The Standard Club Ltd

Annual Report 2023

Standard Club

Part of NorthStandard

CONTENTS

THE DIRECTORS

Directors who served since the date of the last report and financial statements:

A Cossar	Non-Executive Director (Chairman from 20 February 2023)	
J Grose	Executive Director	
N Jelley	Executive Director	*(Appointed 20 February 2023)*
N Aksoy	Member Director	*(Resigned 20 February 2023)*
P Clausius	Member Director	*(Resigned 20 February 2023)*
C Cosimi	Member Director	*(Resigned on 31 January 2023)*
V Dalacouras	Member Director	*(Resigned on 31 January 2023)*
C d'Amico	Member Director (Chairman until resignation)	*(Resigned 20 February 2023)*
R Forest	Member Director	*(Resigned on 31 January 2023)*
A Groom	Non-Executive Director	*(Resigned 20 February 2023)*
N Hadjioannou	Member Director	*(Resigned 20 February 2023)*
B Harinsuit	Member Director	*(Resigned 20 February 2023)*
L Henneberg	Member Director	*(Resigned 20 February 2023)*
K Howarth	Member Director	*(Resigned 20 February 2023)*
B Hurst-Bannister	Insurance Expert Director	*(Resigned 20 February 2023)*
T Huxley	Member Director	*(Resigned 20 February 2023)*
G Jaegers	Member Director	*(Resigned 20 February 2023)*
E Johnsen	Member Director	*(Resigned 20 February 2023)*
H Joshi	Member Director	*(Resigned 20 February 2023)*
L Kastrup	Member Director	*(Resigned 20 February 2023)*
D Koo	Member Director	*(Resigned 20 February 2023)*
T Kuroyanagi	Member Director	*(Resigned 20 February 2023)*
R Menendez Ross	Member Director	*(Resigned 20 February 2023)*
A Paterson	Member Director	*(Resigned 20 February 2023)*
M Procopiou	Member Director	*(Resigned 20 February 2023)*
T Vellis	Member Director	*(Resigned 20 February 2023)*
M Voorham	Member Director	*(Resigned 20 February 2023)*
J Woodrow	Member Director	*(Resigned 20 February 2023)*
A Glenn	Member Director	*(Appointed 14 October 2022, resigned 20 February 2023)*
J Sutton	Member Director	*(Appointed 14 October 2022, resigned 20 February 2023)*

REPORT OF THE DIRECTORS

The directors have pleasure in presenting the audited financial statements of The Standard Club Ltd (the ‘Group’) for the financial year ended 20 February 2023.

Principal activities

The principal activity of The Standard Club Ltd is to act as a holding company for subsidiaries that provide insurance and reinsurance of third-party liabilities and related risks, marine delays, war risks and defence risks on behalf of their members. Following the 2023 renewal, there was approximately 155mgt of shipping entered in the club’s subsidiaries for P&I risks.

Following the merger with the North group immediately following renewal on the 20 February 2023, the club became an intermediate holding company within the NorthStandard group, which is regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) in the United Kingdom.

Directors

The directors of the club who were in office from the date of the last report and up to the date of signing these financial statements are shown on page 2 of this report. Following the merger with the North group on 20 February 2023 the majority of directors retired, with one new director joining, leaving a board of three.

Meetings of the board

Since the date of the last report, the board has met on two occasions: 14 October 2022 (Madrid) and 31 January 2023 (Dublin).

Financial results

Summary of financial results and consolidated balance sheet

As set out in the consolidated statement of comprehensive income, there was a deficit for the year of $45m (2022: $50m deficit). Free reserves at 20 February 2023 stood at $265m (2022: $310m). Total reserves available for claims stood at $808m (2022: $853m). The amount set aside to meet outstanding claims and IBNR was $543m at 20 February 2023 (2022: $543m).

Statement of comprehensive income

Revenue from calls, premiums and releases amounted to $346m (2022: $294m). Incurred claims, net of reinsurance recoveries, were $234m (2022: $213m). Pool and reinsurance recoveries amounted to $109m (2022: $37m).

Average expense ratio

The average expense ratio for the club’s P&I class for the five years ended 20 February 2023 was 14.0% (2022: 13.4%). The ratio was calculated in accordance with the Schedule and Guidelines issued by the International Group (IG) pursuant to the International Group Agreement and is consistent with the relevant financial statements. The ratio expresses the club’s expenses as a percentage of its total income. Although members’ brokerage is not an expense of the club, for the sake of consistency, the ratio includes members’ brokerage fees paid by members to their brokers through the agency of the club.

Open and closed policy year balances – P&I class

The appendices to the report set out details of the open policy years together with the closed policy year balances. The 2020/21 policy year was closed on the basis of the financial position at 20 February 2023. The total open policy year balance at 20 February 2023 amounted to $199m after closure of the 2020/21 policy year. The estimate of net outstanding claims liabilities for the closed years amounted to $300m (including liabilities for the 2020/21 policy year).

Free reserves

The free reserves represent the surpluses built up out of open and closed policy years (which include investment returns and constitute the core capital of the club). The club’s free reserves stood at $265m at 20 February 2023 (2022: $310m).

Pre-merger the board kept under review the strategic purpose of the club's capital and agreed that the appropriate level of free reserves would:

- ensure that the club has sufficient capital to reflect its business risks and to comply with regulatory requirements
- provide a sufficient buffer so as to make the probability of supplementary calls very low and unnecessary in any phase of a normal underwriting cycle, levied only in extreme stress scenarios
- ensure that the club is perceived as being in the top division of clubs from a financial perspective, in order to give the club flexibility and the power to maintain discipline on pricing and quality
- maintain an S&P capital strength rating of 'AAA'.

At 20th February 2023 the level of free reserves was within the target strategic range set by the board. Following the merger the level of reserves will be considered as part of the wider NorthStandard group.

Release calls

An actuarial assessment is undertaken to establish the level of release calls for each policy year, as the various risks to which the club is exposed and the long-tail nature of claims development could lead to a wide variety of profit and loss outcomes. The club has considered each of a large number of possible results to assess the probability of the free reserves falling to a level at which a supplementary call might be made. The size of such a supplementary call, weighted by the probability of requiring a call of that size, represents the liability foregone by a member that leaves the club.

A benchmark release call rate is calculated as this amount plus a risk transfer premium, adjusted to take into account any commercial or market considerations.

In line with recent years, the club is sufficiently confident in its balance sheet strength to maintain relatively low levels of release calls on the P&I class, as compared to other IG clubs, of 0% for 2021/22, 5% for 2022/23 and 12.5% for 2023/24.

The Coastal & Inland class release calls are set at 0% for each of the three open policy years, and the Strike & Delay class at 20% for 2022/23 and 2023/24.

PRINCIPAL RISKS AND UNCERTAINTIES

The following section sets out how the club managed its principal risks and uncertainties up until the merger. Post merger the club and its subsidiaries will manage its risks as part of the wider NorthStandard group risk management framework

How the club manages risk

The board is responsible for identifying and managing the club's risks. Until the merger the board's risk management responsibilities were led by the Audit and Risk Committee during the year, which reviewed the risks facing the club as well as their potential impact, management and mitigation. The board set the club's risk appetite in relation to all key aspects of the club's operations, and the club's strategy reflected that appetite.

Key risks were evaluated to assess their likelihood and potential impact.

The club's management establishes controls which wer designed to ensure that the tolerances contained in the board's risk appetite were not exceeded and, where possible, put in place arrangements or processes to mitigate the club's risks. Acting through its Audit and Risk Committee, the club's management regularly monitored the effectiveness of the risk management system during the year, including the impact of changes in the club's risk profile and emerging risks. A risk register which records the risks and their potential likelihood, impact, mitigation and controls was (and still is post-merger) maintained.

The club's internal model reflected the risks identified and was used to assess the potential aggregate impact, and hence the levels of capital required to cover them.

The club's risk, compliance and internal audit functions reported to the Audit and Risk Committee during the year, providing assurance that the club's risk management systems were functioning correctly. Post-merger those functions will report to the NorthStandard group Audit and Risk Committees.

Type of risk	Risk description	Management of action
Underwriting risk		
Premium risk	The risk that premiums charged will not be sufficient to meet all associated claims and expenses, including: • internal risks arising from underwriting inappropriate or incorrectly priced business • external risks arising from adverse insurance or reinsurance market movements.	• Premium risk is managed by: - clear underwriting controls, pricing models, and underwriting review and authority levels - monitoring for undue concentrations of risk, acceptability of member loss records and consistency of pricing with risk appetite - a dedicated loss prevention function, aimed at ensuring that the club only underwrites those shipowners that operate to an acceptable standard, as well as encouraging good risk management by members. • Premium risk is mitigated by appropriate reinsurance programmes, including the IG pooling and reinsurance programme, and the club's own non-pool and retention reinsurance.
Reserve risk	The risk that claims reserves will be inadequate to cover known losses, and/or unknown or undeveloped losses, such as occupational diseases.	• Reinsurance strategy is set by the board in line with the board's risk appetite and is designed to mitigate the club's insurance risk through programmes tailored to the club's exposures. The efficacy of the club's reinsurance arrangements in mitigating club risks is tested by the actuarial function.
Financial risk		
Credit risk	The risk of a loss occurring owing to the failure of a counterparty to meet its contractual debt obligations. Counterparties include members, reinsurers, other IG clubs, intermediaries, banks and investment counterparties.	• The risk of default is mitigated by: - using only well-rated reinsurers and monitoring their financial condition - Pooling Agreement provisions, which provide security for inter- club obligations - prompt follow-up of outstanding member premiums, the ability to net overdue premium amounts against unpaid claims, and suspension or cancellation of cover - investment rules and counterparty limits.
Liquidity risk	The risk arising from insufficient financial resources being available to meet liabilities as they fall due.	• The club continually monitors its cash and investments to ensure that it meets its liquidity requirements. • Adequate cash holdings are maintained at all times and the club's asset allocation strategy is designed in part to enable the ready availability of funds to meet insurance liabilities as they fall due. • The club regularly reviews the time period required to liquidate the investment portfolio. • The likely cash outflows in relation to specific large claims are projected and monitored. • Significant claim settlements through the IG Pool and associated reinsurance arrangements are subject to special settlement provisions that provide the club with access to funding for those large claims that are subject to reinsurance recoveries.

Type of risk	Risk description	Management of action
Financial risk continued		
Market risk	The risk of a loss occurring from fluctuations in the value or income from investments, including the effects of fluctuations in interest and exchange rates.	• The club's investment strategy has been developed with the following objectives: a) To preserve capital for the payment of the club's claims and other liabilities by limiting the risk in the portfolio as agreed from time to time by the board. b) Within the risk tolerance agreed by the board, to maximise the overall returns as measured over rolling three-year periods. c) To ensure there are ready funds to meet liabilities as they fall due. • There are clear and regularly reviewed investment rules, and the club manages its investment risk through investing widely and in different asset classes to diversify the overall portfolio and produce reasonable returns with acceptable volatility. The club is exposed to equity price fluctuation risk, but the investment rules limit equity exposure. • The currency of investment is matched to the profile of the liabilities to which the club is exposed. The club makes use of forward currency contracts to hedge its exposure to fluctuations in the value of non- core currencies and to maintain the matching of the investment profile to the liability profile. • Interest rate risk exposure is measured and controlled through regular consideration of the appropriate duration of the fixed interest component of the portfolio. • The investment asset and currency benchmarks are modified from time to time to reflect the board's reassessment of market risk appetite, as informed by its assessment of the investment markets as well as by risk appetite and regulatory or rating agency considerations.
Operational risk	The risk resulting from inadequate or failed internal processes, people and systems, or from external events.	• The club has identified its operational risks and has in place appropriate controls 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. • As the club employs independent third-party managers to manage some of its day-to-day activities, an appropriate governance structure and control framework are also in place to monitor the club's outsourcing of its operations.

