International Transport Intermediaries Club Limited ("ITIC")

Solvency and Financial Condition Report ("SFCR")

For the year ended 31st May 2017

Contents

Directors' Statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

We are satisfied that:

a. throughout the financial year in question, International Transport Intermediaries Club Limited has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and

b. it is reasonable to believe that the International Transport Intermediaries Club Limited has continued so to comply subsequently and will continue so to comply in future.

.....

For and on behalf of International Transport Intermediaries Club Limited

...21.....September 2017

Auditor's report

Report of the external independent auditor to the Directors of International Transport Intermediaries Club Limited

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

Opinion

Except as stated below, we have audited the following documents prepared by International Transport Intermediaries Club Limited as at 31st May 2017:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of International Transport Intermediaries Club Limited as at 31st May 2017, ('**the Narrative Disclosures subject to audit**'); and

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

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

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

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

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

- the written acknowledgement by management of their responsibilities, including for the preparation of the solvency and financial condition report ('**the Responsibility Statement**').

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of International Transport Intermediaries Club Limited as at 31st May 2017 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determination.

Report of the external independent auditor to the Directors of International Transport Intermediaries Club Limited (continued)

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Emphasis of Matter – Basis of Accounting

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

Report of the external independent auditor to the Directors of International Transport Intermediaries Club Limited (continued)

Other Information
The Directors are responsible for the Other Information.

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

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report
The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations.

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

Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report
It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based. Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

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

Report of the external independent auditor to the Directors of International Transport Intermediaries Club Limited (continued)

Report on Other Legal and Regulatory Requirements.
In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of International Transport Intermediaries Club Limited statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Alexander Barnes (Senior Statutory Auditor)
For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street,
London.
EC1A 4AB

28 September 2017

Appendix – relevant elements of the Solvency and Financial Condition Report that are not subject to audit

Solo standard formula
The relevant elements of the Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template S.17.01.02
  - Rows R0290 to R0310 – Amount of transitional measure on technical provisions

Summary

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

This report covers the business and performance of ITIC, its system of governance, risk profile, valuation for solvency purposes and capital management. The ultimate administrative body that has the responsibility for all of these matters is ITIC's Board of directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

ITIC's financial year runs to 31st May each year and it reports its results in US dollars.

For solvency purposes, ITIC uses the standard formula to calculate its Solvency Capital Requirement ("SCR") and as a mutual mono-line insurer of the professional indemnity risks of its members, ITIC's insurance business is classified as general liability insurance for Solvency II purposes. All business is underwritten from the United Kingdom, however members are dispersed internationally.

During the year to 31st May 2017, ITIC made a surplus for the year of US$3.4 million as reported in its annual financial statements under UK GAAP. This result was driven largely by low loss ratios and by a strong investment return. The surplus for the year resulted in a free reserve of US$35.0 million.

This is the 22nd year that ITIC has returned premium to its longstanding members by way of a continuity credit scheme and the credit expected for the coming year will cost about US$9.5 million out of total premium of US$52.4m.

For solvency purposes:

a. Minimum Capital Requirement ("MCR") coverage. ITIC's eligible own funds stood at US$38.5 million against an MCR of US$4.0 million (950% covered).

b. Solvency Capital Requirement ("SCR") coverage. ITIC's eligible own funds stood at US$38.5 million against an SCR of US$9.4 million (408% covered).

Material changes. Since ITIC has a significant EU Membership base, it is currently reviewing potential options in order to continue to write EU business and cause as little disruption as possible to its EU members.

There are not considered to have been any other material changes over the reporting period.

A. Business and performance

A.1. Business

A.1.1 Name and legal form: International Transport Intermediaries Club Limited ("ITIC") is incorporated in England and Wales under the Companies Act 2006 as a company limited by guarantee and not having a share capital.

A.1.2 Supervisory authority: The authority responsible for the financial supervision and review of the SFCR of ITIC is the Prudential Regulatory Authority ("PRA") which is located at 20 Moorgate, London, EC2R 6DA.

The authority responsible for protecting consumers, enhancing market integrity and promoting competition is the Financial Conduct Authority ("FCA") whose address is 25 The North Colonnade, London, E14 5HS.

A.1.3 External auditor: The auditors are Moore Stephens LLP, Statutory Auditor of 150 Aldersgate Street, London, EC1A 4AB. ITIC's presentation currency for financial reporting is US dollars.

A.1.4 Owners of the undertaking: ITIC is incorporated in England as a company limited by guarantee and not having share capital. Every person or company insured by ITIC shall be recorded as a member of ITIC. Every director of ITIC shall be a member, unless at the time of appointment the directors, in their sole discretion, decide otherwise.

A.1.5 ITIC's position within the legal structure of the group: ITIC is not part of a group. ITIC has a 90% quota share reinsurance contract with Transport Intermediaries Mutual Insurance Association Limited ("TIMIA"). TIMIA is unrelated but the managers of the business will always consider the combined financial position of the two entities when considering strategy or financial performance.

In the event of ITIC's liquidation the net assets of ITIC are to be distributed among the current members in proportion to the amounts of premium payable by them during the preceding three years.

A.1.6 ITIC's business: The principal activity of ITIC during the year was the insurance of professional indemnity and public liability risks of professionals in the transport industry. For Solvency II purposes, ITIC's business is classified general liability insurance.

The number of members entered in ITIC on 31st May 2017 was 2,483, of which 579 carry on, as their principal activity, the business of ship agency, 452 ship broking, 347 ship management, 663 naval architect, marine surveying and consultants and 442 represent other professionals in the transport industry. Some members carry on more than one of these activities and many members are insured jointly with their subsidiary or related companies.

The membership is drawn from 122 countries the majority being from Europe, with a substantial number of members from North America, Australasia, the Far East and the Middle East.

During the year there has been no business or other events that had a material impact on ITIC.

A.2. Underwriting Performance

A.2.1 Underwriting performance: As illustrated below, which has been extracted from ITIC's financial statements, the premium decreased slightly whilst the reinsurance costs reduced. Claims incurred during the year reduced significantly whilst the decision on the continuity credit increased the cost of the credit for the year. The strong US dollar kept the management fee costs down whilst other costs reverted to a normal level after a one off recovery of legal fees in 2015/16. These factors resulted in a strong increase in the operating surplus before taxation. The combined loss ratio before the payment of the continuity credit and quota share reinsurance for the financial year improved to 58.4% compared with the prior year's 72.7%. This level of combined ratio continues to reflect good claims experience which has enabled the continuity credit to be increased further for the coming year.

(ITIC only)	2017 US$ 000s	2017 % of gross earned premium	2016 US$ 000s	2016 % of gross earned premium
Gross earned premium	54,368	100.0%	53,202	100.0%
Less acquisition costs including management fee element	(7,362)	13.5%	(7,615)	14.3%
Less excess of loss reinsurance costs	(4,634)	8.5%	(5,363)	10.1%
Net retained premium	42,372	77.9%	40,224	75.6%
Less continuity credit	(10,479)	19.3%	(7,512)	14.1%
Claims net of excess of loss recoveries including management fee element	(13,633)	25.1%	(19,184)	36.1%
Management Fee (excluding acquisition and claims elements)	(4,809)	8.8%	(5,606)	10.5%
Other expenses	(1,339)	2.5%	(910)	1.7%
Total claims and other expenses	(19,781)	36.4%	(25,700)	48.3%
Total costs (excluding continuity credit)	*(31,777)*	*58.4%*	*(38,678)*	*72.7%*
Operating surplus before quota share reinsurance	12,112	22.3%	7,012	13.2%
Net cost of quota share reinsurance	(10,100)	18.6%	(5,153)	9.7%
Surplus on technical account	2,012	3.7%	1,859	3.5%

ITIC writes only professional indemnity and public liability business, and underwrites only from the United Kingdom.

	2017 US$ 000s	2016 US$ 000s
Gross premium written:		
Members located in UK	12,434	18,435
Members located in other EU States	14,739	21,475
Members located outside EU	17,039	21,980
	44,212	61,890

Further geographical analysis is presented in appendix S.05.02 which forms part of ITIC's annual Quantitative Reporting Template (QRT) requirement.

A.2.2 Mitigation techniques: ITIC's reinsurance programme is designed to manage risk to an acceptable level to optimise ITIC's capital position. The programme comprises excess of loss reinsurance cover to protect against individual large losses, and a 90% quota share arrangement with TIMIA.

A.3. Investments performance

A.3.1 Performance of investments: Below shows ITIC's investment return for the years to 31st May 2016 and 2017. All of ITIC's investments are in fixed income securities and UCITS, however its investment result is adjusted to reflect 10% of the combined return of ITIC and its quota share reinsurer TIMIA.

	2017 US$ 000s	2017 US$ 000s	2016 US$ 000s	2016 US$ 000s
Investment result - realised	1,718		(164)	
Unrealised (losses) / gains on investments	(400)		516	
Other costs – exchange gains / (losses)	274		(49)	
		1,592		303

A.3.2 Other information on investments: Information on investment expenditure is not broken down further. There are no gains or losses recognised directly in equity. There are no investments in tradable securities or other financial instruments based on repackaged loans.

