

FINANCIAL REVIEW AND UPDATE 2022



BRITANNIA P&I
TRUSTED SINCE 1855

CONTENTS

- 1 KEY PERFORMANCE INDICATORS
- 2 CEO'S STATEMENT
- 5 FINANCIAL REVIEW
- 6 INVESTMENT STRATEGY AND PERFORMANCE
- 8 CLASS 3 – PROTECTION AND INDEMNITY (P&I)
 - 8 CLAIMS
 - 9 TONNAGE/MEMBERSHIP
- 10 INTERNATIONAL GROUP REINSURANCE
- 12 LOSS PREVENTION
- 14 CLASS 6 – FREIGHT, DEMURRAGE AND DEFENCE (FD&D) CLAIMS
- 16 DEVELOPMENTS WITHIN THE GROUP
- 18 SUSTAINABILITY
- 19 MEMBERS OF THE BOARD
- 20 CORPORATE GOVERNANCE



KEY
PERFORMANCE
INDICATORS

(UNAUDITED)

248

MEMBERS

31

COUNTRIES

4,182

SHIPS

ENTERED TONNAGE BY
AREA OF MANAGEMENT
CLASS 3 (% OF TOTAL)

45.6

ASIA

13.0

SCANDINAVIA

34.5

REST OF EUROPE

3.4

AMERICAS

3.2

MIDDLE EAST

0.3

AUSTRALASIA

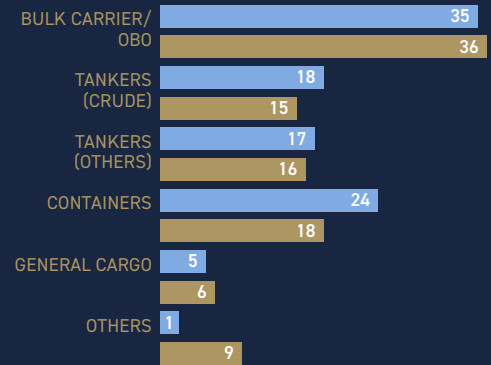
134.7m

OWNED TONNAGE

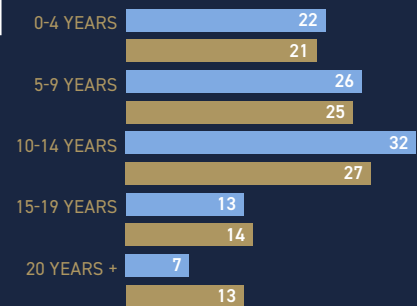
73.5m

CHARTERED TONNAGE

SHIPS BY TYPE (% OF TOTAL)



AGE OF SHIPS (% OF TOTAL)



ENTERED TONNAGE (OWNED)

WORLD TONNAGE

	20 FEB 2022 (m gt)	20 FEB 2021 (m gt)	20 FEB 2020 (m gt)
ENTERED TONNAGE (OWNED)	134.7	125.2	117.5
ENTERED TONNAGE (CHARTERED)	73.5	53.5	45.0

*These balances consist of The Britannia Steam Ship Insurance Holdings Limited, The Britannia Steam Ship Insurance Association Limited, The Britannia Steam Ship Insurance Association Europe, Universal Shipowners Marine Insurance Association Limited (USMIA) and Britannia's Hydra Cell.

**The Group also retains the benefit of its reinsurance contract with Boudicca Insurance Company Limited.

†Surplus investment assets in Boudicca available to meet future claims by the Group.

KEY FINANCIAL DATA	USD(000)	USD(000)	USD(000)
CALLS AND PREMIUMS*	216,931	200,086	201,185
NET CLAIMS INCURRED*	(142,840)	(118,257)	(111,667)
INVESTMENT INCOME*	13,479	58,971	61,868
NET OPERATING EXPENSES*	(38,802)	(32,520)	(31,891)
NET (DEFICIT)/SURPLUS AFTER TAXATION*	(25,160)	36,967	56,427
FREE RESERVES**	398,895	449,055	422,088
IG AVERAGE EXPENSE RATIO	12.98%	11.66%	11.50%
STANDARD & POOR'S RATING	A (negative)	A (stable)	A (stable)
SURPLUS ASSETS IN BOUDICCA†	189,000	177,800	172,300
REINSURANCE PREMIUM PAID TO BOUDICCA	31,000	31,000	28,250
CLAIMS RECOVERABLE FROM BOUDICCA	(22,049)	(42,417)	(78,165)

CEO'S STATEMENT

WELCOME TO BRITANNIA'S NEW SHORT FORM FINANCIAL REVIEW AND UPDATE. I HOPE THAT READERS FIND THIS REVIEW TO BE MORE ACCESSIBLE THAN OUR FULLER REPORT AND ACCOUNTS (WHICH WILL BE PUBLISHED IN DUE COURSE).



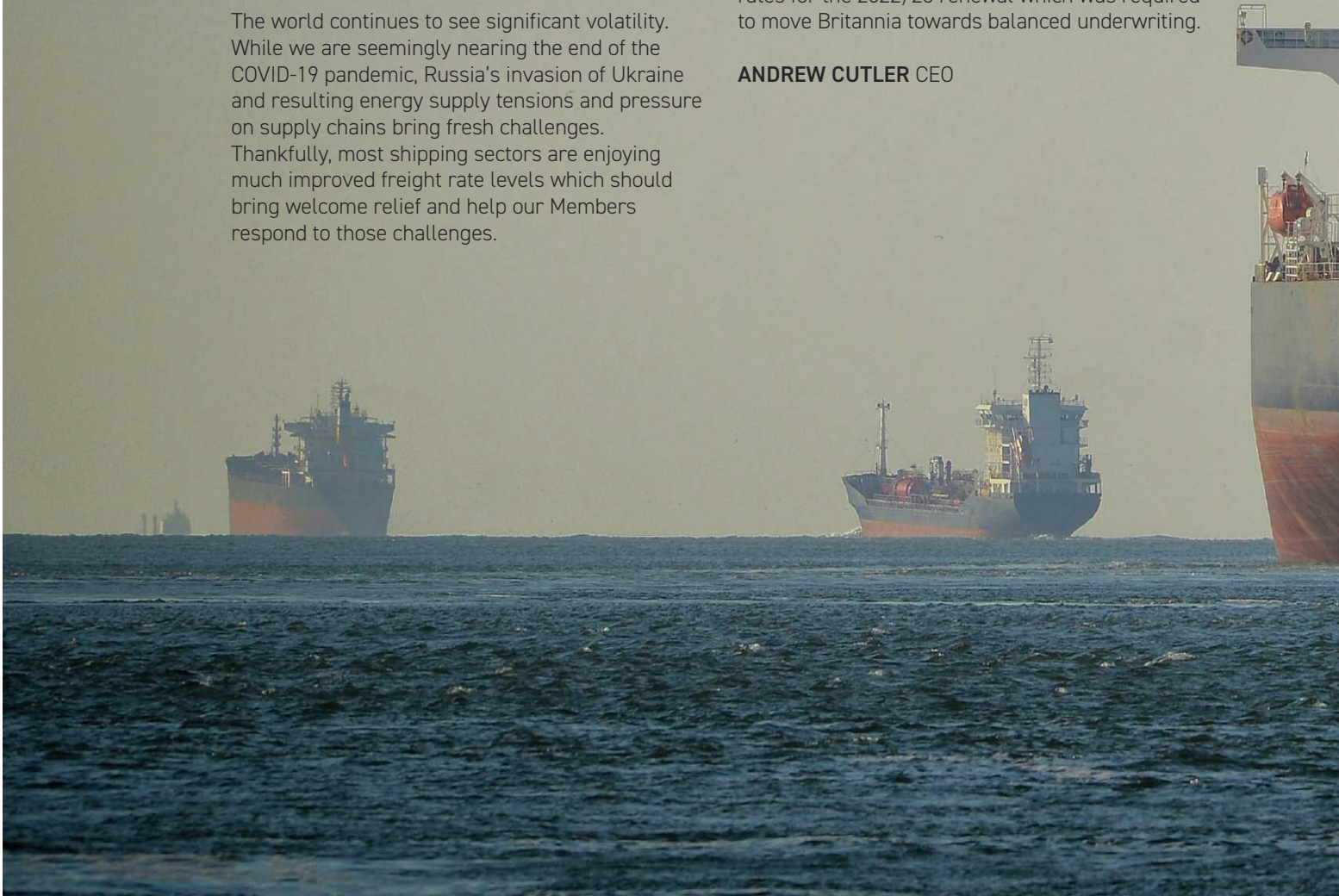
Britannia has evolved over the past few years, and now comprises The Britannia Steam Ship Insurance Association Holdings Limited (Britannia Holdings), incorporated in the UK, and its two principal subsidiaries, The Britannia Steam Ship Insurance Association Europe (Britannia Europe), incorporated in Luxembourg and The Britannia Steam Ship Insurance Association Limited, incorporated in the UK. The CAA in Luxembourg is now our primary regulator following completion in January 2022 of the last aspects of the Part VII transfer (reported on at length in previous years), with all business being written out of Britannia Europe and its branches.