CORPORATE GOVERNANCE

Overview

During the financial year, the club comprised members from the international shipping community and has sought to follow good governance principles that would generally be recognised throughout world markets. Prior to the merger with the North group, the club was group regulated in Bermuda, with regulated operating insurance subsidiaries in the UK, Ireland and Singapore. The club has had particular regard for the requirements of these countries in arriving at its current practices.

Upon completion of the merger, the club withdrew its regulated status in Bermuda and the club became an intermediate holding company within the NorthStandard group, which is regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) in the United Kingdom.

The following sets out the corporate governance framework of the Standard Group prior to the merger.

Board responsibilities

The board's role, duties, composition and operation, along with its matters reserved, are described in the board governance policies statement. The principal functions of the board are to:

- govern and direct the club's affairs
- ensure that the club's objectives are being fulfilled
- set the overall strategy and key policies
- set and review the club's risk appetite
- oversee risk management and compliance issues
- ensure that there is a suitable and clear allocation of responsibility between itself and the managers
- satisfy itself that the managers have an appropriate structure for the management of the club
- direct and supervise the managers and consider their reports on all significant aspects of the club's affairs
- ensure that there are suitable systems of control.

The directors are provided with up-to-date reports on the key financial indicators for the club and on the risks, controls, underwriting, claims, investment and general policy issues at each board meeting. The directors are provided with board meeting papers in sufficient time before each board meeting to enable them to understand the relevant issues and to focus upon decisions that need to be made. The board has delegated the implementation of its strategy and policies, and the management of the day-to-day operations of the club to the managers.

Board membership

During the financial year, the majority of directors were non-executive and not involved in the day to day executive management of the club. Directors were, for the most part, the owners or senior executives of the club's member companies. Upon completion of the merger with the North group, all the existing directors resigned with the exception of one non-executive director (who became chairman) and one executive director and one additional executive director was appointed so that the board is now composed of three directors.

The chairman is responsible for the direction and effectiveness of the board and the oversight of the club's affairs and strategy. During the financial year, there were two deputy chairmen whose roles were to assist the chairman in carrying out his role. The board also had the benefit of four insurance expert directors during this period. It also had access to additional independent insurance, regulatory, financial and investment expertise as required. A Bermudian resident director with insurance and regulatory experience was appointed to the board in January 2016 and continues to serve on the board.

Remuneration

Directors received fees that were recommended by the club's Remuneration Committee and agreed by the board. The group CEO does not receive a fee for his directorship. The Remuneration Committee was created on 18 August 2020. During the year, this committee oversaw remuneration matters of the group and, along with the Nomination and Governance Committee, ensured that the personal performance objectives and the remuneration of the executive director were designed to promote the long-term success of the club. The club's administrative functions are undertaken by the in-house team.

Following the merger with the North group, the Remuneration Committee was disbanded and NorthStandard Ltd's Group Nominations & Remuneration Committee now oversees remuneration matters across the NorthStandard group.

Insurance and indemnity

The club maintains liability insurance for its directors and officers which is renewed on an annual basis. The club also indemnifies its directors through its constitutional documents.

Committees of the board

During the financial year, the board had three main committees – Nomination and Governance, Audit and Risk, and Remuneration – which had written terms of reference. Following the merger with the North group, these committees were disbanded and NorthStandard Ltd's group board committees now oversee the matters previously covered by them for the wider NorthStandard group.

Nomination and Governance Committee

The Nomination and Governance Committee's main responsibilities include:

- identifying suitable candidates to join the board and its committees
- reviewing the overall composition of the board
- leading reviews of the board and its committees' effectiveness
- reviewing and making recommendations on the club's governance structure, policies and practices.

During the year, the committee reviewed succession planning for key board appointments, as well as board attendance and potential candidates for board membership, directors' skills and directors' independence.

The committee did not generally use the services of an external consultancy firm or open advertising for the appointment of non-executive directors, as board candidates were generally sought from the members.

The committee also reviewed the induction and training programmes for board and committee members.

In accordance with the requirements of the Insurance Code of Conduct 2015, the committee considered the group governance map at each meeting.

Audit and Risk Committee

The Audit and Risk Committee's role included:

- the review of the financial statements of the club and its financial regulatory returns
- relations with, and reports from, the external and internal auditors
- oversight of the club's risk management framework and internal controls.

During the year, the committee reviewed the annual report and regulatory returns, and received a direct report from the external auditors' engagement leader and challenged him on the audit report.

The committee reviewed the integrity and effectiveness of the club's financial controls, the operation and resources of the risk management, compliance and internal audit functions, and the risk management, compliance and internal audit reports.

The club's principal risks and uncertainties and the effectiveness of the company's risk management and internal controls systems were reviewed by the committee and the board.

The committee received reports on any whistleblowing incidents and complaints at each meeting.

The committee monitored the capital requirements of the club and its subsidiaries, reviewed the progress of the report on the club's Own Risk and Solvency Assessment (ORSA), and reviewed the development of the club's internal model, including its inputs, assumptions, methodology, uses, sensitivities and outputs.

Remuneration Committee

The Remuneration Committee's role included:

- assessing the appropriateness of the group remuneration policy to ensure that it is aligned with the club's interests
- consideration of the remuneration of the board's chairman, deputy chairmen, subsidiary and committee chairmen, and non-executive directors
- consideration of the remuneration of the executive director and the senior management team.

During the year, the committee considered and approved a review of annual base salary to ensure that employees' remuneration is in line with benchmarks. It also reviewed employee benefits and senior management inventive plans.

The Chairman's Group

During the year, the Chairman's Group assisted the chairman to discharge the responsibilities of his role and met with the managers between board meetings. Since late 2021 the Chairman's Group has been heavily involved in the discussions with regard to the club's proposed merger with the North group P&I. The Chairman's Group was disbanded on completion of the merger.

Risk management

Approach

During the year, the board, and its Audit and Risk Committee, set and reviewed on a regular basis the club's risk appetite, the major business risks facing the club, their potential impact, and the systems and controls in place to manage and mitigate those risks.

The board reviewed the club's risk appetite statement, which is used to provide guidance to management. At the highest level, risk appetite is considered in terms of the likelihood that the club may be required to make an unbudgeted supplementary call on members, whether directly as a result of its mutual underwriting activities or through other activities such as investing in risk-bearing assets. The club uses its internal capital model in the assessment of aggregate levels of risk against risk appetite.

In addition, detailed measures of the club's appetite for each of the club's key risks have been established, with key risk indicators reported at each board meeting.

The club operates a 'three lines of defence' system of internal control, supplementing the management of risk by its business units through regular reviews of controls by the risk management function, and tests of controls by risk and compliance functions to ensure their adequacy through internal audit assurance. The risk management system and processes are linked to the club's internal model, the outputs of which assist in the management of the business as well as in the assessment of the economic capital required to reflect the financial impact of business risks.

The principal risks facing the group and the risk mitigation actions, controls and processes by which they are managed have been explained in this report.

Maintenance of a sound system of internal controls

The board has satisfied itself, through review by the Audit and Risk Committee during the year, that there are appropriate systems of control within the club's management, including a process for identifying, evaluating and managing the risks that the club faces, and that the controls operate effectively. These include monitoring that the club operates within its risk appetite and complies with its regulatory responsibilities.

Compliance and regulation

Approach

The club's compliance and regulatory affairs were overseen by the Audit and Risk Committee during the year. The club's group chief risk officer reported to and attended all Audit and Risk Committee and board meetings. The group chief risk officer or any director may ask for a private 'in camera' session with the committee or board.

The board approves the compliance monitoring plan and oversees progress against the plan, and considers the results of monitoring, upcoming regulatory risks and current priorities.

Internal audit

The club's internal audit function was outsourced to Charles Taylor and is led by a senior Charles Taylor manager, who is the club's head of internal audit. Following the merger of Standard Club and North these arrangements have remained in place in respect of legacy Standard Club entities within the merged group.

The head of internal audit, who attended Audit and Risk Committee and board meetings in person or remotely when held virtually,was directly accountable to the chairman of the committee, and had free and unrestricted access to the chairman of the club board. The head of internal audit has had a private 'in camera' session with the committee at least once a year. The internal audit reports submitted to each committee meeting summarised the audits undertaken and identify progress against the agreed audit timetable. The audits themselves are usually rated red, amber, yellow or green. Individual audit issues are categorised as P1 (high), P2 (medium) or P3 (low) impact. The committee was also kept informed of progress towards closure of high and medium impact audit issues. Once a year, an assurance map is tabled for discussion which sets out the main operational areas of the business and indicates the status of, and outlook for, each risk area and its control environment.

The internal audit terms of reference are reviewed on an annual basis. The annual audit plan is risk-based. It reflects, among other things, the operational, financial, administrative and regulatory aspects of the club's business, taking as its starting point internal audit's assessment of the risk environment. Some audits are carried out by external specialist consultants. The plan is flexible so that it can deal with any reprioritisation that may need to occur during the year.

Post-merger the function has not changed, apart from now reporting to the NorthStandard Group Audit and Risk Committees.

Key policies introduction

The board maintained policies across a range of areas, including conflicts of interest, financial crime, whistleblowing, and sanctions.

Conflicts of interest

The board had considered the potential conflicts of interest that exist within the club's and the board's operations, and has adopted a conflicts of interest policy. A conflicts register is maintained, identifying potential conflicts of interest that could affect the club, and this is considered at each board meeting.

In a mutual organisation, the members are also the insured parties. Negotiations relating to any matter concerning members or directors in their capacity as insureds are conducted at arm's length. Directors do not participate in board discussions on specific matters concerning their companies' as insureds.

Procedures are in place to ensure that potential conflicts of interest between the club's members are identified and managed.

Post-merger conflicts of interest are monitored at a NorthStandard Group level and at individual subsidiary level.

Prevention of financial crime and whistleblowing

The club has procedures to prevent it being involved unwittingly in money laundering or inappropriate payments. The club also has whistleblowing procedures in place to ensure that members of staff can raise matters of concern confidentially so that they may be appropriately investigated.

The board has a whistleblowing policy, which was reviewed by the Audit and Risk Committee.

Sanctions compliance

The club is committed to ensuring that it complies with all applicable legislation relating to international sanctions and has implemented internal procedures and an automated screening process to ensure compliance. The club also aims to ensure that members are kept up to date with relevant sanctions information to assist them in ensuring that they too are compliant and do not inadvertently breach sanctions.