A.4. Performance of other activities

ITIC does not carry on any other activities.

A.5. Any other information

A paper was provided to ITIC board in Nice in September 2016 which advised of the consequences to the referendum decision in the UK in June 2016, by which the UK electorate voted to leave the European Union. It also identified possible options for ITIC to continue trading in the EU.

The options in order to continue to access business within the EU after March 2019 (assuming no transition period was put in place), are set out below. Currently, ITIC has a sizeable proportion of its business within the EU.

The tax consequences of each option will need to be considered and legal and tax advice will be sought in due course. The only two options being considered are the following:

1. Establishment of a subsidiary company for ITIC in the EU
    - The subsidiary would obtain passports across the EU but require its own regulatory capital.
    - The UK PRA would remain Group Supervisor assuming the UK was to become Solvency II equivalent.
    - It should be noted that the establishment of a branch of ITIC in the EU, as opposed to a subsidiary, would not allow for the application of passports.

2. Establish a new risk carrier in the EU with passports across the EU that reinsures European business to ITIC in the UK.
    - The new risk carrier would operate with multiple trading names to accommodate other Thomas Miller managed Clubs.
    - The Clubs would potentially, own a share of the new risk carrier based on its capital contribution, probably subject to some form of annual redistribution to take account of any retained risk.
    - This would allow ITIC to share administrative and operational costs with other Thomas Miller managed Clubs.

The approach to Brexit will continue to evolve over the coming year.

ITIC considers no other information relevant to the disclosure relating to its business and performance.

B. System of governance

B.1. General information on the system of governance

B.1.1 Structure of the undertaking's administrative, management or supervisory bodies: The Articles of Association ("the Articles") give the board of directors extensive powers to manage the affairs of ITIC, and the Articles set out how these powers are to be exercised.

Board meetings are held three times a year. The Chairman has the power to call a board meeting at any time, and the Secretary of ITIC calls a board meeting at the request of any director.

The governance structure of ITIC is explained in the Risk Management Policy. In summary, this covers the following administrative, management and supervisory bodies.

a. Board;
b. Audit Investment & Risk ("AIR") committee;
c. Risk owners;
d. International Transport Intermediaries Management Company Ltd board ("ITIM board") - including the Risk Management Function;
e. Compliance function;
f. Actuarial Function;
g. Internal audit function; and
h. Statutory auditors.

B.1.2 Material changes in the system of governance: There have been no material changes in the system of governance that have taken place over the reporting period.

B.1.3 Remuneration: The non-executive directors of ITIC are remunerated by a fixed fee approved by the board which is not linked to the performance of ITIC. Directors' fees are not subject to pension or early retirement schemes. The directors are paid an annual fee and a fee for each meeting attended, as follows, as authorised under the bye-laws.

Chairman – annual fee £12,000 – attendance fee £3,400
Directors – annual fee £3,000 – attendance fee £3,400

A remuneration policy is maintained and reviewed by the AIR committee each year.

B.1.4 Variable remuneration components and shares: As detailed above, there are no direct employees and therefore no variable remuneration components other than that mentioned above.

B.1.5 Transactions with directors: No loans have been made to the directors and none are contemplated.

B.1.6 Assessment of the adequacy of ITIC's system of governance: The following has been extracted from the financial statements for the year to 31st May 2017:

"ITIC has risk management procedures in place which address the five risk areas laid out in the Prudential Regulation Authority's Handbook. These are credit risk, market risk, liquidity risk, operational risk and insurance risk. ITIC has developed a business risk assessment which defines the risks and sets out the procedures that are in place to mitigate those risks. The business risk assessment is reviewed regularly by the board.

In its business risk assessment, ITIC has identified its key risks as:

a. Loss of Club financial strength;
b. Loss of business to competition;
c. Loss or impairment of investments;
d. Change to UK tax agreement; and
e. Misappropriation of investment funds.

ITIC has taken steps, where appropriate and possible to mitigate these risks with internal controls and procedures and management oversight. Where appropriate, ITIC is prepared to accept higher levels of risk and this is set out in its Risk Appetite Statement. ITIC is considering its options for dealing with Brexit and this will continue to develop over the near future.

The ITIC board approved its Own Risk and Solvency Assessment ("ORSA") at the board meeting in March 2017 and this was submitted to the Prudential Regulatory Authority shortly afterwards."

ITIC is comfortable with the adequacy of its system of governance given the nature, scale and complexity of its risks.

B.1.7 Delegation of responsibilities, reporting lines and allocation of functions: ITIC has no direct employees as ITIC's management is wholly outsourced to International Transport Intermediaries Management Co Ltd ("ITIM") or other companies within the Thomas Miller Holdings Ltd Group of companies (the "managers") in accordance with the management agreements. The management agreements also cover the management fees between ITIC and ITIM.

B.2. Fit & Proper requirements

B.2.1 Process: ITIC maintains a Fit & Proper policy which sets out its approach to the Fitness & Propriety of persons who effectively run ITIC, including the board, executive senior management and key function holders. It describes key aspects of the Fit & Proper processes and identifies the main internal reporting and review procedures.

B.2.2 Requirements: The objectives of the policy are to ensure that:

a. All persons who are within the scope of this policy meet the definitions of Fit and Proper;
b. Collectively and at any given time, the directors of ITIC possess sufficient knowledge, competence and experience to provide sound and prudent decision making in all areas relevant to business;
c. Collectively, the executive senior management and key function holders possess sufficient knowledge, competence and experience to manage and operate ITIC effectively on a day-to-day basis. This will cover at least the following areas:

- Insurance and financial markets;
- Business strategy and the business model;
- System of governance;
- Financial and actuarial analysis; and
- Regulatory framework and requirements.

d. Adequate and timely notifications and submissions are made to the relevant regulatory authorities.

In addition to the above it is appropriate that all those within scope of this policy understand the conduct standards and rules set out by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

B.2.3 List of responsible persons: The following is a list of those persons undertaking that are responsible for the key functions.

	Controlled functions if any	
ITIC board		
R Bishop	-	Notified non-exec director
E Davila	-	Notified non-exec director
C Dohle	-	Notified non-exec director
TM Evans	SIMF2 Chief Finance	CF1 Director of ITIC and app. rep.
P French	SIMF9 Chairman	-
D Fry	-	Notified non-exec director
S Jones	-	Notified non-exec director
T Jones	-	Notified non-exec director
F Kanoo	-	Notified non-exec director
AS Munro	SIMF1 Chief Executive	CF1 Director of ITIC and app. rep.
L Safverstrom	-	Notified non-exec director
U Salerno	-	Notified non-exec director
M Shakesheff	SIMF11 Chair of the Audit Committee SIMF10 Chair of the Risk Committee	Notified non-exec director -
J Woyda	-	Notified non-exec director
ITIC managers		
N de Silva	SIMF20 Chief Actuary Function	-
A Jamieson	-	CF1 Director of app. Rep.
C Kirk	-	CF1 Director of app. Rep.
A Mactavish	SIMF22 Chief Underwriting Officer	CF1 Director of app. Rep.
I Rosenthal	SIMF4 Chief Risk Function	CF1 Director of app. Rep.
A Steet	SIMF5 Head of Internal Audit	-

B.3. Risk management system

The following information considers the process that ITIC has adopted to fulfil its obligation to conduct an ORSA. The following is an edited extract from the introduction to the ORSA overview report which was approved by the Board of Directors on 23rd March 2017 and subsequently filed with the PRA.

B.3.1 The Own Risk and Solvency Assessment

This report forms part of ITIC's requirements under Solvency II to conduct an ORSA. The ORSA is an annual process, and is used by ITIC to manage its financial and

solvency position over the period of its medium-term rolling business plan. In particular, it is necessary to ensure that the decisions underlying that plan are consistent with ITIC's risk appetite and business strategy. As such, the ORSA forms an important part of ITIC's business planning process.

ITIC has a 90:10 quota share arrangement with its parallel reinsurer TIMIA. ITIC and TIMIA are not a formal group and, as a result, ITIC has to satisfy its regulatory solvency requirements as a solo entity. However, in day to day operations the two entities are considered alongside each other in all respects and their financial position managed on a combined basis. Thus, the ORSA reports on both a solo and a combined basis**.** Unless stated otherwise, ITIC refers to ITIC and TIMIA on a combined basis.