The world continues to see significant volatility. While we are seemingly nearing the end of the COVID-19 pandemic, Russia's invasion of Ukraine and resulting energy supply tensions and pressure on supply chains bring fresh challenges. Thankfully, most shipping sectors are enjoying much improved freight rate levels which should bring welcome relief and help our Members respond to those challenges.

Britannia is also enjoying continued growth, thanks predominantly to the loyalty of Members, with entered tonnage at a record high. Reflecting this growth, the Managers continue to invest across all functions and in all of its regional hubs.

Key to Britannia's strength remains the provision of quality service while maintaining its financial strength. Further details are provided in this review. In summary, we remain financially robust (being A rated by Standard & Poor's, with AAA capital). Sustainability remains crucial in all aspects; as such I am grateful to all of Britannia's Members, who accepted the need for improved rates for the 2022/23 renewal which was required to move Britannia towards balanced underwriting.

ANDREW CUTLER CEO



BRITANNIA IS ALSO ENJOYING CONTINUED GROWTH, THANKS PREDOMINANTLY TO THE LOYALTY OF MEMBERS, WITH ENTERED TONNAGE AT A RECORD HIGH. REFLECTING THIS GROWTH, THE MANAGERS CONTINUE TO INVEST ACROSS ALL FUNCTIONS AND IN ALL OF ITS REGIONAL HUBS.





FINANCIAL REVIEW

THE GROUP¹ UNDERWRITING RESULT WAS NEGATIVE AGAIN THIS YEAR WITH NET CLAIMS INCURRED IN EXCESS OF NET EARNED PREMIUMS. IT WAS NOTED IN LAST YEAR'S FINANCIAL REVIEW THAT THIS SITUATION IS NOT SUSTAINABLE AND THE RECENT INCREASE IN ESTIMATED TOTAL CALL (ETC) FOR THE 2022/23 RENEWAL IS AIMED AT ADDRESSING THIS.

The investment performance this year produced a much smaller gain than in the recent past after some dramatic movements in markets in the fourth quarter.

Calls and premiums were higher than in the prior year, at USD216.9m compared with USD200.1m. There was again no general rate increase at the 2021/22 renewal, but individual Members' rates were adjusted to reflect their claims record and risk profile where necessary. Reinsurance costs were higher, mainly due to restructuring and enhanced cover under the Group's non-pool programme.

Claims incurred in the financial year were significantly higher than the prior year. Retained claims incurred in the 2021/22 policy year at the 12-month stage were USD143.9m, slightly higher than the 2020/21 policy year at the same stage. 16 claims that are currently expected to cost more than USD1.0m were reported, with an aggregate estimate of USD46.4m. This is lower than the prior policy year, which saw 20 incidents reported with an aggregate cost of USD63.4m. Pool claims had a spike in the first half of the year but settled down after that, albeit they stand at USD487.0m which is a record high at the 12-month stage of a policy year, surpassing the 2020/21 total of USD478.1m at the same stage. In total, 11 incidents had been reported compared to 22 in the prior year. The development of prior year claims has generally continued to see improvement, but the 2020/21 policy year has seen a number of late notifications that has reduced the overall improvement and led to an increase in the net provision this year. Nevertheless, USD36.9m was released from the claims provisions held in respect of those years.

Operating costs were up at USD38.8m. Most of the Group's operating costs are in GBP and its strengthening against USD in the year has driven 40% of the increase. The remaining increase in operating costs is due to a higher management fee on increased tonnage.

The Group's investment portfolio performed well for much of the year and the return was above the longer-term rate of return until the fourth quarter. Unfortunately there was a big fall in the final quarter resulting from worries about inflation, rising interest rates and finally Russia's stance towards Ukraine (since the year end Russia has invaded Ukraine, causing further market declines). Details of the portfolio and strategy are set out in the investment performance section.

On 19 October 2021, the Board agreed a further capital distribution of USD25.0m to be made to Members with mutual P&I tonnage on risk at that date. This brings the total distribution to USD120.0m since May 2017 and demonstrates how Britannia continues to use its financial strength for the benefit of Members.

In October 2021, Standard & Poor's confirmed the Group's credit rating as A (Strong) but assigned a negative outlook, referring to large Pool claims and the need to raise rates, both being challenges for all IG Clubs. S&P now has eight out of the 13 IG Clubs on negative outlook and has downgraded one club. The negative outlook for Britannia is being addressed, starting with the announced 12.5% target increase in ETC at the 2022/23 renewal.

¹The Group consists of The Britannia Steam Ship Insurance Holdings Limited, The Britannia Steam Ship Insurance Association Limited, The Britannia Steam Ship Insurance Association Europe, Universal Shipowners Marine Insurance Association Limited (USMIA) and Britannia's Hydra Cell

INVESTMENT STRATEGY AND PERFORMANCE

THE GROUP'S INVESTMENT STRATEGY IS THE RESPONSIBILITY OF THE BOARD, ASSISTED BY ITS INVESTMENT ADVISORS LANE CLARK & PEACOCK LLP (LCP). THERE WAS NO MATERIAL CHANGE TO THE GROUP'S INVESTMENT STRATEGY DURING THE YEAR.

It has a long-term focus, reflecting the long-tail nature of many of the liabilities and the characteristics of mutuality. Its objectives are twofold:

- To hold a portfolio of government bonds and cash which matches, in terms of average duration and currency, the claims liabilities of the Group. This is known as the 'matching portfolio'. The matching portfolio includes a 'cash buffer' sufficient to ensure appropriate liquidity; and
- To invest assets in excess of the matching portfolio in accordance with the 'prudent person principle', in such a way as to achieve the maximum return for a level of risk consistent with the Group's investment risk appetite. This is known as the 'growth portfolio'.

