responsibilities are:

- To identify and evaluate the risks faced by the Company in the area for which the Risk Owner is responsible, providing adequate information on the status of risks (including substantive changes to or deterioration of existing risks and new or emerging risks and loss/near miss events).
- To implement and uphold policies and procedures on risk management and internal control on a continuous basis.
- To maintain continuous oversight of the status of risks and controls and initiate improvements in design and operation of controls where required.
- To consider the level of risk presented by any proposed initiative in furtherance of business plan objectives.
- To submit risk-based reports to meetings of the Managers.
- To review the Business Risk Log and draw up recommendations for additions, deletions and amendments.
- To assess the likelihood of the risk occurring and its impact and recommend changes, as appropriate.
- To consider the effectiveness of the controls.

B.3. RISK MANAGEMENT SYSTEM (continued)

Own Risk and Solvency Assessment ("ORSA")

Every year, and on an ad hoc basis, if circumstances materially change, the Company prepares an ORSA overview report. The ORSA is the process used by the Company to manage its financial and solvency position over the period of its Corporate Plan and the ORSA overview report is the culmination of this process into a report reviewed by the Board. As such, it is an intrinsic part of the Company's Corporate Planning Process.

The key elements of the ORSA process are:

- An analysis of the Company's recent performance
- Assessment of the Company's risk profile
- Consideration of business planning and stress scenarios

The Board reviews the ORSA and considers appropriate action for the Company such as:

- Capital related decisions
- Premium rating considerations
- Reassessment of risk profile and risk appetite
- Additional risk mitigating actions

The assessments to date indicate that the Company is adequately capitalised.

Risk Controls

The Company's Risk Management Framework has been developed to manage risks across the business, using internal control policies, procedures and processes to control risks.

Whereas ultimate control for each risk rests with the Board, day-to-day control is exercised by the Risk Owners unless otherwise stated, as set out in the Business Risk Log.

Controls may:

- **Prevent**: controls that reduce the likelihood of the risk occurring. Examples are separation of duties, mandated authorisation or automated processes.

- **Detect**: controls that monitor or identify the risk. Examples are reports or reviews/audits or analyses.

- **Mitigate**: controls that reduce the impact of the risk. Examples are contingency plans and all the contents of Electronic Quality Management System (EQMS).

Controls may be *proactive* or *reactive*. Those that are proactive should reflect the business plan objectives and seek to not only reduce the negative impact of risk but also increase the positive potential in risk opportunity.

The nature of the controls implemented and the level of control exercised are based on the assessment of likelihood of the risk occurring and its impact; the Company's risk appetite; and the cost of implementing controls relative to the significance of the risk.

B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Controls

The Risk Management Framework encompasses a number of elements that together facilitate an effective and efficient operation, enabling the Company to respond to a variety of risks. These elements include:

- **Business planning and budgeting**
  The annual business planning and budgeting process is used to set objectives, agree action plans, and allocate resources. Progress towards meeting business plan objectives is monitored regularly.

- **Risk based decision making**
  The Company embeds risk management thinking into all major decisions. Financial and non-financial risks are identified as well as ways of managing them down to levels within the Company's risk appetite.

- **Policies and procedures**
  A series of policies underpin the internal control process in relation to risks. The Internal Control Framework document sets out the Company's underlying approach to internal control. The Company's Board sets the policies. EQMS procedures support the policies where appropriate.

- **Early warning mechanisms**
  Early warning mechanisms are risk indicators that alert Risk Owners before a risk crystallises so that proactive action can be taken to manage the potential hazard.

  - **Key risk indicators:** Where possible, key risk indicators are generated. Key risk indicators, together with key performance indicators, provide information/reports/financial indicators that are reviewed by the Risk Owners to monitor the risk, give advance warning of a possible increased risk, and form part of the management reporting structure.

  - **External data**: Risk Owners review external sources of information, including from or concerning the Company's client marketplace, competitor information, insurance market and rating agencies.

  Together these factors are also taken into account in the process of identifying and assessing new and emerging risks.

- **Contingency plans**
  The need for contingency plans is considered as part of the assessment of emerging risks and subsequently reviewed as part of the annual risk management review process.

- **Internal audit programme**
  The internal audit plan is developed around the Company's objectives on an annual basis, using the Company's assessment of risks as recorded in the Business Risk Log. The planning for the internal audit programme takes into account the assessment by the Risk Officer of the design and operational effectiveness of the risk management process including controls. The work programme considers those controls in place to deal with operational and regulatory risks.

B.3. RISK MANAGEMENT SYSTEM (continued)

Risk Controls (continued)

- **Statutory audit**
  Statutory (external) audit provides an opinion on whether the financial statements give a true and fair view of the state of the Company's affairs at the year-end and of its profit or loss for the year just ended.

- **Third party reports**
  From time to time, the use of external consultants may be appropriate in areas such as health and safety or human resources. The use of specialist third parties for consulting and reporting can increase the reliability of the internal control system.

- **Risk-based reporting**
  Risk-based reporting has been established throughout the business to maintain an aggregated view of the risk profile of the business, including identifying emerging risks and loss/'near miss' events. This ensures that business planning, decision making and operational processes are informed and responsive to change.

  Material changes to existing risks, emerging or internal control failings or weaknesses, which require immediate action, are the subject of interim reporting and consideration at the appropriate forum, with remedial action implemented with immediate effect.

Risk Reporting Procedures

Risk Owners are required to provide regular reports on the risks for which they are responsible, based on a template of questions compiled by the Risk Officer. Any amendments to the Business Risk Log proposed by Risk Owners, such as changes to controls or risk descriptions or potential amendments to the ratings are considered at the next Board meeting.

Risk Owners also identify operational risk loss or near miss events which are reviewed by the Managers' Management Committee and then recorded on the Company's operational risk database with remedial actions identified for which a completion date is set. The financial consequences of loss events (including regulatory breaches) are also identified and whether the circumstances surrounding those events might give rise to a claim on the Managers' E&O policy.

The professional indemnity insurance for the Thomas Miller group of companies is purchased from Windsor Insurance Company Ltd, a wholly owned subsidiary of Thomas Miller Holdings. The limit of indemnity is £45m with a deductible of £10,000. Claims are dealt with by the Thomas Miller office in the Isle of Man.

