Steamship Mutual

Management Highlights

2024

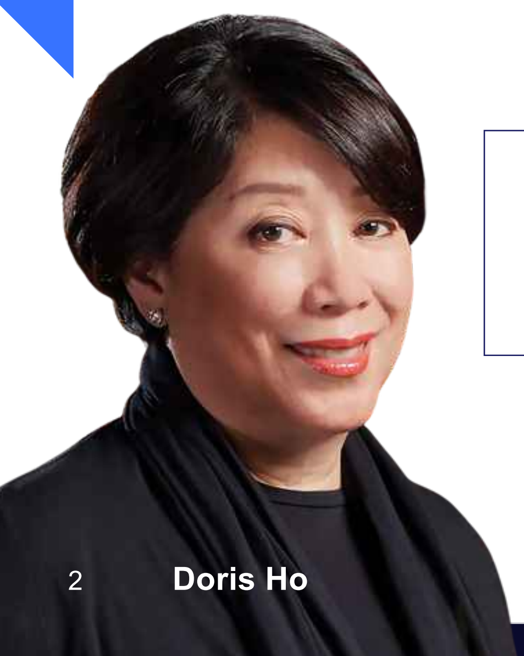
Mutual Vision

Contents

Chairs' Statement

Written by

Doris Ho
Carlos Madinabeitia
Buckley McAllister



Doris Ho

Buckley McAllister

We are pleased to announce a positive underwriting result and investment return for 2023.

The Club entered 2023 in a strong position with free reserves of US$454 million, significantly in excess of the S&P Global capital requirement for our 'A' rating. It ended the year with an overall financial year surplus of US$110 million. After taking into account the capital distribution of US$24 million, free reserves increased to US$540 million at year end. The financial security available to Members and the flexibility that this exceptional capital strength provides is most welcome.

During the course of 2023/24 financial year, the expected recovery in investment markets materialised. Interest rates were steady and the Club's investments had a good year, with an investment return of US$94 million.

As anticipated, International Group Pool claims for 2023 were higher than the very low levels experienced in the 2022 policy year. The combined impact of better than expected claims overall and the Club's prudent underwriting policy resulted in a very satisfactory financial year combined ratio of 92.9%. Our conservative approach to risk selection and focus on the quality of the Membership has again had a positive impact.

Members naturally wish to pay the lowest possible premium for their cover, whilst recognising that, in a mutual, premium should match expected costs and liabilities. If investment income arises in the subsequent year, and the financial position allows, the Board will consider making a distribution for the benefit of Members. It did so again for 2023 and has now made capital returns of US$114 million in the last seven years.

The Club's vision is to be the shipping industry's most trusted and valued P&I Club. The Board seeks to achieve growth, albeit not at the expense of its values and objectives. Underwriting objectives, whilst including a growth target, also reflect quality conditions, essential in a mutual. We do not seek growth that undermines the strength of the Club, built by and for the benefit of our existing Members.

Members enter vessels with the Club because of the scope of cover, and its excellent financial strength and stability. However, what sustains the relationship between the Club and its Members is service. It is the commitment of the Club's employees, and the depth of their expertise and experience, that ensures its success.

Carlos Madinabeitia

Our Board meetings in the 2023 policy year took place in Athens, Houston and Manila. It was clear that in each market the Members and their brokers have a close connection with the Club and its employees. These meetings, and the information we receive from the Managers, allow us to monitor developments in the P&I market and our relative performance. In 2024 policy year we will meet and hear from other Members when we visit Geneva, Miami and Shanghai. Our Board meetings are also important visits for the Directors and Managers, who meet existing and potential new Members.

Our Mission is to maintain excellent financial strength and resilience, but also to operate in a cost-effective and sustainable manner. During the past year the Board has engaged with the Managers in developing the Club's strategy for the future. With the speed of technological change, market disruption, emerging geopolitical, climate and cyber risk, the Club must continue to be a strong and agile organisation. We will implement a robust strategy that is able to capitalize on opportunities to better serve our Members whether that is through our products, our service or the ability of our people.

We are supporters of the co-operation that exists with the other Clubs in the International Group of P&I Clubs (International Group). We regard the pooling of claims and the collective purchase of reinsurance as a fundamental aspect of our future strategy. The large losses that are experienced by the industry are a reminder of the unique protection that we receive as shipowners from the International Group system. In this context we were pleased to be able to represent the Club in April at the 125th anniversary celebration of the first International Group pooling arrangement.

Steamship Mutual is a global organisation with offices in eight countries and with a network of representatives and correspondents around the world. Every organisation has its own culture and values, and we know that the employees of the Club are the bedrock of its success. We are always pleased to meet the Club's teams on our travels and remain impressed by their commitment and expertise.

In 2024 the Club's London office will move location for the first time in 37 years. This move represents an exciting opportunity to modernise and reset the working environment for those employees who work in the London office.

Since the last report, the following Directors retired from the Bermuda Board: Paulo Almeida, Robert Shaw, Carsten Sommerhage and Sonia Zagury. On behalf of the Board we would like to thank them for their valuable contribution. In 2023 we were very pleased to welcome Felipe Aigner (Vale) and Mark O'Neil (Columbia) as Directors.

"

Our Vision:

to be the shipping industry's most trusted and valued P&I Club

As a final word, our thoughts are with the those impacted by conflict in the world and particularly seafarers who face hardship, loss and fear due to the conflict in the Black Sea and in the Middle East. We pray for their safety and for peace. We applaud the professionalism of seafarers, ships' managers, the Club's team and correspondents for their dedication to work through these uncertain and difficult conditions.


Jason Biggs


Edward Barnes


Thuolase Vengadashalapathy


Sarah Chase


Jo Sharma


Eric Wu Shirley Wu


Fern Attree

Our Objectives:

Excellence - *enabling our people to realise their full potential as team members, industry experts, leaders and managers*


Elpida Kalathia


Ioannis Mavrides

CEO Statement

Written by

Jonathan Andrews
Chief Executive Officer

We are very proud that the Club has reached its present market leading position. Based on the most recent International Group declarations, we are now the 5th largest member of the International Group by tonnage, and the 3rd largest Club in terms of premium income. Growth has come largely from the organic development of our existing Members' entries. It also reflects the very welcome placement of vessels from new Members who complement our existing Membership.

The size of the Club can provide some economies of scale, but we are also very conscious of the need to preserve core values as we grow. Mutuality, ensuring fairness amongst Club Members, and transparency is key to building strong relationships that will endure.

It is perhaps the values of our people which require the greatest attention and focus. We support our employees in helping them to realise their full potential as team members, industry experts, leaders and managers. We believe that this will promote excellence and skill, in the work they carry out for the Members. In the last year we have been delighted to provide opportunities to a new generation of leaders in the company, most of whom have completed many years of service with the Club.

Sue Watkins, Rohan Bray, Sarah Chase and Peter Hulyer have joined the Management team as Partners. Sue is Head of Claims in the Eastern Syndicate and leads our ESG team. Rohan moved from our Hong Kong office to lead the Eastern Syndicate and Peter joined the partnership as Chief Commercial Officer. Sarah is Head of our Americas underwriting team and alongside Sarah in the underwriting department, Fern Attree was promoted to Director in London during 2023. Most recently in Cyprus, Elpida Kalathia has been appointed as a Director in underwriting and Ioannis Mavrides was made a Director in a finance role. In London, Joanne Sharma and Edward Barnes have strengthened the claims management team as Directors. Additionally, Captain John Taylor took over as Head of the Club's Loss Prevention Department, and Jason Biggs, Chief Information Officer, became a Director in 2023. He is responsible for the implementation of our progressive IT strategy.

Thuolase Vengadashalapathy became a Claims Director in Singapore. In Hong Kong Shirley Wu became CEO of the branch and Eric Wu was appointed Head of Underwriting for the Eastern Syndicate. We also welcomed Jonathan Reiss as head of the Club's Bermuda office.

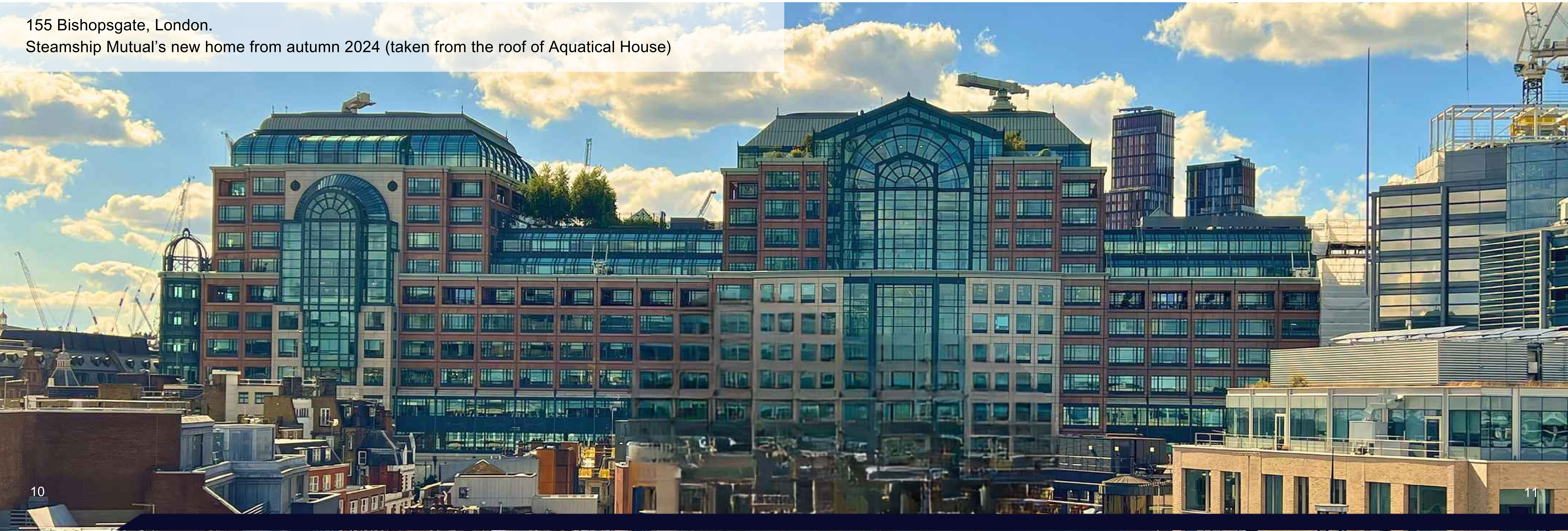
Office as it was first imagined
Aquatical House, 1986

> *Later this year, the Club will be moving from its London home of 37 years. The new office has been designed as a modern, flexible environment, embracing new technology and working practices. We hope it will help us to continue to deliver excellent service to our Members and a working environment that will foster productive collaboration.*

These appointments represent an important development in the management of the Club and evidence considerable strength in depth. The talent and quality of the people that the Club employs across the globe is extraordinary and the Club’s future depends on the careful handling of succession into senior roles.

Later this year, the Club will be moving from its London home of 37 years. The new office has been designed as a modern, flexible environment, embracing new technology and working practices. We hope it will help us to continue to deliver excellent service to our Members and a working environment that will foster productive collaboration. We also invested in a new office in Hong Kong earlier this year. Our priority was to create a working environment aligned to the global office culture, and working practices to support our service to Members.

The scope of the Club’s work requires us to be flexible and to remain attentive to the needs of the Members. In recent years work in support of our Members’ decarbonisation goals has focussed upon the opportunities and risks associated with the use of alternative fuels. We also work closely with Members on the various fuel optimisation strategies that are being deployed to cut emissions. In the area of sanctions regulation, we have had to commit considerable resources to the monitoring of developments, and to ensure that the Club’s activities are in compliance.



155 Bishopsgate, London.
Steamship Mutual’s new home from autumn 2024 (taken from the roof of Aquatical House)

2023/24 Key Statistics

Our Objective:

To maintain an S&P 'credit rating of A' with stable outlook

Key Statistics

Highlights for the Year Ending 20 February 2024

S&P Rating

A

Solvency II Capital Ratio

249%

Combined Ratio

92.9%

Investment Return

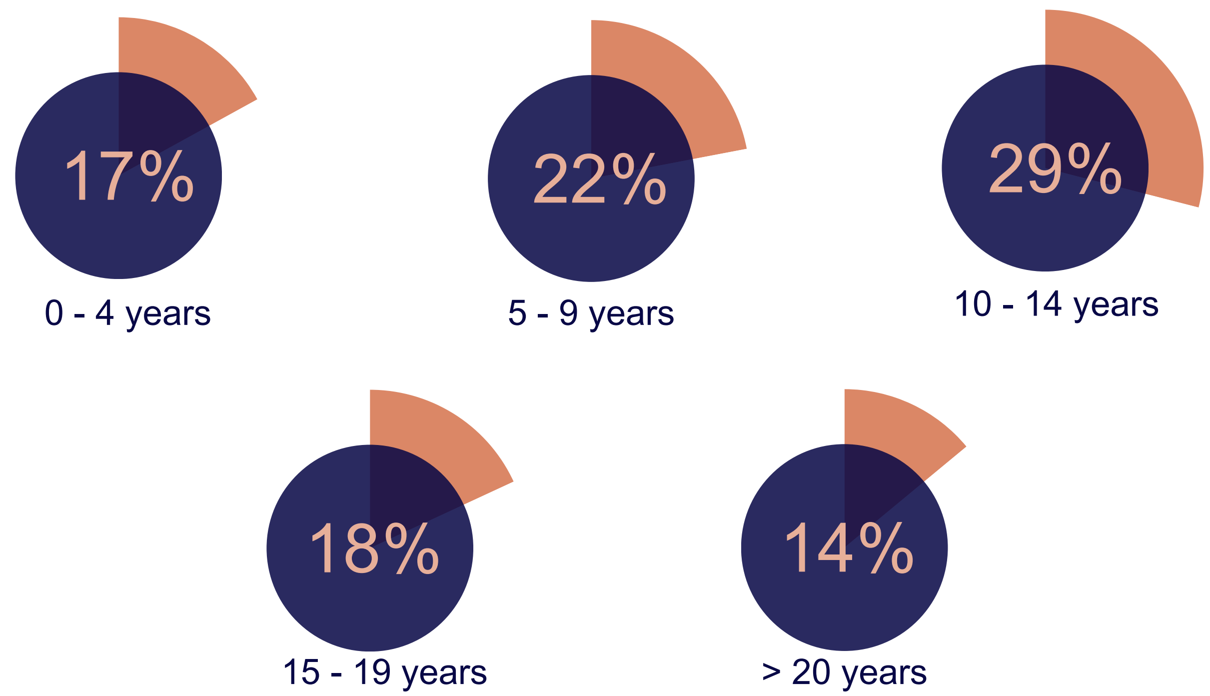
US$94m

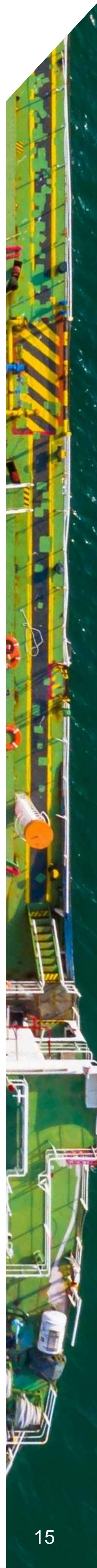
Free Reserves

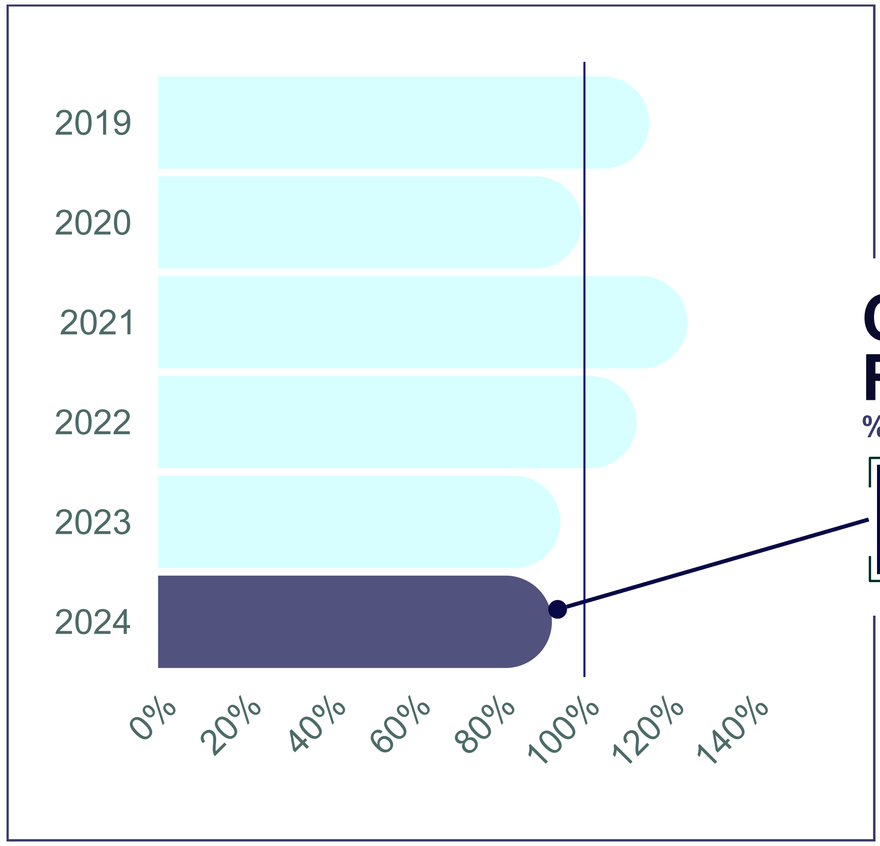
US$540m

Asset Allocation

Age of Vessel

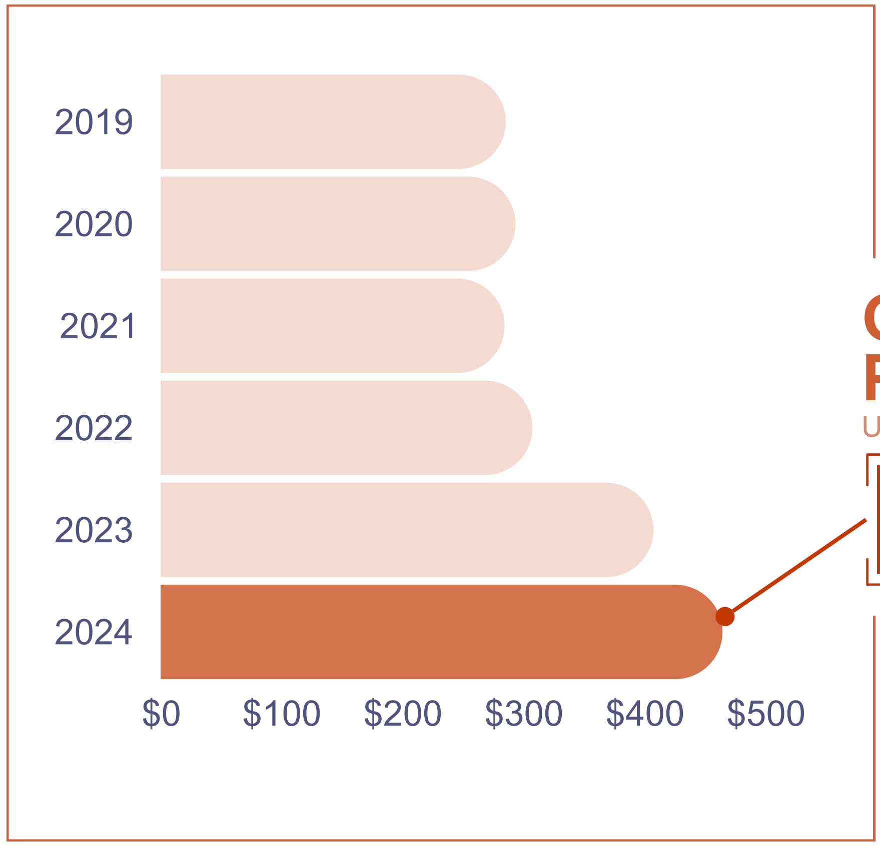






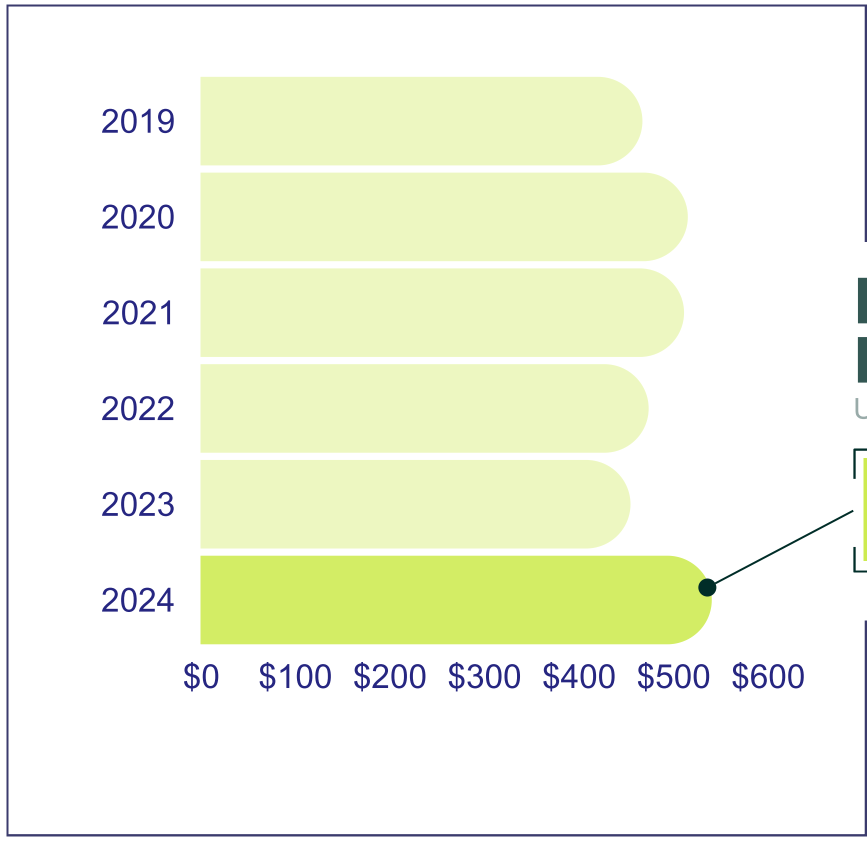
Combined Ratio
%

92.9%



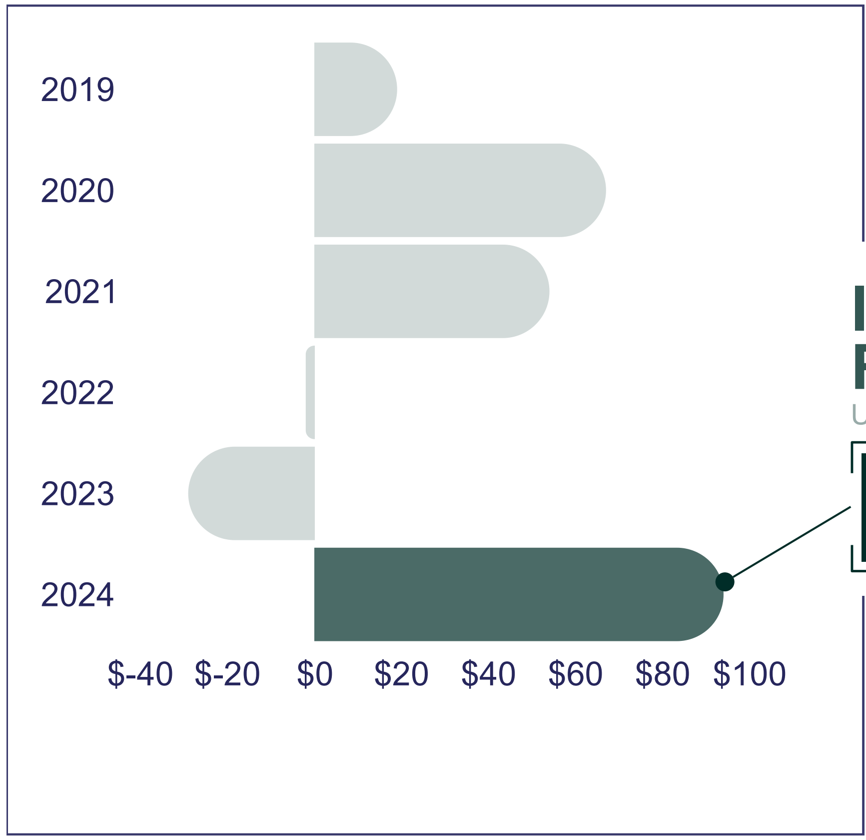
Gross Premium
US$ millions

$464m



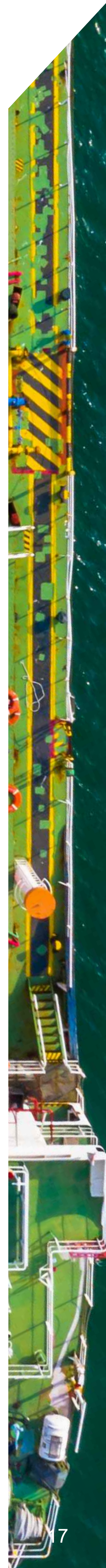
Free Reserves
US$ millions

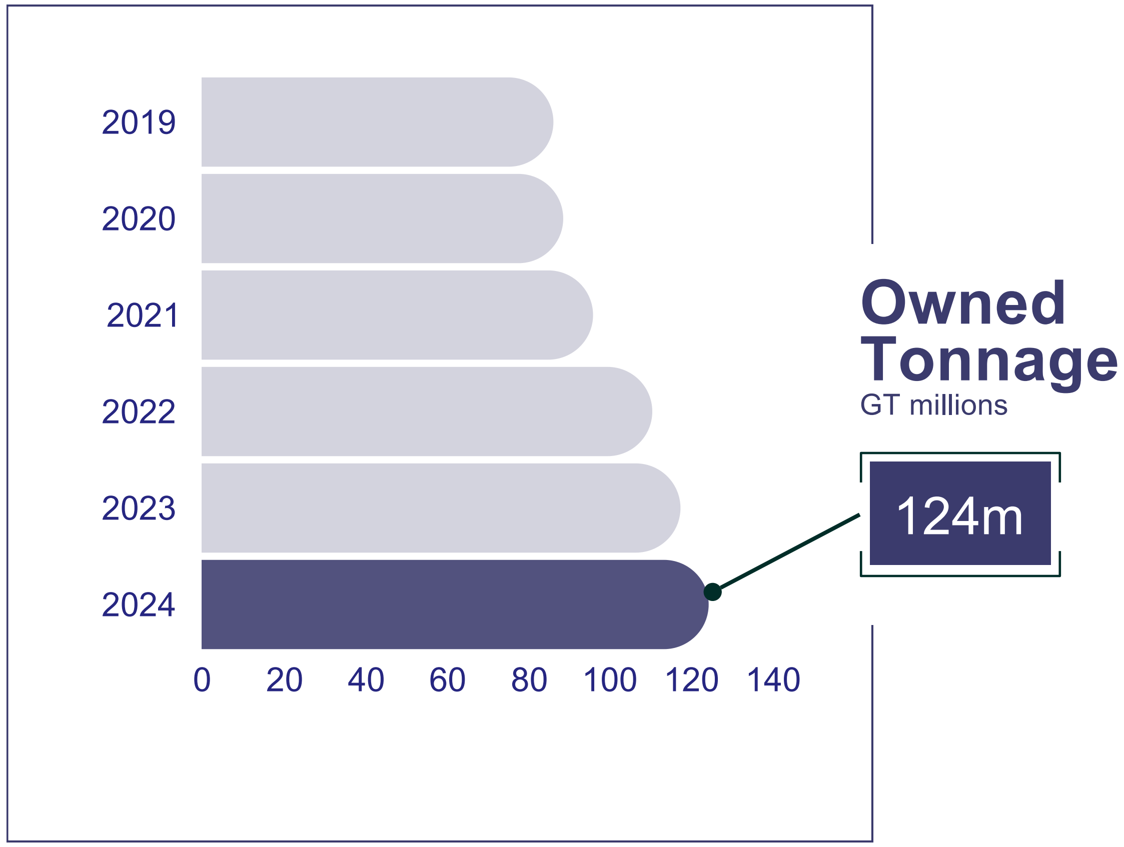
$540m

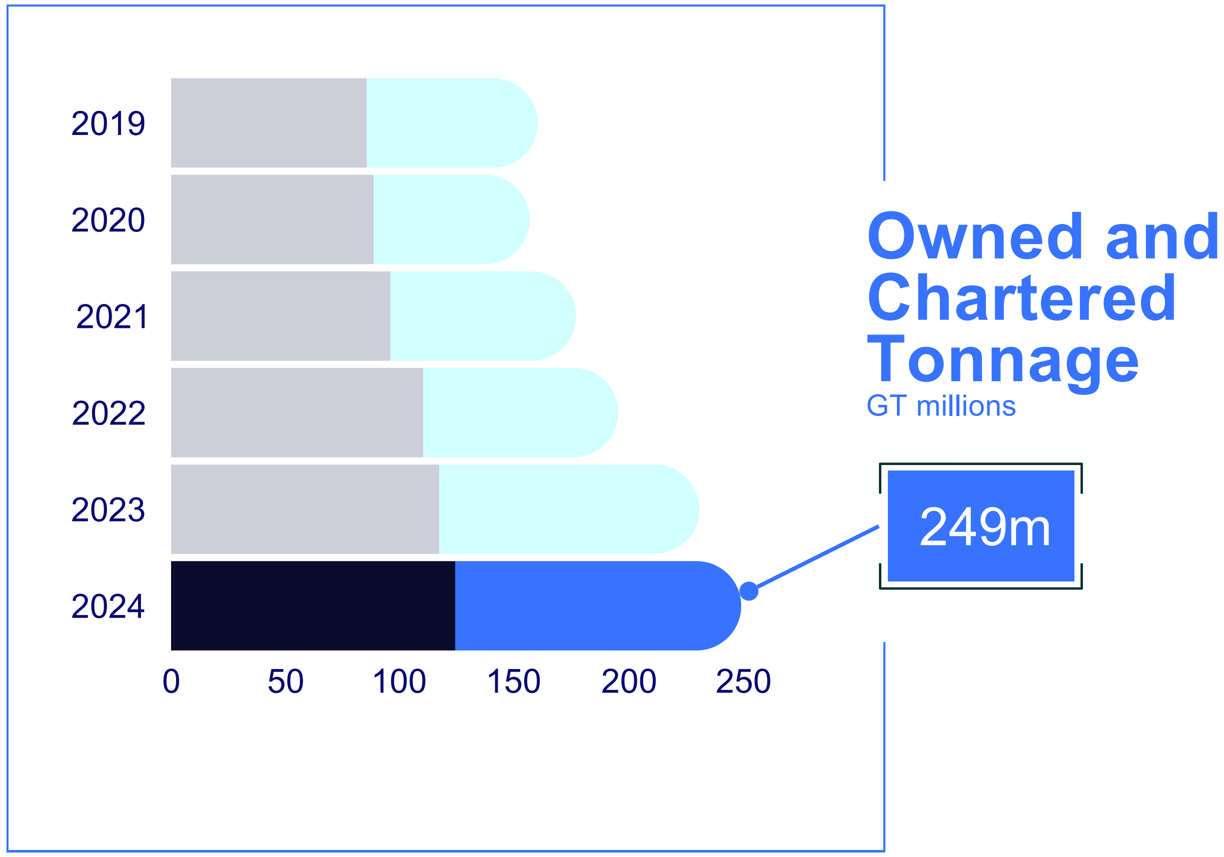


Investment Return
US$ millions

$94m



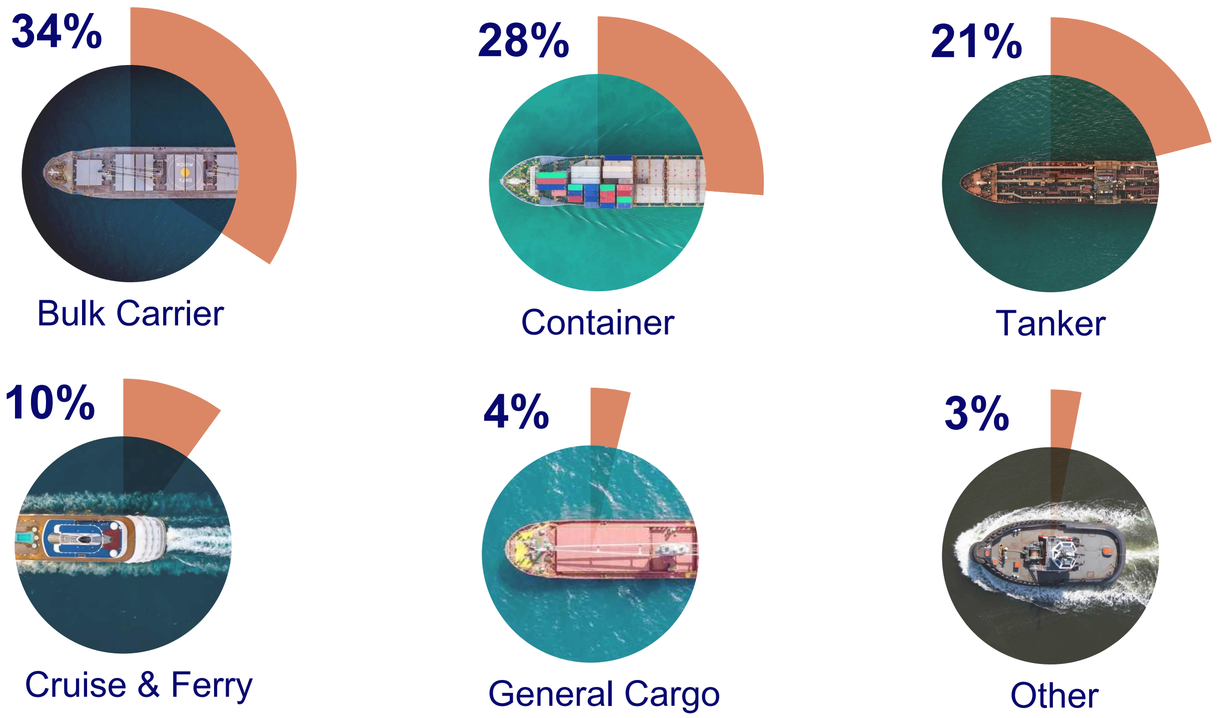




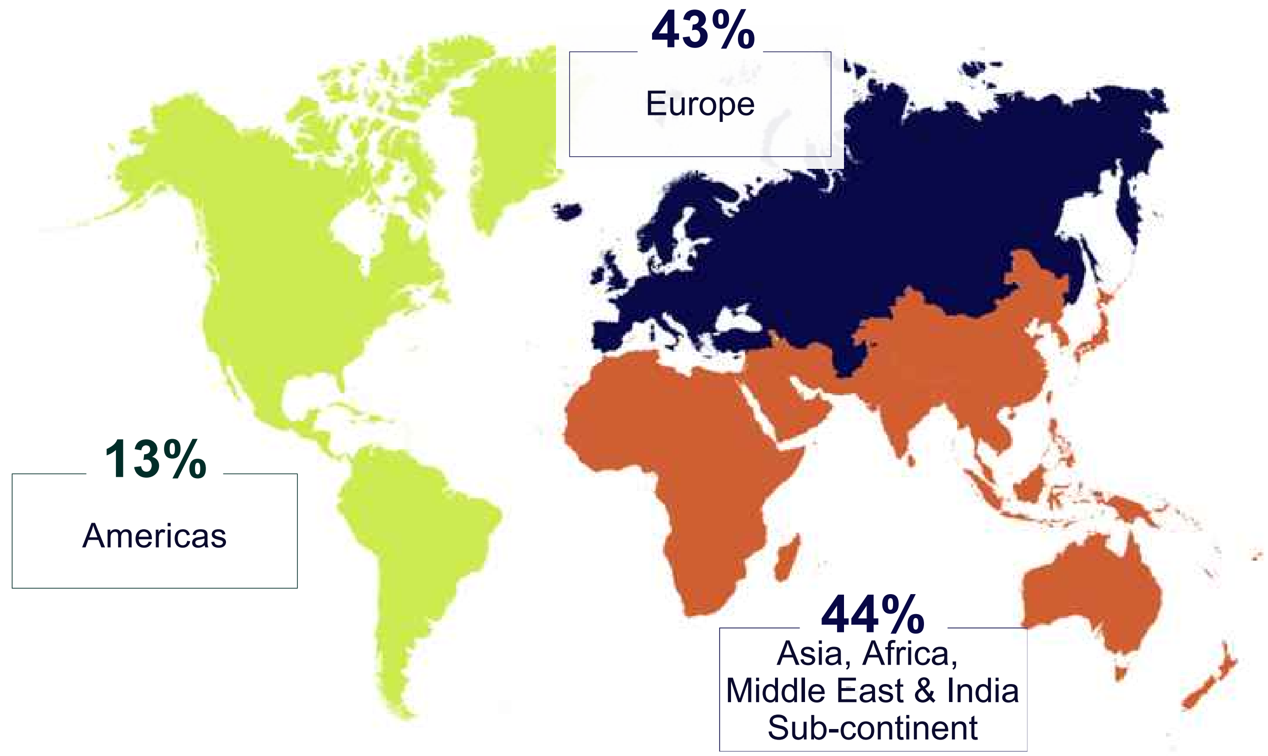
Our Mission:

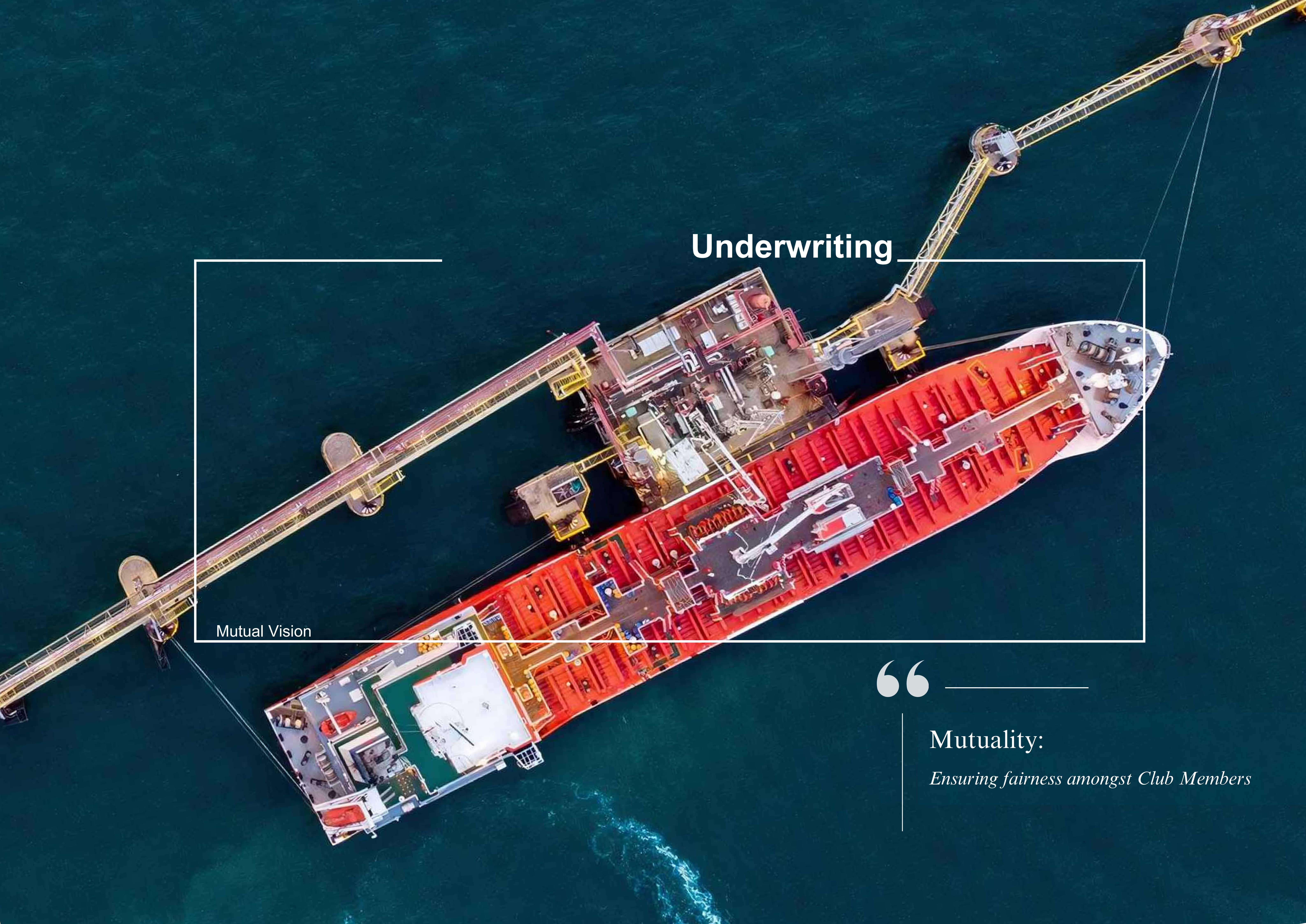
To maintain excellent financial strength and resilience

Diversity by Vessel Type (GT)



Diversity by Region (GT)





Underwriting

“

Mutuality:

Ensuring fairness amongst Club Members

Underwriting

2023 Policy Year

Throughout the year, Steamship Mutual Members faced a multitude of challenges, from the repercussions of sanctions and geopolitical fallout on trading patterns and earnings, to preparing for various environmental regulations like EEXI, CII, and EU ETS. The Club offered valuable support and guidance to help Members navigate the growing impact of sanctions, as well as assistance from our newly established ESG Support Hub. On a positive note, many shipping sectors enjoyed strong freight earnings as trade expanded and the world fleet continued to grow.

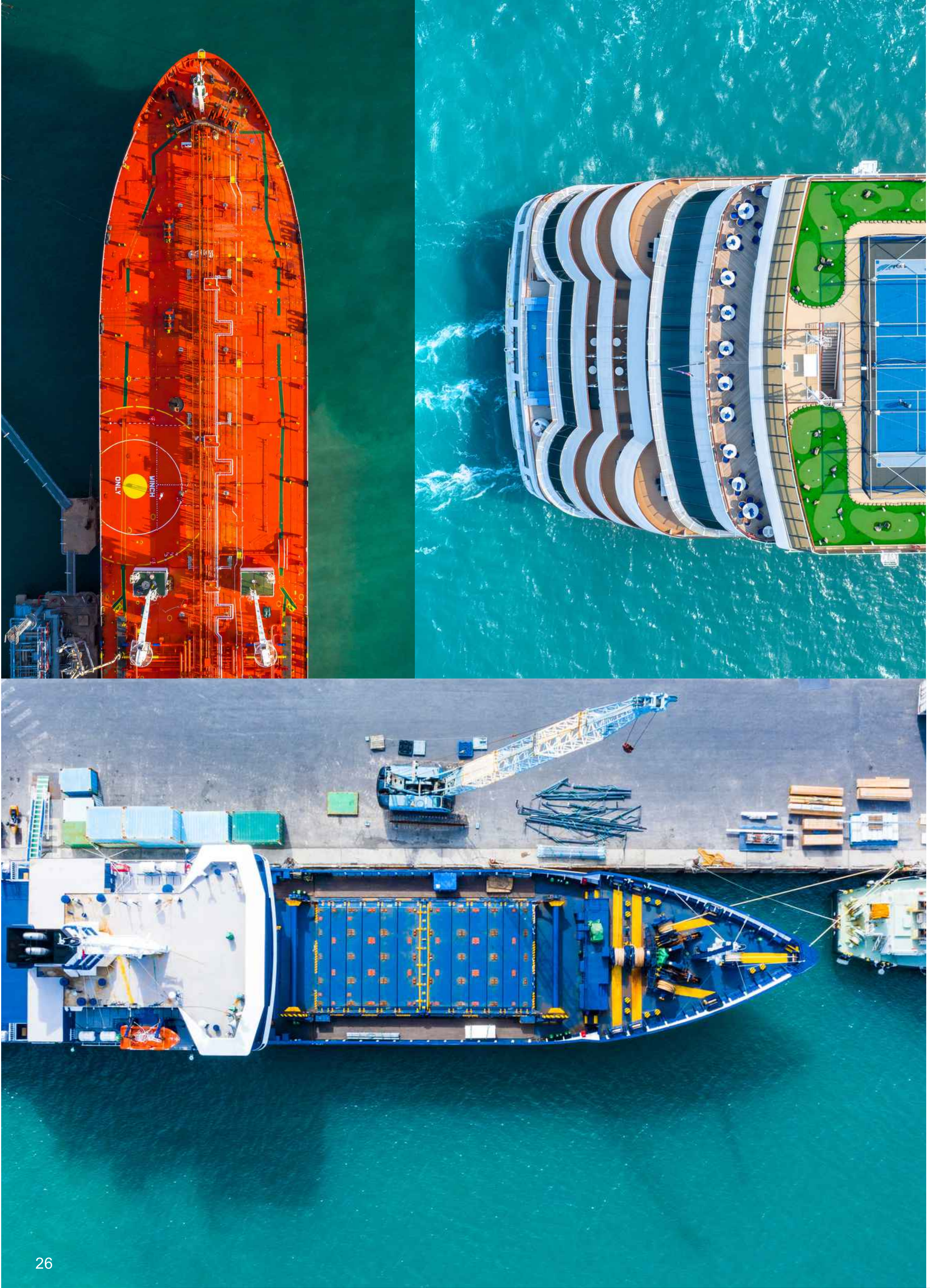
During the year, net owned tonnage grew by 8.7 million tonnes, or 7.5%, meaning that the total owned entry was in excess of 124 million tonnes at the end of the policy year. With the Club having an entry of less than 90 million tonnes in 2017, the owned entry has increased by over 40% in that six year period. The majority of this growth has been organic, as existing Members either consolidate entries or continue to invest in fleet growth. Owned premium increased by US$11.8 million to almost US$390 million. The Club's chartered entry now totals over 120 million tonnes.

2024 Renewal Season

With inflationary pressure and the inherent risk of claims volatility in mind, the Board set a 5% general increase for the 2024 policy year across all classes of business. Given the Club's financial strength and capital position, a capital distribution amounting to 7.5% of invoiced premium in the 2023 year was ordered for all renewing mutual Members.

Written by

Gary Field
Head of Underwriting



> *During the year, net owned tonnage grew by 8.7 million tonnes, or 7.5%, meaning that the total owned entry was in excess of 124 million tonnes at the end of the policy year.*

The Managers would like to thank the Membership for its support in the Club achieving a 4% rise in premium, including the value of changes in terms and conditions. We worked closely with Members them to provide solutions which benefit both them and the Club.

All global offices were approached with new business opportunities. The Club's risk appetite and high barrier to entry meant that the majority of approaches were ultimately declined, but a number of quality operators joined the Club or consolidated existing entries. The Club values the international diversification of its Membership and its global offices have further consolidated their position in their local communities through both underwriting and claims support.

Aside from the Club's core owned and chartered covers, the number of diverse ancillary covers continues to grow. This ensures our Members have as much protection to cover related liabilities, and to cater for commercial pressures. The Club offers cover limits of up to US$1 billion for a wide range of non-mutual risks as well as for Hull War, P&I War and Kidnap and Ransom

Our objective to deliver consistent and sustainable underwriting results means that the Membership has now received capital returns of US$114 million of mutual funds in the past seven years. The positive underwriting result for the financial year reported elsewhere, combined with the strong investment performance, further enhances the Club's solvency and the Board will continue to review the possibility of making further capital returns.

Reinsurance

Mutual Vision

Our Mission:

To protect our Members from the risks of maritime trade in a cost effective and sustainable way

Reinsurance

Another year of below average levels of large claims enabled the International Group to negotiate an overall reduction in reinsurance rates charged for the 2024 International Group reinsurance programme. As a result, all categories of vessel saw a reduction in Excess Loss rates, with passenger vessels given the largest reduction to reflect their continually improving record since the Costa Concordia incident in the 2011 policy year. The structure of the International Group programme remained virtually unchanged, with the individual Club retention remaining at US$10 million. There was some improvement for the 2024 policy year in the overall level of reinsurance cover for malicious cyber and pandemic/COVID risks, with the annual aggregate limit of US$1.4 billion for layers two and three now applying to the two categories separately.

The Club's own reinsurances for Charterers', fixed premium and non-poolable covers were successfully renewed with limits still available to Members of up to US$1 billion. Whilst the reinsurance market was still seeking increases, the level of such increases continued to drop.

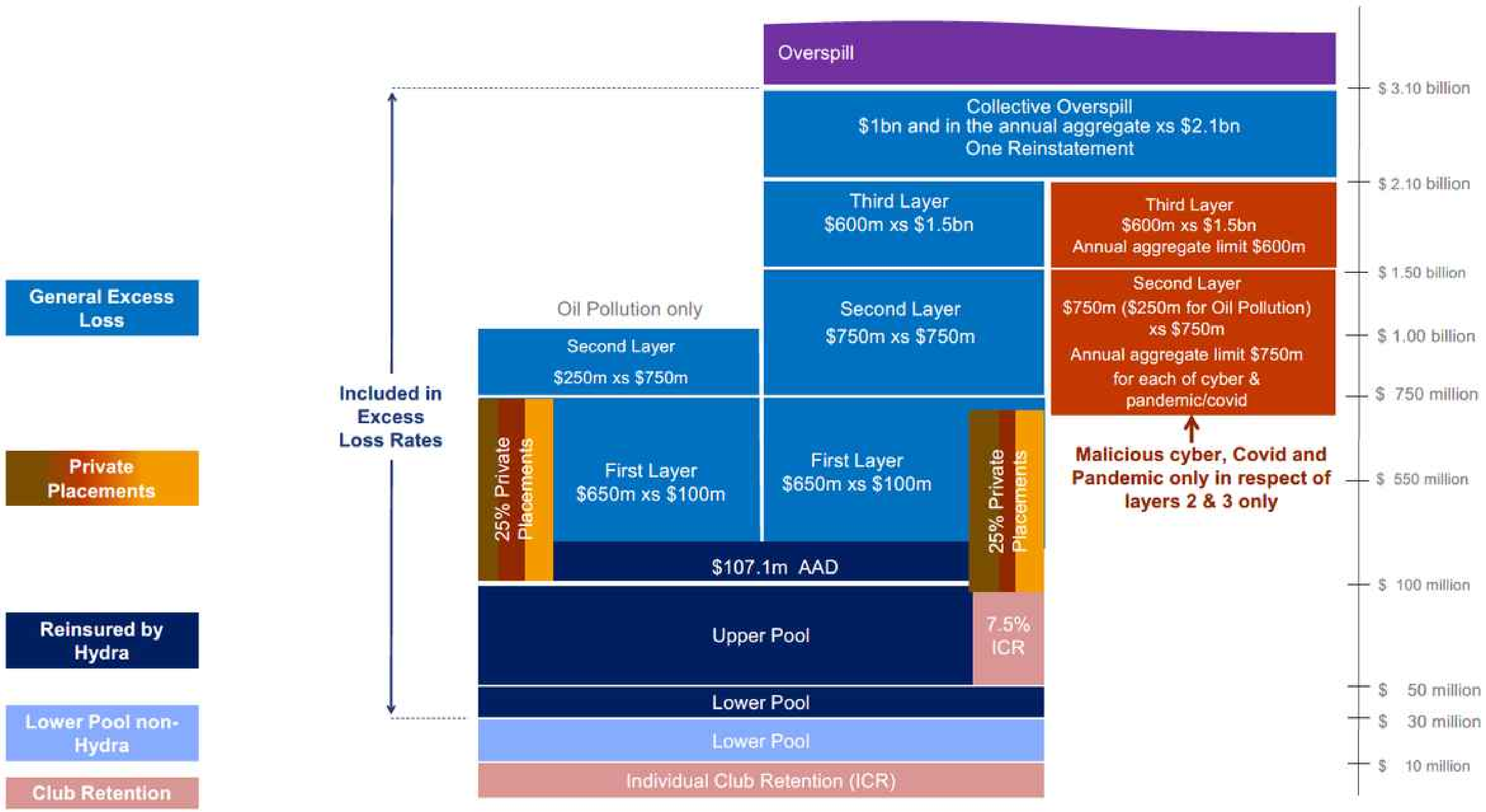
> *...all categories of vessel saw a reduction in Excess Loss rates, with passenger vessels given the largest reduction to reflect their continually improving record since the Costa Concordia incident in the 2011 policy year.*

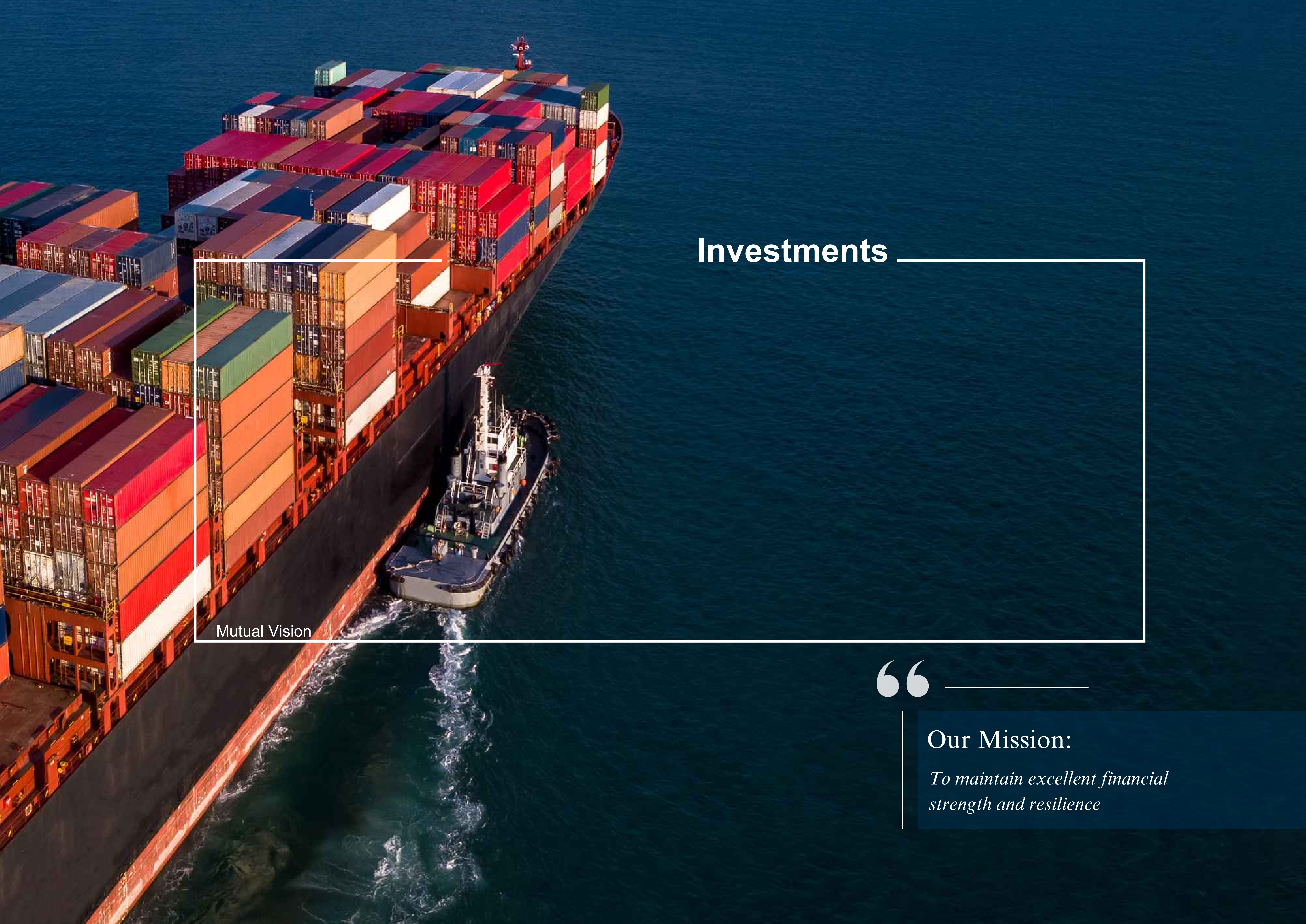
Written by

Rupert Harris
Head of Reinsurance

Once again there was a twist in the tail, as the 2023 policy year drew to a close. As a result of heightened tensions and activity around the southern part of the Red Sea, Lloyd's Market reinsurers issued the Club with a notice of cancellation in respect of chartered, fixed owned and non-poolable P&I war risks. This mainly impacted the Club's Charterer Members. Fortunately the Club was able to quickly place a buyback reinsurance cover, with a limit of US$200 million, to fill the gap. The Club's Russia/Ukraine/Belarus Charterers' Buyback reinsurance cover was successfully renewed with an increased limit to US$150 million. Members continue to make use of these insurances to ensure they are fully protected when trading in these areas.

Due to the Club's capital strength, it does not purchase retention reinsurance for either its Owners or Charterers' business. As the Club's capital strengthens further, the Managers will continue to investigate ways of improving its total cost of risk, which should ensure the Club can provide increased pricing value to its Members.





Investments

Mutual Vision

Our Mission:

To maintain excellent financial strength and resilience

Investments

Written by

Arjun Thawani
Chief Financial Officer

Steamship Mutual's investments performed well in the 2023 policy year, recording a 7.4% return, its best return in over 20 years. While investments in the prior year were negatively affected by rising US interest rates, the impact this policy year was minimal as rates were largely stable. All asset classes performed well, particularly equities which more than made up for the losses incurred in the prior year, and outperformed the benchmark. Alternative asset allocations continued to grow, but investment opportunities within them were limited given the economic environment. Fixed income assets performed as expected and, as the portfolio naturally matured, new bonds were purchased with higher coupons. Default risk is the main risk in the portfolio and is managed through holding high quality diversified assets and working with high quality managers. Invested assets grew 12% to US$1.4 billion at year end due to strong growth in the business, operating cash flows and investment income.