At 20 February 2022, the portfolio had the following composition:

ASSET CLASS	
MATCHING PORTFOLIO:	
GOVERNMENT BONDS AND CASH	37%
GROWTH PORTFOLIO:	
ABSOLUTE RETURN BOND FUNDS	24%
EQUITIES (DEVELOPED AND EMERGING)	23%
DIVERSIFIED GROWTH FUND	16%
	100%

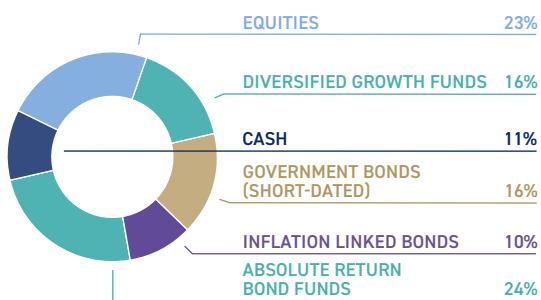
INVESTMENT PERFORMANCE

In the year ended 20 February 2022, the overall return on investments was 1.7% (USD13.5m). The best performing asset classes were equities, which returned 8.6%, and the diversified growth fund, which returned 2.4%. The remaining asset classes were all broadly flat.

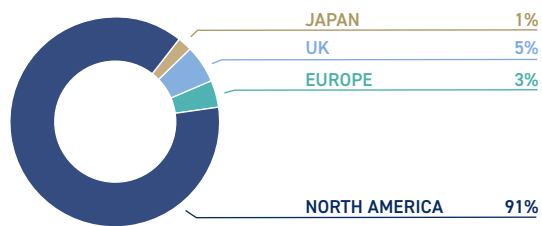
INVESTED FUNDS AT MARKET VALUE

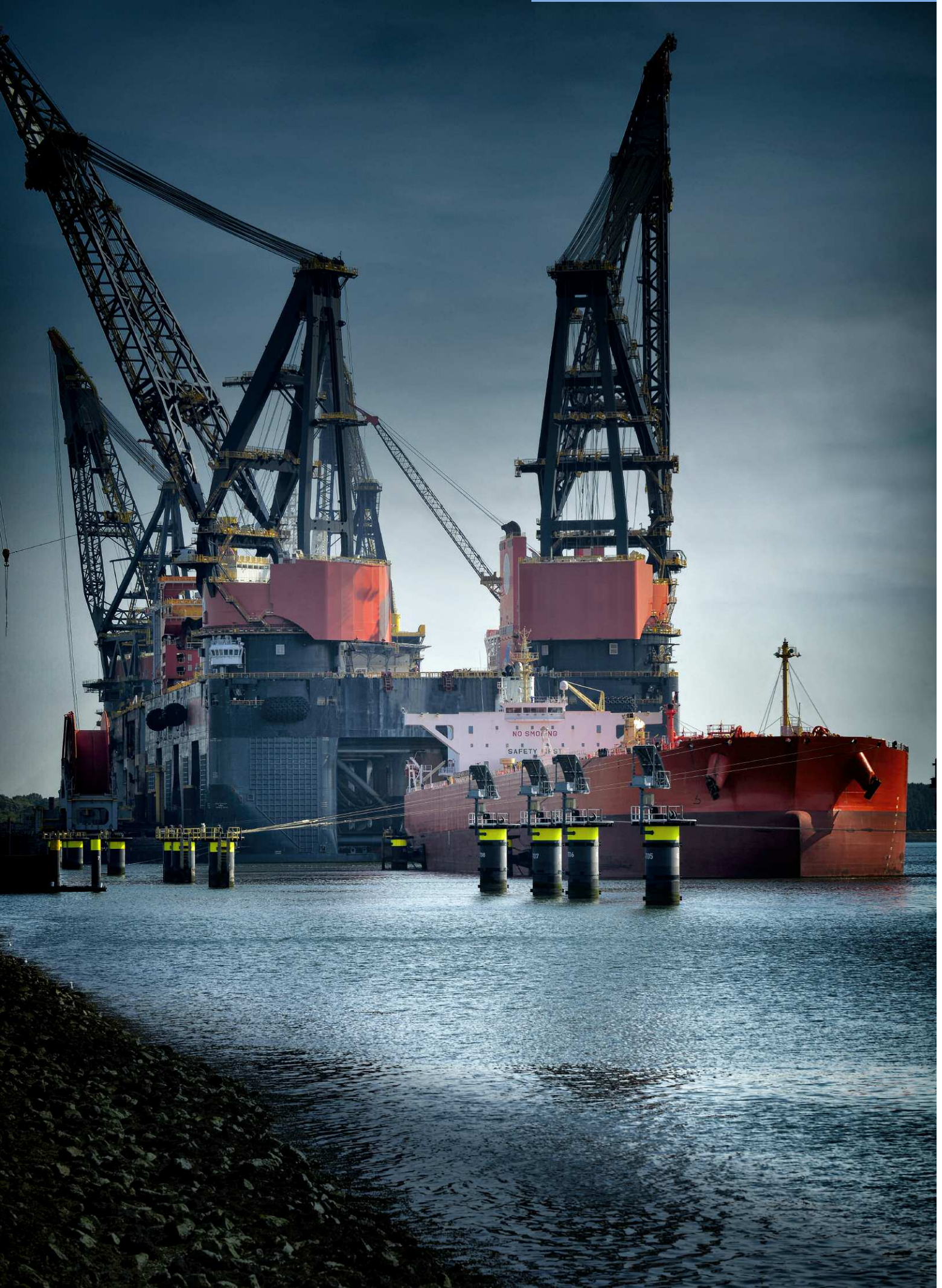
20 FEBRUARY 2022

TYPE OF INVESTMENT



GEOGRAPHICAL DISTRIBUTION





CLASS 3 – PROTECTION AND INDEMNITY (P&I) CLAIMS

RETENTION CLAIMS

AS AT 20 FEBRUARY 2022, THE TOTAL NUMBER OF CLAIMS NOTIFIED IN RESPECT OF THE 2021/22 POLICY YEAR WAS 5,459. THIS REPRESENTS A 12% INCREASE ON THE 4,872 CLAIMS NOTIFIED AT THE SAME STAGE IN THE 2020/21 POLICY YEAR.

There have been steady increases in the number of attritional claims since 2019, although largely this reflects the corresponding increase in tonnage entered with the Club within that period.

A total of 359 claims associated with the COVID-19 pandemic were notified during the 2021/22 policy year, an increase of 220 claims compared with the same time in the 2020/21 policy year. Claims have arisen mainly from crew illness, medical repatriations and ship diversions.

The aggregate cost of retention claims for the current policy year, as at 20 February 2022, including the estimates for outstanding amounts, was USD143.9m. This compares with USD136.6m and USD132.3m at the same stage in the 2020/21 and 2019/20 policy years respectively.

The high-value incidents in excess of USD1m are much less frequent than attritional claims, but they have a significant impact on the outcome of a policy year. In 2021/22, 16 high-value claims were reported with a current estimate of USD46.4m. This compares with 20 claims estimated at USD63.4m and USD69.5m at the same stage at the end of both the 2020/21 and 2019/20 policy years.