The ORSA overview reports are provided to the Board annually or more frequently, as appropriate, giving information on the Company's recent performance and its risk profile whilst also providing consideration of business planning and scenario testing.

B.3. RISK MANAGEMENT SYSTEM (continued)

The various aspects of the Risk Management System have been described above. The Risk Management Function is fulfilled by the Company's Risk Officer who oversees risk management; provides independent challenge and has direct access to the Chairman of the Board. The Risk Management Function maintains an organisation-wide and aggregated view of the risk profile of the Company, including monitoring risk tolerances against appetite, and advising on how risks might impact the business singly and in combination. Much of this work is done through stress testing and scenario analysis for the ORSA process in collaboration with the Actuarial Function. Responsibilities of the Risk Management Function are contained in the Company's Risk Management Framework.

The organisation chart that appears in section B.1.5: "Reporting lines and responsibilities" features the reporting and responsibility lines for the Risk Function. The integration of risk management processes with business activities is performed through the requirement for business function heads who are also risk owners on the Business Risk Log to focus on risk management on an ongoing basis whilst ensuring that the risks for which they are responsible remain within risk tolerance. This demonstrates the proactive application of risk management techniques to support the business processes and decision-making for which they are responsible in their day-to-day insurance business activities.

In addition, there is a strong foundation of risk information available as described earlier in this section relating to, for example, the Business Risk Logs, the risk matrix, the risk appetite statements and preferences and tolerances.

B.4. INTERNAL CONTROL SYSTEM

Internal control is defined as a continually operating process effected by the Company's Board, the Managers, all staff and systems and designed to support the Company in achieving its business plan objectives through efficient and effective operations and to protect its resources.

Each Risk Owner, as named in the Business Risk Log, is responsible for the application of the Internal Control Framework and the design, development, implementation, documentation and maintenance of effective internal control processes in their area and reporting thereon.

Control activities

Control activities are the actions taken or systems put in place to address business risks, protect assets and ensure that all material control failures and issues are identified and managed. The control activities are embedded into plans, policies, procedures, systems and business processes. Their effectiveness relies on the level of compliance by management and staff.

The nature of the controls implemented and the level of control exercised are based on the assessment of frequency and impact of the risk, the Company's risk appetite and the cost of implementing controls relative to the significance of the risk.

The following controls enforce the above:

- Policies and procedures
- Management information
- System embedded controls
- Premises and System security
- Segregation of duties
- Information processing
- Recruitment, performance management and training
- Contingency plans

The Internal Control Framework as a whole and internal control processes individually are monitored on an ongoing basis through the following mechanisms:

- Performance indicators
- External data
- Analyses and reconciliations
- Regulatory compliance monitoring audits
- Internal audits
- Procedure monitoring audits

B.5. INTERNAL AUDIT FUNCTION

Internal Audit is the "third line of defence" in the company's internal control framework, established to provide independent assurance that the systems of internal control established by management ("first line") and the monitoring and oversight provided by the Risk Management and Compliance Functions ("second line") are fit for purpose and operating effectively.

The objectives of the Internal Audit Function are to provide independent assurance that business risks are identified and are being appropriately managed and controlled by effective systems of internal control.

The Internal Audit function of the Company is provided by the Managers who employ an independent Head of Internal Audit (HIA) who in turn reports functionally to the Board via the Chairman and administratively to the CEO of TMH (the Managers). The HIA may engage third parties to conduct some Audits under his/her management if it is felt that specific technical skills are required or where insufficient general audit resource is available.

Independence

The Internal Audit Function is independent from the organisational activities audited and free to exercise its assignments without impairment and on its own initiative in all areas. It is not authorised to carry out any operational work on behalf of any area of any business.

Development of Audit plans

The annual risk based internal Audit Plan is developed by the Internal Audit Function and is subject to annual review and approval by the Board. The Plan is designed to provide for all significant auditable activities of the business , based on a number of factors which includes, but are not limited to; (i) the results of the Internal Audit risk assessment; (ii) the last time the area of activity was last audited, and (iii) current or past issues identified in the area of activity.

Engagement Planning

The Internal Audit Function prepares an Audit Planning Memorandum ("APM") for each audit, which describes the scope of the Audit and the key risks to be addressed. Where needed, e a formal opening meeting is held, at which the appointed audit team meets relevant line management to discuss the planned audit and agree the scope of work.

The finalised APM is sent to relevant line management and copied to appropriate business executives who have an interest in the outcome of the Audit.

B.5. INTERNAL AUDIT FUNCTION (continued)

Execution

The audit team is responsible for conducting the fieldwork including performing whatever control evaluation, substantive and compliance testing is deemed necessary. The Internal Auditor leading the assignment discusses any findings as they arise with appropriate management to ensure the factual accuracy of the points being raised and so that any misunderstandings or queries are dealt with as soon as possible.

An 'end of fieldwork' meeting is held to confirm the factual accuracy of any apparent control weaknesses identified during the course of the fieldwork and the recommended remedial action will be discussed at this meeting.

Reporting

An Internal Audit report is produced following completion of every Audit engagement. Each report includes details of identified deficiencies , as well as Management's agreed actions to resolve. The agreed actions also include the names of the action owners and the agreed target date for remediation.

All Internal Audit reports are given an overall control rating, which is based on the severity of any individual control deficiencies identified. The overall control ratings are as follows;

Effective
Effective with minor limitations
Requires significant Improvement
Not Effective

The method of determining overall control rating for Audit reports and for individual control weaknesses is described in the 'TMIA Policies and Procedures'.

B.6. ACTUARIAL FUNCTION

The Company's Board is ultimately responsible for ensuring an effective Actuarial Function. The Thomas Miller Actuarial Team, led by its Chief Actuary, performs this function.

The Actuarial Function is independent of the Company's management team and therefore able to undertake its duties in an objective, fair and independent manner. However, for operational purposes, the Actuarial Function is integrated into the Company's internal control system through its role on the Management Committee and attendance at Board meetings.

The Actuarial Function undertakes all responsibilities as required by Solvency II, including:

- coordinating and overseeing the calculation of Solvency II technical provisions;
- ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
- informing the Board of the reliability and adequacy of the calculation of technical provisions;
- expressing an opinion on the overall underwriting policy;
- expressing an opinion on the adequacy of reinsurance arrangements; and
- contributing to the effective implementation of the risk management system including capital requirements and the ORSA process.