Investment markets continue to be concerned with the level of inflation and how quickly it might come under control following central banks' actions over the last two years. This is further complicated by the evolving geopolitical landscape in the shape of wars and crises, ongoing trade tensions and government elections. The prudent and defensive nature of the investments tries to minimise the impacts of such global uncertainties.

The Trustees regularly engage with the investment managers to assess performance and adjust the mandates and allocations as appropriate, at all times considering preservation of capital and not taking unnecessary investment risk. Capital distributions will inevitably be largely funded by investment returns and this is also taken into account in investment decisions. Looking forward, the investment portfolio is well positioned to deliver long-term stable returns for the Club.

The latest capital distribution means that the membership has now received over US$114 million of mutual funds in the past seven years. The positive underwriting result for the financial year, combined with the strong investment performance further enhances the Club's solvency and the Board will continue to review the possibility of making further capital returns.

Large Claims Review

Mutual Vision

Our Mission:

To develop expert and trusted teams globally, committed to providing solutions in partnership with our Members

Large Claims Review

Claims, both at the attritional (i.e. estimated at below US$250,000) and large claim levels, saw an increase at the 12 month point for the 2023 policy year. This increase was both in frequency and value, when compared with the previous policy year. However, when looked at over a six year period, the claim cost per gross metric tonne has actually improved due to the increase in tonnage entered with the Club over that period.

There was a notable increase in crew claims. Whilst attritional crew claims showed a steady but modest increase over time, large crew claims increased significantly, representing approximately 32% of all large claims, a markedly higher percentage than at the same point in previous years. Other than the general upward trend in the cost of injury claims in the U.S. in recent years, there seems to be no specific explanation for this.

The value of large passenger claims was down on previous years (other than the 2021 policy year which was affected by the COVID “no sail” order). Of note is that there were no passenger claims which came close to reaching the US$3.5 million abatement level; whereas in each of the previous six years (except 2021) there had been at least one which exceeded this level.

Chartered claims showed an improvement compared with previous years, and there was the usual volatility which we have come to expect in the collision and pollution claims categories. Third party injury claims were higher than in previous years, but this was largely due to a single large claim. Prior year claims performed better than expected.

In relation to pool claims, 12 claims exceeding the individual Club retention (ICR) had been notified to the Pool for the 2023 policy year by the end of that year. These had a value net of ICR of less than US$140 million.

Whilst this is more than notified for the previous 2022 year (an exceptionally favourable year which was always going to be difficult to follow) it is nevertheless another favourable performance, and would seem to belie the earlier fear that we might be entering a new paradigm of high levels of pool claims.

The following review looks at claims incurred by the Club in the first 12 months of the 2023 policy year with a value estimated at greater than US$250,000 (“large claims”).

The value of large passenger claims was down on previous years (other than the 2021 policy year which was affected by the COVID “no sail” order). Of note is that there were no passenger claims which came close to reaching the US$3.5 million abatement level; whereas in each of the previous six years (except 2021) there had been at least one which exceeded this level.

Written by

Adrian Benham
Head of Claims

Cargo

There were ten large cargo claims for 2023, two fewer than the previous year, although the total value of those claims was higher at US$9.5 million. A significant part of this total was made up of one incident concerning an engine room fire. Other claims involved a mix of seawater ingress through hatch covers, poorly stowed and lashed cargo shifting in heavy weather, liquid cargo contamination due to dirty tanks or lines, and the alleged deterioration of soya bean cargoes due to possible ventilation issues, cargo moisture content and delivery delays. There was one case where the vessel suffered stern tube damage after entanglement with a discarded fishing net leading to additional cargo and other general average expenses, and another where a crane was overloaded, releasing and damaging a heavy lift cargo.

Chartered

With five large Chartered claims in 2023, this was four fewer than 2022 and the overall large claim value of US$3.2 million was also down by 40% against 2022 figures. Of this total just over half of the quantum arose from one incident where cargo shifted during heavy weather. There were three claims involving damage to hull: a vessel crane collapse, a grounding where post-cyclone water depths were found to have been insufficient, and a heavy weather cargo shift that resulted in hold damage.

Fixed and Floating Objects (FFO)

This category of claim is almost unchanged in terms of frequency and value when compared with 2022. A notable difference is that almost half of the overall value comes from one incident arising from dock damage caused when mooring lines parted during unexpectedly strong wind conditions. There were also other dock or wharf damage claims due to the anchor dragging, a particularly strong river current, or the approach speed on berthing whilst under pilotage.

Passenger

The predicted rise in the value of passenger claims as cruise operators started to return to normal occupancy levels post-COVID failed to maintain momentum during the 2023 year. There were eight large passenger claims, three more than 2022, but the total value of US$7.2 million was 48% down on the large claims exposure of 2022. There were two cruise cancellation cases in 2023 arising from a fire and a vessel grounding. There were also a variety of passenger injury claims such as an unfortunate slip and fall near a wet poolside causing a leg fracture, an assault, and one accident occurring during a vessel organised shore excursion.

Crew

There were 23 large crew claims during the 2023 policy year estimated at US$24.6 million. This represents a US$15.2 million increase when compared with 2022. Whilst a comparison with earlier years is less stark, it nevertheless represents a significant increase. Nine of these 23 large claims arose from crew illness and a further six cases involved crew slip and fall injuries, but in terms of value together these represent only 25% of the large claims total. Greater impact can be seen with a group of two cases involving serious burn injuries and another where a crew member got caught in some onboard equipment, together reserved at US$14 million. All three of these claims fell within the U.S. jurisdiction.

There were 23 large crew claims during the 2023 policy year estimated at US$24.6 million. This represents a US$15.2 million increase when compared with 2022. Whilst a comparison with earlier years is less stark, it nevertheless represents a significant increase.

Injury

2023 was also a poor year for third party injury claims in terms of quantum, with four incidents carrying overall reserves of US$12.1 million, more than double the exposure seen last year. However, this increase was due to a single claim where a number of contractors sustained injuries after a vessel shifted whilst in dry-dock. The other three claims involved injury caused whilst handling a towing wire, a third party fatality following an alleged collision and two fatalities after a fire during bunkering operations.

Pollution

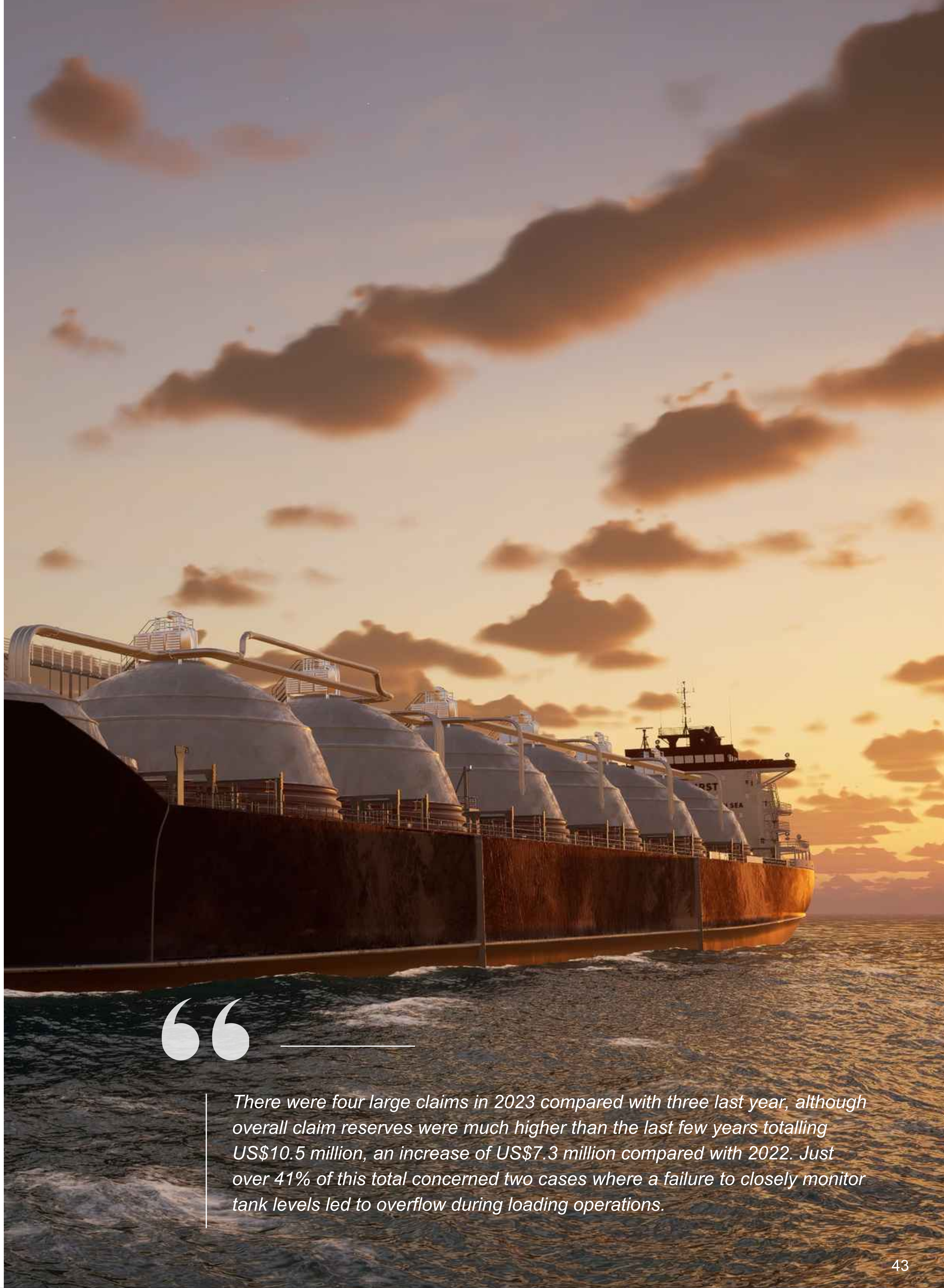
There were four large claims in 2023 compared with three in the previous year, although overall claim reserves were much higher than the last few years totalling US$10.5 million, an increase of US$7.3 million compared with 2022. Just over 41% of this total concerned two cases where a failure to closely monitor tank levels led to overflow during loading operations. A further case concerned bunker clean-up and removal following a vessel fire and the final incident involved shore clean-up after a number of containers were lost overboard during heavy weather, although poor stowage creating excessive stack weights due to mis-declared containers seems to have played a role.

Collision

2023 was a benign year for large collision claims with only two such claims with a total estimated value of US$1.2 million, significantly less than the US$4.6 million on eight large claims at the same 12 month point in the 2022 policy year. Both occurred during river passage where contact was made whilst under pilotage with an oncoming vessel.

Wreck Removal

There was only one large claim in 2023 valued at just below US$500,000, this concerned a yacht berthed at a marina which suffered severe ranging damage when the port was struck by a hurricane.



There were four large claims in 2023 compared with three last year, although overall claim reserves were much higher than the last few years totalling US$10.5 million, an increase of US$7.3 million compared with 2022. Just over 41% of this total concerned two cases where a failure to closely monitor tank levels led to overflow during loading operations.

Sanctions

Mutual Vision

Integrity:

upholding high ethical, legal and regulatory standards

Sanctions

Written by

Sacha Patel
Director of Legal Services

The field of sanctions has been dominated by the impact of measures that have been imposed against Russia following its invasion of Ukraine in February 2022. Many of those measures have followed “traditional” types of restrictions implemented for a number of years against Russia following its annexation of Crimea in 2014, and against Iran, Syria, and North Korea amongst others under separate sanctions regimes. A vast number of companies, individuals, and government-related entities in or connected with Russia are subject to asset-freeze measures, investment, and trade restrictions.

The Russia situation has led to the creation of a new novel form of restriction in the Russian Oil Price Cap Scheme under which the Price Cap Coalition countries forego access to Russian oil and petroleum products, while permitting their shipping/insurance/banking sectors to provide services enabling those goods to be shipped to third countries, as long as the price paid for the products is at or below a defined level.

There are divergent views whether the Price Cap Scheme has been successful in meeting its aims. What is clear is that it has created significant challenges for shipowners and operators carrying Price Cap cargoes, who in order to preserve their P&I insurance must ensure that the price paid for those cargoes does not exceed the applicable Price Cap. Equally, P&I and other service providers must ensure that they comply with applicable information-gathering and due diligence requirements in order to be able to provide their service and respond to any claims.

Of concern for the shipping industry generally is the growth of the so-called parallel fleet of vessels performing trades involving the carriage of Russian oil and petroleum products outside the jurisdiction and reach of the Price Cap Scheme requirements. Those vessels are unlikely to be subject to the usual regulatory scrutiny which most vessels will go through during their trading lives, via Flag State and classification requirements, and may have limited or ineffective liability insurance. There is growing concern as to the effectiveness of such ships to respond in the event of a major casualty which endangers life, environment, and livelihoods.

A vast number of companies, individuals, and government-related entities in or connected with Russia are subject to asset-freeze measures, investment, and trade restrictions.

Away from Russia, the U.S. has continued to impose sanctions against Iran for a range of reasons from malicious cyber activity, internal repression of human rights, and support for terrorism. The U.S. has also sought to tighten sanctions against Venezuela, targeting in particular Venezuela’s energy sector.

In an ever-increasingly complex environment, the Club continues to support lawful trades around the world, while remaining vigilant to the challenges that this continues to present. Through the International Group, the Club continues to engage actively with sanctions enforcement bodies to put forward the concerns of shipowners with the design and implementation of new sanctions measures.

Sustainability

Mutual Vision

Our Vision:

Safety and Sustainability - commitment to safety of life at sea and the preservation of the environment

Sustainability

Written by

Sue Watkins
Head of Claims Eastern Syndicate & ESG Director

Sustainability has underpinned the Club's activities since it began providing P&I insurance to its Members in 1909. Steamship Mutual's Vision is to be the shipping industry's most trusted and valued P&I Club, providing a comprehensive high-quality P&I service backed by sound underwriting and strong reserves. Steamship Mutual and its Managers aim to fulfil the Club's primary insurance function in an environmentally and socially responsible manner.

Since our first report in 2022, we have made progress on our focus and work in the sphere of Environmental Social Governance (ESG). As sustainability is integral to our strategy, we decided to include this update within the Management Highlights which already address a number of material topics related to sustainability. The key statistics and financial highlights show at a glance where we are as an organisation, and statements from our Board Chairs and CEO give insight into our thought leadership and direction. It is of the utmost importance that material sustainability topics are embedded into the vision, mission, values and objectives of the Club and the Managers at the corporate level, to ensure they are continuously considered.

Steamship Mutual recognises the relevance of seven out of the 17 UN Sustainable Development Goals as most pertinent to its business activities. How the Sustainable Development Goals apply to our activities can be seen in the following sections.

It is of the utmost importance that material sustainability topics are embedded into the vision, mission, values and objectives of the Club and the Managers at the corporate level, to ensure they are continuously considered.

Biodiversity, Marine Life, and Coastal Areas

Overarching goal: Promote the safety of life at sea and minimise ship-source damage to the environment, marine life and coastal areas

The Club's vessel condition survey programme makes an important contribution to the objectives of promoting safety of life at sea and preserving the marine environment through quality management of the Club's entered tonnage, thereby minimising the risk of accidents.

Total number of condition surveys undertaken 2021-2023

The Loss Prevention Report on page 71, details more of the recent work undertaken by our Loss Prevention team to meet the Club's sustainability goals.

Political Engagement and Partnerships

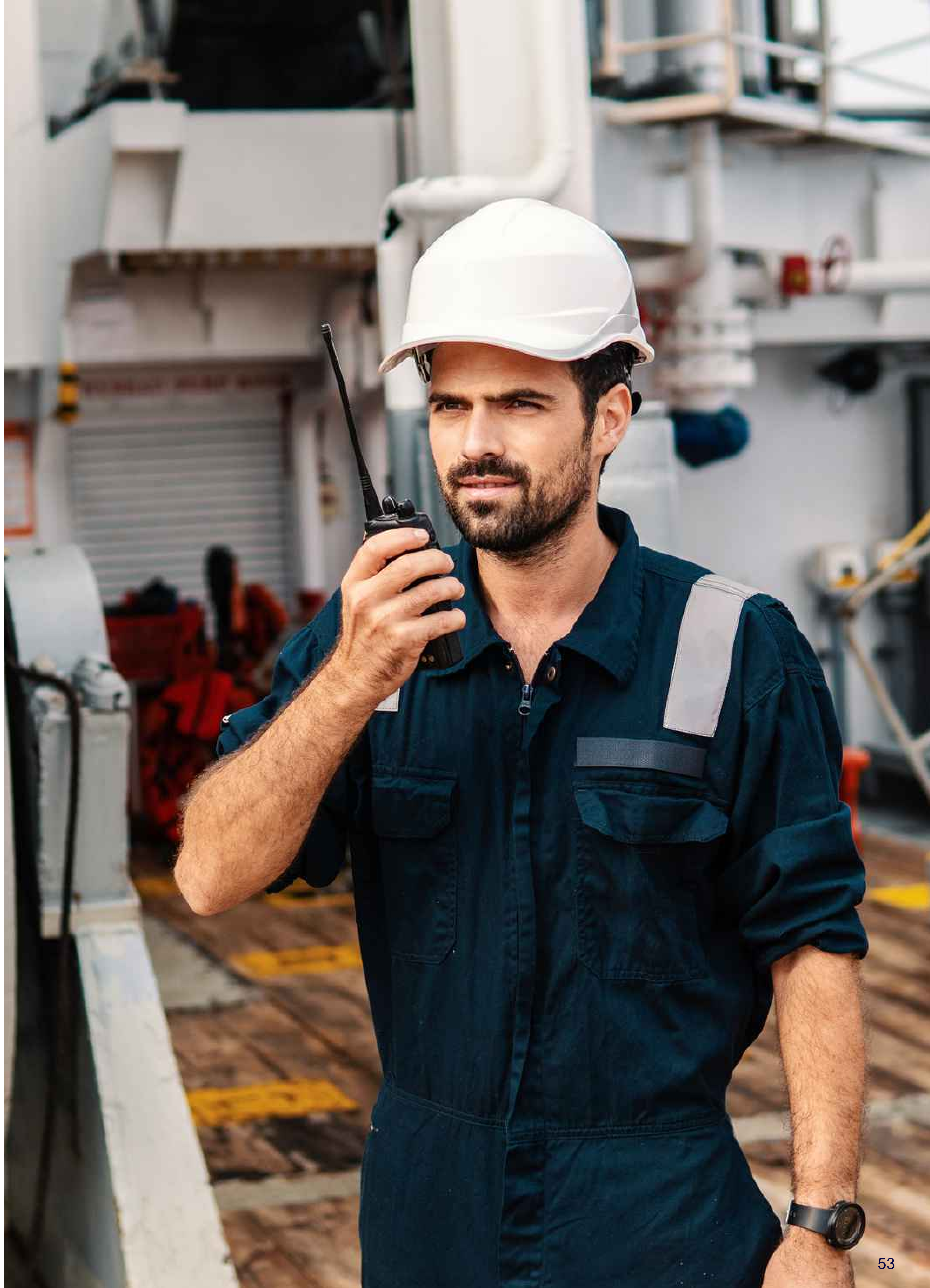
Overarching goal: Ensure the sustainability of the Club's insurance and claims handling response. To share knowledge and expertise to promote health, well-being and safety of life at sea

The Managers promote and enforce laws and policies for sustainable development and, with the International Group, support fair and transparent frameworks for liability and compensation.