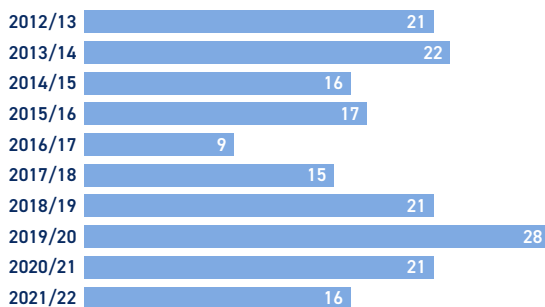
POOL CLAIMS

As at 20 February 2022, 11 incidents resulting in Pool claims had been notified by the International Group clubs for the 2021/22 policy year, with an aggregate estimated gross cost of USD652.6m from the ground up and USD487.0m to the Pool. In comparison, 18 incidents with an estimated cost to the Pool of USD478.1m were notified in the 2020/21 policy year at the same stage. The largest claim in 2021/22 involved a fire onboard the container ship *X-PRESS PEARL*, entered with another P&I Club, resulting in the loss of cargo, including plastic nurdles, which polluted around 300km of Sri Lanka's coast. Significant claims have been made for clean-up, environmental damage and wreck removal.

The car carrier *FELICITY ACE* caught fire on 16 February 2022 carrying approximately 4,000 vehicles shipped by VW from Germany bound for ports in the US. On 1 March 2022, the ship sank some 220nm from the Azores outside territorial waters.

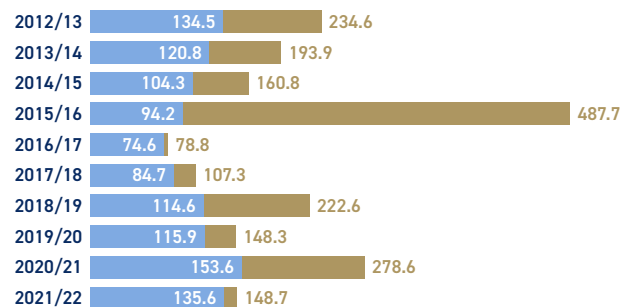
CLASS 3 P&I CLAIMS

NUMBER OF CLAIMS THAT ARE GREATER THAN USD1M (NET) AT 20 FEBRUARY 2022



ESTIMATED CLAIMS

(USDM) AT 20 FEBRUARY 2022



NET
POOL AND REINSURANCE RECOVERIES

CLASS 3 – PROTECTION AND INDEMNITY (P&I) TONNAGE/MEMBERSHIP

AT THE START OF THE 2022/23 POLICY YEAR, THE GROUP'S OWNED TONNAGE TOTALLED APPROXIMATELY 134.5M GT, A MARKED INCREASE ON LAST YEAR'S TOTAL OF 125.2M GT.

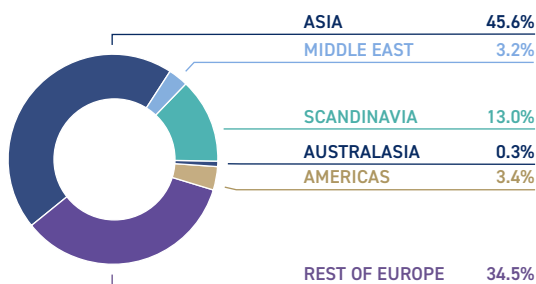
That growth consisted of 4.5m gt during the course of the 2021/22 policy year and a further 4.8m gt at the 20 February 2022 renewal. This growth was the result of:

- commitments from the 2021 renewal coming on risk throughout the year coupled with further organic growth from existing Members during the policy year. In addition, six new Members joined the Group during the 2021/22 policy year; and
- at renewal existing Members moving 207 ships from their other clubs to the Group together with four new Members joining at renewal on 20 February 2022, including notable entries from Nakilat (1.2m gt) and Petrodec (300,000 gt).

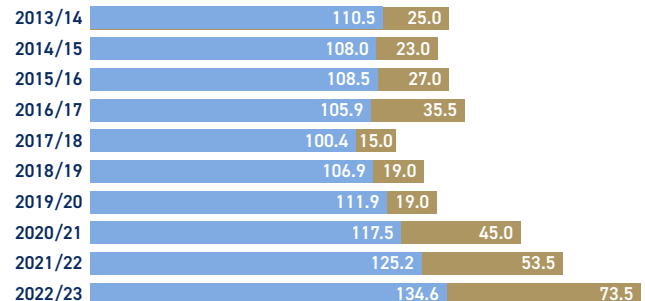
The Group's chartered entry grew by 20.0m gt during the 2021/22 policy year as a result of a very significant chartered entry from one new Member. Chartered tonnage now stands at 73.5m gt.

Almost 100 further owned ships, totalling 3.4m gt have been committed by existing Members to join in 2022/23. These ships represent a full spectrum of ship types and Member nationalities. Overall, this was an excellent outcome at renewal given the hardening market and commensurate rate increases being asked of mutual Members. We thank our Members for their continuing support.

ENTERED TONNAGE BY AREA OF MANAGEMENT – CLASS 3

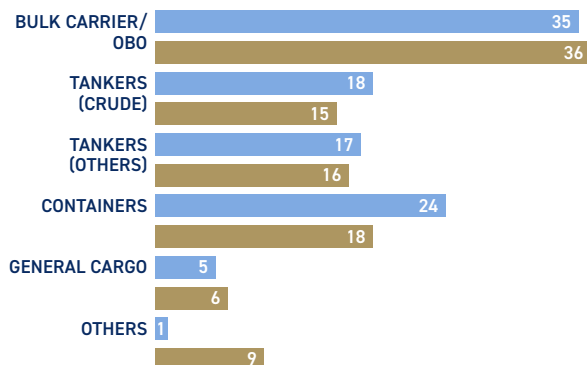


TONNAGE ENTERED – CLASS 3 (M GT)
(BEGINNING OF POLICY YEAR)

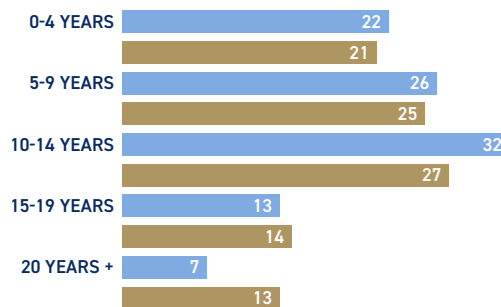


OWNED TONNAGE
CHARTERED TONNAGE (ESTIMATED)

SHIPS BY TYPE (% OF TOTAL)



AGE OF SHIPS (% OF TOTAL)