B.6. ACTUARIAL FUNCTION (continued)

The Company's actuarial function compiles an actuarial function report for the Board on an annual basis. A summary of the latest report, dated January 2023, is included below:

The Company has undertaken its key responsibilities under Solvency II. In particular:

- *Data Opinion*
  Although the data is very sparse, considered in the context of the Club's long history of low claims activity and near 100% reinsurance programme, when combined with the expert opinion of an experienced practitioner, the data is believed to be adequate for the assessment of the Club's technical provisions. No material issues were identified with the Club's data.

- *Technical Provisions Opinion*
  Technical provisions appear adequate for Solvency II purposes. On an overall basis, the process of adjusting the claims reserves and the resulting technical provision figures are expected to be appropriate for Solvency II purposes. Simplifications have been made when converting the claims reserves to Solvency II technical provisions and whilst it is always possible to conduct further validation/documentation, we conclude that the conversion appears to be reasonable for Solvency II purposes.

  Underwriting Opinion
  The Club's business plan forecast and underlying assumptions appear reasonable. The year ending February 2023 is forecast to make a small surplus for the Club, with a forecast investment loss offsetting an underwriting surplus. In future years, net premium income is expected to exceed claims (typically nil) and expenses, generating an underwriting surplus. The Club is currently comfortably within its target capital band hence targeting a small overall surplus seems reasonable.

- *Reinsurance Opinion*
  UK War Risks is protected against claims activity by its near 100% risk transfer reinsurance programme. The Club's reinsurance reduces its regulatory capital requirement by approximately $1.8bn. Hence, the Club would not meet its regulatory capital requirement without reinsurance. It is therefore clear that the Club relies on its reinsurance in order to maintain its current business model. The Club has ensured that its reinsurance fully covers all risks by buying $1.8bn of cover, which matches the Club's largest exposure. The Actuarial Function contributes to the Club's Risk Management Framework by its involvement in management meetings, operating the Club's capital model and involvement in the ORSA process.

The Actuarial Function contributes to the Company's Risk Management Framework by its involvement in management meetings, operating the Company's capital model and running the ORSA process.

B.7. OUTSOURCING

The Company has in place an Outsourcing & Third Party Risk Management Policy, which is directed at services or activities, which are particularly important or critical to the Company's business (material business activities).

Material business activities include the key functions of the Company's system of governance, i.e. Risk Management, Compliance, Actuarial and Internal Audit as applicable, and all functions or activities that are fundamental to enable it to carry out its core business, including underwriting, claims handling and investments.

A material business activity is one that has the potential, if disrupted, to have a significant impact on the Company's business operations or its ability to manage risks effectively.

Management outsourcing

The Company has no internal executive function and its management is wholly outsourced to Thomas Miller War Risks Services Limited (the "Managers") under a management agreement.

In order to comply with its regulatory obligations, the Board has developed monitoring and reporting procedures. The risk control and reporting procedures to be followed by the Managers form part of their obligations under the management agreement.

Investment management outsourcing

Management of the Company's investments is outsourced to Thomas Miller Investment Limited, part of the Thomas Miller group of companies, under an investment management agreement.

The performance of the investment managers is monitored and supervised by the Board.

Oversight

The Board bears ultimate responsibility for outsourced functions, services, or activities and related governance. The Board is supported by the Managers' Management Committee, which monitors the activities of the Company, including outsourcing.

B.8. ANY OTHER INFORMATION

The Company considers that there is no other material information to be disclosed.

C. RISK PROFILE

The Company has set out a number of risk appetite statements, which guide the implementation of its business plan. Currently the Company is operating in line with its risk appetite.

The following sections consider each of the Company's risk categories. The key risks are Market Risk and Counterparty Default Risk.

C.1. UNDERWRITING RISK

The Company is a niche mono-line insurer, underwriting only merchant ships against war risks.

Underwriting risk is the risk that the Company's net insurance obligations (i.e. claims less premiums) are different to expectations. The Company considers the risk of existing obligations (Reserve Risk) separately to the risk of future obligations (Premium Risk). The Company is fully reinsured so is not exposed to the risk that it will not be able to settle claim liabilities, but is exposed to the risk that the reinsurers do not pay the claims. This risk is covered under the counterparty default risk.

Reserve risk is managed by the Company's reserving policy. Given the size and nature of the Company's business, there is a very low level of claims and a very sparse claims history. Therefore, reserves for statutory accounting purposes are determined based on individual case estimates. This is thought to be more appropriate than traditional actuarial and statistical methods, which would not be reliable given the low volume of data.

Premium risk is managed by an underwriting policy, which establishes underwriting practices in order to meet business needs and satisfy regulatory control. This is supplemented with business planning and forecasting exercises undertaken as part of the Company's ORSA process.

Risk Mitigation
Underwriting Risk is mitigated by the Company's reinsurance programme. The Company is nearly fully reinsured in respect of claims, retaining only a small US$0.25m deductible on claims arising from the Gulf of Aden/Indian Ocean AP Area. Due to this reinsurance, Underwriting Risk is not a significant component of the Company's overall risk profile.

C.2. MARKET RISK

Market risk arises through fluctuations in foreign currency exchange rates, equity values, interest rates, and corporate bond spreads. Such movements will affect not only the Company's investments, but also the value of other assets and liabilities such as claims payments and reinsurance recoveries.

The Company has an investment policy in place to manage exposure to its investments, and this is monitored by regular reports from the investment managers. Further discussion of this arrangement is provided below under the "prudent person principle".

Currency risk is not a significant risk for the Company as it primarily invests in US Dollar based investments and charges US Dollars based premium. Although claims may be impacted by currency movements, the Company's reinsurance programme largely transfers this risk.

C.2. MARKET RISK (continued)

The following table details the Company's exposure to currency risk and equity risk by each underlying currency as reported in the Company's annual financial statements:

As at 20 February 2023	US Dollar $'000	Sterling $'000	Euro $'000	Total $'000
Fixed interest-Government	11,534	-	-	11,534
Fixed interest-Corporate	2,265	-	-	2,265
Equity & Alternatives	26,456	-	-	26,456
UCITS	7,665	-	-	7,665
Settlement account	506	-	-	506
Reinsurance share of unearned premium	1,255	-	-	1,255
Deferred acquisition cost of unearned premium	745	-	-	745
Debtors	5,887	-	-	5,887
Cash and cash equivalents	1,919	2	70	1,991
Other	94	-	-	94
	58,326	2	70	58,398

The foreign currency risk as at 20 February 2023 if the US dollar weakened/strengthened by 5% against the Euro and Sterling ,with all other factors remaining unchanged free reserves for the year would have increased /decreased by US$0.003m (2022 US$0.006m).

