

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MAY 2025

Registered Number 11092

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

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TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTICE OF MEETING

Notice is hereby given that the fortieth Annual General Meeting of the Members of the Association will be held at 11 Turnstile Lane, Pembroke, HM06, Bermuda at 10.30 am on Tuesday, 21st October 2025 for the following purposes:

To receive the Directors' Report and Financial Statements for the year ended 31st May 2025 and, if they are approved, to adopt them.

To elect Directors.

To confirm the appointment of Auditors and to authorise the Directors to agree their remuneration.

To transact any other business of an Annual General Meeting.

By Order of the Board

Thomas Miller (Bermuda) Limited
Secretary
Date: 22nd July 2025

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

DIRECTORS, MANAGERS AND OFFICERS

DIRECTORS

Michelle Seymour Smith
Bermuda

Tjerk Neijmeijer
Bermuda

Michael Shakesheff
United Kingdom

Daina Casling
Bermuda

MANAGERS

Thomas Miller (Bermuda) Limited

COMPANY SECRETARY

Thomas Miller (Bermuda) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
BERMUDA

AUDITORS

Moore Dixon LP
26-28 Athol Street
Douglas
Isle of Man
IM1 1JB

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

DIRECTORS' REPORT

The Directors present their Annual Report and the audited financial statements of Transport Intermediaries Mutual Insurance Association Limited ("the Association") for the year ended 31st May 2025.

Activities and Future Prospects

The sole activities of the Association during the year were the quota share reinsurances of International Transport Intermediaries Club Limited ('ITIC'), a company incorporated in the United Kingdom and International Transport Intermediaries Insurance Company (Europe) Ltd ('ITIC Europe'), a company incorporated in Cyprus. The principal activity of both was the insurance of professional indemnity and public liability risks of professionals in the transport industry.

The Directors expect that the present level of activity will continue for the foreseeable future.

Directors

The names of the present Directors are shown on page 3. None of the Directors held any interest in the Association during the year.

Premiums and reserves

All premiums and claims have been recorded in accordance with the reinsurance agreements between the Association and ITIC and ITIC Europe.

The balance sheet shows total reserves were US\$228,974,000 (2024 – US\$204,887,000) at the end of the year.

Directors' Responsibilities Statement

In accordance with the provisions of Bermuda's Companies Act 1981, the Directors are required to prepare financial statements for each financial year, and have chosen these statements to be drawn up in accordance with United Kingdom generally accepted accounting practice, that give a true and fair view of the state of affairs of the Association as at the end of the financial year and of the income and expenditure of the Association for that period.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonably and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31st May 2025. The Directors also confirm that applicable UK accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results

The strength of the retained reserves of the Association enabled the payment of a continuity credit. Following the payment of this, the Association had a surplus of US\$24,087,000 for the year ended 31st May 2025 (2024 – surplus of US\$25,339,000).

M.M. Seymour-Smith
Director
22nd July 2025

Independent Auditors' Report to the Members of Transport Intermediaries Mutual Insurance Association Limited

Opinion

We have audited the financial statements of Transport Intermediaries Mutual Insurance Association Limited ("the Association") for the year ended 31 May 2025 which comprise the Statement of Income and Expenditure Account, Statement of Financial Position, Statement of Changes in Reserves, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st May 2025 and of its profit for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the company.

Our approach was as follows:

- * We obtained an understanding of the legal and regulatory requirements applicable to the company and considered that the most significant are the Bermuda Companies Act 1981 and applicable UK financial reporting standards as issued by the Financial Reporting Council.
- * We obtained an understanding of how the company complies with these requirements by discussions with management and those charged with governance.
- * We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- * We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- * Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