The Managers of the Club established the Ship Safety Trust (SST) over thirty years ago to support its loss prevention projects, and initiatives that serve to improve safety of life at sea and education. Through funding provided by the SST the Club supports the training of officer cadets through schemes operated by the Vasant Sheth Foundation in India, the Maritime London Officer Cadet Scholarship and, more recently since 2023, the Cyprus Maritime Academy.

Our Cyprus Maritime Academy Cadet, Dimitris Savva with Elpida Kalathia

Our Maritime London Officer Cadet, Ellen Carter with John Taylor



Strategic Partnerships

In 2024 Steamship Mutual became a Member of the Maritime Anti-Corruption Network (MACN). MACN is a global business network working toward the vision of a maritime industry that is free of corruption and that enables fair trade to the benefit of society at large. Established in 2011, it now has over 200 members.

In 2024 Steamship Mutual became an Associate Member of InterManager. This is an association of ship and crew managers involved in managing more than 5,000 ships and responsible for over 250,000 seafarers. Its mission is to encourage the highest standards of ship operations, to advocate efficiency, quality and ethics in ship management and promote a career of seafaring.

Volunteering

From 2024 all global offices will be encouraged and supported to engage as a group in a local community project each year, enabling the Managers and all employees to give back to the communities in which we operate. All employees are invited to submit proposals for charities and events which might be supported.

The Managers also launched a Volunteering Day. All employees are offered one day of paid leave per annum to participate in volunteering activities of their choice.

Well-being and Development of Employees

Overarching goal: Promote health, well-being and development of employees through fair working conditions with access to employee benefits and development opportunities.

Over the last year, we took steps to further develop our onboarding programme for new joiners, implemented an enhanced recruitment process and revised our appraisal process. We also looked to revamp various HR policies.

In September 2023, we launched a Diversity and Inclusion Group. 'D&I in the P&I' is committed to celebrating and promoting diversity, equity and inclusion in all aspects of the Club and the Managers' activities. We believe that by fostering a diverse and inclusive environment, we can create a stronger, more vibrant workplace.

The Managers wish to support employees achieving a healthy lifestyle. We therefore offer all employees a well-being subsidy that can be used towards any well-being activity or product.

We will support employees who choose to disclose that they are experiencing the menopause. Support will include the consideration of reasonable adjustments to help reduce the potential impact menopausal symptoms can have on employees while they are at work.

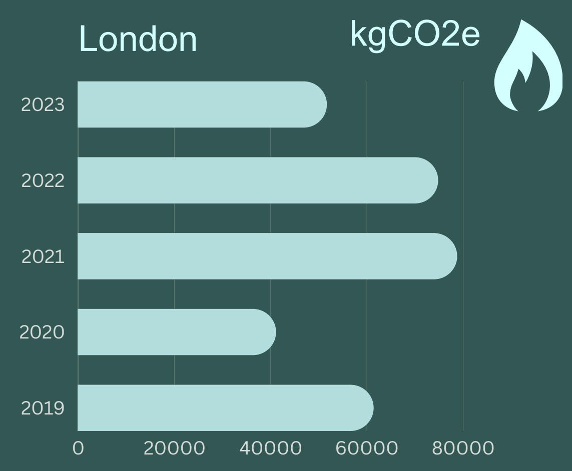


Above left: Steamship Mutual beach cleaning for CYMEPA (Cyprus Marine Environment Protection Association) on the occasion of World Maritime Day.
Above middle, right: Steamship Mutual competing in the yacht race during Posidonia week.

Left: Rachel Morgan-Trimmer leads a discussion about Autism Awareness and Neurodiversity for the Club's employees, hosted by the Club's D&I Group.

Below: Pauline Miller talking to employees at the launch of our D&I Group for Black History Month

Above: Employees shared Indian food and spoke about Diwali



Resource Management and Emissions

Overarching goal: strive for continuous improvement in operational efficiency whilst reducing reliance on resources and carbon footprint

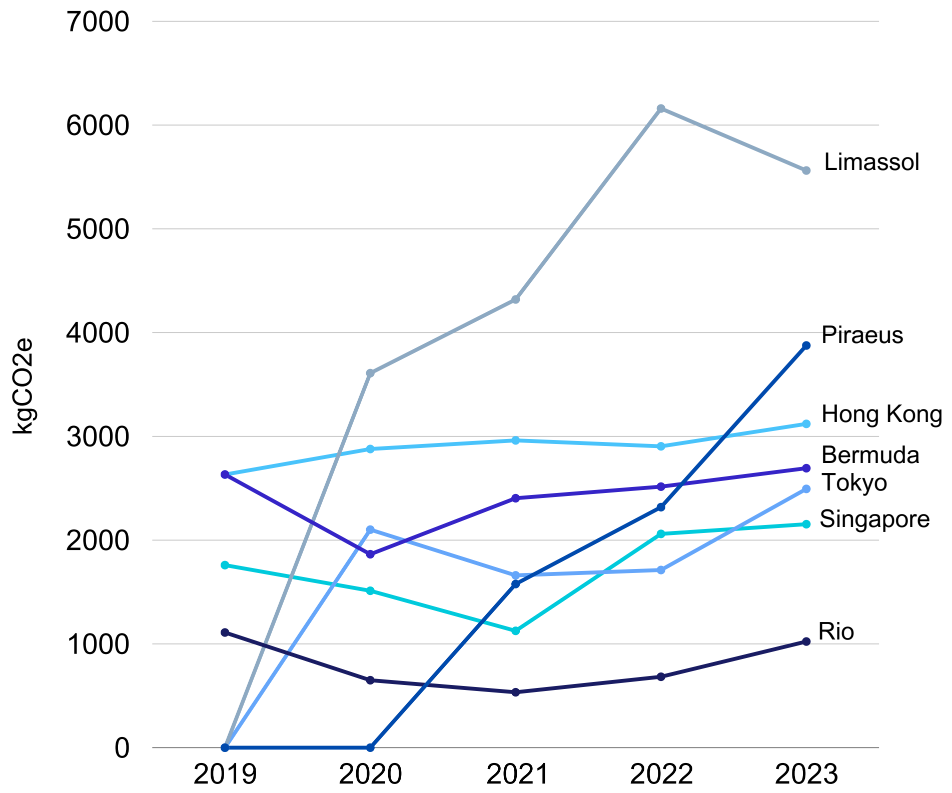
We have included charts depicting our emissions (kgCO2e) from all global offices. These clearly show the effect COVID restrictions have had on emissions over recent years. Where we show an increase in emissions, this reflects growth within that location. All electricity used in London is derived from renewable sources, and the reduced consumption (therefore shown in kWh) is thanks to the implementation of additional operational efficiencies.

Currently, our Scope 3 reporting includes both business travel and employee commuting, however, we are working towards including more categories as well as enhancing all our reporting going forward.

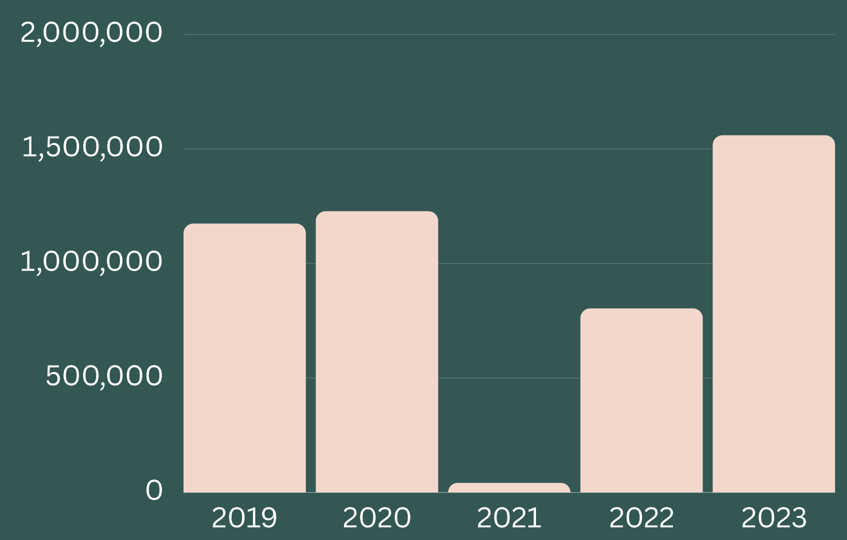
In 2024, the London operations will move to a new leased office at 155 Bishopsgate. The sustainability credentials of 155 Bishopsgate and the landlord's sustainability strategy were important considerations in the selection criteria for the premises.

The landlord, British Land, has objectives and a proven track record for delivering on emissions reduction targets. It has a clear policy to achieve net zero carbon emissions across its property portfolio by 2030. This will be achieved through reducing both embodied and operational carbon emissions and identifying certified schemes to off-set residual emissions. Read the British Land 2030 Sustainability Strategy.

In March 2024 the Hong Kong office also moved to an equivalent BREEAM "Excellent" building.



*Only our London office uses gas



Global Travel
CO2 tn's

Risk Management

Overarching goal: Ensure strength and stability of business through risk management

The Club Boards of Directors oversee the Club's ESG responsibilities, ensuring that sustainability is a key topic of discussion at Board meetings.

The Managers' Climate Change and Sustainability Working Group, chaired by the ESG Director, meets on a regular basis. The Group is tasked with the development and implementation of sustainability strategy at Steamship Mutual, reporting to the Risk Management Operations Committee, whose discussions are reported to the Audit and Risk Committee.

The objective of the Club's risk management function is to identify, measure, monitor, manage and report on a continuous basis the risks, at an individual and at an aggregated level, to which the Club is or could be exposed and the interdependencies between those risks. This applies as much to ESG risks as to other risk categories.

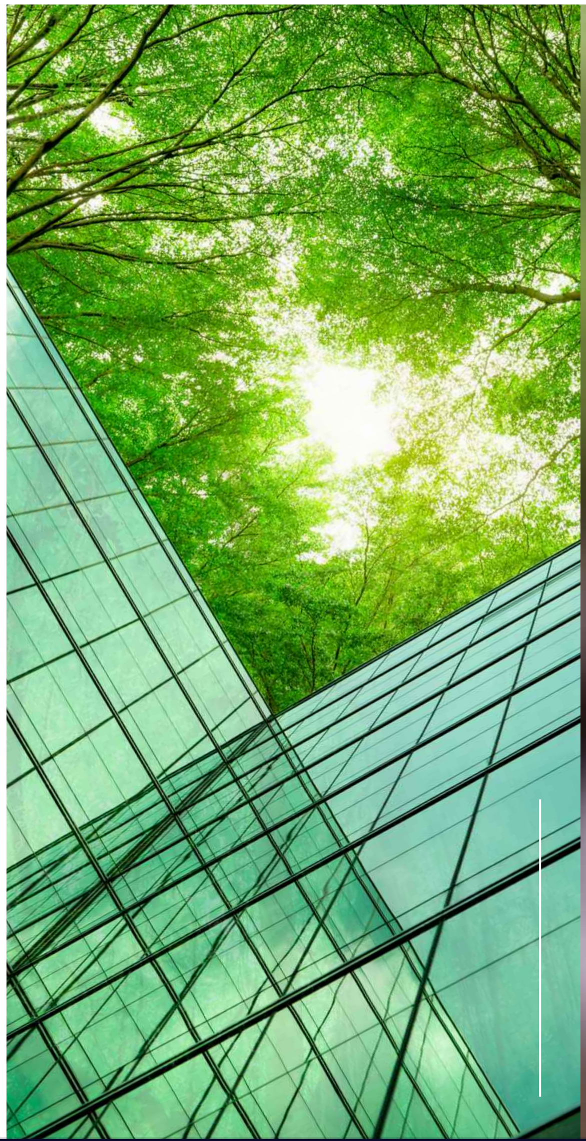
The ESG aspects of risk have been an integral part of the Risk Register since early 2021 and were formalised into a Risk Cause Dashboard later in the same year. In line with Steamship Mutual's review cycle this Dashboard has subsequently been reviewed at least annually. The ESG Risk Dashboard currently cuts across three risks: Strategy Risks, Underwriting Risks, and Finance Risks. The Club's Risk Committee acknowledges that the dashboard may develop further to incorporate other risks over time. In common with recent years, Steamship Mutual plans to conduct stress testing on ESG-related topics as part of its annual Solvency Self-Assessment (ORSA/GSSA) process in the course of 2024.

Across 2023 and 2024, the Compliance function conducted two reviews on sustainability. The first review focused on the legal and regulatory aspects relevant to the Club's entities across the globe, culminating in an ESG tracker. The second review aimed to benchmark Steamship Mutual's sustainability reporting against peers in the market. Both reviews will help inform sustainability reporting going forward, whilst keeping abreast of the requirements across the jurisdictions within which we operate.

ESG Support Hub

Decarbonisation is the single biggest challenge facing the shipping industry today. Last year, Member States of the IMO adopted the 2023 IMO Strategy on Reduction of GHG emissions from ships. States agreed an ambition to reach net zero GHG emissions from international shipping close to 2050, targeting at least a 20% reduction by 2023 and 70% by 2040 compared to 2008 levels. This compares to the previous strategy of a 50% reduction in emissions by 2050. Whilst fully recognising the importance of decarbonisation, this nevertheless presents challenges for individual ship owners and the industry as a whole.

In 2023, we launched the ESG Support Hub. The Hub comprises a core group of individuals from across the business who focus on developing their knowledge in areas such as new fuels and technologies and regulatory developments including EEXI, CII, EU ETS and Maritime Fuel EU. The Hub helps to enhance the service we can provide to the Club's Members, and helps support the Members' own sustainability goals.



Compliance and Ethics

Overarching goal: Base business practice on ethical principles and comply with all statutory requirements

Steamship Mutual's values include Integrity which we define as upholding high ethical, legal and regulatory standards. This applies to internal and external relationships. We have continued to adapt our policies and controls as risks have changed and emerged. In particular, ensuring compliance with sanctions continues to be a high priority, and significant bespoke training has been provided to employees in order to educate them in respect of sanctions risks and the policies and procedures which are in place. There will be training for all employees on avoiding different types of financial crime in 2024.

The Managers are committed to information security, and it is a fundamental expectation of employees, Members, and other Steamship Mutual counterparties. The Club Board approves the information security strategy and policy, and receives regular updates from the Chief Information Security Officer (CISO). The CISO and the Data Protection Officer (DPO) are both members of the IT Steering Committee, which provides governance for information security by providing overall direction and control of its activities. This body considers the cyber risks to the Managers' operations and takes action to minimise the likelihood of successful attacks and their impact. A framework of policies, standards, and procedures, supported by other best practice security controls, is in place to minimise the risk to the confidentiality, integrity and availability of the information held by the Managers.

All employees undergo annual cybersecurity awareness training and quarterly phishing simulation exercises.

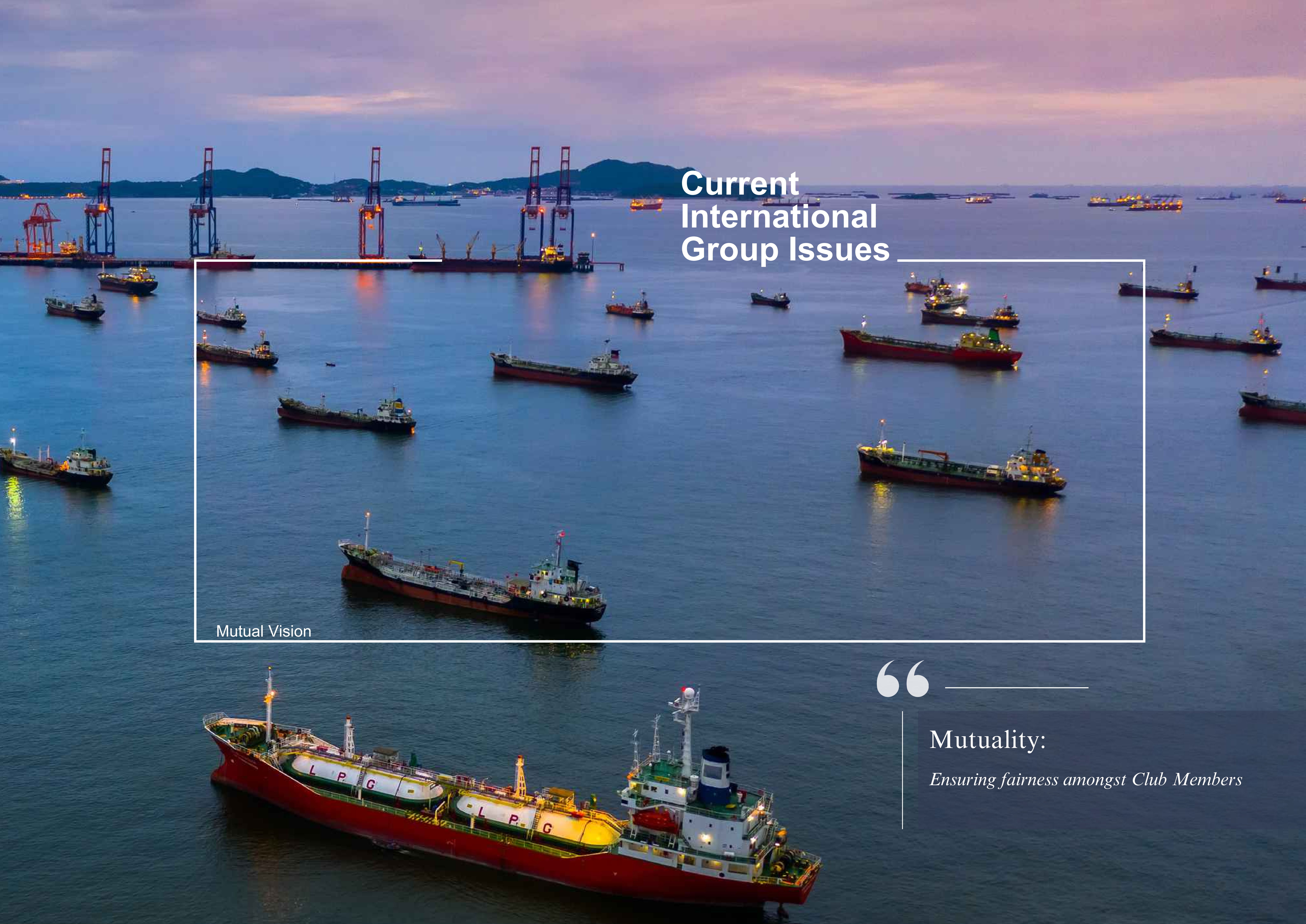
Substantial measures, both technical and cultural, have been taken to protect personal data. The DPO reports directly to the Club Boards at least annually on matters such as data incidents, training, and security measures.

Key performance indicators relating to the protection of IT systems and key risk indicators concerning the number of incidents and other related matters are monitored. The Managers aim to have no data breaches.

100%
of employees completed Infosec training

zero security incidents

Steamship Mutual recognises the relevance of seven out of the 17 UN Sustainable Development Goals as most pertinent to its business activities.



Current International Group Issues

Mutual Vision

Mutuality:

Ensuring fairness amongst Club Members

Current International Group Issues

Alternative Fuels

The International Group is working with industry partners to identify and assess the liabilities and operational impact likely to result from a range of alternative fuels, to identify any gaps in existing international liability conventions and consider options to close any such gaps.