The ORSA process for 2016/17 was conducted in line with ITIC's ORSA policy and culminated in a report which, together with the regular Key Risk Indicators of board agendas, provides a high-level overview to help directors understand the risks around ITIC's business strategy and in particular its medium term business plan. The following table provides a summary guide to the ORSA Overview Report:"

Sections	Title	Description
2	Executive summary	
3	Strategy	A recap of ITIC's strategy and high level risk appetites.
4	Summary of past performance	A summary of recent experience to provide some background.
5	Risk profile	An overview of ITIC's risk profile broken down by Solvency II risk categories.
6	Financial planning	Forecasts (and underlying assumptions) of the ITICs financial position and capital adequacy over the medium-term. Scenario tests in respect of possible variances.
7	Insurance company entities	A summary of the capital requirements and risk profile for ITIC on a solo basis.
8	Appendix A: key judgements, validation and limitations	A summary of the key judgements, assumptions, sensitivities and limitations around the capital model. Some model validation via scenario testing is also included.
9	Appendix B: Appropriateness of the Standard Formula SCR	A comparison of ITIC's risk profile to that assumed by the Solvency II standard formula. This is a key regulatory requirement of the ORSA.
10	Appendix C: Continuity credit	The risk appetite graphs for each of the continuity credit options.
11	Appendix D: References	References to other documents referred to within the ORSA overview report.
12	Appendix E: Glossary	

This report was high-level in nature and references were made to supporting documents throughout. It is produced once per year.

B.3.2 Description of risk management framework: The risk management framework is explained in the Risk Management Policy.

This document:
a. describes key aspects of the risk management process;
b. identifies the main reporting procedures; and
c. forms part of the ITIC's internal control and governance arrangements.

The objectives of the ITIC's Risk Management Policy are to identify, manage and report risk in a consistent and timely fashion on the basis of the ITIC's Risk Appetite as set by the board and documented in the Business Plan.

The Risk Management Policy seeks both to ensure that all activities of the business are appropriately aligned to the furtherance of the business plan and to provide the necessary independent challenge to those activities. It also helps to both support and relay the business plan throughout the organisation.

The following key principles outline the ITIC's approach to risk management:

a. to recognise and disclose the financial and non-financial implications of risks;
b. to be compliant with all laws and regulations;
c. to maintain processes that address all risks associated with the business;
d. to be proportionate to the nature, scale and complexity of the risks inherent in the business;
e. to be integrated into planning, decision-making and operational processes, and responsive to changing circumstances; and
f. to deliver continuous improvement in the control environment.

ITIC's internal control and risk management systems apply the 'three lines of defence' model:

a. First line of defence: the risk owners – these are the business units such as Underwriting, Claims, Actuarial and Finance responsible for matters such as the identification and effective management and mitigation of risks;
b. Second line of defence: risk management and compliance functions, providing challenge to activities and decisions that materially affect ITIC's risk profile; and
c. Third line of defence: internal audit providing independent assurance.

B.3.3 Information on strategies processes and risks: The following has been disclosed in the notes to the financial statements.

"ITIC is governed by the board of directors which drives decision making within ITIC from board level through to operational decision making within the managers. The board considers the type and scale of risk that ITIC is prepared to accept in its ordinary course of activity and this is used to develop strategy and decision making.

ITIC is focused on the identification and management of potential risks. This covers all aspects of risk management including that to which ITIC is exposed through its core activity as a provider of insurance services, and the broader range of risks. ITIC's key risks are the following:

a. Insurance risk - incorporating underwriting and reserving risk;
b. Market risk - incorporating investment risk, and interest rate risk;
c. Currency risk - the risk of adverse currency exchange movements;
d. Credit risk - the risk that a counterparty is unable to pay amounts in full when due; and
e. Liquidity and cash flow risk - the risk that cash may not be available to pay obligations as they fall due."

B.3.4 Financial risk management objective: ITIC is exposed to financial risk through its financial investments, reinsurance assets and liabilities to policy holders. In particular, the key financial risk is that the proceeds from financial investments are

not sufficient to fund the obligations arising from policies as they fall due. The most important components of this financial risk are market risk or investment risk (comprised of interest rate risk, equity price risk and currency risk) together with credit risk and liquidity risk.

ITIC manages these risks using a risk governance structure incorporating the managers' risk committee and the AIR Committee. Further details can be found in the Strategic Report of the financial statements.

The board is responsible, advised by ITIC's Chairman working with the AIR committee, for setting investment policy and the appropriate level of market or investment risk. This is set with reference to the overall risks faced by ITIC which are analysed as part of the ORSA process.

The processes used to manage risks within ITIC are unchanged from the previous period.

Underwriting process: ITIC has an underwriting policy which is approved by the board annually which manages the underwriting risk. The policy sets out the processes by which the risk is managed. ITIC operates a risk rating system which provides underwriting parameters for assessing the premium to be charged. All policies are signed off by the underwriting director or an individual delegated by the underwriting director.

Reinsurance: ITIC's reinsurance programme is designed to manage risk to an acceptable level to optimise ITIC's capital position. The programme comprises excess of loss reinsurance cover to protect against individual large losses, and a 90% quota share arrangement with TIMIA.

Reserving process: ITIC establishes provisions for unpaid reported claims and relating expenses to cover its expected liability. These provisions are established through the application of actuarial techniques and assumptions as set out in note 3 of the financial statements as directed and reviewed by the AIR committee. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by senior members of the managers and AIR committee.

ITIC considers that the liability for insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected result.

B.3.5 Capital management: ITIC maintains capital, comprising of policyholders' funds (surplus and reserves), consistent with ITIC's risk profile and the regulatory requirements of the business. At the 31st May 2017, the total retained reserves available amounted to US$35.0m (2016: US$31.6m).

ITIC's strategy is to maintain sufficient capital to exceed the Standard Formula Solvency II Capital Requirements such that there is less than a 1 in 200 chance of breaching this requirement over the subsequent year."

B.3.6 Information on material risks not fully included in the calculation of the Solvency Capital Requirement ("SCR"): No material risks have been omitted from the calculation of the SCR. However, the Own Solvency Needs Assessment is expected to portray a capital requirement with a more complete view of the various risk elements.

B.4. Internal control system

B.4.1 Description of internal control system: The main objectives of ITIC's internal control are set out in its internal control policy and are to help secure:

a. the effectiveness and efficiency of operations in view of ITIC's business strategy and objectives and the protection of its resources; and

b. the availability and reliability of appropriate, accurate and complete financial and non-financial information for internal and external reporting.

It is acknowledged that because of its inherent limitations, internal control can provide only reasonable assurance that ITIC's objectives and goals will be achieved.

The ITIC board bears ultimate responsibility for maintaining an internal control policy that supports the achievement of the business strategy and objectives of ITIC. Its responsibilities include:

a. Setting the tone and influencing a strong culture of internal control within ITIC, including the standards and expectations for staff with respect to conduct and probity;

b. Providing governance, guidance and oversight;

c. Reviewing and challenging the key performance indicators ("KPI"), key risk indicators ("KRI") and key control indicators ("KCI") at each board meeting.

d. Reviewing at least annually ITIC's overall approach to internal control and assessing the effectiveness of this policy in managing the mitigating controls associated with business risks, challenging findings and recommendations for change or to maintain the status quo as necessary and approving changes or improvements to this policy as appropriate.

The AIR committee supports the board by:

a. Considering the effectiveness of this policy, management information and internal control processes;

b. Reviewing and challenging the KPI, KRI and KCI at each committee meeting

c. Considering the incidence of any material control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results and regulatory requirements;

d. Reviewing this policy on an annual basis and approving recommendations by the ITIM board for changes or for the maintenance of the status quo;

e. Reporting and making recommendations as appropriate, to the board on the activities, reviews and evaluations set out above and as required.

Whereas the board bears ultimate responsibility for internal control, the managers are responsible for establishing, maintaining and promoting efficient business practices and effective internal control processes. The ITIM board is responsible for:

a. Carrying the tone set by the board through to the managers and promoting a strong culture of internal control;

b. Maintaining an overview of the adequacy of control activities to mitigate risk exposures, identify material control failings and weaknesses, reviewing EQMS management reviews, internal and statutory audit reports (on internal control), considering loss / near miss events, control failures, and identifying and assessing improvement needs and opportunities, monitoring their implementation as required;

c. Monitoring the KPI, KRI and KCI at each meeting;

d. Monitoring the implementation of agreed improvements to internal control processes arising from the findings of EQMS management reviews, Internal and statutory audit reports;

e. Reviewing this policy for its effectiveness, and considering suggestions for change or the maintenance of the status quo at least annually, challenging as appropriate; and

f. Ensuring the application of this policy and the design, development, implementation, embedding, documentation and maintenance of effective internal control processes in each ITIM board member's area of operation.

The risk management function's responsibilities in respect of internal control include:

a. challenging the effectiveness of internal control processes to mitigate risk; and

b. identifying and reviewing notifications by others of loss / near miss events in the Operational Risk Database (see also the operational risk policy).

The Regulatory Compliance function's responsibilities include monitoring compliance with policies and procedures in respect of Internal Control as set out in the Regulatory Compliance Framework.

The Actuarial function's responsibilities include contributing to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements; and the ORSA process.

All staff are responsible for:

a. Accurate input of data and production of information;

b. Accurate performance of Internal Control activities;

c. Reporting of operational problems, non-compliance or other policy violations or illegal actions;

d. Suggesting improvements which may increase the effectiveness and efficiency of processes including EQMS processes and procedures as appropriate.