Business and ethical values and treating customers fairly

The club is committed to conducting its business affairs in a fair, proper and ethical manner, and in compliance with all applicable laws, regulations and professional standards. The club has adopted a set of values which was communicated to all staff to ensure that their work is carried out in line with these values. The board and the managers are committed to treating clients and all stakeholders fairly, and to keeping under review the quality of service that the club provides. There is a complaints process, which is published on the website.

Environmental, social and governance

The following assessment reflects the policies and views of the group prior to the merger (which are similar to those of the NorthStandard Group post-merger). While the subject of sustainability has been discussed within the shipping industry and finance sectors for more than a decade, it has only been in recent years that insurers have started to consider the impact that sustainability issues could have on their business.

On one level, Standard Club is already helping to underpin economic development and address sustainability issues on behalf of its members by actively preventing and managing the consequences of maritime losses. However, there are many other ways the club is working to support sustainability across the industry and in its own activities.

Standard Club has long held a forward-looking approach to identifying, assessing, managing and monitoring risks and in October 2020 an internal Sustainability Working Group was established, to ensure a coordinated and strategic approach to the club's management of these issues.

The club's sustainability team is made up of representatives from all different aspects of the business: claims, underwriting, loss prevention, risk, compliance, marketing and finance. The team reports direct to the Chief Executive and in turn to the board. Alongside this, Standard Club's Alternative Fuels Working Group, internal Climate Change and Ship Recycling go-to teams, and CSR employee resource group are closely linked to the sustainability team, sharing insights and working together on key topics which impact upon the club, its members and staff.

In 2021, the club conducted an internal materiality assessment to understand the full impact of any environmental, social and governance issues which might affect the organisation, while highlighting any areas for potential meaningful change moving forward.

This assessment has enabled the club's management team to identify the sustainability topics which are most material to the club's operations and its long-term success. The intention being to ensure that trends are identified which might affect the club's ability to provide P&I covers which represent excellent and sustainable value; enhance business strategy using materiality inputs to reflect new business risks and opportunities; prioritise the club's resources to address sustainability issues that matter most to members and other stakeholders; and to identify areas of interest to the club's key stakeholders.

Climate change represents one of the greatest long-term risks for society and industry, including the insurance industry. The club continues to take a strategic and long-term approach to managing the risks of its members associated with climate change which are considered as part of the governance and risk management framework. Risks from climate change have been included in the club's risk appetite across key risk areas. The club uses scenario analysis to inform the risk identification process to further understand the short- and long-term financial risks in our business model. The emerging risk framework monitors physical, transitional and litigation risks from climate change and a cross-divisional working group inputs into the risk management framework. The club continues to look at ways that it can further develop its framework in relation to climate change and has identified the need for industry wide common metrics to facilitate meaningful targets and a deeper understanding of the challenges facing our members.

The International Maritime Organization (IMO) reports that maritime transport is responsible for about 3% of global greenhouse gas (GHG) emissions and the IMO adopted an Initial Strategy in 2018 on the reduction of GHG emissions from shipping by at least 50% by 2050, compared to 2008 levels, with an interim goal of 40% emissions reduction by 2030. In June 2021, IMO adopted key short-term measures to be introduced in 2023 aimed at facilitating the identification of industry metrics such as the Energy Efficiency Existing Ship Index (EEXI) and for ships over 5,000 gross tonnes an annual operational carbon intensity indicator (CII) and CII rating. The maritime industry is embarking on a major technology transition driven by the need to decarbonise which will have a significant impact on costs, asset values, and earning capacity as it shifts from conventional to zero or carbon neutral fuels. Standard Club's Alternative Fuel Working Group was established internally to assist members with their transition to alternative fuels, and an Alternative Fuel Advisory Panel has been set up comprising of experts from across the industry to help the Group with wider concerns. A survey by this group is currently assessing the club's members preparedness for the transition and the results will be used to further develop the club's management of this important risk.

Standard Club's first sustainability report was published in the autumn of 2022, outlining the findings from this initial assessment and the club's coordinated and strategic approach to managing sustainability issues in the future. As a member of the International Group (IG) of P&I Clubs, Standard Club also supports the IG's sustainability strategy and has actively contributed to the IG's own sustainability report which was published in the summer of 2022.

In terms of the club's day-to-day operations, the managers have taken steps to reduce carbon footprint and minimise energy consumption through an energy management policy and by promoting and building awareness of environmental responsibility amongst employees. They communicate and engage with staff at all levels to identify, assess and reduce operational impact on the environment.

The shift to agile working, with staff working a number of days per week from home, has cut employee commuting emissions compared with pre-Covid levels. With the restrictions around travel having eased, the managers are looking at ways to preserve these carbon savings through the continued use of conferencing technologies. Furthermore, we are actively encouraging staff to consider the environmental impacts of travel when determining whether a business trip is necessary.

The Minster Building, which accommodates the managers' London operations, is powered by renewable energy. Furthermore, it is a paperless office with electronic document management systems, to reduce that office's environmental impact. A similar approach is adopted in the managers' overseas offices and there is a target of purchasing electricity globally from renewable energy sources. Where practicable, the managers source other supplies from local businesses to minimise distribution and transport-related emissions. Suppliers are required, as far as reasonable, to have an appropriate environmental policy.

Equality of opportunity and gender

The club has formal policies which aim to attract and retain a diverse and flexible workforce, and to promote equality of opportunity. As far as board appointments are concerned, the board believes that appointments should be based on merit and overall suitability for the role. When considering succession planning during the year, the Nomination and Governance Committee considered the balance of skills, knowledge, experience and diversity existing on the board.

Modern slavery

Given the nature of its business, the club considers that there is minimal risk that the club, its managers or the supply chains that support the club's business activities are involved in, or complicit in, slavery and human trafficking. The club is committed to making sure that the business and those of its suppliers are free from modern slavery and human trafficking.

DIRECTORS' RESPONSIBILITIES

Statement of disclosure of information to auditors

Each person who is a director at the date of this report confirms that:

- so far as they are aware, there is no information relevant to the audit of the club's financial statements for the year ended 20 February 2023 of which the auditors are unaware
- they have taken all steps that they ought to have taken in their duty as a director to make themselves aware of any relevant audit information and to establish that the club's auditors are aware of that information.

Directors' responsibilities statement

The following statement, which should be read in conjunction with the auditors' report, as set out on pages 14 to 16, is made with the view to distinguishing for members the respective responsibilities of the directors and auditors in relation to the financial statements. The directors are responsible for preparing the report of the directors and the financial statements in accordance with applicable laws and regulations in Bermuda. The directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and Financial Reporting Standard 103 'Insurance Contracts' (FRS 103), both issued by the Financial Reporting Council (FRC), and in compliance with the Large and Medium- sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI2008/410) relating to insurance companies. The financial statements are required to give a true and fair view of the state of affairs of the group and of the income or expenditure of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business, in which case, there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with applicable law and United Kingdom Accounting Standards. They are also responsible for safeguarding the assets of the group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. The maintenance and integrity of the club's website is the responsibility of the managers. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board.
J Grose Director
15 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STANDARD CLUB

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's affairs as at 20 February 2023 and of its shortfall for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Companies Act 1981 (Bermuda).

We have audited the financial statements of The Standard Club Ltd (the 'Group') for the year ended 20 February 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, Consolidated Statement of Changes in Reserves, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 and Financial Reporting Standard 103 Insurance Contracts (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 1981 (Bermuda)

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

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the directors.

We have nothing to report in respect of the following matters where the Companies Act 1981 (Bermuda) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities set out on page 13, the Directors' are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors' determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtaining an understanding of the legal and regulatory framework applicable to the Group's operations and the control environment in monitoring compliance with laws and regulations;
- Review of correspondence with the Bermuda Monetary Authority (BMA);
- Our responses to significant audit risks (technical provisions and management override of controls) are intended to sufficiently address the risk of fraudulent manipulation. In particular we engaged our independent actuarial experts as auditor's expert to review the assumptions and methodology applied by the Club in the valuation IBNR to check whether the methods utilised are appropriate.
- Enquiries of management;

- Review of minutes of board meetings throughout the period;
- Review of the Club's Own Risk and Solvency Assessment; and
- Agreement of the financial statement disclosures to underlying supporting documentation

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Group's members, as a body, in accordance with Section 90 of The Companies Act 1981 (Bermuda). Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alexander Barnes, *Senior Statutory Auditor*

For and on behalf of BDO LLP, Statutory Auditor

London, UK

15 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 20 February 2023

	Note	**2023** **US$m**	2022 US$m
Technical account - general business			
Earned premiums, net of reinsurance			
Gross premiums earned, including calls	4	**346.1**	294.3
Outward reinsurance premiums	5	**(79.4)**	(64.5)
Earned premiums, net of reinsurance		**266.7**	229.8
Total income		**266.7**	229.8
Expenditure			
Claims paid	7	**257.6**	284.7
Reinsurers' share	8	**(25.1)**	(49.4)
Net claims paid		**232.5**	235.3
Change in provision for claims		**85.6**	(34.7)
Reinsurers' share		**(84.3)**	12.3
Change in net provision for claims		**1.3**	(22.4)
Claims incurred, net of reinsurance		**233.8**	212.9
Net operating expenses	9	**31.0**	31.3
Total expenditure		**264.8**	244.2
Balance on the technical account for general business		**1.9**	(14.4)
Non-technical account			
Balance on the technical account for general business		**1.9**	(14.4)
Investment return net of expenses and charges	6	**(35.0)**	(14.8)
Exchange (losses)/gains		**(3.0)**	2.2
Other income/(charges) including value adjustments		**(9.4)**	(22.7)
Excess/(shortfall) of income over expenditure before taxation		**(45.5)**	(49.7)
Tax on shortfall of income over expenditure	10	**0.2**	(0.1)
Excess/(shortfall) of income over expenditure after tax		**(45.3)**	(49.8)
Excess/(shortfall) of income over expenditure for the financial year		**(45.3)**	(49.8)
Other comprehensive income:			
Currency translation movement		**0.1**	(0.3)
Other comprehensive (expenses)/income net of tax		**0.1**	(0.3)
Total comprehensive income/(expenses) for the year transferred to contingency reserve		**(45.2)**	(50.1)

The income, expenditure and results for the year are wholly derived from continuing activities.
The notes on pages 21 to 44 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

At 20 February 2023

	Note	2023 US$m	2022 US$m
Assets			
Investments			
Other financial investments	13	**688.6**	765.9
Reinsurers' share of technical provisions			
Claims outstanding	12	**338.3**	256.0
Provision for unearned premiums	12	**20.0**	17.7
		358.3	273.7
Debtors			
Debtors arising out of direct insurance operations	18	**92.9**	75.4
Deferred tax asset	11	**0.6**	0.1
Other debtors		**6.6**	7.8
		100.1	83.3
Other assets			
Tangible assets	15	**2.8**	3.6
Intangible assets	16	**4.3**	9.5
Cash at bank and in hand		**50.1**	60.6
		57.2	73.7
Prepayments and accrued income		**14.3**	15.6
Total assets		**1,218.5**	1,212.2
Liabilities			
Reserves			
Statutory reserve		**0.2**	0.2
Contingency reserve		**264.8**	310.0
		265.0	310.2
Technical provisions			
Gross claims outstanding	12	**881.5**	799.3
Provision for unearned premiums	12	**0.1**	0.3
		881.6	799.6
Creditors			
Creditors arising out of direct insurance operations		**58.1**	62.9
Other creditors including taxation and social security	19	**0.3**	27.4
		58.4	90.3
Accruals and deferred income		**13.5**	12.1
Total liabilities		**1,218.5**	1,212.2

The financial statements were approved by the board of directors on 15 June 2023 and were signed on its behalf by:

A Cossar Chairman

The notes on pages 21 to 44 are an integral part of these financial statements.

