



ANNUAL REPORT AND FINANCIAL STATEMENTS

20 FEBRUARY 2025

THE BRITANNIA GROUP'S MISSION STATEMENT IS TO BE THE FINEST PROVIDER OF P&I AND FD&D INSURANCE. OUR SPECIFIC AIMS ARE:

- Support mutuality, whilst promoting the interests of the membership as a whole on issues affecting shipping
- Maintain a stable S&P 'AAA' capital and target a policy year net combined operating ratio of between 95% and 105%
- Meet the highest standards of governance, risk management and financial best practice; and
- Promote good loss prevention practices within the Britannia Group's membership.

This strategic report outlines key information for the year ending 20 February 2025, whilst showing how we look to meet our mission statement.

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KEY FACTS AND FIGURES

MEMBERS

249

COUNTRIES

33

SHIPS

4,089

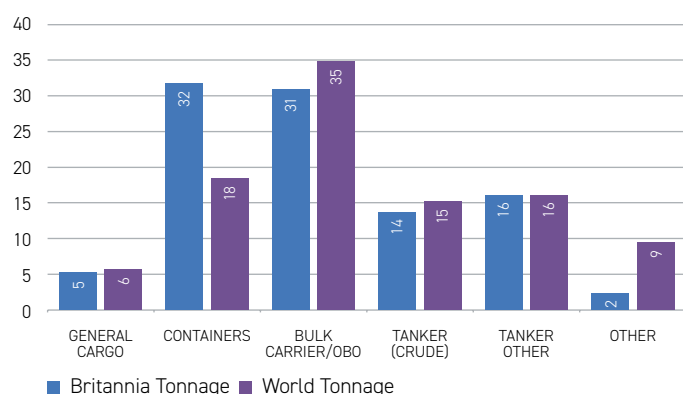
OWNED TONNAGE

140.9m

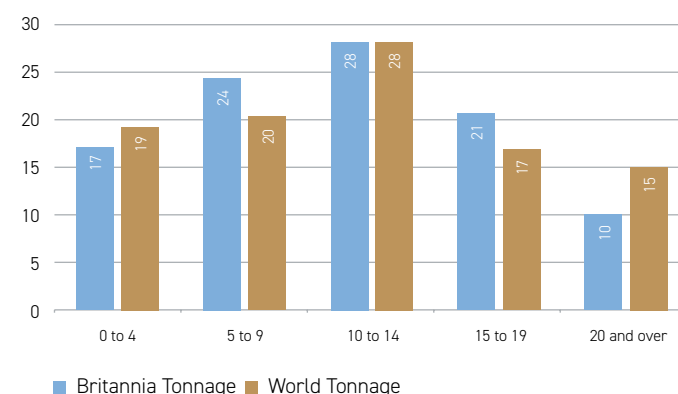
CHARTERED TONNAGE

51.9m

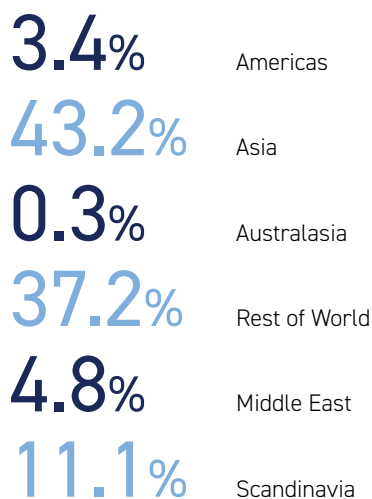
SHIPS BY TYPE (% OF TOTAL)



AGE OF SHIPS (% OF TOTAL)



ENTERED TONNAGE BY AREA OF MANAGEMENT- CLASS 3



	20 FEBRUARY 2025 (M GT)	20 FEBRUARY 2024 (M GT)	20 FEBRUARY 2023 (M GT)
Entered tonnage (owned)	140.9	141.7	142.0
Entered tonnage (chartered)	51.9	55.2	51.0
	USD(000)	USD(000)	USD(000)
Calls and premiums*	288,216	288,815	258,140
Net claims incurred*	(260,776)	(181,261)	(169,933)
Investment income*	76,658	63,573	(63,781)
Net operating expenses*	(54,714)	(50,245)	(46,490)
Net (deficit)/surplus after taxation*	(9,819)	58,243	(77,837)
Free reserves*	540,112	549,931	501,688
Combined ratio	137.7%	102.3%	106.6%
IG Average expense ratio	14.44%	13.58%	15.39%
Standard & Poor's rating	A- (stable)	A (negative)	A (negative)

* These balances consist of The Britannia Steam Ship Insurance Holdings Limited (Britannia Holdings), The Britannia Steam Ship Insurance Association Limited (Britannia(UK)), The Britannia Steam Ship Insurance Association Europe (Britannia Europe), Universal Shipowners Marine Insurance Association Limited (USMIA) and Hydra Insurance Company Limited -Britannia Cell, jointly known as The Britannia Group.



CHAIRMAN'S STATEMENT

In a year of challenges and achievements, the Britannia Group remains financially robust and well-positioned for the future.



Egied Verbeeck, Chairman

As I write my first statement as Chairman of the Britannia Group (Britannia P&I), I begin by expressing my sincere gratitude to Anthony Firmin for his dedicated leadership and service. Over the past five years, often in challenging circumstances, Tony has played a pivotal role in steering the Britannia Group with wisdom and integrity, ensuring that we remained true to our values and our Members. Under his chairmanship, the Club strengthened its mutuality and governance, while maintaining its strong financial position. On behalf of the Board and our membership, I extend our heartfelt thanks and best wishes to Tony for the future.

This past year has brought both achievements and challenges. Among the most tragic was the loss of life following the devastating Francis Scott Key Bridge allision. Our thoughts remain with the families affected by this heartbreaking event. This serves as a stark reminder of the dangers that seafarers face daily, and it reinforces the vital role of the International Group of P&I Clubs (the IG) in providing comprehensive support following any casualty. Britannia P&I remains fully

committed to this collective effort, and I would like to express my gratitude to our regional teams in Kobe, London and New York for their dedication and professionalism in handling this claim as well as the support of our fellow IG Clubs and our market reinsurers.

At Britannia P&I, the well-being and safety of seafarers has always been a top priority. This commitment was recognised with the 2024 SAFETY4SEA Initiative Award, which honoured our loss prevention insight reports that promote safer and more sustainable shipping practices worldwide. Supporting those who work tirelessly to keep global trade moving is not just a responsibility, it is a core part of our identity.

From a financial standpoint, Britannia P&I remains robust and well-positioned for the future. Our disciplined approach to underwriting and investment has reinforced our financial stability, enabling us to provide security for our Members in an increasingly complex insurance landscape. This strength has also allowed us to return a further USD30 million in capital distribution to our renewing mutual P&I Members.



From a financial standpoint, Britannia P&I remains robust and well-positioned for the future. Our disciplined approach to underwriting and investment has reinforced our financial stability, enabling us to provide security for our Members in an increasingly complex insurance landscape.

However, financial strength alone does not define us. Mutuality remains at the heart of our business, which is why the Board reaffirmed that mutuality should take precedence over an external rating. While an S&P rating is an important external benchmark, we believe our focus on 'sustainable mutuality' delivers greater long-term value to our Members. I therefore take this opportunity to thank all our Members who have renewed their membership in a challenging underwriting environment.

We were greatly encouraged by the results of our recent Members' survey, which reaffirmed Britannia P&I's strong reputation within the shipping community. The positive engagement and the excellent feedback we received underscore our Members' trust in our ability to deliver on our commitments. We remain dedicated to continuously enhancing our services and support.

During the policy year, we have seen some changes within both the Members' Representative Committee (MRC) and the Board. I would like to, again, extend my gratitude to Anthony Firmin for his valuable contributions over the years. I also warmly

welcome Bruce Nielsen who will be re-joining the Board on 1 July 2025 and look forward to working with him in guiding Britannia P&I into the future. I also welcome on to the MRC, L Christensen, G Cheung, P Bazos, F-M Tsai, H Higuchi, R Sheth, while saying farewell and thank you to Y Yoshida, CM Cheng, A Kardin, H Chao, A Laios who have left the MRC over the past year.

Looking ahead to the 2025/26 policy year, we recognise the uncertainties posed by ongoing geopolitical tensions, inflationary environment, cyber threats and ever increasing regulations. Nevertheless, I remain confident in Britannia P&I's path forward. With the continued support of our Members, the dedication of the Managers and the strength of our partnerships within the IG, we are well-equipped to navigate these challenges and embrace the opportunities ahead.

Thank you for your trust and commitment to Britannia P&I. I look forward to working together to build an even stronger future for our Club and our Members. I hope you find our 2025 annual report insightful and informative.



CEO'S OPENING REMARKS

The Britannia Group's priority remains to provide exceptional service to our Members worldwide while maintaining our financial strength.



Andrew Cutler, CEO

2024/25 was a challenging year for Britannia P&I. Whilst not forgetting the tragic loss of life, our response to the Francis Scott Key Bridge (Baltimore Bridge) allision highlighted the strength of the mutual P&I system. This included the strength of our Policy and reinsurance arrangements, with the IG and with the IG's wider market insurers. Nevertheless, that claim has had a material effect on our results.

Claims are volatile and we saw that in our own retained P&I claims being significantly higher in value and number than projected. Pool claims across the IG were also much higher than projected, with that adverse development affecting all IG Clubs. Again, that heightened claims environment has had a material effect on our results. Less significant, but of note, a provision has been made in respect of the UK tax authority's (HMRC) tax treatment of Britannia Europe's UK branch. HMRC's treatment has seen a retrospective charge for VAT. Based on counsel's advice, we are disputing that charge, but financial prudence requires an allowance of the VAT charged plus costs within our 2024/25 accounts.

So, our results at 20 February 2025 see a very disappointing and unacceptably high net combined operating ratio. We were equally disappointed by S&P's re-rating in November 2024 of the Britannia Group, down to A- (stable). It is noteworthy that S&P re-affirmed our 'AAA' capital rating (now called S&P's 99.99% confidence level) and the Britannia Group's exceptional liquidity. S&P's re-rating was at a time when we had announced a further USD30 million

capital distribution to renewing mutual P&I Members. It also followed the deliberate decision of the Boards (after consulting with the Members' Representative Committee) to seek a more moderate rate increase for the 2025/26 renewal, with a target of using the Britannia Group's financial strength while we return to balanced underwriting over a reasonable timeframe.