The internal audit function's responsibilities in respect of internal control include:

a. Monitoring that this policy and the internal control processes throughout ITIC are properly designed and implemented in furtherance of the internal control objectives and that they are operating in an effective and efficient manner;

b. Reporting to the AIR committee and board on the adequacy and effectiveness of this policy and internal control processes, compliance therewith, and making recommendations for improvement as appropriate.

The statutory auditors provide the boards, members and managers with assurance by:

a. Giving an opinion on whether the financial statements give a true and fair view of the state of ITIC's affairs at the year-end and of its profit or loss for the year just ended;

b. Informing the AIR committee on the operation of the internal financial controls reviewed as part of the annual audit.

The managers are responsible for promoting the strong culture of internal control and for establishing and maintaining an effective control environment, linked to and in support of risk management and the Risk Appetite set by the boards, throughout the organisation.

The policy is underpinned by a series of policies, processes, procedures and plans, designed to define and support effective, efficient and appropriate activities at every level of the business. Amongst other things, these ensure that all staff have a sound understanding of ITIC, its objectives and the risks it faces, and are fully aware of the policy and understand their role within it.

B.4.2 Key procedures: Control activities, designed to prevent, detect or mitigate are in place to address business risks, protect assets and ensure that all material control failures and issues are identified and managed.

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

Management monitoring activities include analyses and reconciliations, and the monitoring of the following indicators:

a. Key Performance Indicators ("KPI") covering financial performance for the period

b. Key Risk Indicators ("KRI") in the form of ratios, tolerances & limits

c. Key Control Indicators ("KCI") summarise assurance results for the period

Reviews, including reports on loss / near miss events, existing and emerging risks, and all Internal and statutory audit findings are all evaluated by the ITIM board in order to implement appropriate improvement to internal control processes.

B.4.3 Review of internal control policy: The policy is reviewed at least annually, first by the AIR committee and secondly by the board of ITIC.

B.5. Internal audit function

B.5.1 How the internal audit function is implemented: Internal Audit is the "third line of defence" in a company's internal control framework, established to provide independent assurance that the business controls set up by management ("first line") and the monitoring and oversight provided by the Risk Management and Compliance Functions ("second line") are working effectively.

The objectives of the internal audit function are to provide assurance that business risks are recognised and are being well managed and controlled by effective systems and controls through:

a. Evaluating the functioning of the internal control policy and all other elements of the system of governance in place for ITIC including:
    i. policies, procedures and controls;
    ii. risk control;
    iii. management and financial information;
    iv. methods of safeguarding, verifying and accounting for assets; and
    v. efficient use of resources;
b. Examining and evaluating the compliance of activities compared with strategies, policies and reporting procedures;

c. Providing the AIR committee and the board with information and recommendations which will assist them to have in place an adequate and effective internal control policy; and
d. Sharing recommendations of internal audit findings between other Thomas Miller managed clubs where they may be relevant and appropriate;

The following key principles outline the approach to internal audit and the internal audit function:

a. to provide impartial analysis and appraisal that is independent of the operations of the business;
b. to make recommendations for cost effective continuous improvement of internal control;
c. to be proportionate to the nature, scale and complexity of the risks inherent in the business; and
d. to ensure compliance with all applicable laws and regulations.

B.5.2 Independence: The TMH internal audit function is independent from the organisational activities audited and free to exercise its assignments without impairment and on its own initiative in all areas. It is not authorised to carry out any operational work on behalf of any area of any business.

The internal audit function shall:

a. have full authority to access any of ITIC's records, files or data, including management information and the minutes of decision-making bodies whenever relevant for the performance of its tasks;
b. have full authority to speak without hindrance to any member of staff in connection with the discharge of its responsibilities;
c. be free to express its opinions and to disclose its findings and appraisals to the AIR committee;
d. be impartial and perform its assignments with complete objectivity; and
e. have direct and independent access to the Chairman of the AIR committee or a nominated alternate.

B.5.3 Internal Audit reports: Audits are carried out regularly and contribute to checking of controls and improvements in processes.

B.5.4 Internal Audit policy: This document is maintained by the ITIC board and is reviewed at least annually. It explains the approach to internal audit. It describes the scope and status of the internal audit function, the roles and responsibilities of the different parties involved the high-level processes and the reporting procedures. It forms part of the governance arrangements for both ITIC and the managers. This document also describes the way in which the board and AIR committee evaluate the effectiveness of the internal audit function and the internal control policy.

B.6. Actuarial function

ITIC's board of directors are ultimately responsible for ensuring an effective actuarial function. This function is performed by the Thomas Miller actuarial team, led by its chief actuary.

The actuarial function is independent of ITIC's management team and therefore able to undertake its duties in an objective, fair and independent manner. However, for operational purposes, the actuarial function is integrated into ITIC's internal control

system through its role on the managers' committees and attendance at board meetings.

The actuarial function undertakes all responsibilities as required by Solvency II, including:

a. coordinating and overseeing the calculation of technical provisions;

b. ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;

c. informing the board of directors of the reliability and adequacy of the calculation of technical provisions;

d. expressing an opinion on the overall underwriting policy;

e. expressing an opinion on the adequacy of reinsurance arrangements; and

f. contributing to the effective implementation of the risk management system including capital requirements and the ORSA process.

The ITIC's actuarial function compiles an actuarial function report for the board of directors on an annual basis.

The actuarial function has undertaken its key responsibilities under Solvency II. In particular it has produced the Data Opinion, the technical provisions opinion, underwriting opinion and reinsurance opinion.

The Actuarial Function makes a significant contribution to ITIC's Risk Management Framework by operating its capital model and running the ORSA process and related decisions.

B.7. Outsourcing

Outsourcing is an arrangement of any form whereby a service provider performs a service or activity whether directly or subcontracted, which would otherwise be performed by ITIC. ITIC's outsourcing policy is directed at services or activities which are particularly important or critical to ITIC's business. These are known as material business activities.

B.7.1. Material business activities

A material business activity is one that has the potential, if disrupted, to have a significant impact on ITIC's business operations or its ability to manage risks effectively. Material business activities include the key functions of ITIC's system of governance, i.e. risk management, compliance, actuarial and internal audit as applicable, and all functions or activities that are fundamental to enable it to carry out its core business, including underwriting, claims handling and investments.

ITIC's management is wholly outsourced under a management agreement to professional managers, Thomas Miller Holdings Limited group of companies ("Thomas Miller"), of which its subsidiary, International Transport Intermediaries Management Company Limited ("ITIM") is the ITIC's Appointed Representative. The role of the Appointed Representative is undertaken by the CEO of ITIM acting as an executive director of ITIC. The CFO of ITIM is also a director of ITIC. The managers' duties under the management agreement may be delegated by them, in particular but not exclusively, to other companies within Thomas Miller while retaining full responsibility under the management agreement.

In addition to this main function, the following areas are also subject to outsourcing arrangements: investment management and internal audit.

With respect to the three keys areas of outsourcing identified:

i. Management outsourcing. The management outsourcing has been structured in compliance with UK regulatory requirements. In order to comply with its regulatory obligations, the board has developed monitoring and reporting procedures and the AIR committee monitors, among other things, internal controls and risk. The risk control and reporting procedures to be followed by the managers form part of their obligations under the management agreement.

ii. Investment management outsourcing. Management of ITIC's investments is outsourced to Thomas Miller Investment Limited, part of Thomas Miller, under an investment management agreement. The performance of the investment managers is monitored and supervised by the board and the AIR committee of the board.

iii. Internal audit outsourcing. ITIC's internal audit function is outsourced to Thomas Miller Internal Audit, under a services agreement. Internal audit is supervised by the AIR committee and the board.

B.7.2. Jurisdictions

Outsourced service providers operate mainly within the United Kingdom.

B.8. Any other information

ITIC considers no other information material to be disclosed.

C. Risk profile

ITIC has risk management procedures in place which address underwriting risk, market risk, credit risk, liquidity risk, operational risk and other material risks. ITIC has developed business risk assessments which define the risks and sets out the procedures that are in place to mitigate those risks. The risk assessments are reviewed regularly by the board.

The following considerations of each type of risk are largely summarised from the financial statements for the year ended 31st May 2017.

C.1. Underwriting risk

Underwriting risk is the risk that ITIC's net insurance obligations (i.e. claims less premiums) are different to expectations. ITIC considers the risk of existing obligations (Reserve Risk) separately to the risk of future obligations (Premium Risk).

Reserve risk is managed by ITIC's reserving policy. ITIC establishes provisions for unpaid claims and related expenses to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions. In order to minimise the risk of understating these provisions the assumptions made and actuarial techniques employed are reviewed in detail by management.

Premium risk is managed by the underwriting policy which establishes robust underwriting practices in order to meet business needs and satisfy regulatory control. These are supplemented with a robust forecasting approach undertaken as part of ITIC's ORSA process.