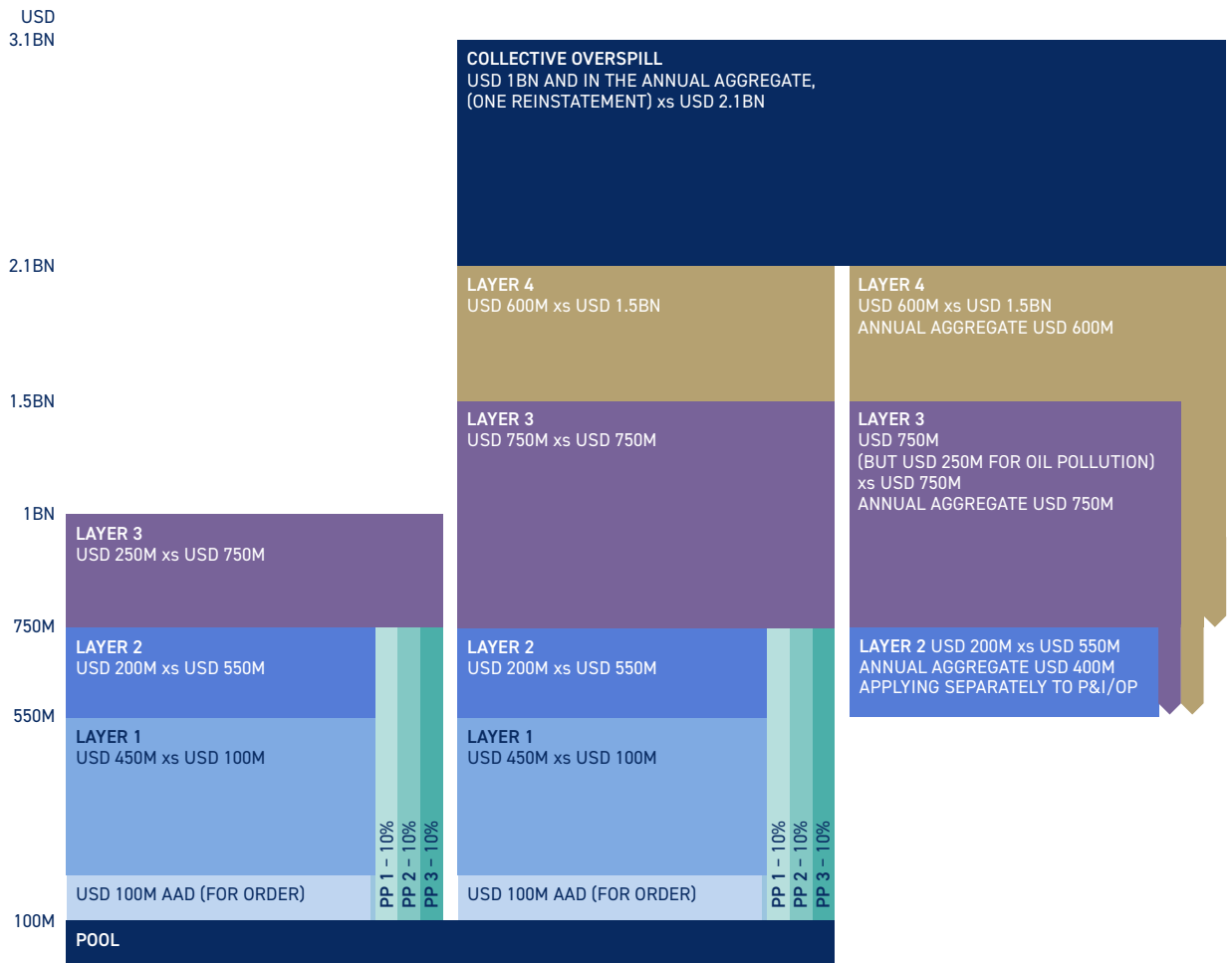
ENTERED TONNAGE (OWNED)
WORLD TONNAGE

CLASS 3 – PROTECTION AND INDEMNITY (P&I) INTERNATIONAL GROUP REINSURANCE

STRUCTURE

THE GROUP IS PARTY TO THE INTERNATIONAL GROUP (IG) POOLING AGREEMENT AND THEREFORE PARTICIPATES IN THE IG'S EXCESS OF LOSS (GXL) REINSURANCE PROGRAMME. THIS PROVIDES REINSURANCE COVER FOR CLAIMS UP TO USD2.1BN EXCESS OF CLUB AND POOL RETENTIONS. THERE IS A LOWER LIMIT OF COVER FOR OIL POLLUTION CLAIMS OF USD1BN. IN ADDITION, AN IG COLLECTIVE OVERSPILL REINSURANCE PROTECTS CLUBS AND THEIR MEMBERS AGAINST THEIR SHARE OF OVERSPILL LIABILITIES FOR CLAIMS UP TO USD1BN EXCESS OF USD2.1BN.

INTERNATIONAL GROUP EXCESS OF LOSS (GXL) REINSURANCE PROGRAMME 2022/23 POLICY YEAR (NOT TO SCALE)



OIL POLLUTION ONLY

LAYERS 2 AND 3 LIMITED COVER IN RESPECT OF MALICIOUS CYBER, COVID AND PANDEMIC.

P&I

LAYERS 2, 3 AND 4 LIMITED COVER IN RESPECT OF MALICIOUS CYBER, COVID AND PANDEMIC.

MALICIOUS CYBER, COVID AND PANDEMIC ONLY IN RESPECT OF LAYERS 2, 3 AND 4 ONLY.

CLASS 3 – PROTECTION AND INDEMNITY (P&I) INTERNATIONAL GROUP REINSURANCE

RENEWAL

The renewal of the GXL programme for 2022/23 was one of the most challenging for almost two decades. In addition to the recent heavy loss activity on the programme, reinsurers had concerns that malicious cyber, COVID-19 and future pandemics represented systemic risks to the industry and so should be excluded from cover completely. Fortunately, by the IG working collectively with its longstanding reinsurance partners, it was possible to renew the contract materially on a basis that allows Group clubs to continue to offer uniquely high levels of free and unlimited coverage for all risks.