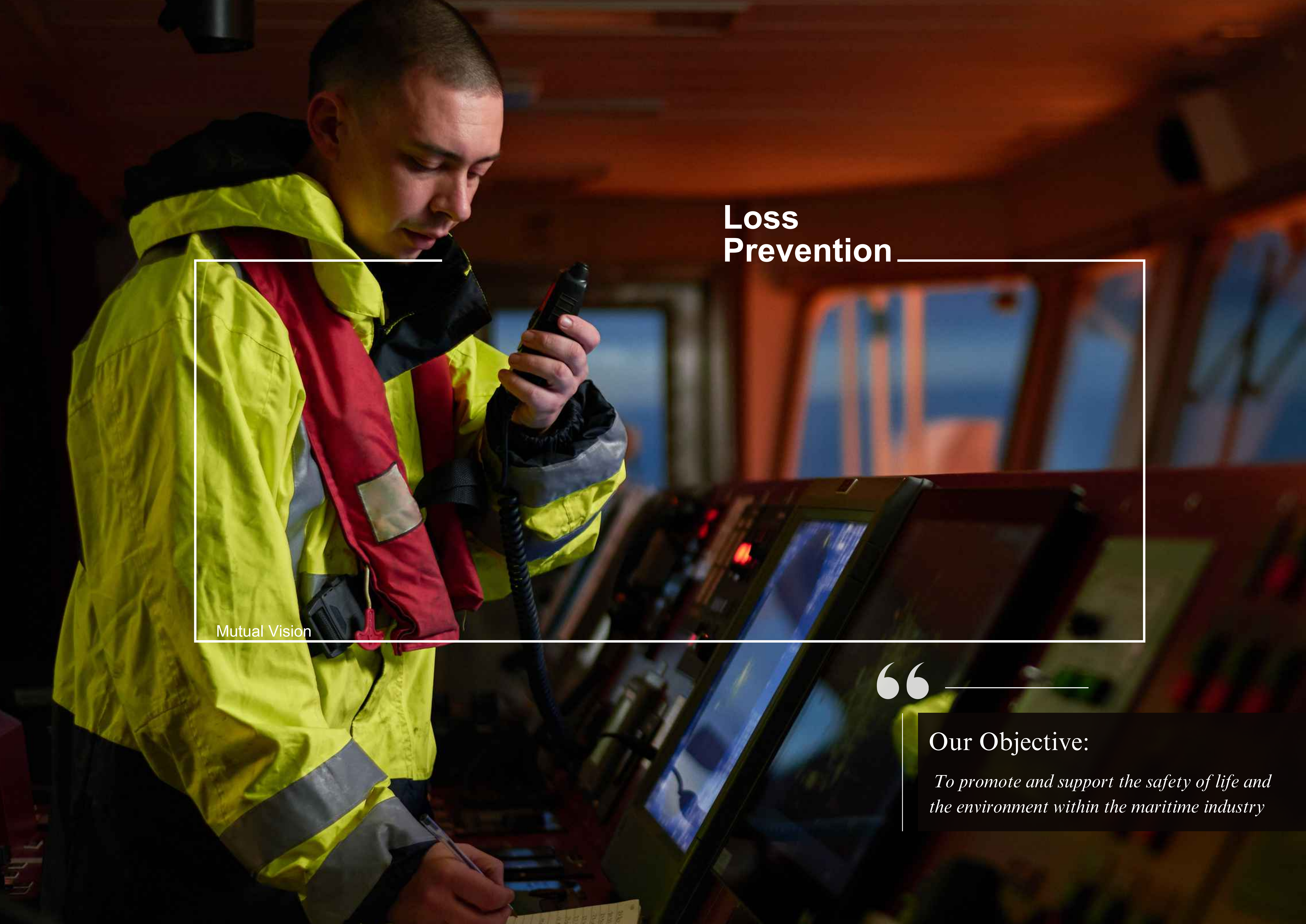
Sustainability

The International Group published its first Sustainability Report in September 2022, and is aiming to produce a second report within 2024, focussing on a number of key areas including enhancing maritime safety, greater effectiveness of casualty response, and supporting shipowners in the industry's transition to "net zero".

Pooling Agreement

There have been various amendments to the International Group's Pooling Agreement, including in respect of (i) clarifying the scope of the exclusion of liabilities involving non-marine personnel employed on an oil or gas exploration or production facility, (ii) clarifying the availability of cover for fines for the accidental escape or discharge of oil or any other substance from an entered ship, (iii) the requirement on Members not to waive or otherwise prejudice such rights of recourse against third parties as presently exist under contracts of carriage where the Hague/Hague Visby Rules or other mandatorily applicable provisions apply, and (iv) eligibility for pooling of liabilities under certain types of knock-for-knock agreements.

IGP&I International Group of P&I Clubs



Loss Prevention

Mutual Vision

Our Objective:

To promote and support the safety of life and the environment within the maritime industry

Loss Prevention

Written by

Captain John Taylor
Head of Loss Prevention

Partnership - MHSS

Established during the pandemic, the Club's partnership with Mental Health Support Solutions (MHSS) was developed in recognition of the impact social isolation was having on the mental health and well-being of seafarers. Post pandemic, the more recent challenges faced by the shipping community arising from the ongoing conflict in Ukraine have now been greatly compounded by the instability in the Middle East and attacks on vessels in the Red Sea, Gulf of Aden and Arabian Gulf regions. Not only denying vessels the right of free passage, these attacks cause seafarers and their families immeasurable stress, anxiety and trauma and have an adverse impact on their mental health and well-being.

The triggers for a breakdown in mental well-being can be numerous: witnessing the injury of a colleague, a personal problem developing at home and a feeling of isolation, or simply a feeling of despair. In all these instances access to the right kind of support is imperative and it is important that an individual understands that help is only a phone call away. The MHSS operated 24/7 helpline is available to all seafarers serving on vessels entered with the Club. With a global network of qualified clinical psychologists, MHSS provide a fully confidential and professional counselling service. With psychologists providing support in over 50 languages, MHSS have a deep understanding of the varied, and often sensitive, cultural concerns of the many different nationalities of seafarer. The partnership with MHSS supports the Club's ESG objectives by supporting the welfare of seafarers, recognising, appreciating and promoting the importance of all nationalities of seafarer, thereby enhancing shipboard safety and loss prevention.

Partnership - MME

The Club continues to maintain its close relationship with Marine Media Enterprises (MME). A series of short videos was developed during the COVID pandemic to inform and guide seafarers about various aspects of the pandemic. That cooperative work has continued to address a demand for video materials to support the continued training and development of seafarers. Recognising the time constraints seafarers face in balancing the competing demands of duty, professional development and rest and relaxation, the programmes produced with MME are short and cover a diverse range of topics that are of relevance to the seafarer and serve to enhance knowledge and safety.

These materials are available through MME's Donate & Train scheme. To support the development of further programmes, this is a subscription service. The scheme charges a modest annual fee per vessel for access to the full library of programmes. Concessionary rates are available to Steamship Mutual Members.

These videos can either be delivered through the MME hosted Learning Management System (LMS), or can be placed on the existing LMS of the subscriber. Each programme has a short assessment intended to reinforce understanding of the content.

In today's world, commitment to ESG is of growing importance to all businesses. The Donate & Train scheme affords the subscriber an ideal opportunity to demonstrate that commitment on the basis firstly that 25% of the annual subscription fee is donated to a charity of the subscriber's choosing, and secondly through the education and training that is being provided to the seafarers.

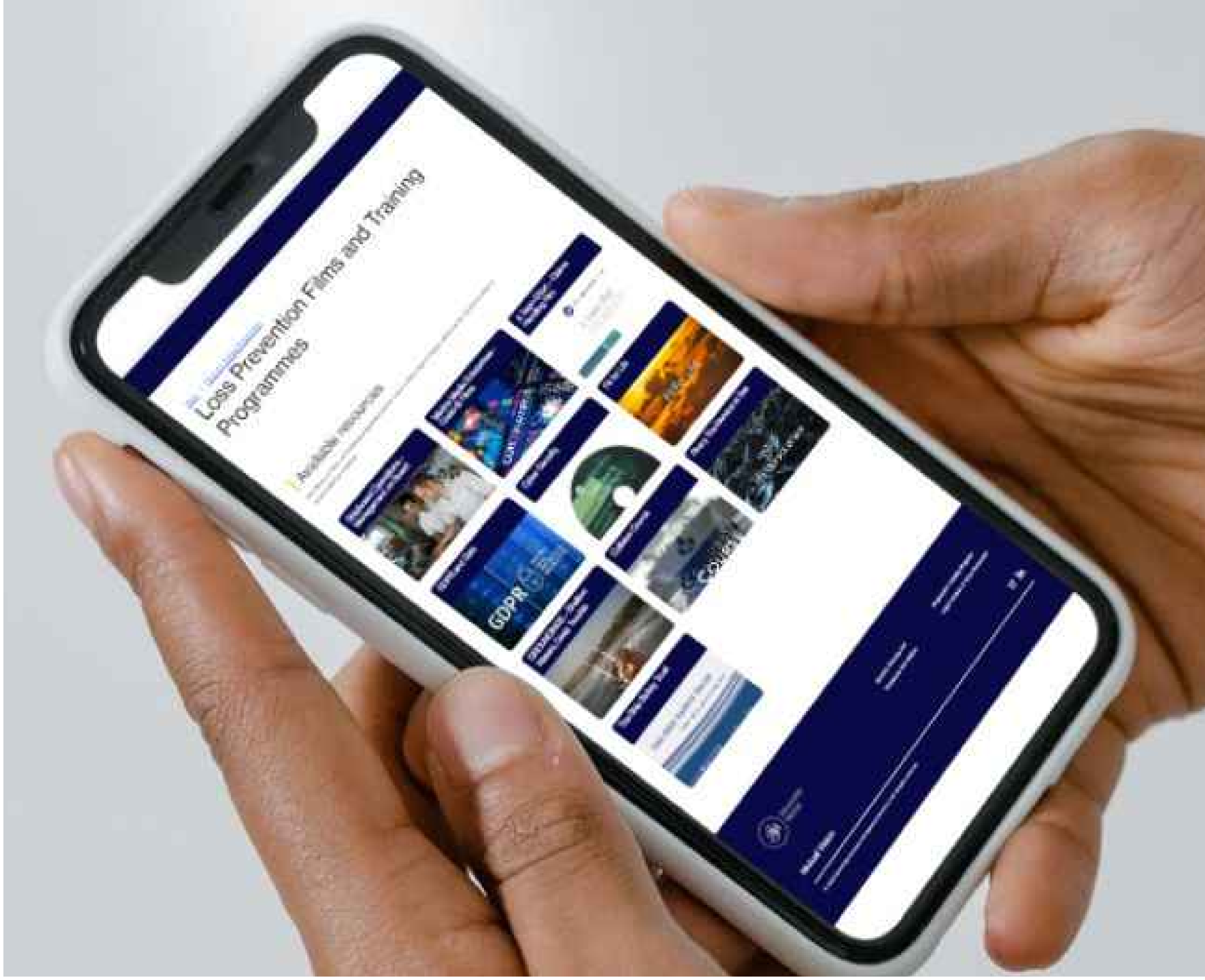
Full details of the current content library and programmes under development can be found on the Club's website.

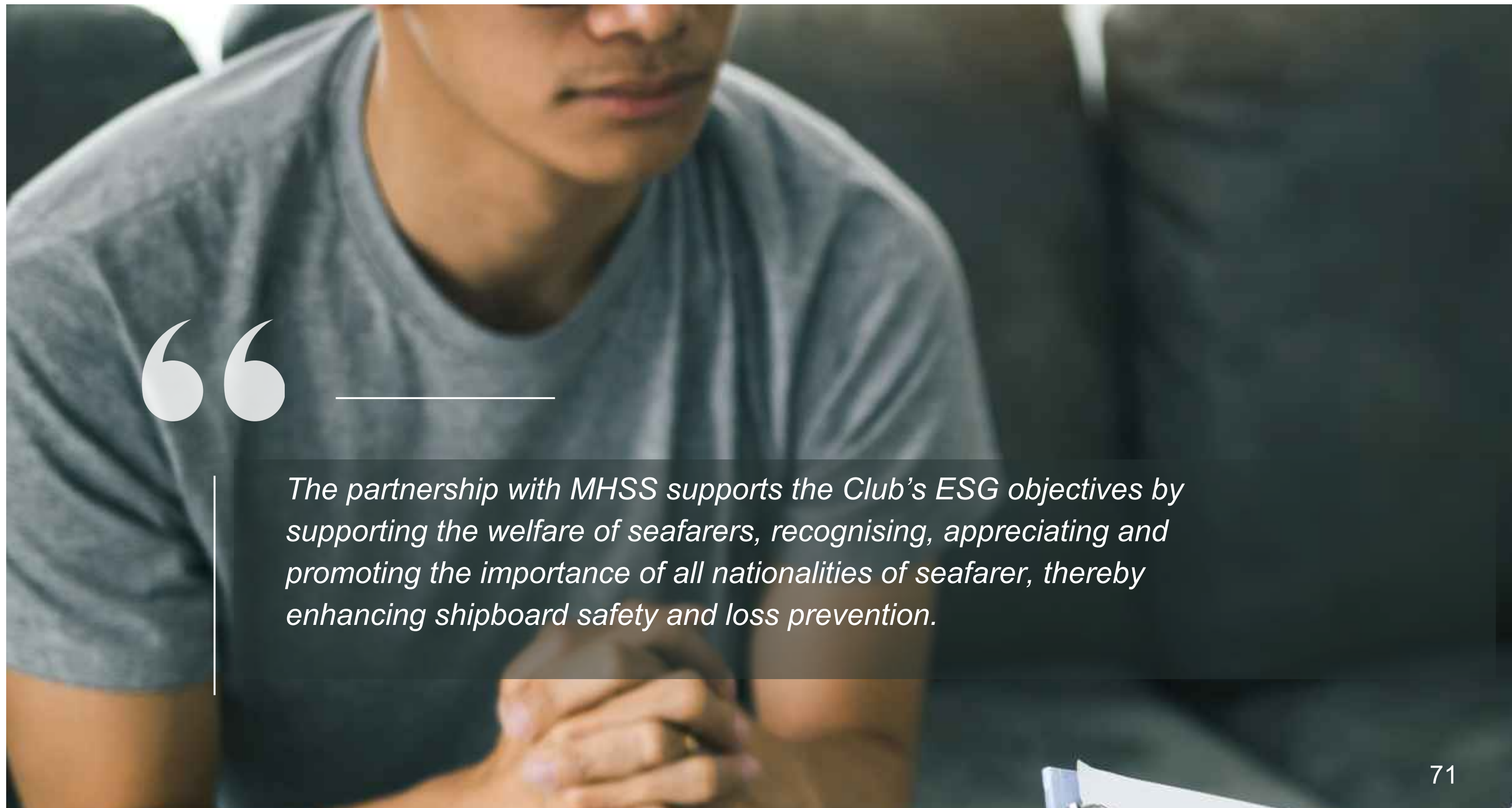
General

With the key objectives of assisting and guiding Members in ensuring safe and secure maritime operations, the Loss Prevention department released a range of articles and Risk Alerts throughout the course of the year. Topics covered included Preventing Stowaway Access to Vessels, the Safe Carriage of Bagged Rice, and most recently Drug Smuggling and Preventive Measures, a Risk Alert that focuses on the increasing challenges and risks that illegal drug trafficking can present for vessel owners and operators and how these can be addressed. The Loss Prevention team has seen an increasing number of requests to support and present at Member and industry training seminars and conferences, particularly in the Asia region.

As part of the ESG Support Hub, the Loss Prevention team have been providing technical support and guidance on a number of topical subjects. Shipboard Fouling Concerns and Regulations addressed the environmental risks of shipboard fouling, whilst also highlighting the additional energy efficiency benefits of a clean hull, a similar benefit to voluntarily complying with the guidelines for reduction of underwater radiated noise. With the growing global demand for Electric Vehicles, and the associated risks of carriage, an article entitled "Carriage of Electric Vehicles in Containers" has been published to provide guidance and awareness.

With pressure to reduce carbon emissions and the pace of change to alternative fuels accelerating, our engagement and support in our Members' transition will continue to grow.





The partnership with MHSS supports the Club's ESG objectives by supporting the welfare of seafarers, recognising, appreciating and promoting the importance of all nationalities of seafarer, thereby enhancing shipboard safety and loss prevention.

**Underlined content is a hyperlink to a corresponding webpage for our online version*

Combined Financial Statements 2024

Mutual Vision

Steamship Mutual

Combined Financial Statements 2024

Managers' Report

Basis of combination

The Combined Financial Statements have been prepared by combining the consolidated accounts of Steamship Mutual Underwriting Association Limited ("SMUA"), Steamship Mutual Underwriting Association (Europe) Limited ("SMUAE"), the consolidated accounts of The Steamship Mutual Underwriting Association (Bermuda) Limited ("SMUAB"), and The Steamship Mutual Trust ("Trust") (together "Steamship").

The financial statements of SMUA, SMUAB and the Trust were prepared in accordance with FRS 102 and 103, with SMUAE's prepared in accordance with International Financial Reporting Standards ("IFRS"). Adjustments were made to the SMUAE results and balance sheet to present these in accordance with FRS 102 and 103.

The Combined Financial Statements have been prepared for illustrative purposes and have no legal standing. These financial statements are unaudited.

The consolidated financial statements of SMUA and SMUAB and the financial statements of SMUAE and the Trust are available as separate documents at www.steamshipmutual.com.

Free reserves

After considering the strong current and projected capital position of Steamship, in October 2023 the Directors of SMUAB declared a capital distribution amounting to 7.5% of mutual premium for the 2023/24 policy year (Class 1 – P&I) payable to Members who renewed at 20 February 2024. Accordingly $24.2 million was credited to Members.

As at 20 February 2024, the combined free reserves were $540.3m, an increase of $85.9m, or 18.9% over the financial year.

Underwriting

The 2020/21 year was closed in May 2023.

For the financial year ending 20 February 2024, gross premium written was $463.9m, compared to $406.9m in the prior year. The financial year combined ratio, calculated by dividing the sum of net incurred claims, allocated foreign exchange gains/losses and operating expenses by net earned premium decreased from 95.4% to 92.9% due to lower than anticipated pool claims from the International Group ("IG"), and favourable development in prior policy years.

For the year under review, the Directors set a 7.5% general increase in P&I premium. At the 2024/25 renewal the general increase was set at 5%.

The Directors will review release call levels as part of Steamship's Group Solvency Self-Assessment. In the meantime release calls for both P&I and Freight, Demurrage and Defence ("FD&D") were set at 10% for the 2024/25 and 2023/24 policy years and 5% for the 2022/23 and 2021/22 policy years.

Claims

Net outstanding claims for all policy years increased by $41.5m to $778.8m, an increase of 5.6% compared to the prior year.

Gross outstanding claims in respect of the 2023/24 policy year, including incurred but not reported ("IBNR") claims, are projected to be $372.6m, an increase of 9.9% over the 2022/23 policy year ($338.9m). Claims net of reinsurance recoveries amounted to $321.0m, an increase of 26.9% compared to the 2022/23 policy year ($252.9m).

Investments

There was a combined gain on investments (before currency and investment charges), excluding land and buildings, of $94.4m, a return of 7.4%. Overall cash and investments (including unsettled investment transactions) increased by $147.0m, or 12.2%, to $1,352.6m.