Use of our report

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

Moore Dixon LP
Douglas
Isle of Man

29th July 2025

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

**STATEMENT OF INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31st MAY 2025**

	Note	2025 US\$ 000s	2025 US\$ 000s	2024 US\$ 000s	2024 US\$ 000s
TECHNICAL ACCOUNT					
Inward reinsurance premiums net of commission	5	30,937		51,961	
Less continuity credit raised	5	<u>(18,375)</u>		<u>(15,941)</u>	
Net premiums written			12,562		36,020
Change in gross provision for unearned premium	5	8,957		(15,493)	
Change in gross provision for continuity credit	5	<u>1,483</u>		<u>1,847</u>	
Change in provision			10,440		(13,646)
Gross claims paid	6	(19,653)		(16,823)	
Gross change in provision for claims	6	<u>(2,227)</u>		<u>(7,052)</u>	
Net incurred claims			(21,880)		(23,875)
Net operating expenses	7		(1,427)		(1,382)
Balance on the technical account for general business			<u>(305)</u>		<u>(2,883)</u>
NON-TECHNICAL ACCOUNT					
Balance on the technical account for general business			(305)		(2,883)
Investment income	11	31,435		5,513	
Unrealised result on investments		<u>(6,834)</u>		<u>17,955</u>	
			24,601		23,468
			<u>24,296</u>		<u>20,585</u>
Exchange differences	12		(209)		4,754
Surplus on ordinary activities before tax			<u>24,087</u>		<u>25,339</u>
Taxation	13		-		-
Surplus on ordinary activities after tax			<u>24,087</u>		<u>25,339</u>

All the above transactions relate to continuing activities.

The accompanying notes are an integral part of these statements.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31st MAY 2025**

	Note	2025 US\$ 000s	2025 US\$ 000s	2024 US\$ 000s	2024 US\$ 000s
ASSETS					
INVESTMENTS					
Other financial investments	14	319,493		280,352	
Derivative financial instruments	16	-		279	
Cash at bank		<u>2,224</u>		<u>1,422</u>	
			321,717		282,053
DEBTORS					
Arising out of reinsurance operations		11,199		35,252	
Deferred acquisition costs	18	6,248		6,395	
Deferred continuity credit	5	14,489		12,825	
Accrued interest		1,028		588	
Sundry debtors		<u>24</u>		<u>24</u>	
			32,988		55,084
TOTAL ASSETS			<u><u>354,705</u></u>		<u><u>337,137</u></u>
LIABILITIES					
RESERVES					
Statutory reserve		250		250	
Other reserve		<u>228,724</u>		<u>204,637</u>	
			228,974		204,887
TECHNICAL PROVISIONS					
Gross claims outstanding	6b	71,252		69,026	
Unearned premium reserve	5	<u>54,402</u>		<u>62,734</u>	
			125,654		131,760
CREDITORS					
Derivative financial instruments	16	2		8	
Accrued expenses		<u>75</u>		<u>482</u>	
			77		490
TOTAL LIABILITIES			<u><u>354,705</u></u>		<u><u>337,137</u></u>

The accompanying notes are an integral part of these statements.

Director M.M. Seymour-Smith

M. Shakesheff

Manager Thomas Miller (Bermuda) Ltd

22nd July 2025

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN RESERVES
AS AT 31st MAY 2025**

	Statutory reserve	Income and expenditure account	Total
	US\$ 000s	US\$ 000s	US\$ 000s
Balance at 31st May 2023	250	179,298	179,548
Total comprehensive income for the year	-	25,339	25,339
Balance at 31st May 2024	<u>250</u>	<u>204,637</u>	<u>204,887</u>
Balance at 31st May 2024	250	204,637	204,887
Total comprehensive income for the year	-	24,087	24,087
Balance at 31st May 2025	<u>250</u>	<u>228,724</u>	<u>228,974</u>

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MAY 2025**

	Note	2025 US\$ 000s	2025 US\$ 000s	2024 US\$ 000s	2024 US\$ 000s
Cash flows from operating activities					
Balance on the technical account for general business		(7,091)		19,197	
(Increase)/decrease in debtors		22,773		(19,118)	
Increase in creditors and technical provisions		<u>36</u>		<u>533</u>	
Net cash inflows/(outflows) from operating activities			15,718		612
Cash flows from investing activities					
Returns on investments and servicing of finance	20	30,995		5,347	
Investment purchases		(236,681)		(50,976)	
Investment sales		139,479		64,782	
(Increase)/decrease in UCITs		51,227		(39,855)	
Profit / (loss) from currency differences and forward currency contracts		<u>64</u>		<u>6,003</u>	
Net cash inflows/(outflows) from investment activities			(14,916)		(14,699)
Net increase/(decrease) in cash equivalents			<u>802</u>		<u>(14,087)</u>
Cash and cash equivalents at the beginning of the year			1,422		15,509
Cash and cash equivalents at the end of the year			<u><u>2,224</u></u>		<u><u>1,422</u></u>

The accompanying notes are an integral part of these statements.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MAY 2025

1. CONSTITUTION

The Association is incorporated in Bermuda under the Companies Act 1981 as an exempt company. In the event of the Company being wound up, the assets of the Company remaining after payment of all debts and liabilities of the Company and of all costs, charges and expenses of winding up, shall be distributed among such of the Members and/or former Members of the Company and in such proportions or amounts as the Board in its discretion shall recommend prior to such winding up, taking into account the manner in which such surplus arose and the contribution of Members of the Company to it, and subject always to the final decision of any liquidator.