STATEMENT OF CHANGES IN RESERVES

	Statutory reserves US$m	Contingency reserves US$m	Total reserves US$m
Balance as at 20 February 2021	0.2	360.1	360.3
Excess/(shortfall) of income over expenditure for the financial year	-	(49.8)	(49.8)
Other comprehensive (expenses)/income net of tax	-	(0.3)	(0.3)
Total comprehensive income for the year transferred to the contingency reserve	-	(50.1)	(50.1)
Balance as at 20 February 2022	0.2	310.0	310.2
Balance as at 20 February 2022	0.2	310.0	310.2
Excess/(shortfall) of income over expenditure for the financial year	-	(45.3)	(45.3)
Other comprehensive (expenses)/income net of tax	-	-	-
Total comprehensive income for the year transferred to the contingency reserve	-	(45.2)	(45.2)
Balance as at 20 February 2023	0.2	264.8	265.0

Income and expenditure for the club comprise dividends from subsidiaries offset by operating expenses. The notes on pages 21 to 44 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 20 February 2023

	2023 US$m	2022 US$m
Excess/(shortfall) of income over expenditure before tax	**(45.5)**	(49.7)
Gains arising on realisation of investments	**(14.8)**	(20.5)
Losses arising on realisation of investments	**28.4**	10.7
Unrealised losses on revaluation of investments	**36.7**	40.7
Depreciation and amortisation	**3.1**	4.7
Write-off of Intangible assets	**3.3**	-
(Increase)/decrease in debtors	**(15.5)**	19.8
(Decrease)/increase in net technical provision	**(2.6)**	(45.6)
(Decrease)/increase in creditors	**(30.2)**	41.8
Other income/(charges) including value adjustments	**0.8**	(6.9)
Exchange (losses)/gains	**3.0**	(4.1)
Net cash flow generated from operating activities	**(33.3)**	(9.1)
Cash flow from investing activities		
Net acquisition of subsidiaries	**-**	(11.7)
Additions of tangible assets	**(0.4)**	-
Purchase of investments	**(916.9)**	(721.2)
Sale of investments	**940.1**	725.5
Net cash used in investing activities	**22.8**	(7.4)
Net (decrease)/increase in cash and cash equivalents	**(10.5)**	(16.5)
Effect of exchange rate fluctuations on cash and cash equivalents	**-**	0.3
Cash and cash equivalent at the beginning of the year	**60.6**	76.8
Cash and cash equivalent at the end of the year	**50.1**	60.6
Cash and cash equivalents consist of:		
Cash at bank and in hand	**50.1**	60.6
Cash and cash equivalent at the end of the year	**50.1**	60.6

The notes on pages 21 to 44 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Constitution

Prior to the merger with North, the club was incorporated in Bermuda as a company limited by guarantee and had a statutory reserve (of $240,000) but no share capital. Following completion of the merger, the club was converted into a company limited by shares with 120,000 ordinary shares of US$1.00 held by NorthStandard Limited and US$120,000, with the remaining $120,000 held in the contributed surplus account of the club.

The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

2. Accounting policies

(a) Basis of preparation

These group financial statements, which consolidate the financial statements of the club and its subsidiary undertakings, have been prepared under the Bermuda Companies Act 1981, and also under the provisions of Schedule 3 to the UK Companies Act 2006. The club and its subsidiary undertakings have applied uniform accounting policies and, on consolidation, all intra-group transactions, income and expenditure have been eliminated. The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (FRS 102) and Financial Reporting Standard 103 ‘Insurance Contracts’ (FRS 103).

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

The financial statements are prepared under the historical cost convention, as modified for the revaluation of financial assets and liabilities (including derivative instruments) at fair value through income or expenditure.

The club has utilised the exemption in Section 408 of the Companies Act 2006 and, as a result, does not present its individual statement of comprehensive income and the related notes that would have formed part of the financial statements.

The contingency reserve represents the free reserves of the club and is established in accordance with rule 20.6 of the rules of the club.

The financial statements are prepared on a going concern basis. Following the merger with the North Group The Standard Club Limited has become an intermediate holding company. The corporate structure of the new NorthStandard group is not expected to materially change for at least 12 months from the date of these financial statements (with the company remaining as an intermediate holding company for that period). As a result the directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these financial statements and, having reviewed forecasts for the next three years, are not aware of any material uncertainties to the company’s ability to continue to do so for at least 12 months from the date of these financial statements.

(b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the group’s key sources of estimation uncertainty:

Insurance contract technical provisions

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported (IBNR) at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and, for some types of policies, IBNR claims form the majority of the liability in the statement of financial position. At the end of the reporting period, and as presented in note 12, the technical provisions for claims amounted to $881.5m gross of reinsurance recoveries.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and the Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and, hence, ultimate claims costs. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the balance sheet date, together with the provision for related claims handling costs. The provision also includes the estimated cost of claims IBNR at the balance sheet date based on statistical methods.

These methods generally involve projecting from past experience of the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. For the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on actuarial techniques and assessments of underwriting conditions. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset. The level of current and future inflation is factored into the calculation of case reserves and the setting of IBNR.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance service provided by a contract requires amortisation of unearned premium on a basis other than straight line.

Estimates of future premiums

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in misstatements of revenue recorded in the financial statements.

The main assumption underlying these estimates is that past premium development can be used to project future premium development. At the end of the reporting period, and as presented in note 4, the gross premiums include an accrual for premiums due but not yet debited of $8.2m (2022: $10.4m).

Fair value of financial assets and derivatives determined using valuation techniques

Where the fair values of financial assets and financial liabilities recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk and model inputs such as estimated future cash flows based on management's best estimates and discount rates.

For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country-specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity, and financial conditions or counterparties. Discount rates are influenced by risk-free interest rates and credit risk.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the club and its subsidiary undertakings. Subsidiaries are fully consolidated from the date on which control is transferred to the club and de-consolidated from the date on which control ceases.

Inter-company transactions, balances and unrealised gains on transactions between companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

An undertaking is regarded as a subsidiary undertaking if the club has control over its operating and financial policies, generally determined by the ownership of more than 50% of its voting rights.

Associated undertakings are companies other than subsidiary undertakings in which the club holds 20% or more of the equity share capital for the long term and over which the club exercises significant influence. Associated undertakings are accounted for using the equity method of accounting.

Uniform accounting policies are applied to all subsidiary undertakings.

(d) Annual basis of accounting

The Consolidated Statement of Comprehensive Income is prepared on an annual accounting basis and includes all the premiums for policies incepting in the year, the cost of claims incurred and reinsurance for the current year, and any adjustments relating to earlier years together with operating expenses and investment income. All revenue transactions appear in the Consolidated Statement of Comprehensive Income.

The calls and premiums, reinsurance premiums payable, claims paid and related expenses, reinsurance recoveries and outstanding claims are allocated to the policy years to which they relate. Return on investments and operating expenses are allocated to the current policy year.

(e) Calls and premiums

Calls and premiums include gross calls less return premiums. These calls and premiums are the total receivable for the whole period of cover provided by the contracts incepting during the accounting period together with any premium adjustments relating to prior accounting periods.

(f) Unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relate to unexpired terms of policies in force at the balance sheet date, calculated on a time apportionment basis.

(g) Claims incurred

Claims incurred comprise all claims and related expenses paid in the year, and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses.

(h) Reinsurance recoveries

The liabilities of the club are reinsured above certain levels with similar associations under the International Group's Pooling Agreement and with market underwriters. The figures in the Consolidated Statement of Comprehensive Income relate to recoveries on claims incurred during the year.

Outstanding claims in the balance sheet are shown gross and the reinsurance recoveries are shown as an asset.

(i) Claims provisions and related reinsurance recoveries

The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The estimation of claims incurred but not reported is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the club. The club takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. An allowance for future claims handling costs is included in the provision.

Claims estimates for the club are derived from a combination of loss ratio-based estimates and a variety of estimation techniques. These are generally based upon statistical analyses of historical experience, which assume that the development pattern of the current claims will be consistent with past experience. However, allowance is made for changes or uncertainties that may create distortions in the underlying statistics or that may cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including:

- changes in club processes that might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods
- changes in the legal environment
- the effects of inflation
- changes in the mix of business
- the impact of large losses
- movements in industry benchmarks.

The variety of estimation techniques assists in giving greater understanding of the trends inherent in the data being projected and in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each policy year.

Large claims impacting each relevant business class are generally assessed separately, being measured and/or projected on a case-by-case basis in order to allow for the possible distortive effect of the development and incidence of these large claims.

Pollution and asbestosis claims can have a very long delay between the occurrence and notification. In estimating the cost of these claims, the club considers the type of risks written historically that may give rise to exposure to these liabilities, notifications received from policyholders, the nature and extent of the cover provided, the current legal environment, changes in the effectiveness of clean-up techniques and industry benchmarks of the typical cost of such claims.

Claims reserves are estimated on an undiscounted basis, apart from occupational disease claims. Due to the very long delay between the occurrence and the final settlement of a claim which has arisen due to an occupational disease exposure, such occupational disease claims provisions and IBNR thereon are discounted to take account of the expected investment income receivable between the balance sheet date and settlement on the assets held to cover these provisions.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, and are adjusted to reflect changes in the nature and extent of the club's reinsurance programme over time.

An assessment is also made of the recoverability of reinsurance with regard to market data on the financial strength of each of the reinsurance companies.

(j) Reinsurance premiums

Reinsurance Premiums, less returns, are debited to the Consolidated Statement of Comprehensive Income in the financial year as and when charged to the club, together with a provision for any future costs of existing reinsurance policies.

(k) Investment return

Investment return comprises all investment income, realised investment gains and losses, and movements in unrealised gains and losses, net of investment expenses, charges and interest. Dividends are recorded on the date on which the shares are quoted ex-dividend and include the imputed tax credits. Interest and expenses are accounted for on an accruals basis. Realised gains and losses on investments carried at market value are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the balance sheet date and their purchase price or, if they have been previously valued, their valuation at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period. The investment return is reported in the non-technical account.

(l) Financial instruments

The group has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of financial instruments.

Financial assets at fair value through income

The club classifies its investments as financial assets at fair value through income. As a result, gains and losses are taken to the Statement of Comprehensive Income, which reflects the management of the portfolio on a fair value basis. Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors.