Accountants' Report

Accountants' report to the Directors of The Steamship Mutual Underwriting Association (Bermuda) Limited

Reporting on agreed upon procedures in respect of Steamship Mutual Combined Financial Statements
This report has been produced in accordance with the terms of our engagement letter dated 17 May 2024 ("the Engagement Letter") and in accordance with the International Standard on Related Services 4400 applicable to agreed-upon–procedures engagements as published by IAASB for the purpose of allowing The Steamship Mutual Underwriting Association (Bermuda) Limited ("SMUAB"), Steamship Mutual Underwriting Association Limited ("SMUA"), Steamship Mutual Underwriting Association (Europe) Limited ("SMUAE") and The Steamship Mutual Trust ("The Trust") (together "The Companies") for the sole purpose of presenting the combined financial statements of the companies.

Responsibilities of the Engaging Party and the Responsible Party
The Directors have acknowledged that the agreed-upon procedures are appropriate for the purpose of the engagement.

Management, as identified by the Directors, is responsible for the subject matter on which the agreed-upon procedures are performed. The Directors acknowledge responsibility for determining whether the agreed upon procedures we performed were sufficient for your purposes and we cannot, and do not, make any representations regarding the sufficiency of these procedures for your purposes.

Accountant's Responsibilities
We have conducted the agreed-upon procedures in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), Agreed-Upon Procedures Engagements. An agreed-upon procedures engagement involves us performing the procedures that have been agreed with the Directors, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representation regarding the appropriateness of the agreed-upon procedures.

We have not subjected the information contained in this report to checking or verification procedures except to the extent expressly stated and this engagement does not constitute an audit or a review and, as such, no assurance is expressed. Had we performed additional procedures, an audit or a review, other matters might have come to light that would have been reported.

Professional Ethics and Quality Control
We have complied with the ethical requirements in the FRC's Ethical Standard. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedure and Findings
We have performed the following work, which were agreed upon with the Directors:

- We agreed SMUAB's figures in the combined financial statements working papers to the signed non-statutory consolidated financial statements of SMUAB as at 20 February 2024 with no exceptions;
- We agreed The Trust's figures in the combined financial statements working papers to the signed non-statutory financial statements of the Trust as at 20 February 2024 with no exceptions;
- We agreed SMUA's figures in the combined financial statements working papers to the signed statutory consolidated financial statements of SMUA as at 20 February 2024 with no exceptions;
- We agreed SMUAE's figures in the combined financial statements working papers to the signed statutory financial statements of SMUAE as at 20 February 2024, and agreed the numerical accuracy of the adjustments made to the SMUAE figures to bring them in line with the accounting polices applied in the combined financial statements with no exceptions;
- We noted no exceptions with the numerical accuracy of the combined financial statements working papers;
- We agreed the figures used in Note 17 to the outputs from underlying systems without exception;
- We agreed the figures used in the policy year statements to underlying working papers without exception; and
- We did not identify any meaningful differences between the accounting policies adopted by SMUAB, The Trust and SMUA, as defined in their respective financial statements. SMUAE's financial statements were prepared under IFRS, so adjustments were made to SMUAE's figures to conform with the accounting policies applied in the combined financial statements.

Use of Report
Our report is prepared solely for the confidential use of the Directors of The Steamship Mutual Underwriting Association (Bermuda) Limited. Our report must not be used for any purpose other than for which it was prepared or be reproduced or referred to in any other document or made available to any third party without the written permission of BDO LLP except a copy of our report may be provided, for information purposes only, to SMUA, SMUAE and The Trust to whom we have no liability and owe no duty of care. We accept no liability to any other party who is shown or gains access to this report.

BDO LLP
London, UK
24 May 2024

BDO LLP is a Limited Liability Partnership registered in England and Wales (with registered number OC305127)

Combined Income and Expenditure Account

For the year ended 20 February 2024

Technical Account	Note	2024 $m	2023 $m
Gross premium written	2	**463.9**	406.9
Outward reinsurance premium	3	**(92.2)**	(71.4)
Net earned premium		**371.7**	335.5
Allocated currency gains/(losses)	8	**1.4**	(5.1)
Claims paid			
Gross amount	4	**251.0**	367.3
Reinsurers' share	4	**(10.2)**	(142.5)
		240.8	224.8
Change in the provision for claims			
Gross amount	5	**15.0**	16.0
Reinsurers' share	5	**26.5**	20.7
		41.5	36.7
Net claims incurred		**282.3**	261.5
Operating expenses	6	**64.4**	53.4
Underwriting balance		**26.4**	15.5
Non-Technical Account			
Underwriting balance		**26.4**	15.5
Investment income	8	**43.1**	36.5
Unrealised gains/(losses)	8	**52.7**	(68.4)
Currency (gains)/losses allocated to the Technical Account	8	**(1.4)**	5.1
Net investment return		**94.4**	(26.8)
Investment charges		**(2.6)**	(2.7)
Other income		**–**	0.1
Other charges	9	**(6.2)**	(5.1)
Taxation		**(1.9)**	(0.2)
Surplus/(deficit) for the financial year		**110.1**	(19.2)

Combined Balance Sheet

as at 20 February 2024

Assets	Note	2024 $m	2023 $m
Investments			
Land and buildings	9	**11.2**	17.4
Other financial investments	10	**1,319.0**	1,095.4
Reinsurers' share of technical provisions			
Claims outstanding	5	**262.0**	288.5
Debtors			
Debtors arising out of direct insurance operations		**17.2**	10.4
Debtors arising out of reinsurance operations		**0.5**	1.1
Other debtors	11	**8.6**	75.1
Other assets			
Cash at bank		**22.1**	21.5
Prepayments and accrued income			
Deferred acquisition costs		**1.2**	1.0
Other prepayments and accrued income		**7.4**	5.9
Total assets		**1,649.2**	1,516.3

Liabilities	Note	2024 $m	2023 $m
Capital and reserves			
Free reserves	12	**540.3**	454.4
Technical provisions			
Provision for unearned premium		**6.4**	5.2
Claims outstanding	5	**1,040.8**	1,025.8
Provisions for other risks and charges			
Provision for taxation		**0.4**	0.2
Creditors			
Creditors arising out of direct insurance operations		**14.0**	15.7
Creditors arising out of reinsurance operations	13	**15.7**	10.4
Other creditors	14	**31.6**	4.6
Total liabilities		**1,649.2**	1,516.3

Notes on the Combined Financial Statements

1. Extract of accounting policies

(a) Accounting convention

The financial statements have been prepared with regard to the measurement principles in the European Commission Insurance Accounts Directive (91 /674/EEC) as adopted in the United Kingdom through Section 396 of the Companies Act 2006 and Schedule 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable United Kingdom Financial Reporting Standards ("FRS") 102 and 103.

(b) Basis of combination

The financial statements combine the accounts of SMUAB and its subsidiary undertaking, Steamship Mutual Property Holdings Limited ("SMPH") and its share of Hydra Insurance Company Limited ("Hydra") with those of SMUA and its subsidiary undertaking, Steamship (Germany) GmbH, the Trust and SMUAE. SMUAE's financial statements are prepared in accordance with IFRS and following the implementation of IFRS 17 Insurance contracts, FRS 102 and 103 accounts have been prepared and used within this combination.

2. Gross premium written	2024 $m	2023 $m
Mutual and fixed premium	**465.1**	407.5
Movement in unearned premium	**(1.2)**	(0.6)
	463.9	406.9

3. Outward reinsurance premium	2024 $m	2023 $m
IG Excess Loss	**57.5**	49.3
Other reinsurance premium	**34.7**	22.1
	92.2	71.4

4. Claims paid	2024 $m	2023 $m
Claims and related expenses	**164.7**	308.2
IG Pool claims	**49.9**	29.3
Claims administration expenses	**36.4**	29.8
	251.0	367.3
Less reinsurers' share		
IG Excess Loss	**6.0**	57.6
IG Pool	**2.3**	84.4
Other reinsurers	**1.9**	0.5
	10.2	142.5
Net claims paid	**240.8**	224.8

5. Change in net provision for claims	2024 $m	2023 $m
Gross outstanding claims		
Provision brought forward	**1,025.8**	1,009.8
Claims paid in the year	**(251.0)**	(367.3)
Changes to reserves	**266.0**	383.3
Provision carried forward	**1,040.8**	1,025.8
IG Pool and Excess Loss reinsurers' share of outstanding claims		
Provision brought forward	**225.8**	261.6
Reinsurance recoveries made in the year	**(8.3)**	(142.0)
Changes to reserves	**(29.2)**	106.2
Provision carried forward	**188.3**	225.8
Other reinsurers' share of outstanding claims		
Provision brought forward	**62.7**	47.6
Reinsurance recoveries made in the year	**(1.9)**	(0.5)
Changes to reserves	**12.9**	15.6
Provision carried forward	**73.7**	62.7
Total net claims outstanding	**778.8**	737.3

A favourable movement in the prior years' net claims provision of $37.9m was experienced during the year (2023: adverse $0.2m).

6. Operating expenses	2024 $m	2023 $m
Brokerage	**32.5**	28.1
Underwriting administration	**12.7**	11.0
Other administration	**17.3**	12.8
Operating lease expenses	**0.5**	0.2
Directors' remuneration	**0.5**	0.6
Auditor's remuneration	**0.9**	0.7
	64.4	53.4
Total expenses		
Operating expenses	**64.4**	53.4
Claims administration expenses (Note 4 above)	**36.4**	29.8
Investment charges	**2.6**	2.7
	103.4	85.9

7. Operating leases

Future minimum lease payments under non-cancellable operating leases are as follows:

	2024 $m	2023 $m
Not later than one year	–	–
Later than one year and not later than five years	**7.2**	–
Later than five years	**22.2**	–
	29.4	–

The operating lease is for the commercial office in UK. The lease term is up to fifteen years.

Notes on the Combined Financial Statements

(continued)

8. Net investment return	2024 $m	2023 $m
Dividends and interest	**44.5**	26.4
Realised (losses)/gains:		
Investments	**(1.0)**	12.4
Foreign exchange	**(0.4)**	(2.3)
Investment income	**43.1**	36.5
Unrealised gains/(losses):		
Investments	**50.8**	(65.0)
Foreign exchange	**1.9**	(3.4)
Foreign exchange (gains)/losses allocated to Technical Account	**(1.4)**	5.1
Net investment return	**94.4**	(26.8)

The allocation to the Technical Account is comprised of all realised and unrealised foreign exchange differences arising on non-US dollar investments held to match technical provisions in the same currencies, differences arising on the conversion of transactions on non-US dollar denominated transactions relating to the technical account, and the funding of operating expenses.

9. Land and buildings

SMPH owns a freehold property in London. It is occupied under licence, free of rent, by the Managers. On 29 February 2024, SMPH exchanged contracts for the sale of the property at a price of £9.0m ($11.3m). At the financial year end, the value of the property in the combined balance sheet is £8.9m ($11.2m), reflecting the sale price net of fees. The other charges shown in the combined income and expenditure account reflects this impairment in value (£5.6m), along with the movement in the US dollar equivalent of £14.5m ($17.4m) as at 20 February 2023 to that of £8.9m ($11.2m) at the balance sheet date. The original costs incurred when the property was purchased in 1987 amounted to $17.0m.

10. Other financial investments	2024 $m	2023 $m
Fair value		
Bonds	**955.1**	777.1
Equities	**106.2**	98.8
Alternative investments	**140.6**	89.2
Money market instruments	**95.4**	88.2
Deposits with credit institutions	**11.9**	29.5
Cash accounts	**9.8**	13.0
Derivative financial instruments	–	(0.4)
	1,319.0	1,095.4
Cost		
Bonds	**973.4**	822.0
Equities	**67.8**	79.1
Alternative investments	**133.5**	86.5
Money market instruments	**95.4**	88.2
Deposits with credit institutions	**11.9**	29.5
Cash accounts	**9.8**	13.0
	1,291.8	1,118.3

11. Other debtors	2024 $m	2023 $m
Unsettled investment transactions	**0.3**	71.3
Other receivables	**8.3**	3.8
	8.6	75.1

12. Free reserves	2024 $m	2023 $m
Brought forward	**454.4**	473.6
Surplus/(deficit) for year	**110.1**	(19.2)
Capital distribution	**(24.2)**	–
	540.3	454.4

13. Creditors arising out of reinsurance operations	2024 $m	2023 $m
IG clubs and Excess Loss reinsurers	**0.5**	5.7
Other reinsurance creditors	**15.2**	4.7
	15.7	10.4

14. Other creditors	2024 $m	2023 $m
Capital distribution payable to members	**24.2**	–
Accruals and other payables	**7.4**	4.6
	31.6	4.6

15. Average expense ratio

In accordance with Schedule 3 of the IG Agreement, each club is required to calculate and disclose its Combined Average Expense Ratio, being the ratio of operating expenses to income, including premium and investment income.

The operating expenses include all expenditure incurred, excluding expenditure incurred in handling claims. Investment income includes all income and gains whether realised or unrealised, exchange gains and losses, and investment management costs.

The Combined Average Expense Ratio for the P&I business of Steamship for the five years ended 20 February 2024 is 12.3% (2023: 12.8%).

16. Guarantees

SMUA and SMUAE provide guarantees to third parties on behalf of Members. For guarantees issued in respect of covered claims, provision is made within the claims outstanding technical provisions. Guarantees are issued under certain circumstances, in accordance with procedures, for uncovered claims when appropriate counter security is obtained in advance.

As at 20 February 2024 the total value of guarantees issued in respect of uncovered claims was $18.1m (2023: $19.1m). If the guarantee crystalises, counter securities held will be exercised and consequently receive the respective amounts from the insureds.

17. Risk management

Risks relating to the operations of the entities are monitored and managed through a risk management programme which analyses exposures by degree and magnitude of risks. This is evidenced in the Group Solvency Self-Assessment ("GSSA") report.

The GSSA documents risk and capital management policies employed to identify, assess, manage and report the risks it may face and to determine the capital resources required to ensure that its overall solvency needs are met at all times. The GSSA considers the business strategy, how the strategy aligns to risk appetite and the current risk profile.

The principal risks faced are insurance risk, credit risk, market risk and operational risk.

Insurance risk

Insurance risk is comprised of two elements; premium risk and reserving risk. Premium risk refers to the risk that insurance premium written in the current policy year is insufficient to cover claims and other costs arising in that year. It thus relates to the future, whereas reserving risk is the risk that, over the next year, existing technical provisions are insufficient to cover claims arising in previous policy years. Steamship is exposed to the uncertainty surrounding the timing, frequency and severity of claims made under its insurance contracts. Premium and reserving risk are calculated by reference to risk factors prescribed by the BMA and then combined taking account of dependencies and diversification effects.

Premium is set using assumptions which have regard to trends and the past experience of a specific Member. Premium risk is mitigated by diversification across a variety of ship types and geographical areas, and by careful selection and implementation of underwriting strategy guidelines including the screening of new Members.

Steamship transfers a substantial portion of its insurance risk to its reinsurers through the provisions of the reinsurance arrangements and its membership of the IG.

The key methods used to estimate claims liabilities are Bornhuetter-Ferguson for the most recent policy year reported and the development factor method for all other policy years. Reserves for both reported and unreported claims are calculated using detailed statistical analysis of the past experience as to frequency and average cost of claims having regard to variations in the nature of current business accepted and its underlying terms and conditions.

Inflation is one of many factors that are considered by claims handlers when setting an appropriate claims reserve prior to settling a claim. Standard actuarial techniques are used which, amongst other things, incorporate inflation when calculating appropriate technical provisions. Together, these should accommodate potential increased costs arising from current levels of inflation.

In order to reduce reserving risk, claims reserves are set at a prudent level that provides between 70% and 80% confidence that they will be sufficient to cover actual settlement costs. Actual experience will differ from the expected outcome, but this prudent basis is expected to result in releases of prior year claim reserves. This prudence is expected to cover increased costs that might arise should inflation remain above the long-term average.

The sensitivity of the overall surplus to three factors, other assumptions being unchanged, is shown below.

		2024 $m	2023 $m
5% increase in claims incurred on current policy year			
Overall surplus	gross of reinsurance	**(18.6)**	(16.9)
	net of reinsurance	**(16.0)**	(12.6)
Single claim of $2bn in current policy year			
Overall surplus	gross of reinsurance	**(2,000.0)**	(2,000.0)
	net of reinsurance	**(35.6)**	(34.9)
Single claim for other member of IG of $2bn in current policy year			
Overall surplus	gross of reinsurance	**(21.9)**	(21.2)
	net of reinsurance	**(21.9)**	(21.2)

17. Risk management (continued)

The following tables show the development of claims over ten years on both a gross and net of reinsurance basis. The top half of each table shows how the estimates of total claims for each policy year have developed over time. The lower half of each table reconciles cumulative claims to the amount appearing in the balance sheet.

Insurance claims - gross

Policy year	2014/15 $m	2015/16 $m	2016/17 $m	2017/18 $m	2018/19 $m	2019/20 $m	2020/21 $m	2021/22 $m	2022/23 $m	2023/24 $m
End of reporting year	306.1	341.7	245.9	393.1	322.0	315.8	314.8	310.8	338.9	372.6
One year later	238.0	338.1	226.7	357.3	287.6	346.6	297.3	271.6	275.2	
Two years later	233.0	348.3	244.4	337.9	269.8	335.2	286.3	261.8		
Three years later	226.6	353.8	241.3	336.0	259.2	442.3	269.6			
Four years later	220.2	361.3	241.0	366.5	255.3	440.2				
Five years later	216.9	360.5	239.9	366.5	251.1					
Six years later	223.8	358.9	241.3	365.0						
Seven years later	222.8	360.5	237.1							
Eight years later	217.5	358.2								
Nine years later	216.2									
Current estimate of ultimate claims	216.2	358.2	237.1	365.0	251.1	440.2	269.6	261.8	275.2	372.6
Cumulative payments to date	211.7	340.0	223.0	257.2	196.2	376.8	182.5	147.8	91.6	56.0
Claims outstanding	**4.5**	**18.2**	**14.1**	**107.8**	**54.9**	**63.4**	**87.1**	**114.0**	**183.6**	**316.6**
Claims outstanding relating to last ten reporting years										**964.2**
Provision in respect of 2013/14 policy year and prior										**76.6**
Total gross claims outstanding										**1,040.8**

Insurance claims - net

Policy year	2014/15 $m	2015/16 $m	2016/17 $m	2017/18 $m	2018/19 $m	2019/20 $m	2020/21 $m	2021/22 $m	2022/23 $m	2023/24 $m
End of reporting year	239.4	246.0	223.0	255.0	261.5	246.9	256.0	272.8	252.9	321.0
One year later	214.6	232.6	219.8	250.4	248.2	262.5	250.7	262.6	234.4	
Two years later	205.8	241.0	230.7	239.4	236.3	262.2	254.1	253.0		
Three years later	202.2	241.1	234.2	239.8	234.6	272.8	243.2			
Four years later	198.3	239.9	235.2	238.2	234.3	279.2				
Five years later	196.2	238.9	233.5	243.2	233.1					
Six years later	199.0	236.5	234.7	244.4						
Seven years later	197.0	236.3	231.8							
Eight years later	196.3	235.0								
Nine years later	195.8									
Current estimate of ultimate claims	195.8	235.0	231.8	244.4	233.1	279.2	243.2	253.0	234.4	321.0
Cumulative payments to date	192.1	225.2	217.9	206.7	195.3	225.4	180.5	147.3	91.6	56.0
Claims outstanding	**3.7**	**9.8**	**13.9**	**37.7**	**37.8**	**53.8**	**62.7**	**105.7**	**142.8**	**265.0**
Claims outstanding relating to last ten reporting years										**732.9**
Provision in respect of 2013/14 policy year and prior										**45.9**
Total net claims outstanding										**778.8**

17. Risk management (continued)

Credit risk

Credit risk is the risk that a counterparty owing money may default causing a debt to be written off. The reinsurance protection arranged effectively transforms a proportion of insurance risk into credit risk as the risk exposure becomes reinsurer default. External reinsurers are generally only used if at the time of contracting with them their financial strength rating is at least A- from S&P Global, or an equivalent rating from another rating agency, except in the case of some members of the IG. The key areas of exposure to credit risk are in relation to reinsurance recoverables and bonds in the investment portfolio.