The Company's risk profile is dominated by equity risk. This is due to a combination of the Company investing a large percentage of its assets in equities (the Company's Investment Mandate allowing 45% investment in equities) and the fact that other risks have been largely mitigated by the Company's reinsurance programme.

The Company is exposed to price risk through its holding of equities and alternatives as financial investments at fair value through profit and loss. At the year-end the holding in equity and alternative instruments amounted to 45% of the investment portfolio (2022:55%).

A 10% increase in equity values would be estimated to have increased the surplus before tax at the year-end by US$2.176m (2022: US$2.746m). A 10% fall in equity values would have an equal and opposite effect. This analysis assumes that all other variables remain constant.

The Company's Investment Mandate also allows investment in government and corporate bonds, exposing it to interest rate and spread movements. However, this risk is significantly smaller than that presented by the Company's equity exposure.

C.2. MARKET RISK (continued)

The prudent person principle

Under the Company's investment policy, all of the Company's investments are invested and managed in accordance with the 'prudent person principle', meaning that duties of the Investment Managers are discharged with the care, skill, prudence and diligence that a prudent person acting in a like capacity would use in the conduct of an enterprise of like character and aims. More specifically:

- invested in assets and instruments whose risk can properly be identified, measured, monitored, managed, controlled and reported;
- to ensure the security, quality and liquidity of the portfolio as a whole; and
- appropriate to the nature and duration of the Company's insurance liabilities.
- derivative instruments are possible if they contribute to a reduction of risks or efficient portfolio management;
- unlisted investments and assets are kept to prudent levels;
- properly diversified to avoid excessive reliance on any asset, issuer or group, or geographical area.

The Company's funds are invested by the Investment Managers in accordance with parameters set by an Investment Mandate. The Investment Mandate provides a framework to the Investment Managers for the management and stewardship of the Company's investment assets in conformity with the business and investment objectives and sets the parameters within which the Company's assets may be invested. It is considered, approved by the Board on an annual basis, and ad hoc as required and is subject to the Company's Investment Policy. The Investment Managers report to the Board at each meeting.

C.3. CREDIT RISK

Credit risk is the risk of loss in the value of the above financial assets due to counterparties failing to meet all or part of their obligations.

The following table illustrates aggregate credit risk exposure for financial assets as reported in the Company's annual financial statements. The credit rating bands are provided by independent ratings agencies:

As at 20 February 2023	**AAA/AA**	**A**	**BBB or less or not rated**	**Total**
	US$'000	US$'000	US$'000	US$'000
Fixed interest-Government	11,534	-	-	11,534
Fixed interest-Corporate	-	2,265	-	2,265
Equity & Alternatives	-	-	26,456	26,456
UCITS	7,665	-	-	7,665
Settlement account	506	-	-	506
Reinsurance share of unearned premium			1,255	1,255
Deferred acquisition cost of unearned premium	-	-	745	745
Debtors	-	-	5,887	5,887
Cash and cash equivalents	-	-	1,991	1,991
Other	-	-	94	94
	19,705	2,265	36,428	58,398

Due to the Company's low claims volume, typically the Company is not exposed to significant reinsurance counterparty default risk. However, the Company writes high limits covering War Risks up to $1bn and P&I risks of up to $500m. Therefore, if a large claim was to arise, the Company could have a significant reinsurance default exposure. The Company's objective is to reduce credit risk through the risk management techniques, which are discussed below.

C.3. CREDIT RISK (continued)

The reinsurance contract is reviewed annually before renewal.

- Exposure to reinsurance counterparties is mitigated by the Company only placing reinsurances with counterparties which are rated A or better.
- The Company Rules checked to ensure they are "back to back" with the terms of the reinsurance contract.
- The Company limits any single placement to no more than 10% of the total cover.
- The Company's exposure to default risk is evaluated as part of the ORSA process.

Exposure to debtors is mainly in respect of calls and premium contributions. This is spread over a number of Members and counterparties, which mitigates the risk. In addition, the Company carries out financial checks on existing and potential Members.

Exposure to bank balances is more concentrated, with two main counterparties. This risk is mitigated by placing funds surplus to normal operational requirements in money market funds and other investments.

C.4. LIQUIDITY RISK

Liquidity risk is the risk that the Company is unable to make payments as they become due. This is managed by the use of liquid investments and minimum cash holdings required by the Company's investment mandate.

The most significant liquidity stress faced by the Company, would be the requirement to pay a substantial claim. However, this risk is mitigated by the Company ensuring a simultaneous payment clause in the reinsurance contract.

The following table provides a maturity analysis of the Company's financial assets representing the date that a contract will mature, amounts are due for payment or the asset could be realised without significant additional cost as reported in the Company's annual financial statements:

As at 20 February 2023	**Short term assets**	**Within 1year**	**Within 2-5year**	**Over 5 years**	**Total**
	US$'000	US$'000	US$'000	US$'000	US$'000
Fixed interest-Government	-	5,457	5,864	213	11,534
Fixed interest-Corporate	-	-	2,265		2,265
Equity & Alternatives	26,456	-	-	-	26,456
UCITS	7,665	-	-	-	7,665
Settlement account	506	-	-	-	506
Reinsurance share of unearned premium	1,255				1,255
Deferred acquisition cost of unearned premium	745	-	-	-	745
Debtors	5,887	-	-	-	5,887
Cash and cash equivalents	1,991	-	-	-	1,991
Other	94	-	-	-	94
	44,599	5,457	8,129	213	58,398

C.4. LIQUIDITY RISK (continued)

Reliance on expected future profit
Given the holding in liquid assets and simultaneous reinsurance payment clause, the Company does not rely on expected future profits to ensure its liquidity.

The expected deficit included in future premium on the Solvency II balance sheet is US$4.3m. However, it should be noted that the Solvency II balance sheet does not reflect all future cash flows and the expected loss over the year would be lower than this.