Derivative financial investments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The club does not engage in hedge accounting and changes in the fair value of all derivative investments are recognised immediately in the Consolidated Statement of Comprehensive Income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable settlement values. Amounts due from members and reinsurers are included in this category and are measured at cost less any provision for impairment in value.

(m) Foreign currencies

The group financial statements are presented in US dollars and rounded to millions. The functional currency of the club is the US dollar.

The results and financial position of group companies whose functional currency is not the US dollar are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the balance sheet date.
- income and expenses are translated at the average rate of exchange during the year.
- all resulting exchange differences are recognised in other comprehensive income.

Monetary assets and liabilities in foreign currencies are translated at the US dollar rate of exchange at the balance sheet date, with the resulting difference treated as an exchange gain or loss within the non-technical account.
Revenue transactions in foreign currencies are translated into US dollars at the rate applicable for the week in which the transaction takes place. Exchange differences are reported in the non-technical account.

Foreign currency contracts are entered into in order to hedge the currency exposure of the investment portfolio. The contracts are for the forward sale of currencies, which are matched by holdings of those currencies. The open contracts have been revalued at year-end rates of exchange and the potential profit or loss included in the non- technical account.

(n) General administration expenses

General administration expenses, including managers' remuneration, are included on an accruals basis.

(o) Taxation

Taxation provided is that which became chargeable during the year. The Standard Club Limited has a Bermudian tax exemption certificate, however its subsidiaries are liable to tax in their home countries.

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the Consolidated Statement of Comprehensive Income.

Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the Consolidated Statement of Comprehensive Income for the period, except to the extent that it is attributable to a gain or loss that is recognised directly in the Statement of Changes in Reserves. Deferred tax balances are not discounted. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is regarded as more likely than not that there will be suitable net taxable income from which the future reversal of the underlying timing differences can be deducted.

(p) Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less their residual value of each asset on a straight-line basis over its expected useful life, as follows: *Fixtures & Fittings: 4 to 5 years.*

(q) Intangible assets

Intangible assets are stated at cost, net of amortisation and any provision for impairment. Costs in respect of major software developments are capitalised.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets not yet brought into use are assessed for impairment on an annual basis.

Amortisation is charged to the Income Statement within General Expenses on a straight-line basis over the useful life of the projects, as follows: *Intellectual Property: 18 months to 4 years.*

3. Segmental analysis by class

The segmental results of the five classes of the group are set out as follows:

3.1 Statement of comprehensive income

As at 20 February 2023	Note	Total US$m	Class 1 P&I US$m	Class 2 Defence US$m	Class 3 Coastal & Inland US$m	Class 4 War US$m	Class 5 Strike& Delay US$m
Technical account - general business							
Earned premiums, net of reinsurance							
Gross premiums earned, including calls	4	**346.1**	**288.9**	**8.7**	**16.6**	**4.4**	**27.5**
Outward reinsurance premiums	5	**(79.4)**	**(69.5)**	**-**	**(3.3)**	**(2.5)**	**(4.1)**
Earned premiums, net of reinsurance		**266.7**	**219.4**	**8.7**	**13.3**	**1.9**	**23.4**
Expenditure							
Gross claims incurred		**343.2**	**302.9**	**5.6**	**16.1**	**-**	**18.6**
Reinsurers' share		**(109.4)**	**(106.0)**	**-**	**(2.1)**	**-**	**(1.3)**
Claims incurred, net of reinsurance		**233.8**	**196.9**	**5.6**	**14.0**	**-**	**17.3**
Net operating expenses	9	**31.0**	**25.2**	**0.8**	**2.0**	**0.5**	**2.5**
Total expenditure		**264.8**	**222.1**	**6.4**	**16.0**	**0.5**	**19.8**
Balance on the technical account for general business		**1.9**	**(2.7)**	**2.3**	**(2.7)**	**1.4**	**3.6**
Non-technical account							
Balance on the technical account for general business		**1.9**	**(2.7)**	**2.3**	**(2.7)**	**1.4**	**3.6**
Investment return net of expenses and charges	6	**(35.0)**	**(26.0)**	**(3.4)**	**(3.1)**	**(1.1)**	**(1.4)**
Exchange (losses)/gains		**(3.0)**	**0.5**	**-**	**(3.4)**	**-**	**(0.1)**
Other income/(charges) including value adjustments		**(9.4)**	**(9.2)**	**-**	**-**	**(0.2)**	**-**
Excess/(shortfall) of income over expenditure before taxation		**(45.5)**	**(37.4)**	**(1.1)**	**(9.2)**	**0.1**	**2.1**
Tax on excess of income over expenditure	10	**0.2**	**0.3**	**-**	**-**	**-**	**(0.1)**
Excess/(shortfall) of income over expenditure for the financial year		**(45.3)**	**(37.1)**	**(1.1)**	**(9.2)**	**0.1**	**2.0**
Other comprehensive (expenses)/income net of tax		**0.1**	**0.1**	**-**	**-**	**-**	**-**
Total comprehensive (expenses)/income for the year transferred to contingency reserve		**(45.2)**	**(37.0)**	**(1.1)**	**(9.2)**	**0.1**	**2.0**

3.1 Statement of comprehensive income (continued)

As at 20 February 2022	Note	Total US$m	Class 1 P&I US$m	Class 2 Defence US$m	Class 3 Coastal & Inland US$m	Class 4 War US$m	Class 5 Strike& Delay US$m
Technical account - general business							
Earned premiums, net of reinsurance							
Gross premiums earned, including calls	4	294.3	235.5	7.8	19.6	4.4	27.0
Outward reinsurance premiums	5	(64.5)	(54.3)	-	(3.6)	(2.7)	(3.9)
Earned premiums, net of reinsurance		229.8	181.2	7.8	16.0	1.7	23.1
Expenditure							
Gross claims incurred		250.0	211.2	9.0	10.5	-	19.3
Reinsurers' share		(37.1)	(35.0)	-	0.4	-	(2.5)
Claims incurred, net of reinsurance		212.9	176.2	9.0	10.9	-	16.8
Net operating expenses	9	31.3	25.6	0.9	2.2	0.3	2.3
Total expenditure		244.2	201.8	9.9	13.1	0.3	19.1
Balance on the technical account for general business		(14.4)	(20.6)	(2.1)	2.9	1.4	4.0
Non-technical account							
Balance on the technical account for general business		(14.4)	(20.6)	(2.1)	2.9	1.4	4.0
Investment return net of expenses and charges	6	(14.8)	(13.1)	(0.6)	(0.6)	(0.2)	(0.3)
Exchange (losses)/gains		2.2	4.3	-	(1.9)	-	(0.2)
Other income/(charges) including value adjustments		(22.7)	(22.5)	-	-	(0.2)	-
Excess/(shortfall) of income over expenditure before taxation		(49.7)	(51.9)	(2.7)	0.4	1.0	3.5
Tax on excess of income over expenditure	10	(0.1)	-	-	-	-	(0.1)
Excess/(shortfall) of income over expenditure for the financial year		(49.8)	(51.9)	(2.7)	0.4	1.0	3.4
Other comprehensive (expenses)/income net of tax		(0.3)	(0.3)	-	-	-	-
Total comprehensive (expenses)/income for the year transferred to contingency reserve		(50.1)	(52.2)	(2.7)	0.4	1.0	3.4

3.2 Consolidated balance sheet

As at 20 February 2023	Note	Total US$m	Class 1 P&I US$m	Class 2 Defence US$m	Class 3 Coastal & Inland US$m	Class 4 War US$m	Class 5 Strike& Delay US$m
Assets							
Investments		**688.6**	**645.7**	**-**	**42.9**	**-**	**-**
Reinsurers' share of technical provisions		**358.3**	**356.2**	**-**	**-**	**0.1**	**2.0**
Debtors		**100.1**	**91.3**	**1.9**	**2.9**	**1.2**	**2.8**
Other assets		**57.2**	**53.5**	**0.5**	**0.6**	**1.8**	**0.8**
Prepayments and accrued income		**14.3**	**8.8**	**0.4**	**0.1**	**(0.1)**	**5.1**
Total assets		**1,218.5**	**1,155.5**	**2.8**	**46.5**	**3.0**	**10.7**
Liabilities							
Reserves		**265.0**	**130.0**	**67.3**	**22.2**	**18.8**	**26.7**
Technical provisions		**881.6**	**838.8**	**5.1**	**28.1**	**0.1**	**9.5**
Provisions for other risks and charges		**-**	**-**	**-**	**-**	**-**	**-**
Creditors		**58.4**	**173.6**	**(69.6)**	**(3.8)**	**(16.1)**	**(25.7)**
Accruals and deferred income		**13.5**	**13.1**	**-**	**-**	**0.2**	**0.2**
Total liabilities		**1,218.5**	**1,155.5**	**2.8**	**46.5**	**3.0**	**10.7**

As at 20 February 2022	Note	Total US$m	Class 1 P&I US$m	Class 2 Defence US$m	Class 3 Coastal & Inland US$m	Class 4 War US$m	Class 5 Strike& Delay US$m
Assets							
Investments		765.9	725.6	-	40.3	-	-
Reinsurers' share of technical provisions		273.7	269.9	-	-	0.2	3.6
Debtors		83.3	70.8	1.7	4.3	1.5	5.0
Other assets		73.7	62.6	0.1	9.2	1.2	0.6
Prepayments and accrued income		15.6	7.8	0.1	0.6	0.2	6.9
Total assets		1,212.2	1,136.7	1.9	54.4	3.1	16.1
Liabilities							
Reserves		310.2	167.0	68.4	31.4	18.7	24.7
Technical provisions		799.6	754.8	8.4	26.3	0.3	9.8
Provisions for other risks and charges		-	-	-	-	-	-
Creditors		90.3	203.3	(74.9)	(3.3)	(16.2)	(18.6)
Accruals and deferred income		12.1	11.6	-	-	0.3	0.2
Total liabilities		1,212.2	1,136.7	1.9	54.4	3.1	16.1

4. Gross premiums earned including calls

	2023 US$m	2022 US$m
Estimated total premium, other premiums and releases 2022/23 (2021/22)	**345.3**	294.9
Adjustments to previous policy years	**0.6**	(0.7)
Change in the gross provision for unearned premiums	**0.2**	0.1
Total calls and premiums	**346.1**	294.3

5. Outward reinsurance premiums

	2023 US$m	2022 US$m
International Group excess of loss	**35.7**	27.2
Adjustment to prior years	**(1.9)**	(0.7)
Other premiums	**44.6**	37.8
Adjustment to prior years	**3.4**	3.2
Change in the provision for unearned premiums, reinsurers' share	**(2.4)**	(3.0)
Reinsurance premiums paid	**79.4**	64.5

6. Investment return

	2023 US$m	2022 US$m
Investment income		
Shares and other variable-yield securities and unit trusts	**5.2**	6.4
Debt securities and other fixed-income securities	**10.4**	10.6
Deposit interest	**2.3**	1.9
Gains arising on realisation of investments	**14.8**	20.5
	32.7	39.4
Investment expenses and charges		
Investment management expenses	**(2.6)**	(2.8)
Losses on realisation of investments	**(28.4)**	(10.7)
	(31.0)	(13.5)
Movement in unrealised gains on investments	**(17.5)**	(32.3)
Movement in unrealised losses on investments	**(19.2)**	(8.4)
	(36.7)	(40.7)
Total investment return	**(35.0)**	(14.8)

7. Claims paid

	2023 US$m	2022 US$m
Members' claims	**225.2**	234.4
Other P&I clubs' Pool claims	**32.4**	50.3
Gross claims paid	**257.6**	284.7

8. Reinsurers' share of claims paid

	2023 US$m	2022 US$m
Claims recoverable from group GXL reinsurers	**(10.6)**	(14.6)
Claims recoverable from other reinsurers	**(9.0)**	(39.5)
Claims recoverable from the Pool	**(5.5)**	4.7
Reinsurers' share of claims paid	**(25.1)**	(49.4)

9. Net operating expenses

	2023 US$m	2022 US$m
Acquisition costs		
Management cost	**10.9**	13.5
General expenses	**2.6**	0.7
Administrative expenses		
Management cost	**11.2**	11.9
General expenses	**3.4**	2.8
Safety and loss control	**0.6**	0.3
Directors' fees	**1.5**	1.5
Auditors' remuneration for audit services	**0.7**	0.6
Auditors' remuneration for other services	**0.1**	-
Net operating expenses	**31.0**	**31.3**

Depreciation and amortisation charges are included in administrative expenses within general expenses (refer to notes 15 and 16).