2025/26 should see a fresh start as we move back towards balanced underwriting, with the invaluable support of our Members. In the meantime, we remain capably strong. We also continue to respond to our Members' needs and are encouraged by the results of the most recent Members' Survey (2024). This included 92% of our Members saying that they would recommend Britannia P&I. That support reflects our market leading loss prevention activities, which we continue to enhance.

To expand on my opening words, this strategic report covers the following key areas:

- Developments within Britannia P&I
- Financial review, including investment strategy and performance
- IG reinsurance
- Our membership and renewal
- Claims developments: P&I and FD&D
- Loss Prevention
- Sustainability
- Corporate Governance.

The principal risks and how these are managed by the Britannia Group are set out in Note 17 on page 60.

The results of the most recent Members' Survey (2024), included

92%

of our Members saying that they would recommend Britannia P&I.



DEVELOPMENTS WITHIN BRITANNIA P&I

New Chair appointed for the Britannia Group

The Boards welcomed Egied Verbeeck as their new Chair (from 1 January 2025). Looking further ahead, we also welcome back to the Boards Bruce Nielsen (from 1 July 2025) as an independent non-shipowner director. In due course, Bruce

will take on the Chair of the Risk & Audit Groups. The end of 2025 sees our current CEO, Andrew Cutler, leave the Britannia Group after almost 20 years. Andrew will be succeeded by Mike Hall, who has been our Deputy CEO since 2019.

MEMBERS OF THE BOARD

The members of the Board who held office during the financial year up to the signing of the annual report and accounts are listed below.

Egied Verbeeck (Chair)

Antwerp



Louis Martel
Xavier Villers
Casper Munch
Andrew Cutler
Michael Hall
Shin-Chyi Lan
Maximilian Rothkopf

Montreal
London
Copenhagen
London (Manager)
London (Manager)
Taipei
Hamburg

Norifumi Yamamoto
Dimitri Saracakis
Richard Sadler
Raymond Ching
James Warwick
A J Firmin (resigned on 31 December 2024)
B Nielsen (appointed on 1 July 2025)

Tokyo
Athens
London
Hong Kong
London
Hamburg
Scottsdale



FINANCIAL REVIEW

The financial year 2024/25 has shown the financial strength of the Britannia Group as we remain capably strong despite a disappointing underwriting result.

On 9 December 2024, ratings agency S&P Global released a Research Update on The Britannia Steam Ship Insurance Association Europe (the Britannia Group). This included a revised credit rating for the Britannia Group of A- (stable), from the previous A (outlook negative), which S&P attributed to our underwriting results. At the same time, S&P re-confirmed the Britannia Group's capital strength well above S&P's 'AAA' rating (now called its 99.99% confidence level) and the Britannia Group's exceptional liquidity.

Mutuality remains at the core of the Britannia Group's decisions, with the long-term loyalty of the membership being paramount. The Boards remain committed to using our financial strength to support Members while returning to breakeven underwriting in a reasonable timeframe. Despite the exceptional events of this year the surplus and capital position of the Britannia Group remain largely unchanged.

As reported in our 2023/24 strategic report, the container ship DALI, which is entered with the Britannia Group, allided with one of the pillars of the Francis Scott Key Bridge, Baltimore at approximately 0130 local time on 26 March 2024 on its journey from Baltimore to Colombo. The circumstances surrounding the cause or causes of the allision remain the subject of investigations by the authorities in the USA, notably the National Transportation Safety Board (NTSB) whose final report is not expected until later in 2025.

The allision has given rise to numerous claims, in particular relating to the death of six workers on the bridge, the initial clearing of the channel to reopen the Port of Baltimore and the cost of rebuilding the bridge. The final settlement value of these

claims and the liability for payment has not been determined, but these accounts contain our best estimates.

The insurance position in relation to the DALI is that, in common with all IG Clubs, the Britannia Group uses a combination of our own balance sheet, intragroup reinsurers, Pooling between all 12 IG Clubs and external reinsurers (the General Excess of Loss Contract (GXL)) to fund claims as they fall due. See the IG reinsurance section for more details.

The result for the year is a loss of USD9.8m, which consists of an underwriting loss of USD86.5m and an investment return of USD76.7m. The net combined operating ratio (combined ratio) for the year ended 20 February 2025 is 137.7% (compared to 102.3% in 2024 and 106.6% in 2023). This is a very disappointing result, particularly after the remedial action taken and the improving underwriting results for the past three years. There are three main drivers of the underwriting loss and further commentary on these is below.

The value of our retained high value claims i.e. claims between USD1m and USD10m was significantly higher than expected and past years' experience. This was driven by increased individual reserves and a small increase in the number of those claims. Most of these are still to be fully settled as at the date of this report and therefore carry a margin for prudence that underpins the Britannia Group's financial strength.

The Pool has experienced a very poor year, including the Baltimore Bridge claim after the previous two benign years. 2024/25 has seen a return to similar levels as those experienced in 2021/22. The inclusion of the

Baltimore Bridge claim has also adversely affected the Britannia Group's result.

As mentioned in the CEO's overview, the expenses of the Britannia Group include an exceptional amount relating to HMRC's back-dated change in the VAT status of Britannia Europe (together with a provision for costs). This should not recur in future years.

Calls and premiums were USD288.2m (compared with USD288.8m for the prior year). The pure rate increases achieved at the 2024/25 renewal were largely offset by changes in the composition of the insured tonnage. This was as expected and part of the drive to improve the combined ratio in line with the Group strategy. Nevertheless, the 2024/25 renewal achieved a satisfactory risk adjustment rate change, as Members' risks continued to be rebalanced either through changes in entered tonnage or terms (e.g. increased deductibles).

Although claims incurred in the financial year were significantly higher than the prior year, the attritional claims have shown a further improvement that indicates progress in the journey towards breakeven.

Our expense ratio was 23.9% (up from 22.9%). Excluding one-off items as mentioned above the expense ratio was 21.6%.

Our investment performance was less volatile than in the previous two years. Bond returns were healthy and the equity markets, particularly 'US Tech' stocks had a very good year overall despite a mid-year blip. The return of USD76.7m showed positive contributions from all areas of the portfolio.

The Britannia Group remains in robust financial shape with USD540.1m of free reserves at 20 February 2025. That capital strength enabled the Boards to continue to support its membership by declaring a further capital distribution of USD30m to renewing Members at 20 February 2025.

Investment strategy and performance

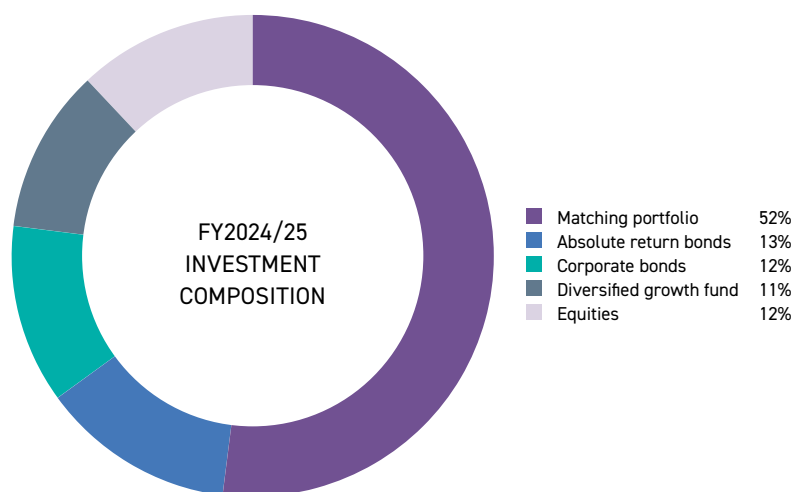
The year ended 20 February 2025 was spared the significant downturns following the recent 'US Liberation Day'. During 2024/25, our investment strategy remained unchanged, with only a few tactical corrections made. The Boards regularly review that strategy and remained satisfied that it was appropriate throughout the year. The next regular review is due in Q2 2025/26.

The strategic asset allocation is part of the investment strategy and the component parts all remained within target ranges throughout the year. The current asset allocation is shown in the Investment Composition graph.

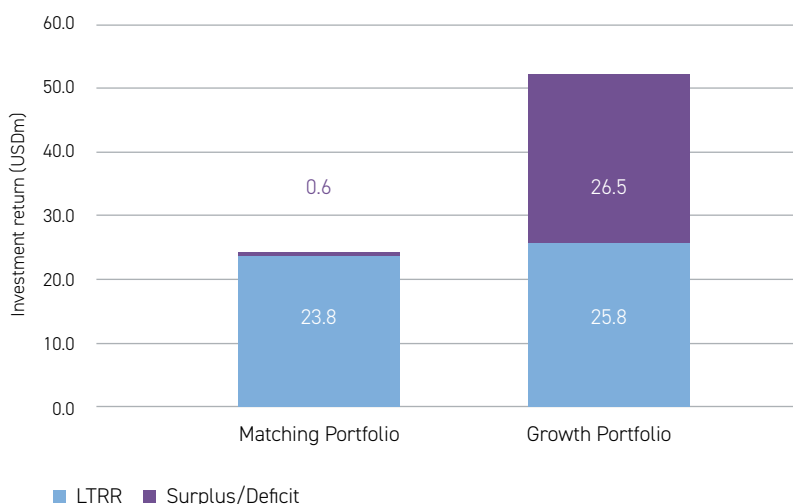
The long-term rate of return has shifted up significantly over the last few years as interest rates have returned to more normal levels and it is this that the Boards use to monitor performance against the Britannia Group's risk appetite.

The return for the year of USD76.7m or 8.1% compared favourably with the prior year's return of USD63.5m or 6.6%. Positive contributions to return and outperformance of the long-term benchmark were made by all parts of the portfolio.