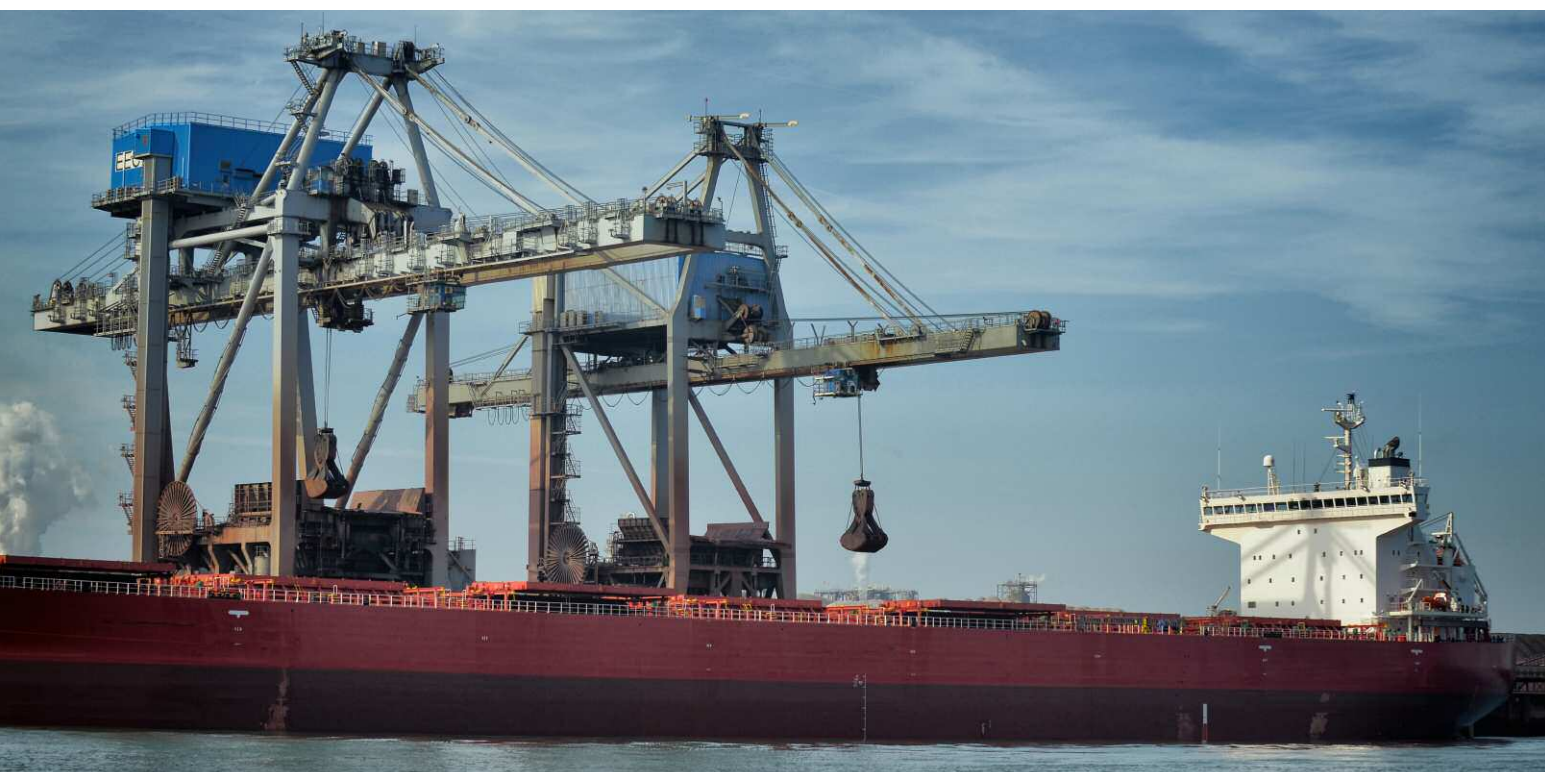
The GXL was restructured in response to the market's concerns over certain risks. Cover continues to be 'as expiring' (on a free and unlimited basis) except for malicious cyber, COVID-19 and pandemic claims which saw the GXL change as follows:

- the first layer has been changed to USD450m excess USD100m (with the USD100m AAD retained by Hydra) with free and unlimited cover for all risks;

- beyond USD550m, the GXL will be subject to limited cover for malicious cyber, COVID-19 and future pandemic, of one full limit of cover per layer for both the all risks tower and the pollution tower. As a consequence, the IG has a total of USD2.1bn of aggregated cover for these risks in excess of the first layer.

The IG has agreed to pool between Group clubs any pooled certificated risks arising from malicious cyber, COVID-19 and future pandemics that exceed the new GXL reinsurance limits. This has been modelled both by Britannia's and the IG's actuaries as a very remote risk.

The difficult market conditions and the need to maintain the broadest cover available resulted in significant rate rises for shipowners for 2022/23, with average rates increasing by 33% year-on-year (although it should be noted that the rates for 2022/23 are similar to those charged in 2014/15).



CLASS 3 – PROTECTION AND INDEMNITY (P&I) LOSS PREVENTION

THE LOSS PREVENTION DEPARTMENT HAS RECENTLY BEEN REORGANISED. THIS WILL ENSURE THAT WE CONTINUE TO PROVIDE PROMPT, CREDIBLE, EFFICIENT, INNOVATIVE AND INFORMATIVE GUIDANCE TO OUR MEMBERS, AT ANY TIME, TO SUPPORT THEIR SAFE AND EFFICIENT OPERATIONS, AS WELL AS TO OUR UNDERWRITING AND CLAIMS COLLEAGUES IN A MORE STREAMLINED MANNER.

We are also looking to further strengthen the team going forwards, with experienced mariners being recruited to enhance and expand our capabilities (in particular in our Asian hubs).

Our webinars are held bi-monthly and will continue. Although webinars have proved to be a great way of providing our loss prevention message to attendees worldwide, we are looking forward to also conducting in-person seminars for Members, their seafarers and other third parties addressing topical loss prevention issues.

We continue to conduct condition surveys in line with IG requirements. This will be combined with the implementation and utilisation of a new web-based reporting platform to ease recording and transfer of information in a standardised format, and to more easily collate survey outcomes to identify trends and areas of concern.

Management Reviews of new owned Members, by which we introduce the loss prevention department to the Member and learn about the Member, their operation, and any areas where the assistance of the department may be of benefit, continue but with these now being conducted face to face whenever possible. We are also looking forward to meeting those Members we have not yet seen, visiting their offices soon, to help strengthen relationships.

OUR AWARD WINNING **BSafe** CAMPAIGN CONTINUES, WITH ITS SELECTION OF CASE STUDIES, POSTERS AND INITIATIVES ADDRESSING THREE CORE AREAS: SEAFARER SAFETY, HEALTH AND SECURITY.

At any given time, we have several research projects ongoing, with five projects addressing both existing operational and technical matters which can lead to P&I claims and possible future risks, either being developed, ongoing, or near completion.

Our award winning **BSafe** campaign continues, with its selection of case studies, posters and initiatives addressing three core areas: seafarer safety, health and security. We also collaborate with industry experts to produce our Loss Prevention Insights, each addressing a particular topic where claims concerns exist. The department also publishes regular articles addressing regulatory matters, claims issues and other areas of loss prevention interest within the Club's Risk Watch and Crew Watch publications, and on the Club's website-hosted Knowledge Base.



CLASS 6 – FREIGHT, DEMURRAGE AND DEFENCE (FD&D) CLAIMS

CLASS 6 PROVIDES COVER TO MEMBERS FOR THE LEGAL COSTS OF DEALING WITH SHIPPING DISPUTES AND CLAIMS WHICH ARE NOT INSURED UNDER CLASS 3 OR OTHER TYPES OF INSURANCE. THESE INCLUDE CLAIMS RELATING TO FREIGHT, HIRE AND DEMURRAGE, VARIOUS LOSSES AND EXPENSES ARISING UNDER CHARTERPARTIES, DAMAGE TO HULL AND MACHINERY, BUNKERS AND SHIPBUILDING DISPUTES.

The vast majority of Class 6 claims are resolved amicably, often giving rise to only modest costs, so the value of claims is usually estimated with that in mind. The most expensive cases are those which it has not been possible to settle and result in an arbitration hearing or court trial at which the parties are represented by lawyers and expert witnesses are required to attend. The estimated value of those cases is adjusted as they develop as it is not always clear whether a case is likely to settle or will go to a hearing or trial. Accordingly, the final extent of Class 6 claims in any given policy year takes much longer to determine than Class 3,

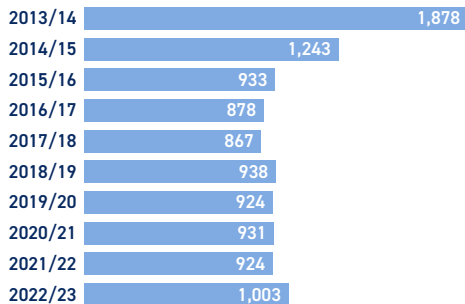
where the likely exposure is more predictable much sooner after the incident date. Furthermore, a small number of expensive cases can have a disproportionate effect on the overall performance of the Class.