C.5. OPERATIONAL RISK

Operational risks relate to the failure of internal processes, systems or controls due to human or other error.

In order to mitigate such risks the Company has engaged Thomas Miller Limited as Managers to document all key processes and controls. This documentation is embedded into the organisation and available to all staff. Compliance with the procedures and controls is audited on a regular basis through the Internal Audit function, which is directed and reviewed by the Board.

The Company is also protected against operational losses by the Thomas Miller Managers' E&O cover.

C.6. OTHER MATERIAL RISKS

As the Company has European Members; the Company has a fronting agreement in place with the Rotterdam based subsidiary of the UK P & I Club in order to carry on writing European business.

Concentration of Risk

A typical property insurer may have geographic concentrations of risk, resulting in significant exposure to catastrophes such as earthquakes, hurricanes, etc. However the Company covers ships that are mobile and distributed globally, therefore it is not materially exposed to these types of concentrations of risk.

The Company writes large limits and therefore in theory exposed to a concentration of risk from its largest insured vessels. This risk is mitigated by the Company's reinsurance programme. The Company also considers stress and scenarios in order to evaluate this risk.

C.7 Stress and Scenario Testing

The Company carries out stress and scenario testing as part of its risk management and ORSA process.

The base case business plan forecast for the next 3 years is used as the starting point for scenarios testing. The impacts of adverse scenarios are then evaluated. The results of these, evaluated as at 20 February 2023, are summarised below.

- Market Shock, 1 in 200 market losses over one year
  - A 27% loss in asset values over the year is applied to the Company's assets. This is equivalent to a 1 in 200-market shock as evaluated using the Company's internal capital model.
  - This results in the Company's regulatory free reserves fall to approximately $44m, which is still well in excess of its SCR requirement.

- Consecutive market losses (1 in 5) over three years

  - Three consecutive years of a 7% loss in asset values (roughly equivalent to a 1 in 5 market shock according to the Company's model), is applied to the Company's assets.
  - This results in the Company's regulatory free reserves continuing at approximately $50m, which is still well in excess of its SCR requirement.

- Large claim with reinsurance default
  - Under this scenario, it is assumed that the Company incurs a $150m claim. Since this would be largely reinsured, it is also assumed that a 5% reinsurance line defaults (roughly equivalent to one of the Company's large Non-Lloyd's reinsurance lines), with a loss given default of 50%.
  - This leaves the company still comfortably within its risk appetite zone. Although this scenario is extreme, involving a very large claim and reinsurance default, the impact on the Company's overall position is not significant.

- Market Losses & Claim with Default
  - Under this scenario, it is assumed that the Company incurs a $75m claim and a 5% reinsurance line default with a 50% loss given default. This is then combined with a 1 in 20 year market loss (as calibrated by the Company's internal model).
  - This leaves the company still comfortably within its risk appetite zone and in excess of its SCR requirement.

- Catastrophe claim with reinsurance default
  - Under this scenario, it is assumed that the Company incurs a $1.83bn claim. Since this would be largely reinsured, it is also assumed that a 5% reinsurance line defaults, with a loss given default of 50%. This results in a $45m stress of the Company's free reserves.

It may be noted that over the period 20 Feb 2022 to 20 Feb 2023, the Company's regulatory free reserves increased from $51.8m to $53.0m. Due to the Club's comprehensive reinsurance programme, the overall risk profile of the Club has remained broadly unchanged since 20 February 2022. Hence, these scenarios and their impacts on the Company remain relevant.

C.8. Any Other Information

The Company has not identified any other material information that is considered to be required to be disclosed.

D. VALUATION FOR SOLVENCY PURPOSES

D.1. ASSETS

Valuation of the Company's assets (excluding technical provisions) as at 20 February 2023 in US $000's:

	Solvency II	UK GAAP
Investments (other than assets held for index –linked and unit-linked contracts)	47,947	48,426
Reinsurance share of unearned premium	-	1,255
Deferred acquisition cost of unearned premium	-	745
Insurance and intermediaries receivables	1,948	3,322
Reinsurance recoverables	(191)	-
Reinsurance receivables	-	2,565
Cash and cash equivalents	2,494	1,991
Any other assets not elsewhere shown	86	131
Total	**52,283**	**58,435**

Refer to appendix S.02.01.02 for full Solvency II balance sheet amounts.

The Company's assets are valued using the following principles:

Investments
Investments are carried at fair value. The fair value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date.

Fair values of investments traded in active markets are measured at bid price at the close of business at the balance sheet date. Where there is no active market, fair value is measured by reference to other factors such as independent valuation reports.

A financial investment is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

D. VALUATION FOR SOLVENCY PURPOSES (continued)

D.1. ASSETS (continued)

There are no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

Receivables, trade not insurance
This balance includes sundry, short-term receivable balances the value and settlement of which contains little to no uncertainty. Due to the short-term nature of these items, the carrying amount is considered a suitable proxy for its fair value.

The difference between Solvency II and the company's financial statements are due to reinsurance included as a future cash flow in the calculation of technical provisions.

Insurance and intermediaries' receivables
These represent balances that are due for existing insurance contracts. Due to the short-term nature of these balances, the carrying amount is considered a suitable proxy for its fair value.

When these amounts are not yet due, they are included as a future cash flow in the calculation of technical provisions.

These amounts are reviewed annually for impairment.

Under statutory accounting requirements, these balances are not presented separately on the face of the balance sheet whether they are due or not yet due.

Cash and cash equivalents
Cash and cash equivalents include cash at bank or in hand, deposits held at call with banks and other short-term liquid investments. The carrying value of these balances is considered a suitable proxy for fair value.

There are no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

Any other assets not elsewhere shown
These balances comprise sundry, short-term receivables, which are classified as sundry receivables in the statutory financial statements.

Due to the short-term nature of these balances, their carrying amount is considered a reasonable approximation for fair value.

There is no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

D.2.TECHNICAL PROVISIONS

Net technical provisions as at: 20 February 2023

	US$'000 2023	**US$'000 2022**
Gross best estimate	(4,454)	(5,752)
Reinsurance best estimate	191	2,036
Risk Margin	1,302	1,358
Net technical provisions	(2,961)	(2,358)

Refer to appendices S.17.01.02 and S.19.01.21 for details on technical provisions.