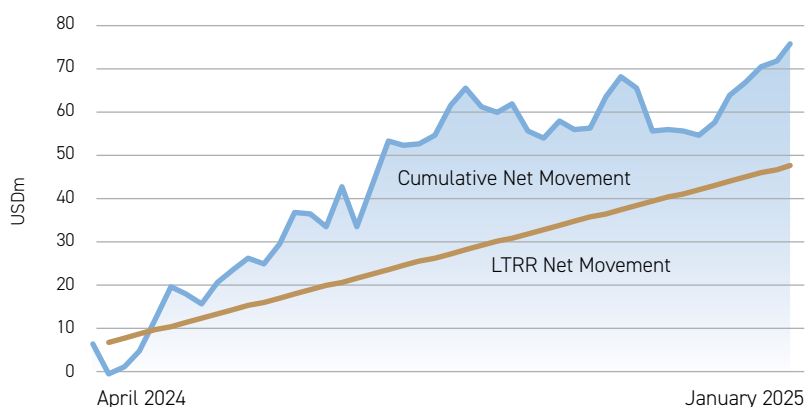
The matching portfolio, designed to match the claim liabilities on the balance sheet is made up of government and high quality corporate bonds. It produced the bulk of the overall return and marginally exceeded the long-term rate. The outperformance against our assumed LTRR came from the areas of the Growth portfolio exposed to equities and particularly US 'tech stocks'. These had a very positive year and significantly exceeded expectation. Overall, it was a very satisfactory year for investment returns.



FY25 INVESTMENT PERFORMANCE RELATIVE TO LTRR



CUMULATIVE NET MOVEMENT IN TOTAL PORTFOLIO COMPARED TO THE LTRR 2024-25





IG REINSURANCE

Fundamental to our financial strength is the Pooling and Group Excess of Loss Reinsurance contract (GXL).

The IG's Pooling arrangements are unchanged from the previous year, with each club retaining the first USD10m of each owned P&I claim. The IG's Bermuda based reinsurance captive, Hydra, continues to reinsure the clubs for claims in excess of USD30m up to USD100m as well as for the Annual Aggregate Deductible within the first layer of the GXL, the structure of which is also unchanged for 2025/26. Those reinsurances benefit all mutual members of the 12 IG Clubs, representing the most efficient form of reinsurance and risk sharing.

Following a relatively benign Pool claims environment for 2022/23 and 2023/24 Policy Years, 2024/25 saw a sharp move back towards a higher level of Pool claims activity consistent with that seen during the period 2019/20 to 2021/22.

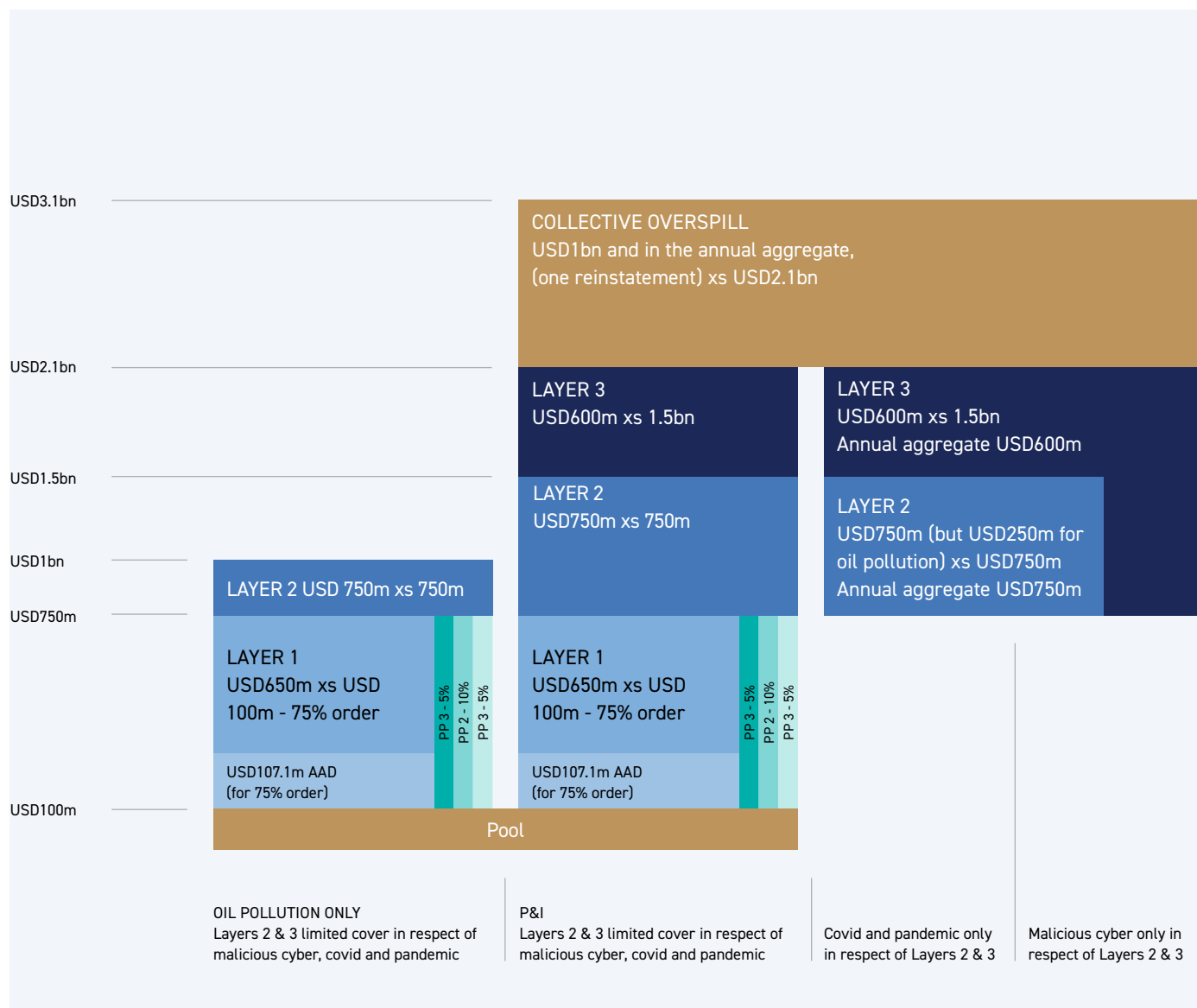
The ultimate cost of the Baltimore Bridge incident remains unclear. However, because it is likely to be a very significant claim, reinsurers settled on an average premium increase of 12% across the entire GXL programme. That moderated increase represents the long-term support of the GXL reinsurers, for which we are grateful.

All three of the IG's private placements expired at 20 February 2025. The placements with Hannover Re and Sompo (10% each) were both renewed. Zurich (who wrote a 5% share) stopped writing marine liability business and so did not offer renewal terms. That 5% share is now written by the Fidelis Syndicate at Lloyd's. In addition, Hydra continues to support the IG through its risk retention. Both the use of private placements and Hydra have assisted

shipowners with greater pricing stability.

Accordingly, the IG's reinsurance arrangements remain materially unchanged and consist of (a) the first USD100m covered by the Pool, (b) Layers 1 to 3 of the GXL provide USD2bn cover excess USD100m, (c) within Layer 1, Hydra retains a USD107.1m AAD within the 75% Market Share, (d) similarly within Layer 1, three private placements cover 25% of that risk, and (e) the Collective Overspill of USD1bn excess of USD2.1bn. Last, the IG's ancillary covers were renewed with premiums included within the overall rate per GT.

The following table provides a graphic illustration of the IG's reinsurance arrangements.



REINSURANCE COST ALLOCATION 2025/26

As part of its annual analysis and in addition to reviewing premiums, the IG's Reinsurance Committee looked at vessel categories.

The conclusions were that there should be no change in the number of categories at this time, but that there should be some adjustments to the relative rate changes having regard to each category's historical claims performance against the GXL.

TONNAGE CATEGORY	2025 RATE IN US CENTS PER GT	% CHANGE IN RATE PER GT
Persistent Oil Tankers	62.58	+1.5%
Clean Tankers	43.37	+8.9%
Dry	60.54	+3.3%
FCC	89.03	+23.6%
Passenger	343.90	+1.6%
Chartered Tankers	32.46	+3.8%
Chartered Dries	15.77	+3.3%

OUR MEMBERSHIP AND RENEWAL

The Britannia Group is committed to supporting mutuality and to delivering cost-effective insurance over the long-term.

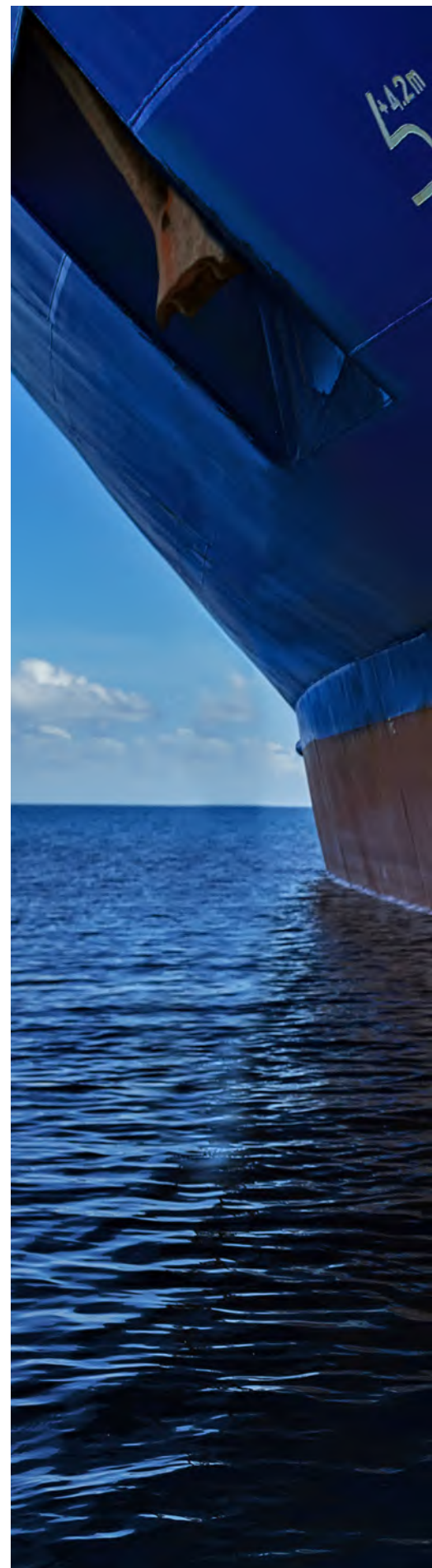
Reducing our underwriting deficit remains a key objective. Progress continues to be made in achieving this objective, although the past year's claims environment was challenging. For the 2024/25 renewal, the need to address that underwriting deficit and to reduce exposure within certain sectors of the Britannia Group's tonnage saw the Boards target a minimum of 7.5% risk adjusted rate increase (RARC) on the expiring Britannia Group Class 3 Estimated Total Call (ETC). That increase was met. While not reflected in these accounts at 20 February 2025, our 2025/26 renewal saw targets of a 7.5% ETC pure rate increase plus a further 2.5% RARC. Combined, those targets were met.