The number of Class 6 claims that had been notified after 12 months of the 2021/22 policy year was slightly higher than in the previous year though somewhat lower than in 2019/20. However, the aggregate value of claims was about 40% less than in 2020/21 and, indeed, was significantly lower than in any recent year.

The most obvious reason for this is that there have been very few high value Class 6 claims. In fact, as at 20 February 2022, there were no claims with a value greater than USD50,000. This may change as cases develop. However, even after only 12 months of the policy year, it would be normal for there to have been a number of higher value matters in which relatively substantial costs have already been or are expected to be incurred, but that is not the case.

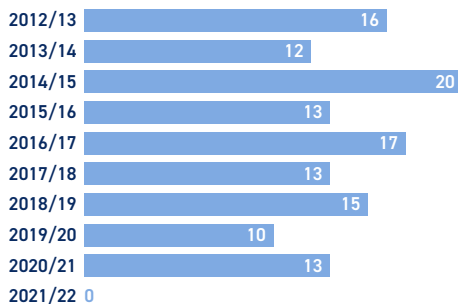
It is not clear why there were so few high value Class 6 claims in 2021/22 and, indeed, it is a little surprising. Freight rates and bunker prices displayed volatility throughout the year as maritime trade continued to be affected by the COVID-19 pandemic, which on the one hand led to boom conditions in some markets, but on the other hand resulted in significant port congestion and delays in various parts of the world. Usually, this degree of instability might be expected to have led to more disputes between shipowners and charterers but this does not appear to have happened.

CLASS 6 FD&D SHIPS ENTERED



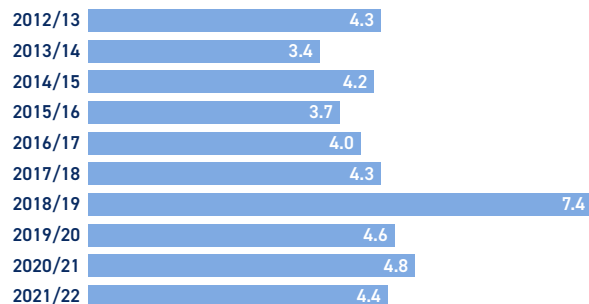
CLASS 6 FD&D CLAIMS

NUMBER OF CLAIMS NOTIFIED TO DATE THAT ARE GREATER THAN USD50,000 (NET)



ESTIMATED RETAINED CLAIMS

(USDM) AS AT 20 FEBRUARY 2022



GROSS AND NET



DEVELOPMENTS WITHIN THE GROUP

WHILST NOT FULLY BEHIND US, FOR THE GROUP BREXIT IS ESSENTIALLY 'DONE'. PHASE ONE SAW 80% OF GROUP BUSINESS BEING WRITTEN BY BRITANNIA EUROPE, DOMICILED IN LUXEMBOURG AND REGULATED BY THE COMMISSARIAT AUX ASSURANCES (CAA), FROM 20 FEBRUARY 2021. THE 20% BALANCE WAS THE JAPANESE BUSINESS, WHICH TRANSFERRED TO BRITANNIA EUROPE AT THE 20 FEBRUARY 2022 RENEWAL.

All Group business is now insured by Britannia Europe, which has also taken on all of the back book of liabilities (as well as all of the assets) of Britannia. For most Members, the change was seamless, which is a credit to everyone who worked on this five year long project following the UK's Brexit vote in June 2016.

2022 will see some tidying up of the Group corporate structure as our UK-domiciled insurer ceases to be a regulated entity but the Group will maintain its heritage of *'Trusted Since 1855'*. Again, this will be seamless for Members but is intended to ensure continued operating efficiencies. Further updates to Members on this will be given as the year progresses.

The Group continues to grow, standing at a record combined 208.0m gt tonnage (134.5m gt owned and 73.5m gt chartered tonnage). We remain proud of the service we provide to Members and are grateful to them for entrusting their ships with us. We appreciate that a request for higher premium is rarely welcomed, but this report has explained why our premium base had to be moved towards a more sustainable footing.

The Group's growth has seen expansion in all parts of the business and all of its branches and regional offices, including in claims, loss prevention and underwriting (as well as in key support functions such as accounts, actuarial, internal audit and risk & compliance). Approximately one third of our colleagues are now based outside London in our branches and regional hubs. Between them, our colleagues speak seventeen languages and, when combined with our Exclusive Correspondents, we span all time zones. Our global reach but local service has proved its worth over the past two years. Our global reach has also proved to be invaluable when dealing with casualties where the incident, Members' HQ and crises management spanned multiple time zones.

Within the Managers, we have a new CFO, Richard Heppell, who we welcome to our management team. On the Britannia Board, Bruce Nielsen has retired and we would like to express our thanks for his many years of service to the Group, especially as chair of the Risk & Audit Group (RAG). We also welcome Richard Sadler to the Board.

THE GROUP CONTINUES TO GROW, STANDING AT A RECORD COMBINED 208.0M GT TONNAGE (134.5M GT OWNED AND 73.5M GT CHARTERED TONNAGE).



SUSTAINABILITY

WE ARE CONTINUING TO DEVELOP THE GROUP'S APPROACH TO SUSTAINABILITY. KEY IS RECOGNISING OUR ROLE AS A MUTUAL INSURER AND THE NEED TO RESPOND TO OUR MEMBERS' DEMANDS FOR FIRST CLASS P&I AND FD&D INSURANCE, WHILST BALANCING THAT AGAINST INCREASING REGULATORY REQUIREMENTS AS WELL AS SOCIAL EXPECTATIONS THAT THE GROUP EVIDENCES ITS ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) CREDENTIALS.

This has seen sustainability become embedded into our corporate governance, being a regular report item at the Group's Members' Representative Committee (MRC) as well as at its Board, RAG and Investment Group.

2021 saw the Group issue its first Sustainability Report. Since then we have focussed on:

a) setting realistic and achievable targets, evidencing our commitment to sustainability. That work will be reflected in our 2022 report, which will detail the steps taken over the past year;

b) assisting our Members and the wider shipping community, who we appreciate will have materially different approaches and needs for this challenging issue. We have therefore published a pro forma sustainability report template, which any party is free to use, always bearing in mind their own regulatory and local governance regime. The template can be found on the Group's website: <http://ow.ly/gPAW30slsiJ>; and

c) supporting the work of the IG, under the banner '*Collectively Stronger*'. That work is likely to see the IG during 2022 issue its own Sustainability Report, which highlights the IG's benefit to world trade and, as such, support for many of the 17 UN Sustainability Development Goals. The IG's work includes:

i) enhancing the health and safety of seafarers (which became even more fundamental during the COVID-19 pandemic);

ii) casualty response, in particular to minimise the adverse impact of any marine incident; and

iii) ensuring a sustainable and responsive reinsurance programme (through pooling up to USD100m and the GXL programme up to USD2.1bn) which allows for cost effective high levels of cover that underpin the ability, when required, to compensate third parties if there is a maritime accident.

...WE HAVE FOCUSSED ON SETTING REALISTIC AND ACHIEVABLE TARGETS, EVIDENCING OUR COMMITMENT TO SUSTAINABILITY.