2. ACCOUNTING POLICIES

a) Accounting convention

The financial statements have been prepared in accordance with United Kingdom accounting standards as applicable to a Bermuda company. The financial statements are prepared on an annual basis under the historical cost convention as modified to include certain items at fair value, and in accordance with Financial Reporting Standard ("FRS") 102 issued by the Financial Reporting Council. All insurance balances have been accounted for under the requirements of FRS 103 'Insurance contracts'.

The functional currency of the Association is considered to be US Dollars because that is the currency of the primary economic environment in which the Company operates.

b) Policy year accounting

Reinsurance premiums, claims and management fees are allocated to the policy years to which they relate. Net operating expenses are allocated to the current policy year.

A policy year is usually closed during the second or third year from inception during which time members are liable for their rateable proportion of any deficiency resulting from an excess of claims and expenses over income. The Directors are empowered to return all or part of any surplus to the Members.

c) Foreign currencies

Foreign currency transactions have been translated into US Dollars at rates revised at monthly intervals. All exchange gains and losses, whether realised or unrealised, are included in the Statement of Income and Expenditure Account. The differences arising on currency translation and the realised differences arising on the sale of currencies are included within realised gains within investment income.

Foreign currency assets and liabilities including investments are carried at fair value translated into US Dollars at the rates of exchange ruling at the Statement of Financial Position date. The resulting difference is treated as unrealised.

d) Financial assets and liabilities

The Association has applied the requirements of FRS 102 sections 11 and 12 to the measurement, presentation and disclosure of its financial assets, including investments. Basic financial assets include Investments, Amounts due from investment brokers and Cash and cash equivalents. Basic financial liabilities include Related party balances and Amounts due to investment brokers.

e) Premiums and ceding commissions

The quota share reinsurance premiums ceded by ITIC and ITIC Europe are recognised net of ceding commission. The ceding commission charged by ITIC and ITIC Europe during the year is based on a percentage of net premium less reinsurance and net claims and an adjustment is made at the year end to enable the ceding commission to cover the total cost of management expenses for the year.

f) Unearned premiums provision

Written premiums are recognised as earned income over the period of the policy on a time apportionment basis, having regard, where appropriate, to the incidence of risk. Continuity credit costs are recognised over the period of the policy on a time apportionment basis.

g) Deferred acquisition costs

Acquisition costs, comprising commission and other costs related to the acquisition of new insurance contracts, are deferred to the extent that they are attributable to premiums unearned at the Statement of Financial Position date.

h) Claims

Claims are accounted for on a notification basis. The claims provision in the Statement of Financial Position comprises:

- i) Estimated claims as at the Statement of Financial Position date on notified claims outstanding in all policy years.
- ii) Additional provision to allow for adverse developments on estimated claims including those claims where no estimate is currently required.
- iii) Provision for the Managers' future claims handling costs.

The figure for claims incurred in the Statement of Income and Expenditure Account comprises claims and costs paid to ITIC during the year and the movement in the claims provision since the last Statement of Financial Position date.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31st MAY 2025

2. ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial instruments are recognised on the Association's Statement of Financial Position when the Association becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price and are classified as either 'basic' or 'other' in accordance with Section 11 of FRS 102.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the Association has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised once the liability has been extinguished through discharge, cancellation or expiry.

j) Other financial investments

The Association classifies its financial investments at fair value as they can be evidenced by a quoted price within an active market.

Financial investments are recognised at trade date and subsequently measured at fair value. Fair values of financial 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 at an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The costs of financial investments denominated in currencies other than US Dollars are translated into US Dollars on the date of purchase. Any subsequent changes in value, whether arising from market value or exchange rate movements, are charged or credited to the Income and Expenditure Account in the period in which they occur.