Our technical based approach to the renewal is designed to promote sustainable premiums and provide flexibility to consider a suite of measures to achieve the target including encouraging Members to retain more risk in lieu of premium increases. Securing the 2024/25 renewal target was a significant challenge when shipowners were extremely sensitive to increasing costs. As a result, there were a number of Members with whom it was not possible to

reach acceptable renewal terms, either in part or whole fleet entries. This resulted in a modest reduction on the day in entered tonnage, although the Britannia Group started the 2024/25 Policy Year stronger in terms of both pricing adequacy and risk profile. That is also the case for the recent 2025/26 Policy Year and the Boards thank all our Members for their continuing commitment and support to their Club.

Going into 2025/26, our owned tonnage totalled approximately 141m gt. Practically, this meant the reduction of tonnage 'on the day' matched the gains we had benefited from during the 2024/25 Policy Year. Committed tonnage for delivery during the coming year will likely see further tonnage growth. Chartered tonnage stands at approximately 52m gt.

Entered tonnage by area of management continues to reflect the global reach of the Britannia Group, supported strongly by its regional hub offices. The entry by ship type underlines the continued commitment to core areas of shipping and mutuality. Both these key metrics are broadly unchanged year on year.







CLASS 3 - PROTECTION & INDEMNITY (P&I)

Retained claims

We categorise our retained claims as 'attritional' i.e. below USD1m and 'high' i.e. above USD1m. Not surprisingly, the vast majority of notified claims have a value well below USD1m with very few being high value claims. Nevertheless, high values claims can have a significant impact upon the overall policy year figures. As at 20 February 2025 there were 28 high value claims that each exceeded USD1m. That equals the highest recorded in the past five years. Overall, there were 5,226 claims notified in the 2024/25 policy year, with a value of USD167.7m

Of the high value retained claims notified in the 2024/25 Policy Year, the majority relate to damage to property. One such claim involved a bulk carrier making contact with a terminal at Rio Grande, Brazil. The

ship was moored at the terminal when the weather began to deteriorate. Despite tug assistance, the mooring lines parted, and the ship made contact with the terminal. Extensive damage to the terminal structure and facilities was recorded. A second claim involved a bulk carrier making contact with a fender and concrete pier structure at Teesport, UK, whilst the ship approached the berth under pilot and tug assistance. Substantial claims have been received for the repair of the concrete pier and in relation to business interruption. Finally, whilst attempting to leave the berth at Liverpool, UK, a Roll On Roll Off container ship made contact with the leg of a shore crane. The crane was rendered inoperable and required repairs, resulting in a large loss of use claim.

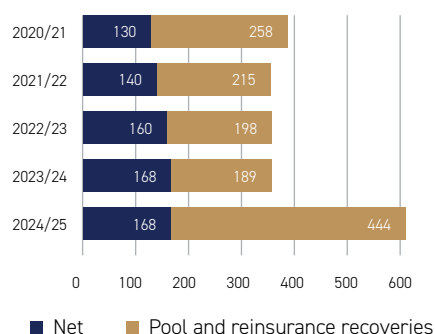
Overall, there were 5,226 claims notified in the 2024/25 Policy Year, with a value of

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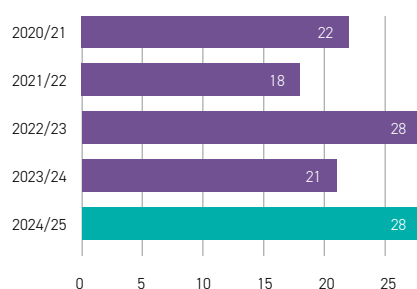
CLASS 3 - P&I - ASSOCIATION'S ESTIMATED RETAINED CLAIMS (USDM)

AS AT 20 FEBRUARY 2025



CLASS 3 - P&I CLAIMS - NUMBER OF CLAIMS ON THE ASSOCIATION THAT ARE GREATER THAN USD1M (NET)

AS AT 20 FEBRUARY 2025



In addition to damage to property claims, other large claims include a fire on board a Roll On Roll Off container ship in UK waters, resulting in substantial cargo losses. Finally, a main engine breakdown on a container ship during a voyage from Chile to China, resulted in delay and the deterioration of a significant quantity of cargo.

Our loss prevention and claims teams continually review all claims notified to the Club to identify the cause of a loss and to establish if there are lessons that can be learned. Through various publications, presentations and member visits, information on best practice is routinely shared with our Members to minimise the number and value of claims.

Pool claims

The Britannia Group pools larger claims with the 11 other IG clubs. At 20 February there was a significant increase in the value of Pool claims in the 2024/25 Policy Year. Their aggregate claim values are approximately double those of recent policy years (only exceeded by 2015/16 (unadjusted for inflation)). A similar pattern is shown when comparing the number of

Pool claims over the same period. This shows the volatile nature of Pool claims, both in numbers and aggregate value.

Consistent with our own retained claims experience, the majority of Pool claims notified in the 2024/25 Policy Year relate to damage to property. The most significant of these was the DALI, a container ship that made contact with the southern pier of the Francis Scott Key Bridge in Baltimore, USA. The bridge collapsed, tragically resulting in loss of life. The main shipping channel was closed for several weeks whilst debris from the bridge was removed. The reconstruction of the bridge will take significant time. Another incident, involving a ship entered with another IG club saw a container ship damage three gantry cranes at Izmit as the ship attempted to berth. Two of the gantry cranes collapsed completely and the beam of the third came to rest on the ship. The significant nature of the crane damage has resulted in large business interruption claims. Similarly, a vessel with another IG club made contact with a jetty at Ulsan, South Korea during berthing operations. The contact resulted in significant damage to the jetty and caused business interruption.

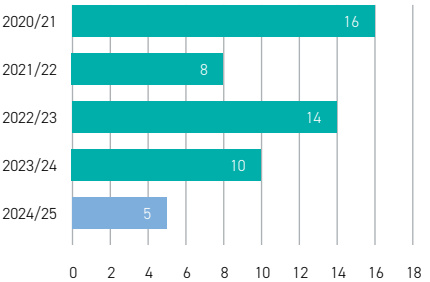
CLASS 6 - FREIGHT, DEMURRAGE AND DEFENCE (FD&D)

Class 6 FD&D provides the Britannia Group's Members with insurance for legal costs relating to shipping disputes that are not covered under Class 3 P&I or any other type of insurance. These include disputes relating to the payment of sums due under charterparties such as hire, freight and demurrage, breaches of charterparty and bunker claims.

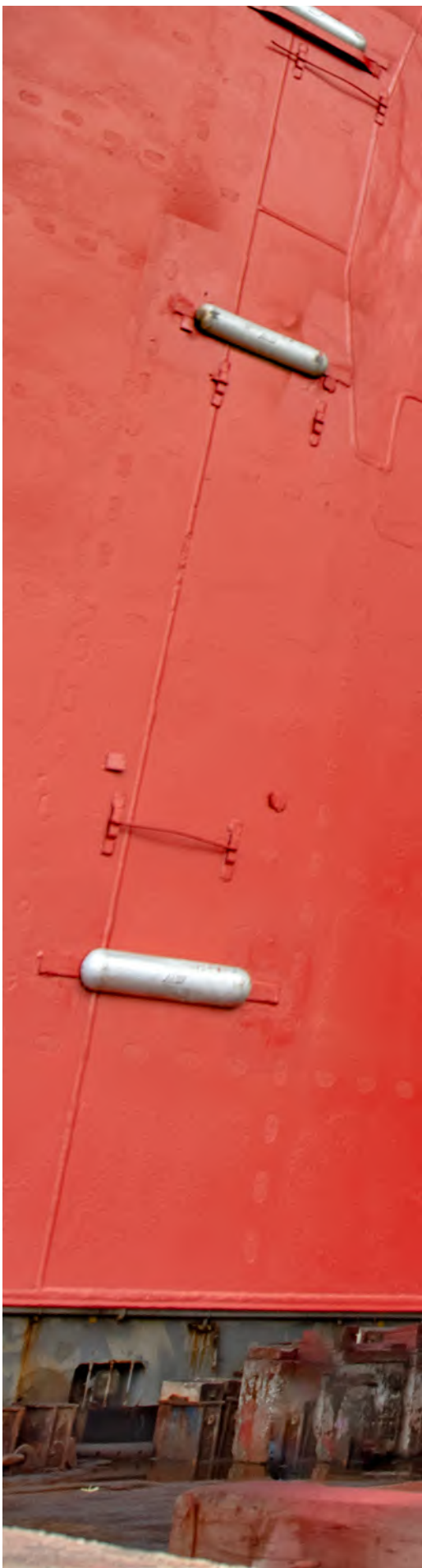
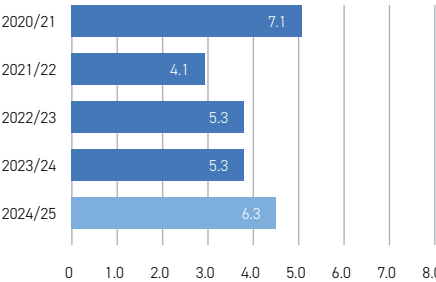
Most FD&D disputes are resolved with the help of our in-house FD&D team without instructing external lawyers and incur modest costs, if any. On cases that are complex or involve large amounts, our in-house team instruct external lawyers and, if necessary, technical experts to help in handling the case.

The chart below shows the estimated value of claims notified as at 20 February 2025 compared to previous policy years. The vast majority of FD&D disputes are settled but a very small number can only be resolved by a hearing after several years of legal proceedings. Barristers and experts are usually instructed to represent the parties at the hearing. These cases inevitably have the highest values, with costs increasing as the case progresses. This can be seen from the chart showing the number of claims greater than USD50,000 in each policy year notified as at 20 February 2025.

CLASS 6 - FDD CLAIMS - NUMBER OF CLAIMS ON THE ASSOCIATION NOTIFIED TO DATE THAT ARE GREATER THAN USD50,000 (NET)



CLASS 6 - FDD CLAIMS - ASSOCIATION'S ESTIMATED RETAINED CLAIMS (USDM) AS AT 20 FEBRUARY 2025





LOSS PREVENTION

We prioritise our Members, taking pride in providing them with exceptional, personalised services.

The Britannia Group's loss prevention department continues to provide the highest level of service, offering Members knowledge and expertise to help them understand and seek to mitigate risks across all technical aspects of the shipping industry.