The changes in the year are driven by a decrease in the premium components of the premium provision.

The Company's technical provisions are valued using the following principles:

Bases, methods and main assumptions

The technical provisions are valued using the methodology prescribed by the Solvency II Directive and associated regulations. They consist of a "best estimate" of future cash flows (claims, premiums and expenses), which are discounted in line with risk-free interest rates to give the "present value" of those cash flows. Finally, a (market value) "risk margin" is added to take the total to a notional market value (i.e. equivalent to the amount that insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations).

Claims

Due to the nature of the business and low volume of claims, individual claim case estimates are used to set claims reserves. The key assumptions being that:

- Case estimates are accurate, and
- Claims are reported quickly therefore, the requirement for IBNR is not material.

This method is considered appropriate given the low volume and nature of the Company's claims and the Company's near 100% reinsurance programme, which significantly reduces the materiality of net claims provisions.

Allowance is made for claims on contracts bound, but for which coverage has not yet incepted or that has incepted but has not yet been fully earned(corresponding to the premium provision). These are valued using the Company's capital model. The key assumptions relate to the expected frequency and severity of future claims, as well as the probability of a claim occurring in an area subject to the Company's reinsurance deductible.

Despite many years of exposure, due to the low volume of claims, the Company has very little data on which to base claim assumptions. Therefore, the claim frequency and severity assumptions are subject to significant uncertainty. However, as discussed in Section C1 on Underwriting Risk, due to the Company's reinsurance programme, the impact of these assumptions are not material to the Company's overall net result.

D.2.TECHNICAL PROVISIONS (continued)

Premiums

The premium cash flows in the technical provisions cover (i) the outstanding instalments of premium on expired business that are payable but not yet due on the valuation date (corresponding to the claims provision); and (ii) the premium payable but not yet due on bound but not incepted business or business which incepts prior to the valuation date but has not fully been earned (corresponding to the premium provision).

Expenses

The Technical Provisions includes expense cash flows incurred in servicing insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. The provision is calculated directly in respect of the claims provision (for expired business) and a corresponding amount is derived in respect of the premium provision (for bound but not incepted and unexpired business).

Risk margin

The risk margin is calculated based on the requirement to hold capital to meet the SCR until all claims liabilities are settled and a prescribed cost-of-capital rate of 6% per annum. This calculation is based on the assumption that a "reference undertaking" takes on the insurance obligations (and associated reinsurance arrangements). The SCR in this context is made up of Underwriting Risk, Counterparty Default Risk and Operational Risk only; assets are assumed to be invested in such a way that Market Risk will be zero and the referencing undertaking does not take on any new insurance obligations. The runoff of Underwriting and Operational Risk has been calculated based on the expected run off of technical provisions and premiums. For counterparty default risk, it has been assumed that the risk charge runs off in proportion to the run-off of the best estimate reinsurance recoverables, with an adjustment for the expected change in risk mitigating effect over time. This is on the grounds of practicality and materiality, as the risk margin is not expected to have a significant impact on UKWR's Solvency II Own Funds.

Reinsurance

The Company is protected against the incidence of claims by reinsurance contracts and for the 2022/2023 Policy Year, is fully reinsured (except as described below) without deductible up to US$1 billion each vessel. In addition, the separate limit provided to Members in respect of Rule 2C risks or US$500 million is also fully reinsured on the same contract. The main risk for the Company is in respect of the Company not paying its liabilities. This is reflected in the counter party default risk.

D.2.TECHNICAL PROVISIONS (continued)

Uncertainty in the Technical Provisions

Claims Provisions

The key risks to the Company's assessment of Claims Provisions are late reporting of claims and deterioration of current claims estimates, which are not allowed for in the methodology. In addition, UK War Risks reports in USD while claims can arise in almost any currency (although most are dollar, euro or sterling based) therefore changes in exchange rate may lead to uncertainty in the USD value of the claims. Despite this, the Company's Claims Provision is not subject to significant level of uncertainty because:

- Due to the nature of the Company, claims that are very infrequent, tend to be reported quickly and generally can be accurately estimate at an early stage.
- Although there is a risk of late reported claims, this risk is minimal especially considering over the last 30 years the Company has on average experienced less than 1 claim every 4 years.
- Furthermore, any claims occurring would normally only impact gross claims provisions, since in most cases claims are 100% reinsured. On a net basis, the Company's maximum retention per claim is limited to $0.25 million.

Premium Provisions

The expected premium for the 2022 policy year is based on the Company's business plan. Premium is made up of advance call premium, which all Members pay, and additional premium, which is charged to Members when they transit or call at predetermined areas, which represent a higher risk of piracy or war.

Advance call premium is mostly known as at 20 February. However, additional premium holds greater uncertainty, as it depends on Members making journeys into given areas. Whilst in theory this figure could be quite uncertain, many Members operate as liners and follow generally stable journeys year to year. Furthermore, some of this uncertainty is offset by reinsurance premium, as the reinsurance premium will also change if new Members join or additional premiums arise.

Differences between GAAP and Solvency II technical provisions

A reconciliation of UK GAAP technical provisions to Solvency II technical provisions is provided below:

GAAP Technical Provisions	Notes	Gross US$'000	Reinsurance US$'000	Net US$'000
UK GAAP technical provisions		2,120	865	1,255
Removal of UPR		(2,120)	(865)	(1,255)
BBNI Claims	1	3,902	3,895	8
BBNI Expenses	1	290	-	290
BBNI Premium	1	(11,275)	(6,710)	(4,565)
Reallocation of NYD RI	1	-	(2,566)	(2,566)
Continuity Credit	2	2,613	-	2,613
Events not in data	3	75	75	-
Expected Defaults	4	-	(2)	2
Discounting	5	(59)	(15)	(44)
Total		(4,454)	(191)	(4,262)
Risk Margin	6	1,302	-	1,302
Final SII Technical Provisions		(3,152)	(191)	(2,961)

D.2.TECHNICAL PROVISIONS (continued)

Uncertainty in the Technical Provisions (continued)

Notes

1. Provision for contracts bound but not incepted

Solvency II valuation methodology requires contracts to be recognised when the insurer becomes party to the insurance contract. Usually, an undertaking becomes a party of the contract when the contract between undertaking and policyholder is legally formalised.