Net gains or losses arising from changes in fair value of financial investments at fair value through profit or loss are presented in the Income and Expenditure Account within 'Unrealised gains / (losses) on investments' in the period in which they arise.

k) Investment returns

Investment return comprises dividend income from equities, income on fixed interest securities, interest on deposits and cash. Dividends are recognised as income on the date the relevant securities are marked ex-dividend. Other investment income is recognised on an accruals basis.

l) Cash and cash equivalents investment returns

Cash and cash equivalents consist of cash in hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less. Cash and cash equivalents in foreign currency are translated based on the relevant exchange rates at the reporting date.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

a) The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Association's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that the Association will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period.

The most significant assumptions made relate to the level of future claims, the level of future claims settlements and the legal interpretation of insurance policies. Whilst the Directors consider that the gross provision for claims is fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of provisions are reflected in the financial statements for the relevant policy year. The method used and the estimates made are reviewed regularly.

b) Fair value estimations

In accordance with section 34 of FRS 102, as a financial institution, the Association applies the requirements of paragraph 34.22 of FRS 102. This requires, for financial instruments held at fair value in the balance sheet, disclosure of fair value measurements by level within the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, price) or indirectly (that is, derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued) **FOR THE YEAR ENDED 31st MAY 2025**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

The tables below presents the Association's assets and liabilities measured at fair value by level of the fair value hierarchy:

	Level 1 US\$ 000s	Level 2 US\$ 000s	Level 3 US\$ 000s	Total US\$ 000s
As at 31st May 2025				
Assets				
Fixed interest - Government	203,301	-	-	203,301
Fixed interest – Corporate	-	402	-	402
Equities & Alternatives	97,535	-	110	97,645
UCITS	18,145	-	-	18,145
	<u>318,981</u>	<u>402</u>	<u>110</u>	<u>319,493</u>
	Level 1 US\$ 000s	Level 2 US\$ 000s	Level 3 US\$ 000s	Total US\$ 000s
As at 31st May 2024				
Assets				
Fixed interest - Government	120,220	-	-	120,220
Fixed interest – Corporate	-	1,421	-	1,421
Equities & Alternatives	89,229	-	110	89,339
UCITS	69,372	-	-	69,372
	<u>278,821</u>	<u>1,421</u>	<u>110</u>	<u>280,352</u>

Level 3 items are valued on the basis of the latest financial information provided by external investment managers.

4. MANAGEMENT OF RISKS

The Association is focused on the identification and management of potential risks. The Association's key risks are as follows:

- Insurance risk – incorporating underwriting and reserving risk;
- Market risk – the risk incorporating investment risk, interest rate risk and currency risk;
- Credit risk – the risk that a counterparty is unable to pay amounts in full when due; and
- Liquidity risk – the risk that cash may not be available to pay obligations as they fall due.

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

a) Insurance risk

The Association assumes 90% of the retained professional indemnity insurance risks of ITIC and ITIC Europe on a quota share basis. The Association's exposure to insurance risk is initiated by the ITIC and ITIC Europe's underwriting process and incorporates the possibility that an insured event occurs, leading to a claim on ITIC or ITIC Europe from a member. The risk is managed by the underwriting process, acquisition of reinsurance cover, and the management of claims cost. The Association reviews the results of the reinsurance contract regularly during the year.

The Association's risk can arise from:

- Fluctuations in timing, frequency and severity of claims and settlements relative to expectations;
- Unexpected claims arising from a single source;
- Inaccurate pricing of risks when underwritten; and
- Inadequate reserves.

The Association establishes provisions for unpaid claims expenses, both reported and unreported, to cover its 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 the board.

The Association 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.

The Association only provides professional indemnity cover to ITIC and ITIC Europe and as a result, no further concentration analysis of risks by cover has been performed.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31st MAY 2025

4. MANAGEMENT OF RISKS (Continued)

The results of sensitivity testing are set out below, showing the impact of a change in loss ratio on the surplus before tax and equity. The impact of a change in a single factor is shown, with other assumptions unchanged. The sensitivity analysis assumes that a change in loss ratio is driven by a change in claims incurred and is based on applying the loss ratio against gross premium less excess of loss reinsurance.

	2025 US\$ 000s	2024 US\$ 000s
Increase in loss ratio by 5 percentage points	(1,995)	(1,841)
Decrease in loss ratio by 5 percentage points	1,995	1,841

Reserving process

The Association establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions as directed by the Audit Investment and Risk Committee of ITIC and reviewed by the Board of the Association. In order to minimise the risk of understating these provisions the assumptions made and actuarial techniques employed are reviewed in detail by the Board of the Association.

b) Market risk

The Board is responsible for setting investment policy and the appropriate level of market or investment risk. Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates, affecting both the value of the Association's investments and its liabilities. The Association has a policy in place to manage its exposure to its investments, and this is monitored by regular reports from the investment managers to the Association's Board of Directors.