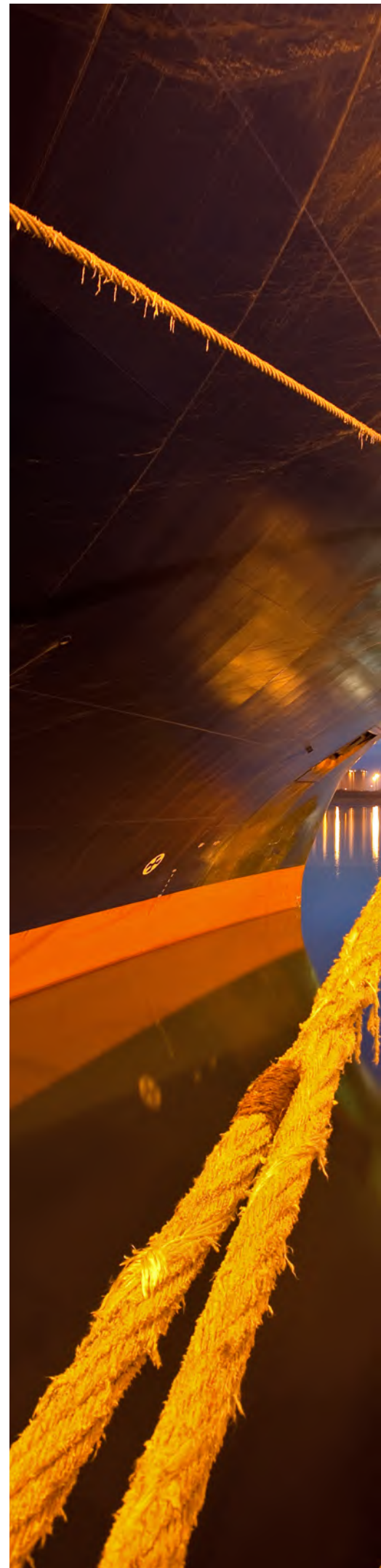
In 2024 we further strengthened our team in both Singapore and London, enhancing our resources and capabilities within the liquid and gas cargo, as well as dry cargo, segments. This now enables us to provide wider expert guidance to our Members.

Data analysis remains a cornerstone of our loss prevention strategy. By utilising technical enquiry data and reviewing usage of our website, we are better able to identify topics of interest to our membership, ensuring a useful and relevant service. Additionally, claims data analysis allows us to develop initiatives that minimise the Club's risk exposure.

Throughout 2024/25, the number of day-to-day technical enquiries from external, as well as internal stakeholders, increased by more than

30%

Fixed and Floating Object (FFO) claims, often resulting from poor bridge management or manoeuvring practices, continue to impact our Members and the Club. They have therefore been an area of particular focus for the loss prevention team. In 2024/25, we conducted in-house training, collision and allision workshops for Members,





and provided best practice guidance on the subject. These efforts will be further enhanced in 2025/26 with the introduction of more online training, making resources easily available to Members and their seafarers. Our survey programme will also include navigational practices and training as key focus areas.

Throughout 2024/25, the number of day-to-day technical enquiries from external, as well as internal stakeholders, increased by more than 30%. This strong growth reflects the increasing value our membership places in our loss prevention services. The enhanced expertise within our team allows for a greater number of enquiries to be handled in-house, rather than being referred to external experts, resulting in cost savings for the Club.

We continue to be a leader among the Clubs in the IG in terms of loss prevention publications, with over 50 technical publications produced on topics relevant to our membership. The quality of our publications was recognised across the wider shipping industry when we received the SAFETY4SEA 2024 Initiative Award for our 'Insight' reports, which are developed in collaboration with industry experts. We have also produced short safety videos

addressing critical safety issues faced by our Members' seafarers, the hazards involved, and, most importantly, effective mitigation strategies. These are ideal for training purposes.

Our personalised and tailored service is further strengthened through our loss prevention claims analysis programme. Analysis is carried out upon request from Members and involves a comprehensive review of Members' claims records by the loss prevention team, highlighting key insights, identifying trends, and providing recommendations for risk reduction.

Given the growing demand for training among our membership, 2025/26 will see the expansion of our online training portfolio, including a loss prevention "masterclass" covering relevant technical topics. Online training offers greater flexibility and accessibility, ensuring our Members can easily access these useful resources. Furthermore, the Britannia Group website, including the loss prevention area, will be enhanced in 2025/26. There will also be improvements to our Member Portal, to better enable the dissemination of loss prevention materials to our membership.

SUSTAINABILITY

We are committed towards creating a more sustainable future and supporting charitable causes in the local communities where we operate and within the maritime industry more broadly.

The Britannia Group is committed to working towards creating a more sustainable future. As a leading member of the IG, we are a proactive and collaborative industry partner helping our Members in addressing ESG challenges within the shipping industry.

Our sustainability strategy is aligned with the ten principles of the United Nations (UN) Global Compact and ten of the UN Sustainable Development Goals (SDGs).

2024 saw Tindall Riley & Co Limited (Managers of the Britannia Group) join ClimateWise (part of The University of Cambridge Centre for Sustainable Leadership). ClimateWise's purpose is to actively support the insurance industry as it responds to the risks and opportunities of climate change. As part of this purpose, ClimateWise facilitates research to inform an industry-wide response and assesses individual member activities in line with the ClimateWise Principles.

Throughout 2024 the Britannia Group and its Managers continued to support a wide range of volunteering and charity fundraising activities undertaken by its employees across its office locations. In addition, our

loss prevention department continued to organise seminars and webinars to help raise awareness of specific hazard areas such as helping to ensure the safety and well-being of seafarers and protecting the marine environment. The loss prevention department regularly produces insight in the form of articles and reports to assist our membership in mitigating risk exposure during the transition to green energy and on emerging risks in relation to climate change and the use of alternative fuels.

Work began in the autumn of 2024 to prepare the Britannia Group for its first round of reporting expected to be required under the European Union's Corporate Sustainability Reporting Directive (CSRD). However, on 25 February 2025, it was decided by the European Parliament that only companies with over one thousand employees would be required to submit CSRD returns, thus excluding the Britannia Group. This was welcome news as submitting CSRD returns would have likely been a cost and labour-intensive exercise with uncertain benefits for Members.

Our sustainability strategy is aligned with the ten principles of the United Nations (UN) Global Compact and ten of the UN Sustainable Development Goals (SDGs).



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24 PERSONS

CORPORATE GOVERNANCE

Trusted by our Members since 1855, our core values remain
Mutuality, Trust, Integrity, Expertise and Excellence.

Our priority is our Members and our track record of financial strength, together with a premium service, have established the Britannia Group as one of the market leaders in the International Group of P&I Clubs.

One of our strategic aims is a commitment to the IG and our CEO, Andrew Cutler, currently holds the role of IG Chair and Deputy CEO, Mike Hall, Chair of the Reinsurance Committee, as well as representatives from the Britannia Group actively participating in many key IG Committees (e.g. Sanctions, Claims Co-operation and Correspondents).

Britannia Group corporate structure

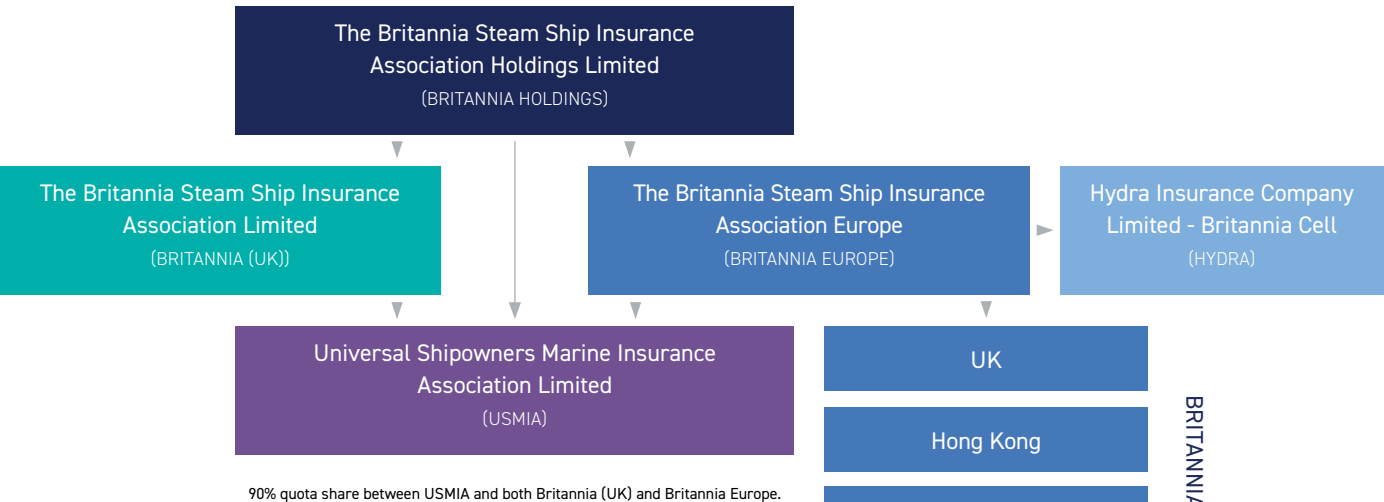
The organisation chart below details our corporate structure.

Further details can be found on our website, in the meantime:

- Britannia Holdings is the controlling member of both Britannia Europe and Britannia (UK). This ensures that across the Britannia Group we apply common procedures and policies, along with a consistent approach to the cover provided to Members, solvency, capital management, risk, underwriting and claims handling;
- Whether insured by Britannia Europe

or Britannia (UK), every Member is part of and benefits from the strength of the Britannia Group;

- The Boards of Britannia Holdings, Britannia Europe and Britannia (UK) are identical in representation and include an independent non-executive Chair, non executive industry experts, representation from Members and two Manager appointed directors;
- The Boards are the ultimate decision making body (e.g. in respect of deciding our strategy, cover and Rule changes, risk and capital strategies, appointment of auditors and decisions on premium).



Britannia Europe Is Regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

Britannia Europe Is Regulated by the Commissariat aux Assurances (CAA) and its branches are regulated by both the CAA and the PRA/FCA (UK), Insurance Authority (Hong Kong), Japanese Financial Services Agency (Japan) and Monetary Authority of Singapore (Singapore).

*Tindall Riley (Britannia) Denmark ApS is registered with the Danish Business Authority and the Danish Financial Supervisory Authority and treated by the CAA as a regulatory branch of Britannia Europe.