ITIC's exposure to insurance risk is initiated by the underwriting process and incorporates the possibility that an insured event occurs, leading to a claim on ITIC from a member. The risk is managed by the underwriting process, acquisition of the reinsurance cover, and the management of claims costs.

ITIC's main insurance risks can arise from:

- Inappropriate underwriting of risks;
- Prohibitive cost / unavailability of reinsurance;
- Failure to react to major increase in claims;
- Impact of new legislation on risks written; and
- Over reliance on significant premium payers.

The objective of ITIC's insurance risk management process is to establish effective underwriting, reinsurance and reserving strategies which are agreed and monitored by ITIC's board in accordance with its risk appetite statement.

ITIC establishes provisions for unpaid claims and related expenses to cover its expected liability. These provisions are established through the application of actuarial techniques and assumptions. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by management.

ITIC considers that the liability for insurance claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome and this is monitored in ITIC's Key Risk Indicators which are reported to the board and AIR Committee at their meetings.

The results of sensitivity testing are set out below, showing the impact on the surplus before tax, gross and net of reinsurance. The impact of the change in a single factor is shown, with the assumption unchanged. The sensitivity analysis assumes that a change in loss ratio is driven by the change in claims incurred.

	2017	2016
	US$	US$
Increase in loss ratio by 5 percentage points	000s	000s
Based on gross premium net of continuity credit and acquisition costs	(1,911)	(2,002)
Based on gross premium net of continuity credit and acquisition costs and reinsurances	(168)	(173)

A 5 per cent decrease in loss ratios would have an equal and opposite effect.

C.2. Market risk

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

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rate, liabilities to policyholders are exposed to interest rate risk.

ITIC's investment policy is set to ensure that the duration of the investment portfolio is appropriately matched to the duration of the policyholders' liabilities. Interest rate risk is monitored by comparing the mean duration of the investment portfolio and that of the policyholders' liabilities. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. In the event of a parallel shift of yield curve up by 100 basis points, the benchmark portfolio value will move by the modified duration of approximately three years. This will result in a circa 3% loss on the fixed income portfolio. For ITIC, this would result in a loss for the period and a decrease in investment values of approximately US$1.6m (2016: US$1.2m) assuming all other assumptions remain unchanged. A decrease in 100 basis points in interest yields would result in an equal and opposite increase in investment values assuming all other assumptions remain unchanged.

C.2.1 The prudent person principle

ITIC's investment policy states that the AIR committee should monitor and advise whether the investment managers have adhered to the "prudent person principle" with regards to its management of the investments. This is stated in the Investment policy and repeated below:

"ITIC's investments are invested and managed as follows:

- only in assets and instruments whose risk can properly be identified, measured, monitored, managed, controlled and reported;
- in such a manner as to ensure the security, quality and liquidity of the portfolio as a whole;
- in a manner appropriate to the nature and duration of ITIC's insurance liabilities. All assets are invested in the best interest of the policy holders transferring risks to ITIC;
- the use of derivative instruments are possible insofar as they contribute to a reduction of risks or facilitate efficient portfolio management;
- investments and assets which are not admitted to trading on a regulated financial market are kept to risk appetite levels;
- properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings, or geographical area and excessive accumulation of risk in the portfolio as a whole; and
- such that investments in assets issued by the same issuer, or by issuers belonging to the same group, does not expose ITIC to excessive risk concentration."

The AIR committee approved this statement at its meeting on 13th July 2017.

C.3. Credit risk

Credit risk is the risk a counterparty will be unable to pay the amounts in full when due. The main areas where ITIC is exposed to credit risk are:

a. Reinsurers' share of insurance liabilities;
b. Amounts due from reinsurers in respect of claims already paid;
c. Amounts due from policyholders;
d. Amounts due from insurance intermediaries;
e. Amounts due from bond issuers;
f. Cash at banks and deposits with credit institutions; and
g. Counterparty risk with respect to derivative transactions.

Reinsurance is used to manage insurance risk. This does not, however, discharge ITIC's liability as primary insurer. If a reinsurer fails to pay a claim, ITIC remains liable for the payment to the policyholder.

Credit risk on reinsurance balances is mitigated by assessing the creditworthiness of the reinsurer before it is used and strict criteria are applied (including rating the financial strength of the reinsurer) before a reinsurer is approved. All excess of loss reinsurance contracts are subject to an A- or above rating. The quota share reinsurance is placed with TIMIA. TIMIA is unrated but ITIC holds a fixed charge over US$35m of the TIMIA investments portfolio. This level of fixed charge provides satisfactory mitigation comfort over the credit risk.

Debtors arising out of direct insurance operations comprises premium owed by the members of ITIC. Credit risk relating to this risk is managed through take on procedures for the assured. Furthermore, if the assured does not pay, then cover may be cancelled back to inception.

Counterparty limits based on the credit ratings are also in place in relation to the amounts due from bond issuers and cash and bank deposits.

The following table provides information regarding aggregated credit risk exposure for financial assets with external credit ratings as at 31st May 2017. The credit rating bands are provided by independent ratings agencies:

2017	AAA US$ 000s	AA US$ 000s	A US$ 000s	BBB+ or less or not rated US$ 000s	Total US$ 000s
Fixed interest - Government	695	21,876	1,000	-	23,571
Fixed interest - Corporate	-	3,993	13,191	-	17,184
Forward Contracts	7	-	-	-	7
UCITS	12,647	-	-	-	12,647
Cash	-	-	-	11,140	11,140
Total	13,349	25,869	14,191	11,140	64,549

2016	AAA US$ 000s	AA US$ 000s	A US$ 000s	BBB+ or less or not rated US$ 000s	Total US$ 000s
Fixed interest - Government	810	18,719	-	-	19,529
Fixed interest - Corporate	1,998	8,903	9,037	-	19,938
UCITS	3,043	-	-	-	3,043
Cash	-	-	-	5,260	5,260
Total	5,851	27,622	9,037	5,260	47,770

After assessing all other financial assets at the end of the year, no objective evidence was found to suggest that any were impaired (2016: no impairments).

C.4. Liquidity risk

Liquidity and cash flow risk is the risk that cash may not be available at a reasonable cost to pay obligations as they fall due. ITIC maintains holdings in short term deposits to ensure there are sufficient funds available to cover anticipated liabilities and unexpected levels of demand. As at 31st May 2017 ITIC's short term deposits amounted to US$11.1m (2016: US$5.3m).

The tables below provide a maturity analysis of ITIC's financial assets.

2017	Less than 6 months or on demand US$ 000s	6 months - 1 year US$ 000s	1 - 2 years US$ 000s	2-5 years US$ 000s	> 5 years US$ 000s	Carrying value in the statement of financial position US$ 000s

Debt securities	20,519	1,502	3,211	9,983	18,194	53,409
Assets arising from reinsurance contracts held	2,440	-	-	-	-	2,440
Debtors arising from insurance contracts	3,885	6,897	6,606	-	-	17,388
Other debtors	384	-	-	-	-	384
Cash and cash equivalents	11,140	-	-	-	-	11,140
Total	38,368	8,399	9,817	9,983	18,194	84,761

2016	Less than 6 months or on demand US$ 000s	6 months - 1 year US$ 000s	1 - 2 years US$ 000s	2-5 years US$ 000s	> 5 years US$ 000s	Carrying value in the statement of financial position US$ 000s
Debt securities	3,043	1,749	4,621	11,818	21,279	42,510
Assets arising from reinsurance contracts held	1,344	-	-	-	-	1,344
Debtors arising from insurance contracts	16,327	5,800	3,056	-	-	25,183
Other debtors	688	-	-	-	-	688
Cash and cash equivalents	5,260	-	-	-	-	5,260
Total	26,662	7,549	7,677	11,818	21,279	74,985

The assets in the above tables are not impaired due to the fact that their full value is deemed to be recoverable.

C.4.1 Reliance on expected future profit: As ITIC is a mutual insurer, it does not aim to make "profit" from its activities. However, surpluses or deficits may arise in the course of its operations due to actual experience being different to expectations.

Given the holding in liquid assets, ITIC does not rely on expected future surpluses to ensure its liquidity.

ITIC's Solvency II balance sheet as at 31st May 2017 recognises expected future premium of US$26.2m from members in its technical provisions in respect of outstanding premium income for business already bound at the balance sheet date. Comparing this to the corresponding expected claims outcome, reinsurance costs and associated expenses, this premium is expected to produce a surplus of US$3.4m. However, it should be noted that the Solvency II balance sheet does not reflect all future expenses and the expected surplus (if any) over the year arising from this premium would be lower than this.

C.5. Operational risk

Operational risk is defined as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. ITIC creates a framework of policies, procedures and controls to minimise losses from these mistakes. Procedure manuals are maintained on the Electronic Quality Management System ("EQMS").

ITIC accepts that on occasion, mistakes can be made, but there should be control mechanisms in place to reduce the likelihood and ensure that the same mistake is not made twice.

All mistakes that lead to a loss greater than US$10,000 are recorded in the Operational Risk Database. Near misses with the potential to lose more than the same amount are also recorded. Summaries are provided in the KCIs and lessons should be learned from them. This is detailed further in the risk management policy.