Interest rate risk

Interest rate risk arises primarily from holding 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.

The Association'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 the fair value of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. TIMIA's fixed income portfolio has a modified duration of about 2.4 years. This means that in the event of a parallel shift of the yield curve up by 100 basis points, the portfolio's value will decline, resulting in approximately 2.4% loss on the fixed income portfolio. For TIMIA, this would result in a decrease in investment values of approximately US\$4,216,000 (2024: US\$3,219,000) assuming all other assumptions remain unchanged. A decrease in 100 basis points in bond yields would result in the opposite effect assuming all other assumptions remain unchanged.

Currency risk

The Association is exposed to currency risk in respect of assets denominated in currencies other than US Dollars. The most significant currencies to which the Association is exposed are Pounds Sterling and the Euro.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued) **FOR THE YEAR ENDED 31st MAY 2025**

4. MANAGEMENT OF RISK (Continued)

b) Market risk (Continued)

The following table shows the Association's financial assets and liabilities by currency. The Association seeks to mitigate currency risk by matching liabilities with financial instruments denominated in the same currency.

2025	USD US\$ 000s	GBP US\$ 000s	EUR US\$ 000s	Other US\$ 000s	Total US\$ 000s
Debt securities, UCITs and cash	290,910	18,305	13,528	-	322,743
Derivative Contracts	23,286	(3,159)	(20,129)	-	(2)
Other debtors and creditors	(49)	-	-	-	(49)
Balance with quota share reinsured	(70,628)	(11,312)	(9,680)	(2,098)	(93,718)
Total	243,519	3,834	(16,281)	(2,098)	228,974
2024	USD US\$ 000s	GBP US\$ 000s	EUR US\$ 000s	Other US\$ 000s	Total US\$ 000s
Debt securities, UCITs and cash	168,508	43,218	42,604	28,032	282,362
Derivative Contracts	98,295	(32,638)	(37,355)	(28,031)	271
Other debtors and creditors	(326)	(20)	(114)	-	(460)
Balance with quota share reinsured	(52,471)	(10,592)	(11,890)	(1,974)	(76,927)
Total	214,006	(32)	(6,755)	(1,973)	205,246

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

	Effect on Surplus after tax US\$ 000s
As at 31st May 2025	
Sterling	192
Euro	(814)
Other	(105)
As at 31st May 2024	
Sterling	(2)
Euro	(338)
Other	(99)

c) Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Association's exposure primarily relates to amounts recoverable from investment debtors and debtors from reinsurance brokers.

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

2025	AAA US\$ 000s	AA US\$ 000s	A US\$ 000s	B US\$ 000s	Not rated US\$ 000s	Total US\$ 000s
Fixed interest - Government	16,016	150,124	-	-	37,161	203,301
Fixed interest – Corporate	-	179	224	-	-	403
Equities & Alternatives	-	-	-	-	97,646	97,646
UCITS	-	-	-	-	18,145	18,145
Reinsurance operations	-	-	-	-	24,591	24,591
Total	16,016	150,303	224	-	177,543	344,086

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 31st MAY 2025

4. MANAGEMENT OF RISK (Continued)

2024	AAA US\$ 000s	AA US\$ 000s	A US\$ 000s	B US\$ 000s	Not rated US\$ 000s	Total US\$ 000s
Fixed interest - Government	15,706	95,962	-	-	8,552	120,220
Fixed interest – Corporate	-	1,001	224	196	-	1,421
Equities & Alternatives	-	-	-	-	89,339	89,339
UCITS	39,151	-	-	-	30,220	69,371
Reinsurance operations	-	-	-	-	35,377	35,377
Total	54,857	96,963	224	196	163,488	315,728

After assessing all financial assets at the end of the year, no objective evidence was found to suggest that any financial assets were impaired (2024: no impairments).

d) Liquidity and cash flow 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.