** Tindall Riley & Co Limited (Greek Branch) is registered with the Bank of Greece and treated by the CAA as a regulatory branch of Britannia Europe.

However, an important element within our structure is the Members' Representative Committee (MRC); and

- The MRC's role includes acting as a sounding board on all significant matters considered by the Boards e.g. strategy, changes to our Rules and calls.

Management and mutual nature

Our Articles of Association set out the terms under which we operate, with our mutual status defined by the provisions contained in those articles and also the Rules of Britannia Europe and Britannia (UK). We have appointed Tindall Riley & Co Limited, through its wholly owned subsidiaries,

Tindall Riley Europe Sarl and Tindall Riley (Britannia) Limited, as the Managers who take care of our day to day business. We pay the Managers a fee to manage and provide these services, which is disclosed in the Britannia Group's financial statements.

We are committed to mutuality. As a mutual insurer we do not have to answer to shareholders, only to our Members, most of whom have been with us for many years. When considering new Members, we look to ensure that they mirror our values. Our mutuality allows us to write each Member's premium based on their individual risk and claims record over a ten-year period.

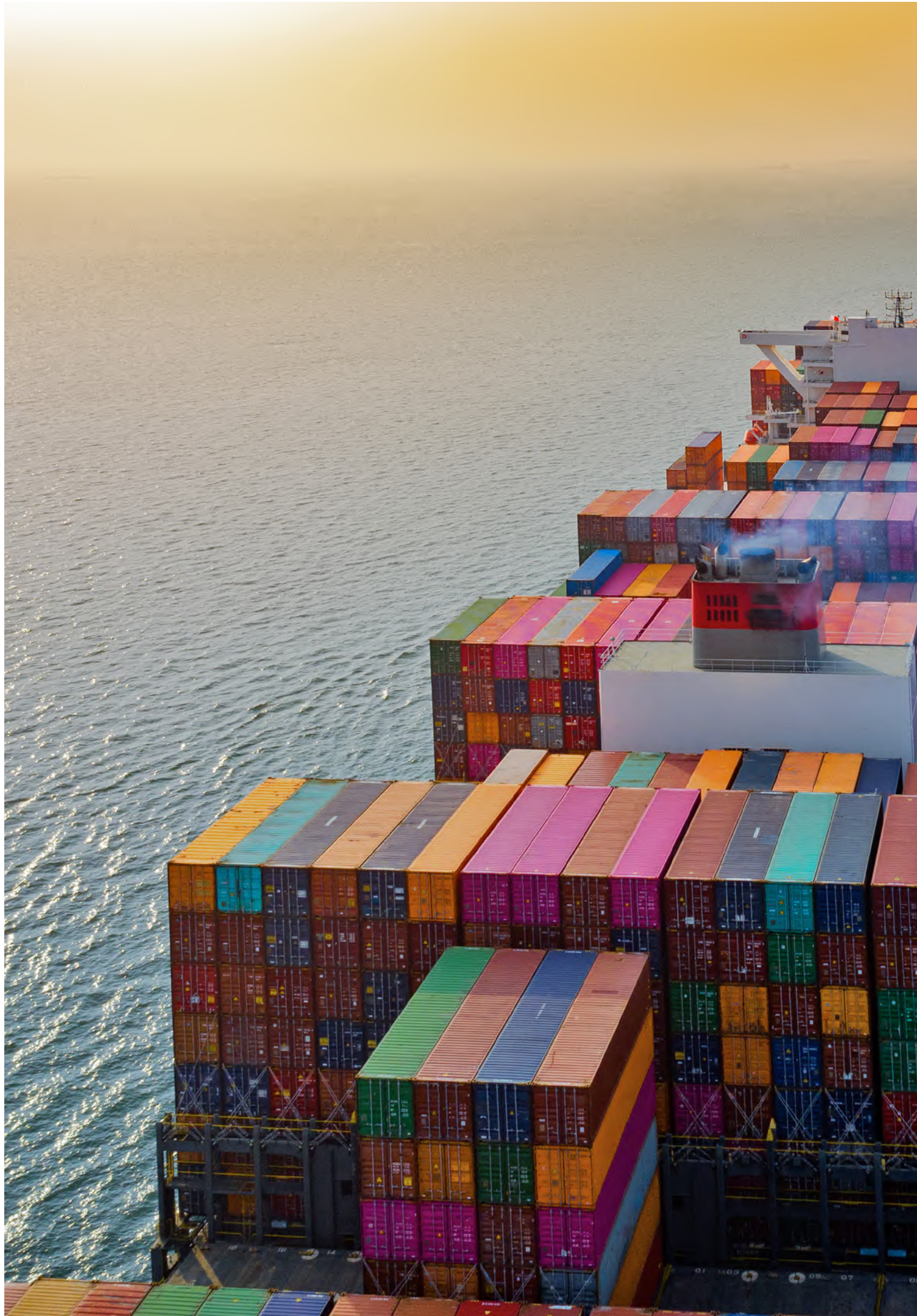
Underpinning this, our experienced team supports all of our Members by providing professional and proactive advice on loss prevention and claims management. Understanding our Members enables us to adapt our services to meet their needs.

Governance structure

The following chart details our governance structure, including the relationship between the Boards and the MRC.

The Boards and the MRC devolve some of their authority to sub-committees, whose Terms of Reference are found on our website.





STATEMENT OF COMPLIANCE WITH SECTION 172(1) OF THE COMPANIES ACT 2006

Section 172(1) of the Companies Act 2006 requires the directors to promote the success of the Britannia Group for the benefit of the Members and other key stakeholders. In doing so, the directors must have regard to six main areas:

- The likely consequences of any decision taken in the long term;
- The interests of employees, which in the case of the Britannia Group relates to those employed by its Managers;
- The need to foster business relationships with suppliers, customers and others;
- The impact of the operations of the Britannia Group on the community and the environment;
- The desire to maintain a reputation for high standards of business conduct; and
- The need to act fairly as between the Members of the Britannia Group.

The Britannia Group's key stakeholders are the Members, who comprise the shipowners and charterers who have ships entered with it. Our corporate governance structure, explained in detail on pages 26 and 27, includes the Members' Representative Committee, which includes representatives drawn from the Britannia Group's shipowner Members, and which allows wider engagement with the membership on the impacts of the main decisions of the Board, which include call setting, capital distributions and investment strategy.

Further engagement with the membership takes place through the Standards Sub-Committee and the Loss Prevention Programme, described on page 22, and the annual European and Asian Member Forums.

The other principal stakeholders that have been identified by the Board are the Managers, and their employees worldwide, who carry out all the day to day operational and management functions of the Britannia Group, and those others that provide services to it such as investment managers, professional advisers, the exclusive and local correspondents, local experts such as surveyors, the Britannia Group's reinsurance providers and insurance brokers. We have built strong relationships with these stakeholders over the years. In particular, the average length of the current membership of the Associations is 25 years, and the partnering relationship with the exclusive correspondents goes back in some cases over generations.

One of the Britannia Group's seven risk appetite statements relates to the long-term sustainability of its business. All key decisions of the Board, such as those set out above, have regard to this principle such that 'short-termism' is avoided in favour of the long-term view. The Board also sets economic capital targets at high levels of confidence with the aim of achieving long-term financial stability.

The relationship between the Britannia Group and the Managers, which dates back over 166 years, is symbiotic, in that the success of one is inextricably linked to the success of the other. Decisions taken by the Board that directly impact the Managers, such as the amount of the management fee, take full account of this relationship, having regard to service levels and accountability.

We have a robust Environmental, Social and Governance (ESG) policy, which is used to assess the impact of our operations on the communities in which it operates and on the wider environment. It includes an assessment of the likely effects of political and climate change.

Through its regulated entities, the Group aligns the way in which it does business with the Regulators' conduct rule, such as 'treating customers fairly'. As a mutual insurance business, the fair treatment by the Britannia Group of its Members is a fundamental principle. It has in place a Standards of Business Conduct policy, which sets out the regulatory conduct rules and covers additional areas such as the whistleblowing policy, how we manage conflicts of interest, the remuneration policy, the Britannia Group's modern slavery statement and the anti-bribery and corruption policy. We also have a Financial Crime policy.

Our reputation is fundamental to our ability to carry out business and we seek to protect this reputation by sticking firmly to the principles of fairness and sound business conduct that the Board has established.

The Strategic Report was approved by the Board of directors of The Britannia Steam Ship Insurance Association Holdings Limited on 22 May 2025 and signed on its behalf by:

H J Connell
Company Secretary



STATUTORY DIRECTORS' REPORT

Principal Activities

The principal activities of the Britannia Group and its subsidiaries during the year were the insurance and reinsurance of the risks of Protection and Indemnity (Class 3) and Freight, Demurrage and Defence (Class 6). The Strategic Report on pages 3 to 29 reports on these activities and the financial results of the Britannia Group for the year together with likely future developments.

Financial Performance

The directors are satisfied with the performance as stated on page 3.

FINANCIAL INSTRUMENTS

Information on the use of financial instruments by the Britannia Group and its management of financial risk is addressed in Note 17 to the financial statements. Our exposure to cash flow risk is addressed under the headings of credit risk, liquidity risk and market risk in that note.

Auditor

The Managers are responsible for the preparation of the financial statements and have confirmed they have provided all relevant audit information of which they are aware. The Risk & Audit Group has considered the financial statements with the Managers, met privately with the auditors, and reported to the Board.

So far as each of the persons who is a director at the time of this report is aware, there is no relevant audit information of which the Britannia Group's auditors are unaware. The directors confirm that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that our auditors are aware of that information.

Deloitte LLP have expressed their willingness to be reappointed as auditors of the Britannia Group. A resolution to reappoint them as the Britannia Group's auditors and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

The directors confirm that, to the best of their knowledge, the Strategic Report on pages 3 to 29 includes a fair review of the development and performance of the business and the position of the Britannia Group, together with a description of the principal risks and uncertainties that it faces.

Carbon Reporting

Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018 (the Regulation) require the Group to report publicly on its UK energy use and carbon emissions as the Britannia Group has annual turnover in excess of GBP36m and a statement of financial position balance in



excess of GBP18m. However, as the entirety of the management of the business is outsourced and managed by Tindall Riley & Co Limited, the Britannia Group has no direct control over these costs.

Hence, effectively this would classify the Britannia Group as a 'low energy user' and therefore no disclosures have been made.