C.6. Other material risks

ITIC has not identified any other material risks that it considers should be disclosed.

C.7. Any other information

ITIC carries out stress and scenario testing as part of its risk management and ORSA process. For management purposes stress and scenario testing are carried out combining ITIC with its parallel quota reinsurer TIMIA.

The base case business plan forecast for the next three years is used as the starting point for scenario testing. The impacts of adverse scenarios are then evaluated.

A key part of validating the capital model is to test the reasonableness of the outputs. To provide an independent test, the managers could consider scenarios for each risk and attributed a likelihood of occurrence to the scenario. These scenarios could then be compared to the model outputs to determine whether the model captures the range of scenarios adequately.

The following scenarios are included in ITIC's latest ORSA and assessed against the ITIC's risk corridor:

- A very soft market and net lost business; and
- Soft market (competition & capacity), higher claims inflation and deterioration in back years

The management team also considered

- Loss of four members of the management team.
- Lack of reinsurance available in the market place.
- A major broker decides to not place business with ITIC.

The investment managers' quantitative risk consultants, Redington, also considered a series of market risk scenarios. Given that market risk makes up over half ITIC's Own Solvency Needs Assessment ("OSNA"), scenarios have been considered specifically for this risk. These are compared with the model outputs. The managers have not considered it necessary at this stage to consider specific, additional scenarios for validation of the other risks beyond those were consider in the medium term forecasting and also in the reverse stress testing. Further scenarios may be considered for these risks in the future if felt appropriate.

Furthermore, ITIC undertook reverse stress testing considering:

- Severe Economic Collapse;
- Gap in reinsurance cover; and
- Another 2009 Collapse.

The results of the various tests were incorporated into the ORSA and referred to in its executive summary. ITIC is expected to continue to meet its overall capital risk

appetite over the medium-term on its base case assumptions. However, alternative adverse planning scenarios based on an even softer insurance market indicate that there is a chance that the risk appetite could be breached. Nevertheless, the SCR, itself a form of stress test, shows that ITIC can maintain its solvency over a one year period with 99.5% certainty.

ITIC has not identified any other material information that it considers should be disclosed.

D. Valuation for solvency purposes

A basic principle of Solvency II is that assets and liabilities are valued on the basis of their economic value. This is the price which an independent party would pay or receive for acquiring the assets or liabilities. The value of the assets less the value of the liabilities is then taken as the starting point for determining the available own funds.

Materially all of the valuation differences between the Solvency II balance sheet and the current accounting balance sheet relate to the valuation of insurance liabilities ("technical provisions") which is further discussed in D.2 – Technical Provisions. ITIC prepares its financial statements under UK GAAP and FRS 102 and 103.

The Solvency II balance sheet is presented in appendix S.02.01.02.

No transitional period has been taken.

D.1. Assets

	Solvency 2 2017 $000s	UKGAAP 2017 $000s
Deferred Acquisition costs	-	381
Financial investments and derivatives	53,659	53,659
Reinsurers' share of technical provisions	59,305	93,010
Insurance and intermediaries receivables	2,890	17,384
Reinsurance receivables	2,440	2,440
Receivables, trade not insurance	387	387
Cash and cash equivalents	11,140	11,140
Total Assets	**129,822**	**178,401**

The above table presents amounts at Solvency II and UK GAAP valuation bases respectively. For classification purposes the Solvency II classification of amounts has been used. Most notably, certain amounts recognised as investments under Solvency II would be recognised as cash and cash equivalents under UK GAAP. UK GAAP assets shown above US$178,401,000 less UK GAAP liabilities shown in D.3 of US$143,386,000 equal US$35,015,000, the balance of income and expenditure reserves at 31st May 2017 shown in the statutory accounts, subject to US$2,000 of rounding difference.

ITIC's assets are valued using the following principles. These principles highlight where there are adjustments between GAAP accounting and Solvency II accounting.

D.1.1 Financial Investments: Investments are carried at market value. Market value is calculated using the bid price at the close of business on the balance sheet date. The market value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date.

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

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

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

D.1.2 Derivatives – forward currency contracts: Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of foreign exchange forward contracts is based on current forward exchange rates.

ITIC currently has a number of forward currency contracts that relate to hedging the currency exposure on future premiums that are not recognised on the GAAP balance sheet. These are recognised on the Solvency II balance sheet.

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

D.1.3 Reinsurer's share of technical provisions: Reinsurer's share of technical provisions is treated consistently to gross technical provisions. Technical provisions are further discussed in D.2.

D.1.4 Reinsurance receivables: This balance includes amounts recoverable from excess of loss reinsurance contracts in respect of claims payments made and covered by these contracts. Due to the short-term nature of these items, the carrying amount is considered to be a suitable proxy for its fair value.

D.1.5 Receivables, trade not insurance: This balance includes sundry, short term receivable balances the value and settlement of which contains little to no uncertainty. Due to the short-term nature of these items, the carrying amount is considered to be a suitable proxy for its fair value.

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

D.1.6 Insurance and intermediaries receivables: These represent balances that are due for existing insurance contracts. Due to the short term nature of these balances, the carrying amount is considered to be a suitable proxy for its fair value. These amounts are reviewed annually for impairment.

When these amounts are not yet due, they are included as a future cash flow in the calculation of technical provisions for Solvency II purposes as further detailed in D.2. This is materially different to statutory account requirements which require these balances to be presented separately on the face of the balance sheet whether they are due or not yet due.

D.1.7 Cash and cash equivalents: Cash and cash equivalents include cash at bank or in hand, deposits held at call with banks and other short term highly liquid investments. The carrying value of these balances is considered to be a suitable proxy for fair value.

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

D.2.Technical provisions

Net technical provisions as at 31st May 2017

	2017
	$000s
Gross best estimate	61,498
Risk Margin	1,895
Reinsurance best estimate	(59,305)
Net technical provisions	4,088

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

ITIC's technical provisions are valued using the following principles. These principles highlight where there are adjustments between GAAP accounting and Solvency II accounting.

D.2.1 Bases, methods and main assumptions

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

D.2.2 Claims: As ITIC only covers general liabilities, all claims are analysed together in one risk group. Standard actuarial techniques are used to project these cash flows including chain ladder and Bornhuetter-Ferguson methods. The key assumptions related to the initial expected claims cost for each policy year and the projected notified claims development pattern. These methods are considered appropriate given the longevity and stability of ITIC and its claims handling processes.

Allowance is made for claims on contracts bound, but for which coverage has not yet incepted (corresponding to the premium provision). These are valued using an inflation assumption applied to the previous year ultimate.

The future claims cash flows are the most uncertain element of the technical provisions. The uncertainty involved was further discussed in Section C1 on Underwriting Risk.

D.2.3 Premiums: The premium cash flows in the technical provisions cover:
(i) the outstanding instalments of premium on expired business that are payable but not yet due on the valuation date (corresponding to the provision for claims outstanding); and
(ii) the premium payable but not yet due on bound but not incepted business (corresponding to the premium provision).

D.2.4 Expenses: The technical provisions include expense cash flows incurred in servicing insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. The provision is calculated directly in respect of the provision for claims outstanding (for expired business) and a corresponding amount is derived in respect of the premium provision (for bound but not incepted and unexpired business).

D.2.5 Risk margin: The risk margin is calculated based on the requirement to hold capital to meet the SCR until all claims liabilities are settled and a prescribed cost-of-capital rate of 6% per annum. This calculation is based on the assumption that a "reference undertaking" takes on the insurance obligations (and associated reinsurance arrangements). The SCR in this context is made up of underwriting risk, counterparty default risk and operational risk only; assets are assumed to be invested in such a way that market risk will be zero and the referencing undertaking does not take on any new insurance obligations. The SCRs in future time periods have been assumed to be directly proportional to the best estimate claims liabilities net of reinsurance recoverables at those points in time.

D.2.6 Reinsurance recoverables: This relates to ITIC's expected reinsurance recoverables from its reinsurance arrangements at the valuation date. It is made up of two elements: reinsurance payments and reinsurance premiums. These are valued on a consistent basis with the corresponding claims and premiums elements of the technical provisions. In addition, an adjustment is made to take account of expected losses due to default of the reinsurance counterparties. See also the note on ITIC's fixed charge over US$35.0m of TIMIA investments (section C.3).

D.2.7 Sources of uncertainty: The estimation of the ultimate liability arising from claims made under insurance contracts is ITIC's most critical estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that ITIC will ultimately pay for such claims. Estimates are made for the expected ultimate cost of reported claims at the end of the reporting period. The estimate of incurred but not enough reserved ("IBNER") is generally subject to a greater degree of uncertainty. In calculating the estimated liability, ITIC uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments.

In particular the following represents the main sources of uncertainty that may impact the outcome of ITIC's technical provisions:

- Certain claims may turn out to be significantly longer, or shorter tailed than the whole book leading to an over- / underestimation of claims reserves. There is also an uncertainty around numbers and average cost of these claims.
- There is potential for IBNER to deteriorate to a greater extent than allowed for in the projections.