The tables below provide a maturity analysis of the Association's financial assets

	Within 1 year US\$ 000s	1-5 years US\$ 000s	Over 5 years US\$ 000s	Total US\$ 000s
2025				
Financial investments	139,631	156,264	23,598	319,493
Debtors arising out of reinsurance operations	11,199	-	-	11,199
Other debtors	21,789	-	-	21,789
Cash and cash equivalents	2,223	-	-	2,223
Total	174,842	156,264	23,598	354,704
	Within 1 year US\$ 000s	1-5 years US\$ 000s	Over 5 years US\$ 000s	Total US\$ 000s
2024				
Financial investments	159,804	102,390	18,429	280,623
Debtors arising out of reinsurance operations	35,377	-	-	35,377
Other debtors	19,831	-	-	19,831
Cash and cash equivalents	1,422	-	-	1,422
Total	216,434	102,390	18,429	337,253

e) Sensitivity analysis

The sensitivity analyses above show the impact of a change in one input assumption with other assumptions remaining unchanged. In reality, there is normally correlation between the change in certain assumptions and other factors which would potentially have a significant impact on the effect noted above. There have been no changes to methods and assumptions used in the calculation of sensitivity analyses from the

f) Capital management

The Association maintains capital, comprising of Statutory Reserve and other reserves, consistent with the Association's risk profile and the regulatory requirements of the business.

The Association's regulator is the Bermuda Monetary Authority ("BMA"). Under the BMA regime the Association is obliged to assess and maintain an amount of net assets in excess of the minimum requirements.

At the year end the Association's capital resources exceeded the minimum solvency requirement by a considerable margin. The Association has complied with the externally imposed capital requirements to which it is subject.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31st MAY 2025

5. INWARD REINSURANCE PREMIUMS NET OF COMMISSION

	2025	2025	2025	2024	2024	2024
	Inward	Inward		Inward	Inward	
	quota share	quota share		quota share	quota share	
	reinsurance	reinsurance		reinsurance	reinsurance	
	on	on		on	on	
	continuity	continuity		continuity	continuity	
	credit	credit		credit	credit	
	on premium	on premium	Total	on premium	on premium	Total
	US\$	US\$	US\$	US\$	US\$	US\$
	000s	000s	000s	000s	000s	000s
Written in year	59,828	(18,375)	41,453	80,210	(15,941)	64,269
Less quota share on acquisition costs	(8,578)	-	(8,578)	(8,621)	-	(8,621)
Less quota share reinsurance - excess of loss	(4,971)	-	(4,971)	(4,707)	-	(4,707)
Less ceding commissions from TIMIA	(15,342)	-	(15,342)	(14,921)	-	(14,921)
Inward reinsurance premiums	30,937	(18,375)	12,562	51,961	(15,941)	36,020
Unearned provision brought forward	62,734	(12,825)	49,909	46,832	(10,844)	35,988
Foreign exchange differences	625	(181)	444	409	(134)	275
Unearned provision carried forward	(54,402)	14,489	(39,913)	(62,734)	12,825	(49,909)
Change in provision	8,957	1,483	10,440	(15,493)	1,847	(13,646)
Earned / (expensed) in year	39,894	(16,892)	23,002	36,468	(14,094)	22,374

Unearned premium is that part of gross premium written which is estimated to be earned in the following or subsequent financial years. The income and expenditure account shows the change in the provision for unearned premium.

6. CLAIMS AND INSURANCE ASSETS AND LIABILITIES

(a) Claims and the outstanding claims reserve

	2025	2024
	Claims	Claims
	recovery	recovery
	quota share	quota share
Claims paid	(19,653)	(16,823)
Technical provisions at beginning of the year	69,026	61,973
Exchange differences	(1)	1
Technical provisions at the end of the year	(71,252)	(69,026)
Change in the provision for claims	(2,227)	(7,052)
Net claims incurred, being claims paid less total claims recoveries	(21,880)	(23,875)

The above table shows the net claims paid and the movement on the claims technical provisions.

(b) Claims development

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular case and the ultimate cost of notified claims. The estimates for known outstanding claims are based on the best estimates and judgement of the Managers of the final cost of individual cases. These estimates are as reliable as possible given the details of the cases and taking into account all the current information. However, the final outcome of individual cases may prove to be significantly different to the estimates made at the Statement of Financial Position date. The estimates are reviewed regularly. The gross claims outstanding provision includes a reasonable allowance for adverse development and the Managers' future claims handling costs. The allowance is assessed by an actuary using standard actuarial techniques. This methodology projects the claims statistics forward based on the historical pattern of claims experience in the past.