MEMBERS OF THE BOARD

A J Firmin Hamburg^{1,2,3,4}
(Chair)

S-C Lan Taipei²
L Martel Montreal³
C Munch Copenhagen¹
B T Nielsen* Dallas
M Rothkopf Hamburg⁴
R L Sadler London¹

D F Saracakis Athens^{2,4}
E Verbeeck Antwerp¹
X Villers London^{1,3}
J Warwick London^{3,4}
A J Cutler London (Manager)^{2,4}
M R A Hall London (Manager)^{2,4}

1 Risk & Audit Group
2 Nomination Subcommittee
3 Remuneration Group
4 Investment Group
*Retired from Board May 2022



CORPORATE GOVERNANCE

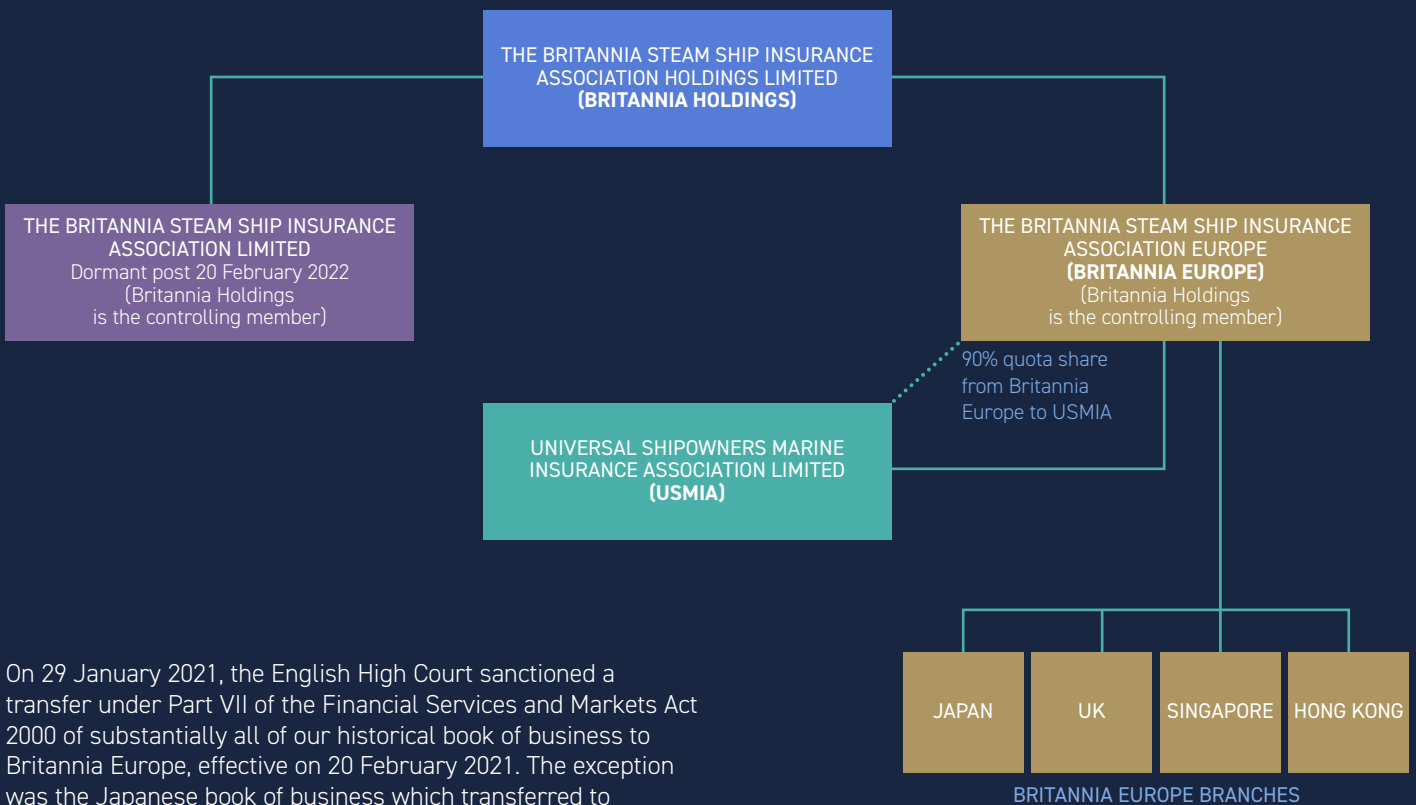
THE GROUP REMAINS COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE AND IT COMPLIES WITH THE CORPORATE GOVERNANCE REQUIREMENTS SET OUT IN THE SOLVENCY II DIRECTIVE. CORPORATE GOVERNANCE IS SUBJECT TO A BIENNIAL REVIEW BY INTERNAL AUDIT.

GROUP STRUCTURE

The Group comprises The Britannia Steam Ship Insurance Association Holdings Limited (Britannia Holdings), incorporated in the UK, and its two principal subsidiaries, The Britannia Steam Ship Insurance Association Europe (Britannia Europe or BE), incorporated in Luxembourg and The Britannia Steam Ship Insurance Association Limited (Britannia), incorporated in the UK.

Universal Shipowners Marine Insurance Association Limited (USMIA), the Group's quota-share reinsurance vehicle, is wholly owned by Britannia Europe, as is the Britannia Cell in Hydra Insurance Company, the International Group's Bermudian registered segregated cell reinsurance captive.

The Group structure is illustrated in the chart below.



On 29 January 2021, the English High Court sanctioned a transfer under Part VII of the Financial Services and Markets Act 2000 of substantially all of our historical book of business to Britannia Europe, effective on 20 February 2021. The exception was the Japanese book of business which transferred to Britannia Europe on 20 February 2022 following a further court order issued on 28 January 2022. On 20 February 2022, all renewals were written by Britannia Europe.

BRITANNIA EUROPE is regulated by the Commissariat aux Assurances (CAA)

BRITANNIA is regulated by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA)

Branches of BRITANNIA EUROPE and BRITANNIA entail further oversight by local regulators in

- JAPAN – Japanese Financial Services Agency (JFSA)
- SINGAPORE – Monetary Authority of Singapore (MAS)
- HONG KONG – Insurance Authority (IA)





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THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION HOLDINGS LIMITED

Registered Office: Regis House, 45 King William Street,
London EC4R 9AN United Kingdom

Registered in England and Wales No.11686576

**THE BRITANNIA STEAM SHIP INSURANCE
ASSOCIATION LIMITED**

Registered Office:

Regis House,
45 King William Street,
London EC4R 9AN

United Kingdom

Authorised by the Prudential
Regulation Authority

Regulated by the Financial Conduct Authority
and the Prudential Regulation Authority

**THE BRITANNIA STEAM SHIP INSURANCE
ASSOCIATION EUROPE**

Registered Office:

53A rue Glesener,
L-1631 Luxembourg

Authorised by the Commissariat
aux Assurances

**UNIVERSAL SHIPOWNERS MARINE
INSURANCE ASSOCIATION LIMITED**

Registered Office:

Clarendon House,
2 Church Street,
Hamilton HM11,

Bermuda

Authorised by the Bermuda
Monetary Authority

HYDRA INSURANCE COMPANY LIMITED

Registered Office:

Clarendon House,
2 Church Street,
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Bermuda

Authorised by the Bermuda
Monetary Authority