During the year, the group (including its overseas subsidiaries) obtained the following services from the group's auditors as detailed below:

	2023 US$m	2022 US$m
Audit services		
Fees payable to the BDO LLP (UK) for the audit of the parent company and consolidated financial statements.	**0.1**	0.1
Fees payable to BDO LLP (UK) audit fees for audit of the club's subsidiaries, pursuant to legislation	**0.4**	0.4
Fees payable to BDO LLP (UK) affiliated firms for the audit of the club's subsidiaries, pursuant to legislation	**0.1**	0.1
Other services		
Fees payable to the club's auditors and its affiliates for audit related fees, including the audit of the regulatory return and non-standard auditing services not related to statutory auditing	**0.1**	-
	0.7	0.6

10. Tax on shortfall of income over expenditure

	2023 US$m	2022 US$m
Analysis of charge in the period		
Current tax on shortfall of income for the period	**(0.1)**	(0.2)
Total current tax	**(0.1)**	(0.2)
Total deferred tax (note 11)	**0.4**	0.1
Tax in excess of income over expenditure	**0.3**	(0.1)

The club is subject to corporation tax in the jurisdictions in which it does business, except in Bermuda, where there is no corporation tax. In the UK, corporation tax is limited to investment income owing to the mutual status of the club.

11. Deferred tax

	2023 US$m	2022 US$m
Deferred tax asset relating to:		
Other timing differences	**0.6**	0.1
Deferred tax asset based on effective tax rate of 25% (2022: 19%)	**0.6**	0.1
Recognised deferred tax asset at start of financial year	**0.1**	-
Effect of exchange rate fluctuations	**-**	-
Recognised deferred tax movement for the year in the income and expenditure account	**0.5**	0.1
Recognised deferred tax asset at end of financial year	**0.6**	0.1

12. Claims outstanding

The table below provides the position after the closure of the 2020/21 policy year.

	2023	2022
	US$m	US$m
Open years		
Claims - own	**305.3**	283.3
Claims - Pool	**51.9**	86.3
Reinsurance recoveries - Pool	**(111.7)**	(62.2)
Reinsurance recoveries - GXL & other	**(15.3)**	(40.5)
Net claims provision for open years	**230.2**	266.9
Closed years		
Claims - own	**400.4**	354.8
Claims - Pool	**123.9**	74.9
Reinsurance recoveries - Pool	**(93.0)**	(55.2)
Reinsurance recoveries - GXL & other	**(118.3)**	(98.1)
Net claims provision for closed years	**313.0**	276.4
Total		
Claims - own	**705.7**	638.1
Claims - Pool	**175.8**	161.2
Gross outstanding claims	**881.5**	799.3
Reinsurance recoveries - Pool	**(204.7)**	(117.4)
Reinsurance recoveries - GXL & other	**(133.6)**	(138.6)
Reinsurance recoveries - total	**338.3**	256.0
Net claims provision	**543.2**	543.3

Claims outstanding includes provision for IBNR claims which is set by reference to, amongst other factors, standard actuarial techniques and projections. Also included in the provision is an estimate for the internal and external costs of handling the outstanding claims.

12.1 Movement in insurance and reinsurance contracts

	2023	2022
	US$m	US$m
Claims outstanding		
As at start of financial year	**799.3**	834.6
Claims paid in the year	**(257.6)**	(284.7)
Changes to reserves in the year	**339.8**	249.4
As at end of financial year	**881.5**	799.3
Unearned premium		
As at start of financial year	**0.3**	0.4
Calls and premiums written in the year	**345.9**	294.2
Calls and premiums earned in the year	**(346.1)**	(294.3)
As at end of financial year	**0.1**	0.3
Total insurance liabilities and unearned premiums	**881.6**	799.6
Reinsurers' share of claims outstanding		
As at start of financial year	**(256.0)**	(248.8)
Reinsurance recoveries made in the year	**25.1**	49.4
Changes to reserves in the year	**(107.4)**	(56.6)
As at end of financial year	**(338.3)**	(256.0)
Reinsurers' share of unearned premium		
As at start of financial year	**(17.7)**	(14.7)
Reinsurance premiums written in the year	**(81.8)**	(67.5)
Reinsurance premiums earned in the year	**79.5**	64.5
As at end of financial year	**(20.0)**	(17.7)
Total reinsurance assets & reinsurers' share of unearned premium	**(358.3)**	(273.7)
Total net technical provisions	**523.3**	525.9

12.2 Development claim tables

Claims (gross)

Policy year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	**2022/23**	**Total**
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	**US$m**	**US$m**
Estimate of ultimate claims costs:											
- at end of policy year	373.7	353.7	332.1	249.1	273.3	461.1	332.0	339.5	279.6	214.4	
- one year later	403.0	304.1	306.5	252.6	282.8	596.3	308.6	338.3	387.7		
- two years later	433.7	275.4	311.4	232.0	275.8	506.2	297.3	350.5			
- three years later	533.5	289.8	294.7	232.7	237.0	498.3	309.3				
- four years later	509.9	301.1	296.9	220.4	232.6	499.5					
- five years later	462.0	286.8	299.1	214.6	234.8						
- six years later	464.9	288.2	299.7	214.5							
- seven years later	459.0	282.5	299.0								
- eight years later	452.7	281.4									
- nine years later	453.0										
Current estimate of cumulative claims	453.0	281.4	299.0	214.5	234.8	499.5	309.3	350.5	387.7	214.4	3,244.1
Cumulative payments to date	(446.4)	(261.9)	(284.4)	(201.3)	(200.9)	(374.9)	(226.6)	(174.5)	(178.7)	(67.8)	(2,417.4)
Liability recognised in the balance sheet	6.6	19.5	14.6	13.2	33.9	124.6	82.7	176.0	209.0	146.6	826.7
Provision in respect of prior years											54.8
Total provision included in the balance sheet											881.5

Claims (net)

Policy year	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	**2022/23**	**Total**
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m	**US$m**	**US$m**
Estimate of ultimate claims costs:											
- at end of policy year	274.1	251.0	253.4	212.6	216.4	269.8	264.9	280.0	254.3	193.2	
- one year later	288.0	222.1	258.2	237.2	252.5	337.8	247.2	257.9	275.8		
- two years later	273.3	210.0	262.6	223.4	253.0	269.2	254.3	273.2			
- three years later	270.6	211.4	252.3	222.6	223.4	254.6	254.4				
- four years later	277.6	225.3	256.1	215.0	220.2	253.7					
- five years later	279.4	223.3	258.4	207.6	221.6						
- six years later	282.6	222.1	260.0	208.3							
- seven years later	284.1	218.3	259.9								
- eight years later	279.2	217.1									
- nine years later	279.9										
Current estimate of cumulative claims	279.9	217.1	259.9	208.3	221.6	253.7	254.4	273.2	275.8	193.2	2,437.1
Cumulative payments to date	(274.9)	(206.0)	(244.9)	(194.1)	(190.1)	(238.8)	(204.1)	(171.5)	(172.4)	(67.5)	(1,964.3)
Liability recognised in the balance sheet	5.0	11.1	15.0	14.2	31.5	14.9	50.3	101.7	103.4	125.7	472.8
Provision in respect of prior years											70.4
Total provision included in the balance sheet											543.2

13. Other financial investments

	2023 US$m	2022 US$m
Financial assets at fair value through statement of comprehensive income	**688.6**	765.9
Total financial assets at market value	**688.6**	765.9
Financial assets at fair value through statement of comprehensive income	**718.6**	726.4
Total financial assets at cost	**718.6**	726.4
At market value		
Shares and other variable-yield securities and units in unit trusts	**79.3**	123.6
Debt securities and other fixed-income securities	**608.6**	642.7
Open forward currency contracts	**0.7**	(0.4)
Total investments at market value	**688.6**	765.9
At cost		
Shares and other variable-yield securities and units in unit trusts	**84.3**	111.4
Debt securities and other fixed-income securities	**634.3**	615.0
Total investments at cost	**718.6**	726.4

Included in the carrying values above are amounts in respect of listed investments as follows :

Shares and other variable-yield securities and unit trusts	**37.1**	79.1
Debt securities and other fixed-income securities	**607.5**	641.7
	644.6	720.8

Open forward currency contracts		
Fair value asset	**0.7**	(0.4)
Contract/notional amount	**-**	-

Open forward currency contracts represent potential losses or gains on forward contracts, which have been entered into to protect the assets of the club. These have been revalued at 20 February 2023 using exchange rates prevailing at that date. The total of the open forward contracts at any one time is limited by guidelines set by the board of directors and matched against currency and asset holdings in excess of the amount of the contracts.

Contractual amounts outstanding at the balance sheet date include forward currency contracts to transact the net equivalent of US$0.7m (2022: US$(0.4m)), as broken down by local currency in the following table:

	2023 Local currency US$m		2022 Local currency US$m	
	Purchase	**Sell**	Purchase	Sell
British pound sterling	**120.1**	**(35.3)**	20.5	(5.9)
Canadian dollar	**-**	**-**	-	(0.3)
European euro	**32.1**	**(15.3)**	6.8	(22.7)
Japanese yen	**-**	**-**	-	(1.3)
Mexican peso	**-**	**-**	-	(4.3)
Polish zloty	**-**	**(4.5)**	-	-
Swiss franc	**-**	**-**	0.2	(1.5)
US dollar	**54.7**	**(150.4)**	34.9	(26.9)

The forward currency contracts outstanding at year end expire by 20 February 2024 (2022: 22 June 2022).

During the year, a gain of $1.1m (2022: US$2.9m gain) relating to such contracts was recognised. This is included in the net exchange loss of US$3.0m (2022: US$2.1m gain) in the consolidated income and expenditure non-technical account.