Future Developments

Likely future developments of the Britannia Group are discussed in the Strategic Report.

Directors

The members of the Board are directors of the Britannia Group for the purposes of the Companies Acts. The Britannia Group adheres to the UK Corporate Governance Code and the directors are not aware of any situations where it has been departed from. The present members of the Board are listed on page 10 and 11 of this report.

On 31 December 2024 AJ Firmin resigned from the Board and E Verbeeck was appointed Chair with effect from 1 January 2025.

S-C Lan, C Munch, M Rothkopf, R Sadler and J Warwick all retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election as directors.

Directors' Indemnity Insurance

The Britannia Group has purchased directors' and officers' liability insurance in respect of all of its directors and also its representatives on the MRC. In addition, a qualifying third-party indemnity provision (as defined by section 234 of the Companies Act 2006) was in force during the financial year and remains in force at the date of approval of this report.

Going Concern

In accordance with the requirements of Financial Reporting Standard 102, the Board of directors has assessed the Britannia Group's ability to continue as a going concern. Our financial position, cash flows and liquidity position all form part of these financial statements. Principal risks and uncertainties are set out in Note 17 to the Financial Statements and include reference to the Britannia Group's objectives for managing capital in line with its financial risks as set out in its SFCR.

Our most recent ORSA was completed during November 2024. An important component of the ORSA process is an assessment of the Britannia Group's projected future SCR and its projected own funds available to meet its SCR. These forward-looking assessments project the Britannia Group managing its risks successfully and maintaining sufficient financial resources to meet its SCR over the period assessed.

The Britannia Group is exposed to a number of financial risks, as set out in Note 17 to the Financial Statements, which could negatively impact future operating performance and financial strength. Our Capital Management Plan lists potential management actions for the Board to consider if there is ever a need to remedy a future capital deficiency. One potential management action is for the Board to exercise its contractual right, as a mutual organisation, to set Supplementary Calls on our Mutual Members.

The Board has a reasonable expectation that the Britannia Group has adequate resources to continue in operational existence for the foreseeable future, and for at least 12 months from the date when these financial statements were approved and signed.

Accordingly, the Board considers it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

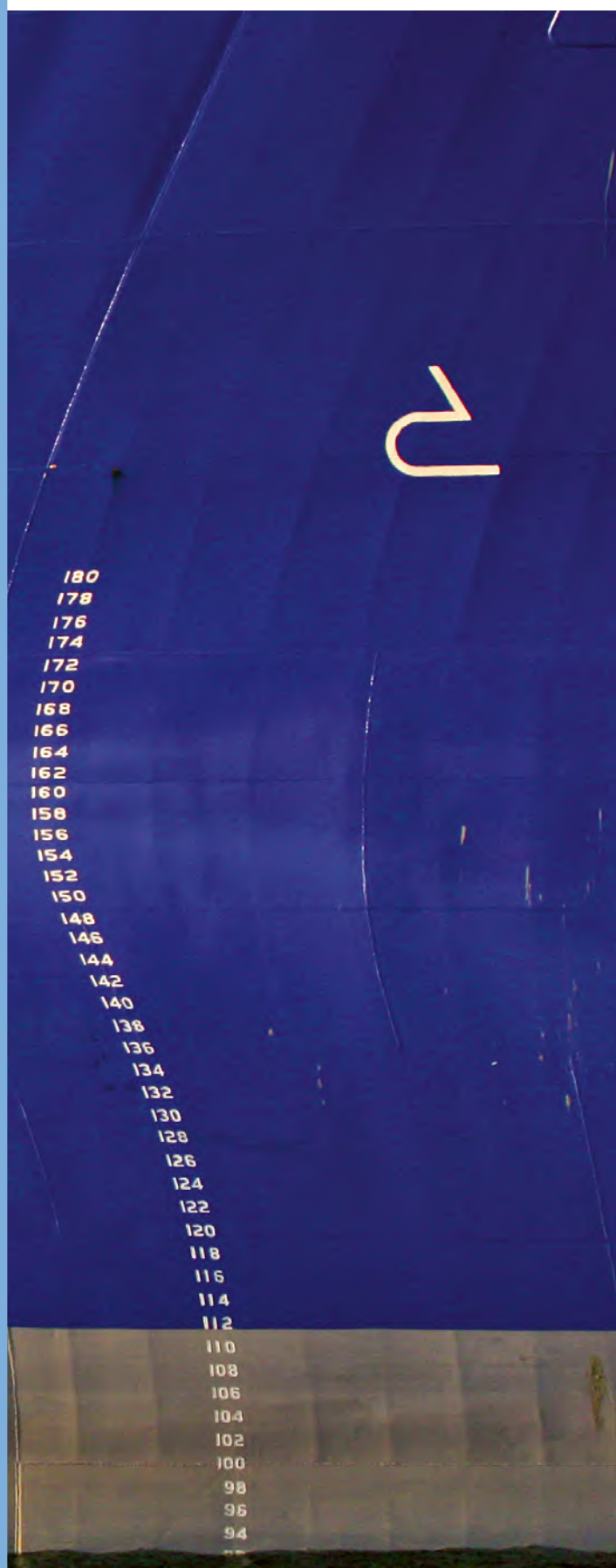
Subsequent Events

There are no subsequent events which require adjustment. Please refer to Note 23 of the Financial Statements for further information.

Approved by the Board of directors of The Britannia Steam Ship Insurance Association Holdings Limited on 22 May 2025 and signed on its behalf by:

H J Connell
Company Secretary
Companies House Number 11686576





STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and its income and expenditure for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that show the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE BRITANNIA STEAM SHIP INSURANCE ASSOCIATION HOLDINGS LIMITED

Report on the audit of the financial statements

1. OPINION

In our opinion the financial statements of The Britannia Steam Ship Insurance Association Holdings Limited (the 'company') and its subsidiaries (the 'Britannia Group'):

- give a true and fair view of the state of the Britannia Group's and of the company's affairs as at 20 February 2025 and of the Britannia Group's net deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and Financial Reporting Standard 103 'Insurance Contracts' and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income and expenditure account;
- the consolidated statement of financial position;
- the consolidated statement of cash flows;
- the company statement of financial position; and
- the related Notes 1 to 24 (excluding the parts of Note 17.6 (capital risk management) which are marked as unaudited).

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

2. BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Britannia Group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, 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.

3. SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matter that we identified in the current year was: <ul style="list-style-type: none"> Valuation of IBNR on retained claims reserves.
Materiality	The materiality that we used in the current year for the Britannia Group was USD16.24m which was determined on the basis of 3% of net assets. For the company we used materiality of USD753k which was determined on the basis of 3% of net assets.
Scoping	Our scoping approach is to respond to the risk of material misstatement for financial significant components and components that are material due to risk. The audit work was performed directly by the Britannia Group audit engagement team.
Significant changes in our approach	There have been no significant changes to our approach in the current year.

4. 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.

Our evaluation of the directors' assessment of the Britannia Group's and company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the financial performance of the Britannia Group and company, including investment holdings, cash position, technical provision reserves and net assets positions; this included performing a comparison analysis of the current year versus prior year-end position;
- Evaluating management's reverse stress testing within the Britannia Group Own Risk and Solvency Assessment (ORSA) report;
- Assessing the Britannia's Group reinsurance programme.
- Assessing management's forecasts for the 12-month period from the date of approval of the financial statements;
- Assessing the historical accuracy of past forecasts; and
- Assessing the appropriateness of the going concern disclosure in the financial statements.

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 Britannia Group's and company'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.

5. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of IBNR on retained claims and reserves

Key audit matter description	<p>Reserves for gross claims outstanding includes reserves for claims incurred but not reported (IBNR) which are typically recognised to reflect the uncertainty around the ultimate losses that will be incurred arising from claims due to the long-term nature of the Britannia Group's exposure.</p> <p>The IBNR reserve is inherently subjective with estimation uncertainty, and alterations in underlying assumptions may have a material impact of the financial position of the Britannia Group and on the results of its operations.</p> <p>We have identified the valuation of IBNR on retained claims with a total amount of USD1.85bn (2024 -USD1.10bn) disclosed in Note 8, as our key audit matter since reserving inherently involves uncertainty, and judgement in the selection of key methodologies and assumptions relating to the frequency and severity of claims.</p> <p>The DALI incident, a collision with the Francis Scott Key Bridge on 26 March 2024, forms part of our Key Audit Matter due to the inherent significant uncertainty surrounding the ultimate gross liability. This uncertainty stems from the ongoing National Transportation Safety Board (NTSB) investigation, the presumption of vessel liability (though comparative fault is possible), and the unpredictable nature of legal proceedings and potential future claims.</p> <p>Further details are also included within Note 8 of the financial statements.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained an understanding of relevant controls over the reserving cycle and in relation to valuation of IBNR on retained claims and reserves.</p> <p>With involvement of our actuarial specialists, we assessed the appropriateness of the key assumptions and judgements used in determining the valuation of IBNR on retained claims and reserves.</p> <p>With respect to the key inputs of the technical reserves balance, we assessed the consistency of policy and claims data to the underlying records including the review of the claims adjuster reports, external legal correspondence and reports. We also made inquiries of management's experts and legal counsel;</p> <p>Specifically with respect to the DALI incident, we additionally reviewed legal correspondence and documentation from the claims adjuster to assess the appropriateness of management's judgements and assumptions in the calculation of the ultimate gross liability; and</p> <p>We performed a stand-back analysis of the technical provisions balance, considering both the corroborative and potentially contradictory evidence that were obtained through the procedures above, and assessing for consistency with other information obtained during the audit.</p>
Key observations	<p>Based on the work performed, we concluded that the valuation of IBNR on retained claims reserves including the estimates related to the DALI incident is reasonable.</p>