The movement in the gross provision for claims is the difference between the provision for outstanding claims on all policy years at the beginning of the year and the equivalent provision at the end of the year, after deduction of all claims paid during the financial year and addition of the allowance for new claims notified in the 2024/2025 policy year.

The development of insurance liabilities provides a measure of the Association's ability to estimate the ultimate value of claims. The table shows a policy year by year analysis for the previous 10 years of the technical provisions as shown in the Statement of Financial Position.

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31st MAY 2025

6. CLAIMS AND INSURANCE ASSETS AND LIABILITIES (Continued)

The table below is shown in US\$ 000's.

	2016	2017	2018	2019	2020
	US\$	US\$	US\$	US\$	US\$
	000s	000s	000s	000s	000s
At end of first financial year	21,510	20,700	19,890	20,070	25,290
One year later	19,530	16,380	21,150	22,266	35,118
Two years later	15,840	14,130	26,586	21,339	32,418
Three years later	16,110	11,700	22,977	19,638	32,513
Four years later	16,011	11,700	22,653	17,748	30,677
Five years later	15,291	10,665	21,352	17,010	30,713
Six years later	14,238	10,485	20,873	17,010	
Seven years later	14,224	10,170	20,683		
Eight years later	13,919	10,097			
Nine years later	13,274				
Current estimate	13,274	10,097	20,683	17,010	30,713
Cumulative Payments	(13,117)	(6,973)	(20,134)	(14,248)	(29,813)
	157	3,124	549	2,762	900

	2021	2022	2023	2024	2025
	US\$	US\$	US\$	US\$	US\$
	000s	000s	000s	000s	000s
At end of first financial year	29,286	22,329	23,782	25,233	26,988
One year later	20,700	18,270	25,139	20,250	
Two years later	19,458	17,550	30,236		
Three years later	21,307	18,630			
Four years later	22,500				
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
Current estimate	22,500	18,630	30,236	20,250	26,988
Cumulative Payments	(14,167)	(11,621)	(22,046)	(6,847)	(8,963)
	8,333	7,009	8,190	13,403	18,025

Total					62,452
Claims liabilities greater than ten years					1,800
Claims run off provision					7,000
Total technical provisions included in statement of financial position					<u><u>71,252</u></u>

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31st MAY 2025

7. NET OPERATING EXPENSES

		2025 US\$ 000s	2024 US\$ 000s
	Note		
Audit fees		42	38
Directors' fees	8	140	114
General expenses	10	350	350
Management fees	9	895	880
		<u>1,427</u>	<u>1,382</u>

8. DIRECTORS' FEES

Every Director and the Chairman is paid an annual fee and a fee for each meeting attended, as follows:

	Annual Fee		Attendance Fee	
	2025 US\$ 000s	2024 US\$ 000s	2025 US\$ 000s	2024 US\$ 000s
Chairman	14.7	14.7	6.6	6.6
Directors	6.6	6.6	6.6	6.6

No loans have been made to the Directors and none are contemplated (2024: None).

9. MANAGEMENT FEES

The fees paid to the Managers relate to the cost of providing offices, staff and administration. The basis of this remuneration is fixed by the Directors in accordance with the Rules, and is subject to periodic review.

10. GENERAL EXPENSES

	2025 US\$ 000s	2024 US\$ 000s
Directors' and Officers' insurance	14	15
Regulatory fees	13	11
Bank charges and sundry expenses	14	27
Directors' meetings	189	109
Professional fees	44	10
Investment management fees	76	178
	<u>350</u>	<u>350</u>

The Association has no employees.

11. INVESTMENT INCOME

	2025 US\$ 000s	2024 US\$ 000s
Interest	5,396	3,317
Realised gain on disposal	26,039	2,196
	<u>31,435</u>	<u>5,513</u>

Under an agreement reached with the U.K. Inland Revenue (now HMRC) in 1993, ITIC is taxed on 10% of the combined global realised and unrealised investment income of the Association and ITIC. On an annual basis, global realised and unrealised investment income is adjusted to maintain 90% of this income in the Association. The current adjustment was an increase of US\$8,000 (2024: increase of US\$1,137,000).