14. Management of insurance and financial risk

The club is exposed to a range of insurance and financial risks through its operations as a Protection and Indemnity insurer.

This section summarises these risks and the way the club manages those risks in addition to the risk management policies set out in the report of the directors.

14.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. This risk can be divided into premium risk (the risk that premiums charged will not be sufficient to meet all associated claims and expenses) and reserve risk (the risk that claims reserves will be inadequate to cover either known losses, and/or unknown or undeveloped losses, such as occupational disease). These risks are managed as follows:

14.1.1 Premium risk

Premium risk is managed by clear underwriting controls including risk assessment tools, pricing models and clear authority levels. This risk is monitored for undue concentrations of risk and consistency with the club's risk appetite as set by the board. The risk management process is aided by a dedicated loss prevention function, aimed at ensuring that the club underwrites only those shipowners who operate to an acceptable standard.

Premium risk is mitigated through the acquisition of appropriate reinsurance programmes, including the International Group pooling and reinsurance programme, and also the club's own non-pool, retention and stop-loss reinsurances. Reinsurance strategy is set by the board in line with the board's risk appetite and is designed to mitigate the insurance risk through programmes tailored to the club's exposures.

14.1.2 Reserve risk

Reserve risk is managed by the prompt reserving of potential losses, regular review of individual estimates and overall reserve adequacy, as well as regular, systematic claims audits and the monitoring of consistency of estimating approaches, and the modelling of technical provisions by the club's actuarial function.

While the board considers that the liability for insurance claims recognised in these financial statements is adequate, it recognises that actual experience will differ from the expected outcome. The following table presents the sensitivity of the value of insurance liabilities disclosed in note 12 to movements in the assumptions used in the estimation of insurance liabilities. These sensitivities relate mainly to the P&I class, as this represents the club's largest exposure.

	Decrease		Increase	
Impact on profit - gross of reinsurance	**2023 US$m**	2022 US$m	**2023 US$m**	2022 US$m
Increase/decrease in loss ratio by 5 percentage points	**17.3**	14.7	**(17.3)**	(14.7)
10% increase/decrease in the number of occupational disease claims	**1.9**	2.4	**(1.9)**	(2.4)
10% increase/decrease in claims handling expenses	**1.9**	1.9	**(1.9)**	(1.9)
10% increase/decrease in number of IBNR claims	**7.2**	8.8	**(7.2)**	(8.8)
Impact on profit - net of reinsurance	**2023 US$m**	2022 US$m	**2023 US$m**	2022 US$m
Increase/decrease in loss ratio by 5 percentage points	**13.3**	11.5	**(13.3)**	(11.5)
10% increase/decrease in the number of occupational disease claims	**1.9**	2.4	**(1.9)**	(2.4)
10% increase/decrease in claims handling expenses	**1.9**	1.9	**(1.9)**	(1.9)
10% increase/decrease in number of IBNR claims	**6.5**	5.4	**(6.5)**	(5.4)

14.2 Financial risk

The club is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts), reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The most important components of this financial risk are market risk (including interest rate risk, equity price risk and currency risk), credit risk and liquidity risk.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the club primarily faces due to the nature of its investment and liabilities are interest rate risk and equity price risk.

14.2.1 Market risk

Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities.

Interest rate risk is managed through the club's investment strategy. Debt and fixed interest securities are predominantly invested in high-quality corporate and government-backed bonds, with the club having defined investment guidelines that limit exposure in such holdings.

At the end of the financial year, approximately 89% (2022: 84%) of the club's investment portfolio was invested in fixed interest assets. The weighted duration of the investment portfolio was 2.2 years (2022: 3.1 years).

The club has no debt liability with interest payments that vary with changes in the interest rate.

Sensitivity analysis for interest rate risk illustrates how changes in the fair value of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. An increase of 150 basis points in bond yields would result in a cost to the club of $22.3m (2022: $36.6m).

Equity price risk

The club is exposed as a result of its holdings in equity investments and hedge funds. The club has defined investment guidelines that limit exposure in such holdings.

Sensitivity analysis for equity price risk illustrates the effect of changes in equity market indices on the value of the investment portfolio. A 10% decrease in equity values would be estimated to have increased the shortfall before tax at the year-end by $7.9m (2022: $12.4m).

Currency risk

The club is exposed in respect of liabilities under insurance policies denominated in currencies other than US dollars. The most significant currencies to which the club is exposed are pound sterling and the euro. The club seeks to manage this risk by constraining the deviation of the currencies of the assets from the estimated currencies of the liabilities. The club also uses forward currency contracts to protect currency exposures and maintain investment policy benchmarks.

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

As at 20 February 2023	US$ US$m	GBP US$m	EUR US$m	Other US$m	Total US$m
Total assets	**1,010.3**	**100.6**	**96.5**	**11.0**	**1,218.5**
Total liabilities	**844.0**	**10.3**	**97.8**	**1.3**	**953.5**
Net asset position	**166.3**	**90.3**	**(1.3)**	**9.7**	**265.0**
As at 20 February 2022					
Total assets	1,048.4	76.6	50.4	36.8	1,212.2
Total liabilities	796.9	0.3	22.6	82.2	902.0
Net asset position	251.5	76.3	27.8	(45.4)	310.2

At 20 February 2023, had sterling strengthened by 10% against the US dollar with all other variables held constant, the loss for the year would have been $9.0m lower (2022: $7.6m lower). Had the euro strengthened by 10% against the dollar, the shortfall for the year would have been $0.1m higher (2022: $2.8m lower).

Credit risk

The risk that a counterparty will be unable to pay amounts in full when due. Key areas where the club is exposed are:

- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid
- amounts due from members
- counterparty risk with respect to cash and investments.

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	2023 US$m	2022 US$m
Derivative financial instruments	**0.7**	(0.4)
Debt securities	**608.6**	642.7
Loans and receivables	**93.8**	82.9
Assets arising from reinsurance contracts held	**6.3**	0.4
Cash at bank and in hand	**50.1**	60.6
Total assets bearing credit risk	**759.5**	786.2
AAA	**315.8**	386.3
AA	**76.8**	41.0
A	**124.9**	155.0
BBB	**118.3**	96.9
BB	**19.7**	22.1
B	**2.0**	-
Below CCC or not rated	**102.0**	84.9
Total assets bearing credit risk	**759.5**	786.2

The concentration of credit risk is substantially unchanged compared with the prior year. No credit limits were exceeded during the period. No financial assets are past due or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

14.2.3 Liquidity risk

The risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk is the obligation to pay claims to policyholders as they fall due. The club maintains holdings in short-term deposits to ensure that sufficient funds are available to cover anticipated liabilities and unexpected levels of demand.

The following table provides a maturity analysis of the club's financial assets (classes 1 to 5 combined) representing the dates that contracts will mature, amounts are due for payment or assets could be realised without significant additional cost:

	Short term assets	Within 1 year US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m	Total US$m
As at 20 February 2023						
Shares and other variable-yield securities and units in unit trusts	**26.1**	**11.2**	**9.0**	**11.7**	**21.3**	**79.3**
Debt securities and other fixed-income securities	**571.1**	**36.5**	**1.0**	**-**	**-**	**608.6**
Forward currency contracts	**0.7**	**-**	**-**	**-**	**-**	**0.7**
Cash balances	**50.1**	**-**	**-**	**-**	**-**	**50.1**
Debtors	**16.8**	**83.1**	**-**	**-**	**-**	**99.9**
Reinsurers' share of claims outstanding	**-**	**132.9**	**72.2**	**80.9**	**52.3**	**338.3**
	664.8	**263.7**	**82.2**	**92.6**	**73.6**	**1,176.9**
As at 20 February 2022						
Shares and other variable-yield securities and units in unit trusts	40.9	42.4	14.2	12.4	13.7	123.6
Debt securities and other fixed-income securities	616.4	26.3	-	-	-	642.7
Forward currency contracts	(0.4)	-	-	-	-	(0.4)
Cash balances	60.6	-	-	-	-	60.6
Debtors	9.2	74.0	-	-	-	83.2
Reinsurers' share of claims outstanding	-	95.0	51.9	58.2	50.9	256.0
	726.7	237.7	66.1	70.6	64.6	1,165.7

The following is an analysis of the estimated timings of net cash flows by financial liability (classes 1 to 5 combined). The timing of cash flows are based on current estimates and historic trends, and the actual timings of cash flows may be materially different from those disclosed below:

	Within 1 year US$m	1-2 years US$m	2-5 years US$m	Over 5 years US$m	Total US$m
As at 20 February 2023					
Gross outstanding claims	**346.1**	**188.2**	**210.8**	**136.4**	**881.5**
Creditors	**58.4**	**-**	**-**	**-**	**58.4**
	404.5	**188.2**	**210.8**	**136.4**	**939.9**
As at 20 February 2022					
Gross outstanding claims	296.6	162.0	181.7	158.9	799.3
Creditors	90.3	-	-	-	90.3
	386.9	162.0	181.7	158.9	889.6

Fair value estimations

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Listed quoted prices in active markets and external broker quotes which are publicly, readily and regularly available on an active market.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the club's assets and liabilities measured at fair value at 20 February 2023 and at 20 February 2022.

Financial assets at fair value through profit or loss:

	Level 1 US$m	Level 2 US$m	Level 3 US$m	Total US$m
As at 20 February 2023				
Shares and other variable-yield securities and units in unit trusts	**37.2**	**-**	**42.1**	**79.3**
Debt securities and other fixed-income securities	**608.6**	**-**	**-**	**608.6**
Forward currency contracts	**0.7**	**-**	**-**	**0.7**
	646.5	**-**	**42.1**	**688.6**
As at 20 February 2022				
Shares and other variable-yield securities and units in unit trusts	87.1	-	36.5	123.6
Debt securities and other fixed-income securities	481.2	161.5	-	642.7
Forward currency contracts	(0.4)	-	-	(0.4)
	567.9	161.5	36.5	765.9

14.3 Capital management

The club maintains an efficient capital structure from the use of members' funds (reserves) along with the ability to make unbudgeted calls, if required, consistent with the club's risk profile and the regulatory and market requirements of its business.

The club's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its members and meet regulatory requirements
- to maintain an 'A' rating with Standard & Poor's
- to manage exposures to movement in exchange rates
- to retain financial flexibility by maintaining strong liquidity.

The club's principal regulator is the Bermuda Monetary Authority (BMA) and the club is subject to insurance solvency regulations which specify the minimum amount and type of capital that must be held. The club manages capital in accordance with these rules and has embedded in its Asset Liability Management (ALM) framework the necessary tests to ensure continuous and full compliance with such regulations. Throughout the year, the club complied with the BMA's capital requirements and the requirements in the other countries in which it operates.

15. Tangible assets

Book cost	2023 US$m	2022 US$m
As at 20 February 2022	**5.4**	-
Additions	**0.4**	5.4
Disposals	**(0.7)**	-
As at 20 February 2023	**5.1**	5.4
Accumulated depreciation		
As at 20 February 2022	**1.8**	-
Disposals	**(0.7)**	-
Depreciation charge for the year	**1.2**	1.8
As at 20 February 2023	**2.3**	1.8
Net book value	**2.8**	3.6

The above balances represent the furniture, fixtures and fittings held in the management companies.