Nearly all of the Company's policies are coterminous with its financial year. The consequence is that nearly a full year's worth of business is recognised as Bound But Not Incepted ("BBNI") business. A provision on the Solvency II balance sheet, known as the "premium provision", is thus made for future premiums, claims and expenses that relate to BBNI business.

For calculating the Company's Premium Provision, it has been assumed that the Company's AP premium income, which is expected to be earned over the next year, is also bound as at the beginning of the year.

2. Prior Premium

This represents balances that are due to be paid for existing reinsurance contracts. When these amounts are not yet due to be paid, Solvency II requires they are included as a future cash flow in the calculation of reinsurance technical provisions.

3. Events not in data

Solvency II requires that all possible outcomes be allowed for when setting the technical provisions. Therefore, an additional provision needs to be made for "events not in data", i.e. potential adverse claims outcomes that have not been observed to date and hence are not taken into account in assessing the claims provisions.

4. Reinsurance counterparty default adjustment

For the Solvency II balance sheet, amounts recoverable from reinsurance counterparties must be adjusted for the expected losses due to counterparty default. This adjustment approximates the expected present value of the losses in the event of default, weighted by the probability of default for each counterparty. Under current accounting bases, a provision for bad debts is only made where there is objective evidence that a counterparty may default on its obligation.

5. Effects of discounting

Since Solvency II technical provisions take into account the time value of money, an adjustment is made for the discounting of all future cash flows, based on risk-free interest rates.

6. Solvency II risk margin

The Solvency II risk margin is intended to represent a notional market value adjustment as discussed above.

D.3. OTHER LIABILITIES

Valuation of the Company's other liabilities(excluding technical provisions) as at 20 February 2023

	Solvency II US$'000	UK GAAP US$'000
Insurance & intermediaries payables	1,238	3,853
Reinsurance payables	1,042	2,298
Any other liabilities not shown elsewhere	120	128
	2,400	6,279

The above table presents amounts at Solvency II and UK GAAP valuation basis respectively. For classification purposes, the Solvency II classification of amounts has been used.

The Company's other liabilities are valued using the following principles:

Reinsurance payables
These represent balances that are due to be paid for existing reinsurance contracts.

When these amounts are not yet due to be paid, they are included as a future cash flow in the calculation of reinsurance technical provisions.

Under statutory accounting requirements, these balances are not presented separately on the face of the balance sheet whether they are due or not yet due.

Insurance & Intermediaries payables
These represent balances payable on insurance contracts. Due to the short-term nature of these balances, its carrying amount is considered a suitable proxy for fair value. There is no difference between the valuation for Solvency purposes and the valuation used in the Company's financial statements.

Included in these numbers is the Discretionary Continuity Credit of US$2.6m which will be paid to Members within the next twelve months.

Any other liabilities not elsewhere shown
These balances include all sundry payables and accruals.

There is no material differences between the valuation used for Solvency purposes and the valuation used in the Company's financial statements.

D.4. ALTERNATIVE METHODS OF VALUATION

The Company does not utilise any alternative methods of valuation.

D.5. ANY OTHER INFORMATION

The Company has not identified any other information that it considers material to be disclosed.

E. Capital Management

E.1 Own funds- All Tier 1

	2023	2022
	US$'000	US$'000
SCR ratio	196%	188%
SCR	27,120	27,568
Eligible capital	53,046	51,856
Excess / (shortfall)	25,926	24,288
MCR Ratio	782%	752%
MCR	6,780	6,892
Eligible capital	53,046	51,856
Excess / (shortfall)	46,266	44,964
Tier 1 Basic own funds	53,046	51,856

As a mutual insurer with no share capital the Company's capital structure consists of two types of own funds:

1. Accumulated income and expenditure account reserve and reconciliation reserve, which falls under Tier 1 and counts as Basic Own Funds (BOF). These funds may be fully utilised to meet both the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").

2. The Company's Rules allow unlimited additional calls to be made on Members. Were such calls (known under the Rules as supplementary calls) to be made, once they had been received they would become Tier 1 loss absorbent BOF and therefore count as Tier 2 Ancillary Own Funds for regulatory solvency purposes.

   The Company has not applied for to the PRA to get approval of the methodology to calculate ancillary own funds ("AOF"), as it intends to meet all its regulatory capital requirements from its Tier 1 capital reserves.

Information, objectives, policies and processes for managing own funds

The Company's objective under its rolling Corporate Plan is to maintain its total capital resources (own funds) in line with its risk appetite statement over the insurance cycle. This would mean that the capital resources exceed the Company's regulatory requirements. The Company forecasts its capital over a 3-year planning horizon.

E. Capital Management (continued)

Material differences between equity as shown in the financial statements and the excess of assets over liabilities

Below represents a reconciliation of UK GAAP reserves to Solvency II equity reserves.

	2022 US$'000
UK GAAP reserves	**50,036**
Removal of UPR	1,255
Solvency II gross technical provisions adjustment	3,152
Solvency II RI technical provisions adjustment	(191)
Reallocation of GAAP amount to technical provision	(1,206)
Total Solvency II basic own funds	**53,046**

The most material adjustment to reserves is as a result of the differences in valuation of technical provisions. Refer to D.1 to D.3 for a discussion of the differences between the bases.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

SCR Standard Formula Simplifications

For the calculation of the counterparty default risk element of the SCR, the simplification outlined in Article 107 of the delegated acts is used. In particular, the overall risk mitigating effect of reinsurance is allocated to the underlying counterparties in proportion to the expected recoveries of each reinsurer. The undertaking does not use any undertaking specific parameters to calculate the SCR.

SCR and MCR

The table below summarises the capital requirements for the current period 20 February 2023 comparable to the previous period 20 February 2022.

	2023 US$000	2022 US$000
SCR	27,120	27,568
Made up of		
Underwriting risk	3,569	3,613
Market risk	10,610	11,647
Counterparty default risk	19,677	19,423
Operational risk	548	544
Diversification effects	(7,284)	(7,659)
MCR	6,780	6,892

E. Capital Management (continued)

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

This sub-module is not used.

E.4 Differences between the standard formula and any internal model used
The Company uses only the standard formula.

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

The Company has fully complied with the SCR and MCR requirement during the period under review.

E.6 Any other information

The Company considers no other information material that should be disclosed.