- New and unexpected claims types could impact the reserving methodology. This is partly allowed for in ITIC's provision for Events not in Data.
- Uncertainty surrounding the development and cash flow patterns may impact the outcome of ITIC's technical provisions.
- Currency and exchange rates are inherently uncertain and may impact the outcome of the final technical provisions amount.

D.2.8 Differences between GAAP and Solvency II technical provisions

A reconciliation of UK GAAP technical provisions to Solvency II technical provisions is shown in the table below:

	Notes	**Gross**	**Reinsurance**	**Net**
		USD000s	USD000s	USD000s
UK GAAP technical provisions		**102,391**	**93,010**	**9,381**
Eliminate UPR reserve	*1*	(29,622)	(26,659)	(2,962)
Eliminate margin	*2*	(9,909)	(8,918)	(991)
Adjustment to expense reserve	*3*	1,714	1,542	171
Unexpired and BBNI contract cash flows	*4*	(2,411)	892	(3,303)
IBNR Gross up	*5*	549	549	0
Reinsurance counterparty default adjustment	*6*	0	(9)	9
Effects of discounting	*7*	(2,378)	(2,192)	(186)
ENID adjustment	*8*	1,164	1,091	73
Solvency II risk margin	*2*	1,895	0	1,895
Total Solvency II technical provisions		**63,394**	**59,305**	**4,088**

Notes

1. Unearned premium. The Solvency II balance sheet contains no concept of deference of premium, and as such any such balances are eliminated upon transition to the Solvency II balance sheet. These balances are replaced by a provision for future cash flows expected on unexpired business.

2. Contingency margin and Solvency II risk margin: Since the Solvency II technical provisions figure is a best estimate, margins for prudence are removed under the Solvency II valuation methodology. This is replaced by an explicit Solvency II risk margin which is intended to represent a notional market value adjustment as discussed above.

3. Adjustment to expense reserve: When calculating the Solvency II best estimate, a provision is made for all expense cash flows incurred in servicing insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses.

4. Provision for cash flows on unexpired contracts and contracts bound but not incepted: Solvency II valuation methodology requires an insurer to estimate the cash flows on future coverage that the insurer will provide. This includes the unexpired portion of existing contracts and contracts that have been bound, but for which coverage has not yet incepted. These contracts are to be recognised when the insurer becomes party to the contract which is usually when the contract between undertaking and policyholder is legally formalised. All of these amounts are recognised under premium provisions and include unexpired amounts not yet due previously recognised on the UK GAAP balance sheet as debtors or creditors. It

should be noted that the cash flow movements determined in relation to the excess of loss reinsurance cost on bound but not incepted premium has been calculated as a percentage of premium and not the actual likely cash flows. This approach is considered to be in line with the guidance provided by EIOPA for reinsurance cash outflows.

5. IBNER adjustment: For current accounting bases the provision for claims IBNER is performed on a net basis, with a gross up for reinsurance IBNER allocated based on its percentage of estimates in relation to gross estimates.

For the Solvency II balance sheet reinsurance IBNER has been estimated for separately and as such a gross up adjustment has been recorded with no net impact.

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

7. Effects of discounting: Since Solvency II technical provisions take into account the time value of money, an adjustment is made for the discounting of all future cash flows based on risk-free interest rates. Under current accounting bases, insurance liabilities and reinsurance recoveries are shown as undiscounted figures.

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

9. Future reinsurance recoverables: Within ITIC's financial statements, allowance are made for future reinsurance recoverables. For the purposes of the Solvency II balance sheet, an adjustment is made to meet Solvency II valuation requirements.

10. Adjustment to expense provision: Unlike UK GAAP, Solvency II recognises all expense cash flows incurred in serving insurance obligations. This includes both direct and overhead expenses, as well as investment management expenses. As such, an adjustment is made.

D.3. Other liabilities

Valuation of ITIC's other liabilities as at 31st May 2017

	Solvency 2 2017 $000s	UKGAAP 2017 $000s
Technical provisions	63,394	102,391
Derivatives	8	8
Insurance and intermediaries payables	47	47
Reinsurance payables	25,651	38,695
Payables, trade not insurance	1,983	1,983
Any other liabilities not elsewhere shown	261	261
Total Liabilities	**91,345**	**143,386**

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

D.3.1 Derivatives: Further detail on ITIC's valuation policy for derivatives may be found in D.1.

D.3.2 Technical provisions: Further detail on ITIC's valuation policy for technical provisions may be found in D.2.

D.3.3 Reinsurance payables: These represent balances that are due to be paid for existing reinsurance contracts. When these amounts are not yet due to be paid, they are included as a future cash flow in the calculation of reinsurance technical provisions.

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

D.3.4 Insurance & Intermediaries payables: These represent balances payable on insurance contracts. Due to the short term nature of these balances, its carrying amount is considered a suitable proxy for fair value. There is no difference between the valuation for solvency purposes and the valuation used in ITIC's financial statements.

D.3.5 Payables, trade not insurance: These balances include sundry, short term payable balances the value and settlement of which contains little to no uncertainty. Due to the short-term nature of these items, the carrying amount is considered to be a suitable proxy for its fair value.

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

D.3.6 Any other liabilities not elsewhere shown: These balances include sundry payables and accruals expected to be settled in the short term.

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

D.4. Alternative methods of valuation

ITIC does not utilise any alternative methods of valuation.

D.5. Any other information

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

E. Capital Management

Basic own funds of the businesses comprise the excess of assets over liabilities. They can also comprise subordinated liabilities but ITIC does not have any of these.

Ancillary own funds consist of items other than basic own funds which may be called upon to provide additional capital. These can comprise the following:

a. Letters of credit or guarantees;
b. Unpaid share capital or initial funds that has not been called up;
c. Any other legally binding commitments received by insurance and reinsurance undertakings; and
d. Supplementary premium.

These have **NOT** been considered in assessing the solvency of ITIC within the Solvency II process.

In order, to be able to recognise ITIC's ability to recover quota share reinsurance balances from its unrated parallel mutual, TIMIA, ITIC maintains a fixed charge over a portfolio of investments held by TIMIA. The minimum value of these investments has currently been fixed at US$35.0m.

Capital management encompasses the monitoring and measurement of the own-funds which maintain the solvency of the business. ITIC maintains a policy which sets out the principles used behind ITIC's approach to capital management. These principles cover: classification, monitoring, encumbrances, arrangements, contractual terms, return of capital and the impact of stress scenarios.

The policy also includes the Medium-term Capital Management plan which sets out the options which are used to maintain sufficient levels of capital in the business. These options include decisions on:

a. The terms for the underwriting for the new club year;
b. The level of continuity credit for the forthcoming club year for one and two year deals;
c. The reinsurance program to be decided on for the new club year;
d. The approach towards targeting new business and non-renewing other business;
e. Reviewing and agreeing the approach for any cases requiring consideration;
f. Agreeing the financial statements and regulatory returns including the agreement of the appropriate level for claims provisions;
g. Deciding on the appropriate investment mandate for ITIC.
h. Monitoring the investment portfolio for liquidity as well as asset maturity profile; and
i. Reviewing and approving the ORSA report and any projections contained therein.

E.1 Own funds

All amounts are as at 31st May 2017 and presented in thousands of US Dollars unless otherwise stated:

	2017
SCR ratio	408%
SCR	9,427
Eligible own funds	38,477
Excess	29,051
MCR Ratio	950%
MCR	4,050
Eligible own funds	38,477
Excess	34,427
Total Tier 1 Basic own funds	38,477

Further information on ITIC's own funds may be found in appendix S.23.01.

As a mutual insurer with no share capital ITIC's capital structure consists of an accumulated income and expenditure account reserve and reconciliation reserve, which falls under Tier 1 and counts as Basic Own Funds ("BOF"). These funds may be fully utilised to meet both the Solvency Capital Requirement ("SCR") and the Minimum Capital Requirement ("MCR").

Tier 1 BOF contains no significant restrictions affecting the availability and transferability of these own funds.

E.1.1 Material differences between equity as shown in the financial statements and the excess of assets over liabilities

This table represents a reconciliation of UK GAAP capital reserves to Solvency II capital reserves.

	Notes	2017
		USD000s
UK GAAP reserves		**35,017**
Solvency II gross technical provisions adjustment		38,997
Of which reallocation of amounts not yet due	*1*	(14,496)
Solvency II reinsurance technical provisions adjustment		(33,704)
Of which reallocation of amounts not yet due	*1*	13,044
Elimination of deferred acquisition cost - gross	*2*	(3,812)
Elimination of deferred acquisition costs - reinsurance	*2*	3,431
Total Solvency II basic own funds		**38,477**

Notes

The most material adjustment to reserves is as a result of the differences in valuation of technical provisions which has been further discussed in D.2.