12. EXCHANGE DIFFERENCES

	2025 US\$ 000s	2024 US\$ 000s
Exchange (loss) /gain on investing activities	(187)	1,842
Exchange (loss)/ gain on operating activities	(22)	2,912
	<u>(209)</u>	<u>4,754</u>

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

NOTES TO FINANCIAL STATEMENTS (Continued) **FOR THE YEAR ENDED 31st MAY 2025**

13. TAXATION

Under current Bermuda law, the Association is not required to pay taxes in Bermuda on either income or capital gains. The Association has received an undertaking from the Bermuda government that, in the event of income or capital gains taxes being imposed, the Association will be exempted from such taxes until the year 2035.

14. INVESTMENTS

	Market Value		Cost	
	2025	2024	2025	2024
	US\$	US\$	US\$	US\$
	000s	000s	000s	000s
Fixed interest securities	203,702	121,641	198,726	120,703
Equities & Absolute Return Funds	97,646	89,339	85,609	65,826
UCITS	18,145	69,372	18,094	61,127
	<u>319,493</u>	<u>280,352</u>	<u>302,429</u>	<u>247,656</u>

15. COMMITMENTS

The Association has entered into a commitment to invest \$5,000,000 with FdG Capital Partners. As of 31st May 2025 US\$4,208,000 (2024 - US\$4,208,000) has been invested, resulting in an unfunded commitment of US\$792,000 (2024 – US\$792,000).

16. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Cash flow hedges

The Association does not use forward currency contracts that meet the hedge accounting criteria.

(b) Non hedge derivatives

Forward currency contracts are entered into in order to manage the currency exposure of the investment portfolio. The contracts are for the forward sale of currencies which are matched by holdings of those currencies. The open contracts have been revalued at year-end rates of exchange. The profit or loss on exchange on these contracts is included within exchange gains and losses. These are economic hedges, but do not meet the hedge accounting criteria.

	2025	2025	2025	2024	2024	2024
	US\$	US\$	US\$	US\$	US\$	US\$
	000s	000s	000s	000s	000s	000s
	Contract	Fair value	Fair value	Contract	Fair value	Fair value
	amount	asset	liability	amount	asset	liability
Non hedge derivatives	(871)	-	(2)	(871)	279	(8)
Total	<u>(871)</u>	<u>-</u>	<u>(2)</u>	<u>(871)</u>	<u>279</u>	<u>(8)</u>

17. DEBENTURE

The Association has covenanted under a debenture to discharge certain liabilities to ITIC, which are due under the reinsurance agreement. The assets held in a segregated investment account in respect of the secured obligations at 31st May 2025 was US\$44.7 million (2024 – US\$42.4 million). The Association has also covenanted under a debenture to discharge certain liabilities to ITIC Europe, which are due under the reinsurance agreement. The agreement was signed on 1st June 2024 and is expected to hold a minimum of US\$25.0 million in assets. As at 31st May 2025 the assets were US\$26.4 million.

18. DEFERRED ACQUISITION COSTS

	2025	2024
	US\$	US\$
	000s	000s
Opening Provision	6,395	5,245
Net costs deferred / incurred	2,990	3,210
Movement in foreign exchange	(3,137)	(2,060)
Closing Provision	<u>6,248</u>	<u>6,395</u>

TRANSPORT INTERMEDIARIES MUTUAL INSURANCE ASSOCIATION LIMITED

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31st MAY 2025**

19. RELATED PARTY TRANSACTIONS

The Association has no share capital and is controlled by the Members. The Members of the Association are ITIC & ITIC Europe and the Directors of the Association. All reinsurance transactions are between the Association and ITIC & ITIC Europe and are stated in the technical account. Monies owed between the Association and ITIC are stated in the Statement of Financial Position under Debtors arising out of Reinsurance Operations.

One of the four Directors is a current representative of a Member company. Other than the insurance via ITIC & ITIC Europe and Member interests of the Directors' companies, the Directors have no financial interests in the Association.

The Association has undertaken to cover the expenses of Transport Intermediaries Mutual Insurance Association (IOM) Ltd, an Isle of Man registered company which remained dormant during the year. Expenses of US\$14,709 (2024 - US\$13,420) were incurred during the year and these are recorded in the Statement of Income and Expenditure Account. The Transport Intermediaries Mutual Insurance Association (IOM) has a letter of credit in place with Citibank for £50,000 which is backed 100% by the Association's Ceding Insurer, ITIC.

20. ANALYSIS OF CASH FLOW FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2025	2024
	US\$	US\$
	000s	000s
Returns on investments and servicing of finance:		
Interest received	4,956	3,151
Profit on sale of investments	26,039	2,196
	<u>30,995</u>	<u>5,347</u>