General information

Undertaking name	UNITED KINGDOM MUTUAL WAR RISKS ASSOCIATION LIMITED
Undertaking identification code	213800KYNDO1QYBI5440
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	20 February 2023
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
		C0010
	Assets	
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	47,947
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	386
R0110	*Equities - listed*	386
R0120	*Equities - unlisted*	
R0130	*Bonds*	13,827
R0140	*Government Bonds*	11,557
R0150	*Corporate Bonds*	2,269
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	33,486
R0190	*Derivatives*	249
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	-191
R0280	*Non-life and health similar to non-life*	-191
R0290	*Non-life excluding health*	-191
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	1,948
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	2,494
R0420	Any other assets, not elsewhere shown	86
R0500	**Total assets**	52,283

S.02.01.02

Balance sheet

		Solvency II value
		C0010
	Liabilities	
R0510	Technical provisions - non-life	-3,152
R0520	*Technical provisions - non-life (excluding health)*	-3,152
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	-4,454
R0550	*Risk margin*	1,302
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	0
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	1,238
R0830	Reinsurance payables	1,042
R0840	Payables (trade, not insurance)	-11
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	120
R0900	**Total liabilities**	-763
R1000	**Excess of assets over liabilities**	53,046

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business						18,277											18,277
R0120	Gross - Proportional reinsurance accepted																	0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share						10,423											10,423
R0200	Net						7,853											7,853
	Premiums earned																	
R0210	Gross - Direct Business						18,275											18,275
R0220	Gross - Proportional reinsurance accepted																	0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share						10,580											10,580
R0300	Net						7,695											7,695
	Claims incurred																	
R0310	Gross - Direct Business																	0
R0320	Gross - Proportional reinsurance accepted																	0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share																	0
R0400	Net						0											0
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net						0											0
R0550	**Expenses incurred**						7,276											7,276
R1200	**Other expenses**																	152
R1300	**Total expenses**																	7,428

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			BE	EG	SG	CH	CN	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	434	11,316	3,562	541	414	383	16,650
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	210	6,176	1,834	326	242	194	8,982
R0200	Net	224	5,140	1,728	215	172	189	7,668
	Premiums earned							
R0210	Gross - Direct Business	434	11,314	3,562	541	414	383	16,648
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	213	6,269	1,862	331	246	197	9,117
R0300	Net	221	5,045	1,700	210	168	186	7,531
	Claims incurred							
R0310	Gross - Direct Business							0
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share							0
R0400	Net	0	0	0	0	0	0	0
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	173	4,505	1,418	215	165	152	6,628
R1200	**Other expenses**							139
R1300	**Total expenses**							6,767

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**						0											0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross						-7,074											-7,074
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-2,763											-2,763
R0150	**Net Best Estimate of Premium Provisions**						-4,310											-4,310
	Claims provisions																	
R0160	Gross						2,620											2,620
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						2,572											2,572
R0250	**Net Best Estimate of Claims Provisions**						48											48
R0260	**Total best estimate - gross**						-4,454											-4,454
R0270	**Total best estimate - net**						-4,262											-4,262
R0280	**Risk margin**						1,302											1,302
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole						0											0
R0300	Best estimate						0											0
R0310	Risk margin						0											0
R0320	**Technical provisions - total**						-3,152											-3,152
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**						-191											-191
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**						-2,961											-2,961

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

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

	Year	C0010 0	C0020 1	C0030 2	C0040 3	C0050 4	C0060 5	C0070 6	C0080 7	C0090 8	C0100 9	C0110 10 & +	C0170 In Current year	C0180 Sum of years (cumulative)
R0100	Prior											0	0	0
R0160	2014	0	0	0	0	0	0	0	0	0	0		0	0
R0170	2015	0	0	0	0	0	0	0	0	0			0	0
R0180	2016	0	7	0	0	0	0	0	0				0	7
R0190	2017	3	0	0	0	0	0	0					0	3
R0200	2018	0	0	0	0	0	0						0	0
R0210	2019	0	0	0	0	0							0	0
R0220	2020	0	0	0	0								0	0
R0230	2021	0	0	0									0	0
R0240	2022	0	0										0	0
R0250	2023	0											0	0
R0260												Total	0	10

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200 0	C0210 1	C0220 2	C0230 3	C0240 4	C0250 5	C0260 6	C0270 7	C0280 8	C0290 9	C0300 10 & +	C0360 Year end (discounted data)
R0100	Prior											0	0
R0160	2014	0	0	0	0	0	0	0	0	0	0		0
R0170	2015	0	0	0	0	0	0	0	0	0			0
R0180	2016	0	0	0	0	0	0	0	0				0
R0190	2017	0	0	0	0	0	0	0					0
R0200	2018	0	0	0	0	0	0						0
R0210	2019	0	0	0	0	0							0
R0220	2020	0	0	0	0								0
R0230	2021	0	0	0									0
R0240	2022	0	0										0
R0250	2023	2,620											2,620
R0260												Total	2,620

S.23.01.01

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35					
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	53,046	53,046			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	53,046	53,046	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	53,046	53,046	0	0	0
R0510	Total available own funds to meet the MCR	53,046	53,046	0	0	
R0540	Total eligible own funds to meet the SCR	53,046	53,046	0	0	0
R0550	Total eligible own funds to meet the MCR	53,046	53,046	0	0	
R0580	**SCR**	27,120				
R0600	**MCR**	6,780				
R0620	**Ratio of Eligible own funds to SCR**	195.60%				
R0640	**Ratio of Eligible own funds to MCR**	782.38%				

		C0060
	Reconcilliation reserve	
R0700	Excess of assets over liabilities	53,046
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	0
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	53,046
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	2,762
R0790	**Total Expected profits included in future premiums (EPIFP)**	2,762

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	10,610		
R0020	Counterparty default risk	19,678		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	3,569		
R0060	Diversification	-7,284		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	26,572		

USP Key

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

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

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	548
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	27,120
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	27,120
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	0

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

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCR_{NL} Result	1,099

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	7,853
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_L Result	0

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

Overall MCR calculation

		C0070
R0300	Linear MCR	1,099
R0310	SCR	27,120
R0320	MCR cap	12,204
R0330	MCR floor	6,780
R0340	Combined MCR	6,780
R0350	Absolute floor of the MCR	3,966
R0400	**Minimum Capital Requirement**	6,780