1. Reallocation of amounts not yet due: Under Solvency II valuation requirements, any amounts not yet due are included as a future cash flow as part of technical

provisions. Under statutory accounting requirements, these amounts are included in debtors and creditors on the face of the balance sheet.

2. Elimination of deferred acquisition costs: The Solvency II balance sheet does not defer insurance cash flows. As such balances for deferred acquisition costs are eliminated upon transition to the Solvency II balance sheet.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The below table summarises the capital requirements for the current period comparable to the previous period. Further details can be found in appendices S.25.01.

	2017
	$000s
SCR	9,427
Made up of	
Market risk	3,025
Underwriting & reserving risk	5,238
Counterparty default risk	1,562
Diversification impact	(2,242)
Operational risk	1,845
MCR	4,050

The SCR has been calculated using the Solvency II Standard Formula and is subject to supervisory assessment through to external audit. ITIC does not use any simplifications or undertaking specific parameters to calculate the SCR.

The main risks that drive the SCR is underwriting risk which stems from the insurance risk that ITIC assumes through the course of its normal business activities and is increased by lapse risk associated with future business.

The overall SCR has reduced by US$2.9m since last year, driven by decreases in market risk and counterparty default risk.

The inputs used to calculate ITIC's MCR include net premiums written for general liability insurance of £7.8 million and can be found in appendix S.28.01.

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

This sub-module is not used by ITIC.

E.4 Differences between the standard formula and any internal model used

ITIC uses the standard formula for the calculation of its SCR.

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

ITIC has fully complied with the SCR and MCR during the period under review.

E.6 Any other information

ITIC's member state has not made use of the option provided to not disclose the capital add-on or the impact of specific parameters replacing the standard formula calculation parameters during the transitional period to October 2017.

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Solvency and Financial Condition Report

Disclosures

31 May

2017

(Monetary amounts in USD thousands)

General information

Undertaking name	INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED
Undertaking identification code	213800BCZOAY52YN8807
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 May 2017
Currency used for reporting	USD
Accounting standards	The undertaking is using local GAAP (other than IFRS)
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	53,659
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	40,997
R0140	*Government Bonds*	23,734
R0150	*Corporate Bonds*	17,263
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	12,646
R0190	*Derivatives*	15
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	59,305
R0280	*Non-life and health similar to non-life*	59,305
R0290	*Non-life excluding health*	59,305
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	2,890
R0370	Reinsurance receivables	2,440
R0380	Receivables (trade, not insurance)	387
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	11,140
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	129,822

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	63,394
R0520	*Technical provisions - non-life (excluding health)*	63,394
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	61,498
R0550	*Risk margin*	1,895
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	8
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	47
R0830	Reinsurance payables	25,651
R0840	Payables (trade, not insurance)	1,983
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	261
R0900	**Total liabilities**	91,345
R1000	**Excess of assets over liabilities**	38,477

S.05.01.02

Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business								31,291									31,291
R0120	Gross - Proportional reinsurance accepted								3,699									3,699
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share								27,150									27,150
R0200	Net								7,840									7,840
	Premiums earned																	
R0210	Gross - Direct Business								39,116									39,116
R0220	Gross - Proportional reinsurance accepted								4,774									4,774
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share								35,160									35,160
R0300	Net								8,730									8,730
	Claims incurred																	
R0310	Gross - Direct Business								12,861									12,861
R0320	Gross - Proportional reinsurance accepted								533									533
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share								12,272									12,272
R0400	Net								1,123									1,123
	Changes in other technical provisions																	
R0410	Gross - Direct Business																	0
R0420	Gross - Proportional reinsurance accepted																	0
R0430	Gross - Non-proportional reinsurance accepted																	0
R0440	Reinsurers' share																	0
R0500	Net								0									0
R0550	**Expenses incurred**								5,748									5,748
R1200	**Other expenses**																	-678
R1300	**Total expenses**																	5,070

S.05.02.01

Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			AU	DE	NO	CN	US	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	7,493	0	2,361	2,594	2,028	0	14,476
R0120	Gross - Proportional reinsurance accepted	0	1,610	0	0	0	1,743	3,353
R0130	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140	Reinsurers' share	5,814	1,249	1,832	2,013	1,573	1,353	13,834
R0200	Net	1,679	361	529	581	454	391	3,995
	Premiums earned							
R0210	Gross - Direct Business	15,260	0	3,285	2,338	1,051	0	21,933
R0220	Gross - Proportional reinsurance accepted	0	1,590	0	0	0	2,874	4,464
R0230	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240	Reinsurers' share	13,716	0	2,953	2,101	945	0	19,715
R0300	Net	1,543	1,590	332	236	106	2,874	6,682
	Claims incurred							
R0310	Gross - Direct Business	2,278	0	82	183	2,099	0	4,641
R0320	Gross - Proportional reinsurance accepted	0	412	0	0	0	88	500
R0330	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340	Reinsurers' share	2,025	362	72	161	2,022	77	4,720
R0400	Net	253	50	10	22	77	11	422
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	1,231	264	388	426	333	286	2,929
R1200	**Other expenses**							-345
R1300	**Total expenses**							2,583

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**								0									0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross								-2,992									-2,992
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								353									353
R0150	**Net Best Estimate of Premium Provisions**								-3,345									-3,345
	Claims provisions																	
R0160	Gross								64,490									64,490
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								58,952									58,952
R0250	**Net Best Estimate of Claims Provisions**								5,538									5,538
R0260	**Total best estimate - gross**								61,498									61,498
R0270	**Total best estimate - net**								2,193									2,193
R0280	**Risk margin**								1,895									1,895
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**								63,394									63,394
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**								59,305									59,305
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**								4,088									4,088

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Non-Life insurance claims

Total Non-life business

Z0010 Accident year / underwriting year: Underwriting Year

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

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											641	641	641
R0160	N-9	2,767	3,519	1,651	1,152	469	79	937	313	60	11		11	10,957
R0170	N-8	3,119	5,730	4,353	2,531	1,039	1,312	393	1,403	37			37	19,916
R0180	N-7	2,440	15,207	7,042	4,740	1,818	1,467	130	225				225	33,068
R0190	N-6	2,490	10,504	4,423	5,574	260	961	1,119					1,119	25,331
R0200	N-5	3,639	4,251	2,180	1,594	546	507						507	12,718
R0210	N-4	3,641	3,231	1,838	1,490	2,159							2,159	12,360
R0220	N-3	3,125	3,695	5,133	3,787								3,787	15,740
R0230	N-2	2,976	3,485	563									563	7,023
R0240	N-1	3,574	4,059										4,059	7,633
R0250	N	2,450											2,450	2,450
R0260												Total	15,558	147,836

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											3,769	3,712
R0160	N-9	0	0	0	0	0	0	0	0	0	310		303
R0170	N-8	0	0	0	0	0	0	0	0	51			50
R0180	N-7	0	0	0	0	0	0	0	2,015				1,969
R0190	N-6	0	0	0	0	0	0	2,560					2,498
R0200	N-5	0	0	0	0	0	3,371						3,280
R0210	N-4	0	0	0	0	5,317							5,162
R0220	N-3	0	0	0	5,010								4,847
R0230	N-2	0	0	5,367									5,194
R0240	N-1	0	13,254										12,834
R0250	N	18,348											17,779
R0260												Total	57,627

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Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	35,016	35,016			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	3,461	3,461			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	38,477	38,477	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	38,477	38,477	0	0	0
R0510	Total available own funds to meet the MCR	38,477	38,477	0	0	
R0540	Total eligible own funds to meet the SCR	38,477	38,477	0	0	0
R0550	Total eligible own funds to meet the MCR	38,477	38,477	0	0	
R0580	**SCR**	9,427				
R0600	**MCR**	4,050				
R0620	**Ratio of Eligible own funds to SCR**	408.17%				
R0640	**Ratio of Eligible own funds to MCR**	950.05%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	38,477
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	35,016
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	3,461
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	
R0790	**Total Expected profits included in future premiums (EPIFP)**	0

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0080	C0090
R0010	Market risk	3,025		
R0020	Counterparty default risk	1,562		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	5,238		
R0060	Diversification	-2,242		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	7,582		
	Calculation of Solvency Capital Requirement	C0100		
R0130	Operational risk	1,845		
R0140	Loss-absorbing capacity of technical provisions	0		
R0150	Loss-absorbing capacity of deferred taxes	0		
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
R0200	**Solvency Capital Requirement excluding capital add-on**	9,427		
R0210	Capital add-ons already set	0		
R0220	**Solvency capital requirement**	9,427		
	Other information on SCR			
R0400	Capital requirement for duration-based equity risk sub-module	0		
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0		

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	1,253

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	**Net (of reinsurance) written premiums in the last 12 months**
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	2,193	7,840
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_L Result	0

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

	Overall MCR calculation	C0070
R0300	Linear MCR	1,253
R0310	SCR	9,427
R0320	MCR cap	4,242
R0330	MCR floor	2,357
R0340	Combined MCR	2,357
R0350	Absolute floor of the MCR	4,050
R0400	**Minimum Capital Requirement**	4,050