The Boards' Investment Policy and specific guidelines in investment mandates control the amount of credit risk taken in pursuit of investment return and ensure that such credit risk is diversified thereby reducing concentration of exposure.

Credit risk in respect of amounts due from Members is spread across diverse industries and geographical areas. Cover can be cancelled and claims set off against unpaid premium and there are other strong incentives for Members to keep their insurance cover in place. In practice, therefore, prompt payment of premium is experienced and bad debt is immaterial.

Credit risk also arises on operational balances and deposits held with banks. This is controlled by using a variety of banks and limiting exposure to each individual bank based on its credit rating and/or capital strength.

Receivables from Members, agents and intermediaries, and land and buildings, generally do not have a credit rating and are therefore included within Other assets. Equities and alternative investments are also included within Other assets. The following table shows the aggregated credit risk exposure for all assets.

As at 20 February 2024

	AAA $m	AA $m	A $m	BBB $m	BB and below $m	Not rated $m	Total $m
Bonds and loans	111.6	324.2	317.6	189.7	11.9	0.1	**955.1**
Money market instruments	71.4	24.0	–	–	–	–	**95.4**
Deposits with credit institutions	–	11.1	0.8	–	–	–	**11.9**
Cash accounts	0.6	0.1	9.1	–	–	–	**9.8**
Derivative financial instruments	–	–	–	–	–	–	–
Cash at bank	–	18.3	3.5	–	–	0.3	**22.1**
Reinsurers' share of technical provisions	–	112.7	111.7	34.3	3.3	–	**262.0**
Debtors arising out of reinsurance operations	–	0.5	–	–	–	–	**0.5**
Accrued interest	0.7	1.4	3.0	1.9	0.1	0.1	**7.2**
Other assets	–	–	–	–	–	285.2	**285.2**
Total assets	**184.3**	**492.3**	**445.7**	**225.9**	**15.3**	**285.7**	**1,649.2**

17. Risk management (continued)

Credit Risk (continued)

As at 20 February 2023

	AAA $m	AA $m	A $m	BBB $m	BB and below $m	Not rated $m	Total $m
Bonds and loans	85.3	248.6	261.2	166.9	15.1	–	**777.1**
Money market instruments	84.4	3.8	–	–	–	–	**88.2**
Deposits with credit institutions	–	9.1	20.4	–	–	–	**29.5**
Cash accounts	1.4	–	11.6	–	–	–	**13.0**
Derivative financial instruments	–	–	(0.4)	–	–	–	**(0.4)**
Cash at bank	–	15.9	3.9	–	–	1.7	**21.5**
Reinsurers' share of technical provisions	–	8.7	236.9	42.9	–	–	**288.5**
Debtors arising out of reinsurance operations	–	–	1.1	–	–	–	**1.1**
Accrued interest	0.5	1.5	1.9	1.6	0.1	–	**5.6**
Other assets	–	–	–	–	–	292.2	**292.2**
Total assets	**171.6**	**287.6**	**536.6**	**211.4**	**15.2**	**293.9**	**1,516.3**

The following table shows the age analysis of debtors arising out of insurance operations and debtors arising out of reinsurance operations after deducting provisions for bad debt.

As at 20 February 2024

	Not due $m	0 - 30 days $m	31 - 90 days $m	Over 90 days $m	Impaired $m	Total $m
Debtors arising out of direct insurance operations	7.3	3.9	4.1	1.9	–	**17.2**
Debtors arising out of reinsurance operations	–	0.1	0.3	0.1	–	**0.5**
Total	**7.3**	**4.0**	**4.4**	**2.0**	–	**17.7**

As at 20 February 2023

	Not due $m	0 - 30 days $m	31 - 90 days $m	Over 90 days $m	Impaired $m	Total $m
Debtors arising out of direct insurance operations	3.5	1.9	3.0	1.9	0.1	**10.4**
Debtors arising out of reinsurance operations	–	1.1	–	–	–	**1.1**
Total	**3.5**	**3.0**	**3.0**	**1.9**	**0.1**	**11.5**

17. Risk management (continued)

Market Risk

Market risk is the risk of financial loss as a consequence of movements in prices of equities and bonds, interest rates and foreign exchange rates and other price changes.

Exposure to changes in interest rates and market prices is concentrated in the investment portfolio. The risk appetite, asset allocation and tolerance ranges are set by the Board of the Corporate Trustee of the Trust having consulted with the Boards of the reinsureds. Exposures and compliance with Board policies are monitored and reported by the Managers assisted by the investment managers.

SMUA and SMUAE receives the majority of its premium income in US dollars, a reasonable amount in euro and small amounts in UK sterling and Canadian dollars. Claim liabilities arise in a number of currencies but predominantly in US dollar, euro, UK sterling and Brazilian real. This currency exposure is mitigated by holding investments and derivatives in each of these currencies. To minimise currency translation costs some operational bank balances in euro and UK sterling are maintained to fund expected short term claim payments in those currencies.

The following tables show the combined assets and liabilities by currency. The exposure to Brazilian real and UK sterling through derivative positions was $4.4m and $6.0m respectively at 20 February 2024 (2023: $4.1m and $5.7m).

As at 20 February 2024

	US dollar $m	UK sterling $m	Euro $m	Brazilian real $m	Korean won $m	Other $m	Total $m
Assets	1,479.2	38.0	111.6	8.0	–	12.4	**1,649.2**
Liabilities	(928.0)	(31.7)	(108.1)	(15.8)	(4.1)	(21.2)	**(1,108.9)**
	551.2	**6.3**	**3.5**	**(7.8)**	**(4.1)**	**(8.8)**	**540.3**

As at 20 February 2023

	US dollar $m	UK sterling $m	Euro $m	Brazilian real $m	Korean won $m	Other $m	Total $m
Assets	1,346.2	48.0	102.0	7.9	–	12.2	**1,516.3**
Liabilities	(900.0)	(26.8)	(104.0)	(12.4)	(2.8)	(15.9)	**(1,061.9)**
	446.2	**21.2**	**(2.0)**	**(4.5)**	**(2.8)**	**(3.7)**	**454.4**

IBNR and reinsurers' share of IBNR are reserved in US dollar.

17. Risk Management (continued)

Market Risk (continued)
The majority of the operating expenses are the costs of Steamship Insurance Management Services Limited, the service company of Steamship P&I Management LLP. These expenses are payable in UK sterling giving rise to a foreign exchange risk when compared to the base currency of US dollar. The hedging policy requires a percentage of future costs to be held in UK sterling to manage this risk.

Interest rate risk is in relation to the fluctuation in the fair value of future cash flows of bonds due to changes in interest rates. The table below shows the change in fair value of the investments assuming a 200 basis points increase in interest rates:

	Effect on investment valuation $m
As at 20 February 2024	(68.7)
As at 20 February 2023	(33.5)

Equity price risk is in relation to the fluctuation in the fair value of equities due to changes in market conditions. The table below shows the change in fair value of the investments assuming a 35% decrease in equities:

	Effect on investment valuation $m
As at 20 February 2024	(37.1)
As at 20 February 2023	(34.5)

The table below shows the change in fair value of the investments assuming a 15% decrease in alternative investment pricing:

	Effect on investment valuation $m
As at 20 February 2024	(21.1)
As at 20 February 2023	(13.4)

The above sensitivities assume that all other key market variables are held constant and that the percentage rate change is instantaneous, which is rarely the case.

Liquidity risk
Liquidity risk is the risk that financial obligations cannot be met as they fall due. A highly liquid portfolio of cash, government and corporate bonds is maintained, with an average maturity similar to the average expected settlement period of claim liabilities.

17. Risk management (continued)

Liquidity Risk (continued)

The following table shows the expected maturity/liquidity of assets based on the undiscounted contractual maturities of the assets.

As at 20 February 2024

	0-1 years $m	1-2 years $m	2-5 years $m	Over 5 years $m	Total $m
Investments	473.9	106.6	273.3	465.2	**1,319.0**
Reinsurers' share of technical provisions	98.6	56.3	76.2	30.9	**262.0**
Other assets	68.2	–	–	–	**68.2**
Total assets	**640.7**	**162.9**	**349.5**	**496.1**	**1,649.2**

As at 20 February 2023

	0-1 years $m	1-2 years $m	2-5 years $m	Over 5 years $m	Total $m
Investments	447.1	143.5	272.1	232.7	**1,095.4**
Reinsurers' share of technical provisions	105.2	59.9	81	42.4	**288.5**
Other assets	132.4	–	–	–	**132.4**
Total assets	**684.7**	**203.4**	**353.1**	**275.1**	**1,516.3**

The following table shows the expected maturity profile of undiscounted obligations with respect to insurance contract liabilities and other liabilities.

As at 20 February 2024

	0-1 years $m	1-2 years $m	2-5 years $m	Over 5 years $m	Total $m
Claims outstanding	375.7	243.6	309.5	112.0	**1,040.8**
Other liabilities	68.1	–	–	–	**68.1**
Total liabilities excluding capital and reserves	**443.8**	**243.6**	**309.5**	**112.0**	**1,108.9**

As at 20 February 2023

	0-1 years $m	1-2 years $m	2-5 years $m	Over 5 years $m	Total $m
Claims outstanding	374.3	212.8	288.1	150.6	**1,025.8**
Other liabilities	36.1	–	–	–	**36.1**
Total liabilities excluding capital and reserves	**410.4**	**212.8**	**288.1**	**150.6**	**1,061.9**

Operational Risk
Operational risk includes fraud, interruptions in service due to external or internal disruption and procedural or systems errors. Operational risks are identified in a risk register and appropriate controls are in place to manage and mitigate such risks, consistent with good practice, regulatory guidance and legislation relating to human resources, financial crime, business continuity and information security. Appropriate controls are also in place to monitor the outsourcing of operations to the Managers and, through them, other service providers.

Combined Policy Year Statement – All Classes

Development of open policy years	2023/24 $m	2022/23 $m	2021/22 $m	Total $m
Gross premium	459.9	404.6	313.4	**1,177.9**
Reinsurance premium	(90.5)	(73.8)	(53.1)	**(217.4)**
Net earned premium	369.4	330.8	260.3	**960.5**
Allocated investment return from non-technical account	0.5	(2.6)	(2.4)	**(4.5)**
Net incurred claims				
Claims paid net of reinsurance recoveries	29.4	71.9	128.5	**229.8**
Claims administration expenses	26.6	19.7	18.7	**65.0**
Net claims outstanding	95.3	88.5	77.3	**261.1**
IBNR provision	155.2	50.5	27.1	**232.8**
Future claims administration expenses	14.5	3.8	1.4	**19.7**
	321.0	234.4	253.0	**808.4**
Operating expenses				
Brokerage	31.8	28.1	22.3	**82.2**
Other expenses	31.9	25.3	22.0	**79.2**
	63.7	53.4	44.3	**161.4**
Underwriting balance	(14.8)	40.4	(39.4)	**(13.8)**
Net investment income	83.7	(34.7)	(4.8)	**44.2**
Surplus/(deficit) on open policy years	68.9	5.7	(44.2)	**30.4**

Closed policy years	
Surplus in respect of 2019/20 and prior years at 20 February 2023	**521.4**
Balance on 2020/21 year as at 20 February 2023	**0.3**
Capital distribution	**(24.2)**
Movements on policy years prior to 2021/22	**12.4**
Surplus on all policy years	**540.3**

Notes

1. Investment income earned by SMUAB, SMUA and SMUAE is credited to the same policy year as the financial year in which it rises. Investment income earned by the Trust is only allocated to the policy year to the extent required to bring that year into overall balance.

	2023/24 $m	2022/23 $m	2021/22 $m
2. Net product of 10% supplementary call in respective of P&I class	33.5	29.8	22.5

3. The policy year combined ratios as at 20 February 2024 are as follows:

2023/24	2022/23	2021/22
104.0%	87.8%	115.2%

Combined Policy Year Statement – All Classes

Balance available for outstanding claims by policy year	2023/24 $m	2022/23 $m	2021/22 $m	Closed years $m	Total $m
Gross claims outstanding					
Own claims	262.4	161.1	81.3	336.1	**840.9**
Pool claims	39.7	18.8	31.4	86.8	**176.7**
Future claims administration expenses	14.5	3.8	1.4	3.5	**23.2**
Reinsurance recoveries outstanding					
IG Excess Loss contract	-	-	-	(32.9)	**(32.9)**
IG Pool	(46.4)	(2.7)	(3.6)	(102.7)	**(155.4)**
Other	(5.3)	(38.2)	(4.7)	(25.5)	**(73.7)**
Net provision for claims outstanding	264.9	142.8	105.8	265.3	**778.8**
Free reserves					
Surplus/(deficit) on policy years	68.9	5.7	(44.2)	274.2	**304.6**
Unallocated investment income	-	-	-	235.7	**235.7**
Balance available for outstanding claims	333.8	148.5	61.6	775.2	**1,319.1**

Notes

1. Combined projected net outstanding claims at 20 February 2024, amounting to $778.8m, includes IBNR provision totaling $300.0m as follows:

2023/24 $m	2022/23 $m	2021/22 $m	Closed years $m	Total $m
155.2	50.5	27.1	67.2	**300.0**

2. Combined free reserves at 20 February 2024, amounting to $540.3m, are stated net of a provision for future expenses on outstanding claims amounting to $23.2m.

Combined Policy Year Statement – P&I Class

Development of open policy years	2023/24 $m	2022/23 $m	2021/22 $m	Total $m
Gross premium	412.2	365.9	286.5	**1,064.6**
Reinsurance premium	(69.3)	(57.9)	(41.1)	**(168.3)**
Net earned premium	342.9	308.0	245.4	**896.3**
Allocated investment return from non-technical account	0.4	(2.3)	(1.8)	**(3.7)**
Net incurred claims				
Claims paid net of reinsurance recoveries	27.5	62.9	120.6	**211.0**
Claims administration expenses	24.7	16.3	17.5	**58.5**
Net claims outstanding	91.7	80.0	75.6	**247.3**
IBNR provision	142.7	43.6	24.9	**211.2**
Future claims administration expenses	13.4	3.4	1.3	**18.1**
	300.0	206.2	239.9	**746.1**
Operating expenses				
Brokerage	26.9	22.7	19.3	**68.9**
Acquisition and other expenses	28.7	22.9	20.2	**71.8**
	55.6	45.6	39.5	**140.7**
Underwriting balance	(12.3)	53.9	(35.8)	**5.8**
Allocated net investment income	74.9	(32.3)	(4.5)	**38.1**
Surplus/(deficit) on open policy years	62.6	21.6	(40.3)	**43.9**

Closed policy years	
Surplus in respect of 2019/20 and prior years at 20 February 2023	**493.2**
Balance on 2020/21 year as at 20 February 2023	**(3.5)**
Capital distribution	**(24.2)**
Movements on policy years prior to 2021/22	**11.6**
Surplus on all policy years	**521.0**

Notes

1. Investment income earned by SMUAB, SMUA and SMUAE is credited to the same policy year as the financial year in which it rises. Investment income earned by the Trust is only allocated to the policy year to the extent required to bring that year into overall balance.

	2023/24 $m	2022/23 $m	2021/22 $m
2. Net product of 10% supplementary call	33.5	29.8	22.5

3. The policy year combined ratios are as follows:

2023/24	2022/23	2021/22
103.7%	81.8%	113.9%

Combined Policy Year Statement – P&I Class

Balance available for outstanding claims by policy year	2023/24 $m	2022/23 $m	2021/22 $m	Closed years $m	Total $m
Gross claims outstanding					
Own claims	244.0	110.8	76.9	315.9	**747.6**
Pool claims	39.7	18.8	31.4	86.8	**176.7**
Future claims administration expenses	13.4	3.4	1.3	3.3	**21.4**
Reinsurance recoveries outstanding					
IG Excess Loss contract	-	-	-	(32.9)	**(32.9)**
IG Pool	(46.4)	(2.7)	(3.6)	(102.8)	**(155.5)**
Other	(2.9)	(3.3)	(4.1)	(18.1)	**(28.4)**
Net provision for claims outstanding	247.8	127.0	101.9	252.2	**728.9**
Free reserves					
Surplus/(deficit) on policy years	62.6	21.6	(40.3)	241.4	**285.3**
Unallocated investment income	-	-	-	235.7	**235.7**
Balance available for outstanding claims	310.4	148.6	61.6	729.3	**1,249.9**

Notes

1. Combined projected net outstanding claims at 20 February 2024, amounting to $728.9m, includes IBNR provision totalling $273.0m as follows:

2023/24 $m	2022/23 $m	2021/22 $m	Closed years $m	Total $m
142.7	43.6	24.9	61.8	**273.0**

Steamship Mutual Regulatory Group

The Steamship Mutual Underwriting Association (Bermuda) Limited
Company Registration Number: 3742

Steamship Mutual Underwriting Association Limited
Company Number: 00105461

The Steamship Mutual Underwriting Association Trustees (Bermuda) Limited (Trustees)
Company Registration Number: 9904

Steamship Mutual Underwriting Association (Europe) Limited
Company Number: HE 451650

Our Offices

Bermuda
Steamship Mutual Management (Bermuda) Limited
Washington Mall II
Unit 416 22
Church Street
PO Box HM 601
Hamilton HM CX
Bermuda

Hong Kong
Steamship Mutual Management (Hong Kong) Ltd
1302, Floor 13,
Five Pacific Place
28 Hennessy Road
Wan Chai
Hong Kong

Limassol
Steamship Insurance Agency (Europe) Limited
Vashiotis Ikon Centre
363, 28th October
Avenue 3107
Limassol Cyprus

London
Steamship Insurance Management Services Limited
Aquatical House, 39 Bell Lane, London, E1 7LU

Piraeus
Steamship Insurance Agency (Europe) Limited
Xylas Building, 2nd Floor
1-3 Filellinon
185 36 Piraeus
Greece

Rio de Janeiro
Steamship Mutual Management (Bermuda) Limited
Avenida Rio Branco, 151 / 1305-1307
Centro
Rio de Janeiro
RJ CEP 20040-006
Brazil

Singapore
Steamship P&I Management (Singapore) Pte Limited
160 Robinson Road,
SBF Center #15-02/03,
Singapore 068914

Tokyo
Steamship Mutual Underwriting Association Limited, Japan Branch
7th Floor, Dear Nihonbashi Tower,
2-1-20 Nihonbashi Chou-ku
Tokyo 103-0027 Japan

Steamship Insurance Management Services Limited is authorised and regulated by the Financial Conduct Authority
Registered Office: Aquatical House, 39 Bell Lane, London, E1 7LU
Registered in England and Wales - Registration number 3855693. FCA registration number 314468
Website: www.steamshipmutual.com

Steamship Mutual

For further financial information:
www.steamshipmutual.com