16. Intangible assets

Book cost	2023 US$m	2022 US$m
As at 20 February 2022	**12.4**	-
Additions	**-**	12.4
Write-offs	**(3.3)**	-
As at 20 February 2023	**9.1**	12.4
Accumulated amortisation		
As at 20 February 2022	**2.9**	-
Amortisation charge for the year	**1.9**	2.9
As at 20 February 2023	**4.8**	2.9
Net book value	**4.3**	9.5

Intangible assets represent capitalised computer software development costs and goodwill that are held in the management companies. Goodwill of $3.3m was written off during the year.

17. Investment in group undertakings and participating interests

	Classes of shares held	Year end	Principal business	Group	Company
Standard Reinsurance (Bermuda) Limited, incorporated in Bermuda	Ordinary	20 Feb	Reinsurance	100	100
The Standard Club UK Ltd, incorporated in the United Kingdom[1]	N/a	20 Feb	Marine mutual	75	75
The Standard Club Asia Ltd, incorporated in Singapore	Ordinary	20 Feb	Marine mutual	100	20
The Standard Club Ireland DAC, incorporated in Ireland	Ordinary	20 Feb	Marine mutual	100	100
Hydra Insurance Company Limited (Standard Cell), incorporated in Bermuda	Preferred	20 Feb	Reinsurance	100	100
The Strike Club Europe Limited, incorporated in United Kingdom[2]	Ordinary	31 Jan	Dormant	100	-
The Shipowners' Mutual Strike Insurance Association Europe, incorporated in Luxembourg	N/a	20 Feb	Marine mutual	100	-
Standard Services Limited[3/4]	Ordinary	20 Feb	Management	100	-
Standard Club Management (Bermuda) Limited[4/5]	Ordinary	20 Feb	Management	100	-
Standard Club Management (UK) Limited[4/5]	Ordinary	20 Feb	Management	100	-
Standard Club Management (Europe) Limited[4/5]	Ordinary	20 Feb	Management	100	-
Standard Club Management (Asia) Limited[4/5]	Ordinary	20 Feb	Management	100	-
Standard Club Management (Americas) Limited[4/5]	Ordinary	20 Feb	Management	100	-

1 75% of voting control, no participating interest. No minority interest is shown in the group financial statements because the affairs of each class are managed on a unified basis throughout the group.

2 The Strike Club Europe Limited was a dormant company limited by guarantee with $nil net assets and was dissolved on 12 April 2022.

3 Standard Services Limited was dissolved on 28 February 2023.

4 These service companies provide in-house management for the group.

5 All subsidiary undertakings are consolidated in the financial statements.

18. Debtors arising out of direct insurance operations

	2023 US$m	2022 US$m
Members	**82.3**	72.8
Intermediaries	**4.3**	2.2
Reinsurers - Pool	**5.4**	0.4
Reinsurers - other	**0.9**	-
Debtors arising out of direct insurance operations	**92.9**	75.4

19. Other creditors including taxation and social security

	2023 US$m	2022 US$m
Corporation tax	-	0.3
Trade creditors	0.3	1.0
Other creditors	-	26.1
Other creditors including taxation and social security	0.3	27.4

20. Letters of credit, bail bonds and guarantees

In the normal course of business, the club has provided letters of credit and guarantees on behalf of its members. These are secured by investments lodged with the club amounting to $24.6m (2022: $16.3m).

21. Related party transactions

Prior to the merger with the North group, the club was a company limited by guarantee and had no share capital. It was controlled by the members, who were also insureds of its insurance subsidiaries. All members had entered into insurance contracts negotiated with those subsidiaries. These transactions were therefore with related parties and were the only transactions between the club (via its subsidiaries) and the members. The aggregate of these transactions is disclosed in these financial statements. Following completion of the merger, the club was converted into a company limited by shares with its entire shareholding held by NorthStandard Limited and the corporate members of NorthStandard Limited are insureds of the Northstandard Group.

Prior to completion of the merger, all the directors (except four: one senior executive and employee of the club; one Bermudian resident director; and two independent directors) were representatives or agents of member companies, and other than the insurance and membership interests of the directors' companies, the directors had no financial interests in the club. Following the merger, there are three directors of the club in total: two directors who are senior executives and employees of the NorthStandard Group, and one Bermudian resident director.

22. Employees

Staff costs increased to $35.2m (2022: $23.8m) following further transition to in-house management during the financial year. These costs are allocated to acquisition costs and administrative costs contained within net operating expenses and an allocation to claims handling costs contained within claims paid.

	2023	2022
Wages and salaries	**28.7**	20.6
Other staff related costs	**1.0**	0.5
Social security costs	**3.1**	1.5
Other pension costs	**2.4**	1.2
	35.2	23.8

The average weekly number of employees was:

	2023 US$m	2022 US$m
Claims	**89**	37
Underwriting	**73**	30
Administration	**108**	67
	270	134

23. Rates of exchange

	2023 US$m	2022 US$m
The following rates of exchange were applicable to US$1 at 20 February 2023 (2022)		
Australian dollar	**1.46**	1.40
Bermudian dollar	**1.00**	1.00
Canadian dollar	**1.35**	1.27
European euro	**0.94**	0.88
Japanese yen	**134.42**	115.40
Singapore dollar	**1.34**	1.35
Swiss franc	**0.93**	0.92
British pound sterling	**0.83**	0.74

24. Events after the reporting period

Merger and change of control

As disclosed in the directors report and note 21, immediately after the year end the Standard Club group and North group merged and formed the NorthStandard group. The merger was concluded by the North of England Protecting and Indemnity Association Limited ('NEPIA', the parent company of the North group) becoming the sole member of The Standard Club Limited and the former members of Standard Club becoming members of NEPIA.

At the same time the Hydra Insurance Company Ltd (Standard Cell) and the Hydra Insurance Company Ltd (North Cell) (a subsidiary of NEPIA) merged, creating a new cell, the Hydra Insurance Company Ltd (NorthStandard Cell), which is a direct subsidiary of NEPIA.

In addition, The Standard Club Ltd's shareholding in Standard Reinsurance (Bermuda) Limited ('Standard Re') was transferred to the North of England Mutual Insurance Association Limited ('NEMIA'), an independent Bermuda reinsurer with the same membership as NEPIA. On transfer of control, NEMIA and Standard Re merged, becoming NorthStandard Re Limited. The existing quota share reinsurance between Standard Re and the Standard Club's underwriting subsidiaries has been retained and transferred into NorthStandard Re.

NEPIA changed its name to NorthStandard Limited with effect from 20 February 2023, and is now the ultimate parent undertaking of the NorthStandard Group. The merger doesn't impact the carrying value of the assets and liabilities reported in these financial statements.

Following the merger of Standard Re and NEMIA, the net assets of Standard Re will be reflected in the financial statements of NorthStandard Re Limited.

APPENDIX I (UNAUDITED)

Funds available for outstanding and unreported claims

Class 1 - P&I summary

	Appendix reference	Funds available and estimated future supplementary calls US$m	Estimated net claims and forecast of unreported claims US$m
At 20 February 2023			
Total closed policy years	III	**299.5**	**299.5**
Open policy years			
2022/23	II	102.5	103.8
2021/22	II	96.7	96.7
Total of open policy years		**199.2**	**200.5**
Reserves			
Contingency reserve	III	129.8	-
Statutory reserve		0.2	-
Total reserves		**130.0**	**-**
Funds available for outstanding and unreported claims		**628.7**	**500.0**

These appendices should be read in conjunction with the notes on the preceding pages.

APPENDIX II (UNAUDITED)

Funds available for outstanding and unreported claims

Class 1 - P&I open policy years

		2022/23 One year from inception	2021/22 Two years from inception	2020/21 Three years from inception
At 20 February 2023				
Calls and premiums - current year		290.3	(1.0)	-
Calls and premiums - prior year		-	238.5	238.1
Less: claims, reinsurance premiums, administration expenses and tax		(144.1)	(218.7)	(215.8)
		146.2	18.8	22.3
Investment income to date		(25.2)	(8.8)	37.1
Funds available	A	**121.0**	**10.0**	**59.4**
Estimated known outstanding claims and forecast of unreported claims		124.5	200.9	170.8
Estimated reinsurance recoveries		(20.7)	(104.2)	(74.3)
	B	**103.8**	**96.7**	**96.5**
Anticipated (deficit)/surplus at closure	A-B	17.2	(86.7)	-
Deficit on closure of 2020/21 year		-	-	(37.1)
Transferred from(to) contingency reserve at 20 February 2022		-	61.5	22.5
Transferred (to)/from contingency reserve at 20 February 2023		(17.2)	25.2	14.6
		-	-	-
Product of a 10% supplementary call		**21.5**	**17.8**	**18.1**

Notes

Estimated known outstanding claims and the forecast of unreported claims of open years include the clubs' share of other clubs' Pool claims amounting to $51.9m.

Estimated reinsurance recoveries show the reinsurance recoveries to be made on reinsurance contracts net of provision for doubtful recoveries, and include anticipated Pool recoveries of $111.5m, recoveries from group excess of loss reinsurers of nil, and recoveries from other reinsurers of $13.4m.

Investment income

All investment income received in the year has been allocated to the 2022/23 year.

Fixed premium and non-poolable business

Of the $290.3m of calls and premiums on the 2022 P&I policy year, $74.9m represents non-poolable business which is all fixed premium. The comparative figures for 2021 are $238.5m and $60.3m, and for 2020 they are $241m and $60m.

APPENDIX III (UNAUDITED)

Funds available for outstanding and unreported claims

Class 1 - P&I closed policy years and contingency reserve

	Closed policy years		Contingency reserve	
Impact on profit - gross of reinsurance	**2023 US$m**	2022 US$m	**2023 US$m**	2022 US$m
At 20 February 2022				
Balance available at 20 February 2022 (2021)	**263.6**	255.2	**166.8**	219.0
Transfers on closure of 2020/2021 (2019/2020) policy year	**96.5**	72.3	**(14.6)**	1.9
Premium adjustment	**-**	-	**(0.4)**	0.1
Claims paid net of reinsurance recoveries	**(63.4)**	(45.3)	**-**	-
	296.7	282.2	**151.8**	221.0
Transfer of anticipated surplus/(deficit) on open years	**-**	-	**(8.0)**	(50.3)
Other charges including value adjustments	**-**	-	**(9.2)**	(22.5)
Improvement of claims in closed policy years	**4.8**	(18.6)	**(4.8)**	18.6
Balance available at 20 February 2023 (2022)	**301.5**	263.6	**129.8**	166.8

Closed policy years

The balance available for outstanding claims of closed policy years includes a provision for incurred but not reported claims (IBNR) of $49.8m (2022: $51.0m) and is shown net of Pool recoveries of $93.5m (2022: $57.1m), recoveries from group excess of loss reinsurers of $79.6m (2022: $83.9m) and other non-group reinsurance recoveries which amount to $38.6m (2022: $14.1m). The balance available including IBNR includes $123.9m (2022: $74.9m) in respect of the club’s share of other clubs’ outstanding Pool claims.

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