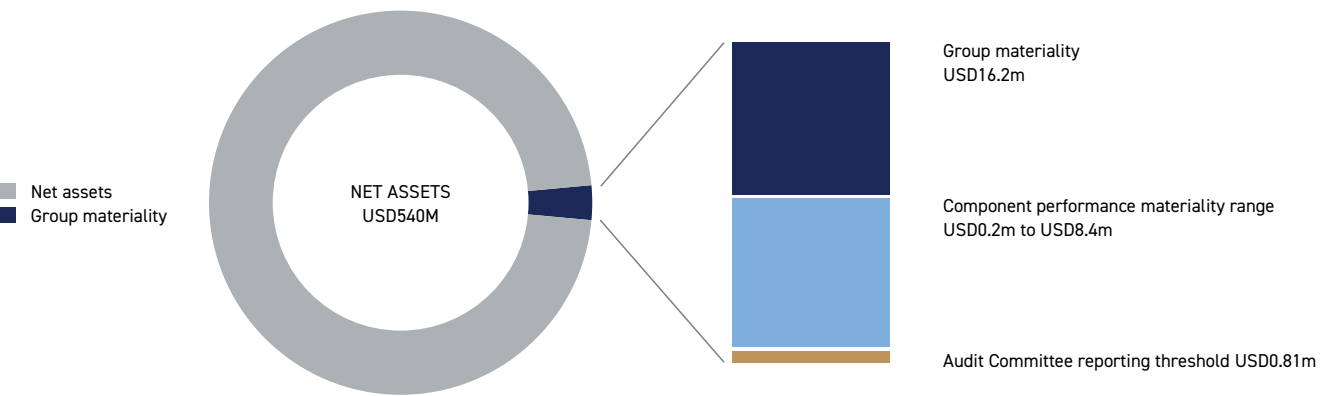
6. OUR APPLICATION OF MATERIALITY

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Materiality	USD16.24m (2024: USD16.5m)	USD0.75m (2024: USD0.75m)
Basis for determining materiality	3% of net assets (2024: 3% of net assets)	3% of net assets (2024: 3% of net assets)
Rationale for the benchmark applied	The Britannia Group is a mutual insurer, which exists for the benefit of its members. As such, we have judged net assets to be the most appropriate benchmark as this represents the Britannia Group's ability to meet claims as they fall due.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	GROUP FINANCIAL STATEMENTS	COMPANY FINANCIAL STATEMENTS
Performance materiality	65% (2024: 65%) of Group materiality	65% (2024: 65%) of company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment and the fact that we did not rely on controls; and b. our experience of the audit, which has indicated a low number of corrected and uncorrected misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Risk and Audit Group that we would report to the Committee all audit differences in excess of USD812k for Britannia Group (2024: USD826k) and USD37k for company (2024: USD37k), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Risk & Audit Group on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. AN OVERVIEW OF THE SCOPE OF OUR AUDIT

7.1. Identification and scoping of components

The scope of our audit work was determined by obtaining an understanding of the Britannia Group and its environment and assessing the risks of material misstatement at the Britannia Group level.

The Britannia Group is comprised of The Britannia Steam Ship Insurance Association Holdings Limited (Britannia Holdings), The Britannia Steam Ship Insurance Association Europe ("Britannia Europe"), The Britannia Steam Ship Insurance Association Limited ("Britannia (UK)"), Universal Shipowners Marine Insurance Association ("USMIA") and Hydra Insurance Company Limited - Britannia Cell ("Hydra")

Britannia Europe and Britannia (UK) are the main insurance risk carriers within the Britannia Group, while Britannia Holdings is the parent company. These three components were subject to audits of their entire financial information performed by the Britannia Group audit team.

USMIA and Hydra provide reinsurance coverage within the Britannia Group, with mainly intra-group transactions and balances, with the exception of investments and cash. Therefore, we performed audit procedures on specific classes of transactions and account balances. These audit procedures were also performed by the Britannia Group audit team.

Component performance materialities ranged from USD157K to USD8.4m.

Based on the scope of our audit, we have scoped in 100% of consolidated calls and premiums, and 99% of consolidated net surplus and consolidated net assets within our scope of testing.

7.2. Our consideration of the control environment

As an insurance business, the Britannia Group's financial reporting processes are reliant on IT controls. In planning our 2024/25 audit, we worked with our in-house IT specialists to obtain an understanding of the two relevant IT systems (Oracle and BPMS) that handle data relating to premiums, investments, reinsurance, reserving, claims, expenses and other balances.

While the Britannia Group has made improvements in its control environment compared to the prior year, we identified a number of control deficiencies and reported these to management. As a result of the deficiencies we planned and executed a fully substantive audit.

7.3. Our consideration of climate-related risks

As part of our audit, we have considered the impact of climate change on the Britannia Group's operations and its impact on its financial statements. We gained an understanding of management's processes to address climate-related risks, including the reporting and monitoring of climate related risks to the Risk & Audit Group.

We performed our own risk assessment of the financial impact of climate risks on the financial statements. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks may impact their valuation.

We have read the disclosures relating to climate risks in management's sustainability report on page 24 and the annual report and consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

FINANCIAL STATEMENTS

8. OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

9. RESPONSIBILITIES OF DIRECTORS

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

In preparing the financial statements, the directors are responsible for assessing the Group's and 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 Britannia Group or the company or to cease operations, or have no realistic alternative but to do so.

10. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

11. EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Britannia Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Britannia Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the Risk & Audit Group about their own identification and assessment of the risks of irregularities, including those that are specific to the Britannia Group's sector;
- any matters we identified having obtained and reviewed the Britannia Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Valuation of IBNR on retained claims and reserves. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Britannia Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation, authorisation by the Luxembourg Minister of Finance and regulations by the CAA, UK Prudential Regulation Authority (PRA) and regulations by the Financial Conduct Authority (FCA) as well as branches in Hong Kong (regulated by the Hong Kong Insurance Authority) and Singapore (regulated by the Monetary Authority of Singapore) and Japan (regulated by the Japanese Financial Services Agency). In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Britannia Group's ability to operate or to avoid a material penalty. These included the Britannia Group's regulatory solvency requirements.

11.2. Audit response to risks identified

As a result of performing the above, we identified the Valuation of IBNR on retained claims and reserves as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, directors and the Risk & Audit Group concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the PRA and the FCA, and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

FINANCIAL STATEMENTS

Report on other legal and regulatory requirements

12. OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. USE OF OUR REPORT

This report is made solely to the company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Adam Addis FCA (Senior Statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
11 July 2025



CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

20 FEBRUARY 2025

		2025 USD(000)	2024 USD(000)
Technical account - general business	Note		
Earned premiums, net of reinsurance			
Calls and premiums	4	288,216	288,815
Reinsurance premiums	6	(59,178)	(62,602)
		229,038	226,213
Allocated investment return transferred from the non-technical account		49,618	39,859
Total income		278,656	266,072
Claims incurred net of reinsurance			
Net claims paid	7	(241,730)	(239,424)
Change in provision for claims	8	(19,046)	58,163
Net claims incurred		(260,776)	(181,261)
Net operating expenses	10	(54,714)	(50,245)
Total expenditure		(315,490)	(231,506)
Balance on technical account		(36,834)	34,566
Non-technical account			
Balance on technical account		(36,834)	34,566
Investment income	11	49,346	46,370
Investment expenses		(1,948)	(1,832)
Unrealised gain/(loss)		29,260	19,036
Allocated investment return transferred to the technical account		(49,618)	(39,859)
Net surplus/(deficit) before taxation		(9,794)	58,281
Taxation	13	(25)	(38)
Net surplus/(deficit) after taxation		(9,819)	58,243

All amounts are derived from continuing operations. The notes on pages 48 to 69 form part of these financial statements. There are no recognised gains and losses other than those included in the consolidated income and expenditure account.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

20 FEBRUARY 2025

		2025 USD(000)	2024 USD(000)
Assets	Note		
Investments			
Financial investments	14	982,632	934,920
Intangible assets	15	4,860	5,748
Reinsurers' share of technical provisions			
Claims outstanding	8	1,143,961	420,617
Debtors			
Direct insurance operations - Members	18	137,922	127,478
Reinsurance operations	19	31,399	28,422
Other debtors		-	6,370
		169,321	162,270
Other assets			
Cash at bank and in hand		121,886	182,130
Prepayments and accrued income			
Accrued interest		2,481	2,977
Other prepayments and accrued income		3,285	8,096
Total assets		2,428,426	1,716,758
Liabilities			
Reserves			
Investment reserve	20	136,729	109,795
General reserve	20	55,000	55,000
Income and expenditure account	20	348,383	385,136
		540,112	549,931
Technical provisions			
Gross outstanding claims	8	1,845,336	1,102,947
Creditors			
Direct insurance operations - Members		32,907	46,421
Reinsurance operations		6,181	16,399
Taxation		25	-
Other creditors		3,865	1,060
Total liabilities		2,428,426	1,716,758

The notes on pages 48 to 69 form part of these financial statements.

The financial statements of The Britannia Steam Ship Insurance Association Holdings Limited (registered number: 11686576) were approved by the Board of directors on 22 May 2025 and signed on its behalf by:

M R A Hall
Director

A J Cutler
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

20 FEBRUARY 2025

	Note	2025 USD(000)	2024 USD(000)
Cash flows from operating activities			
Net surplus/(deficit) before tax		(9,794)	58,281
Adjustments for:			
Amortisation of intangible assets		(888)	166
Change in provision for claims (net of reinsurance)		19,046	(58,163)
Increase in insurance and other debtors		(1,779)	(39,199)
(Decrease)/increase in insurance and other creditors		(20,927)	42,114
Investment income	11	(76,658)	(63,573)
Cash from operations		(91,000)	(60,374)
Taxation paid		-	(18)
Net cash from operating activities		(91,000)	(60,392)
Cash flows from investing activities			
Purchase of intangible assets (software development)		-	-
Purchase of equity investments		(33,416)	(56,557)
Purchase of fixed interest investments		(249,941)	(625,321)
Proceeds from sale of equity investments		78,226	43,190
Proceeds from sale of fixed interest investments		246,081	587,675
Change to deposits with credit institutions		(24,466)	(11,685)
Income from equity investments	11	4,406	1,653
Income from fixed income investments	11	10,527	11,788
Bank and other interest	11	4,424	5,113
Investment management expenses		(1,948)	(1,832)
Net cash from investing activities		33,893	(45,976)
Cash flows from financing activities			
Capital distribution to Members		-	(10,000)
Net cash from financing activities		-	(10,000)
Net decrease in cash at bank and in hand		(57,107)	(116,368)
Cash and cash equivalents at the beginning of the financial year		182,130	296,337
Exchange gains/(losses) on cash and cash equivalents	11	(3,137)	2,161
Cash and cash equivalents at the end of the financial year		121,886	182,130

The notes on pages 48 to 69 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

20 FEBRUARY 2025

		2025 USD(000)	2024 USD(000)
Assets	Note		
Investments			
Investment in the Britannia Group undertakings	16	28,620	28,620
Other assets			
Cash at bank and in hand		4	4
Total assets		28,624	28,624
Liabilities			
Capital and reserves			
Income and expenditure account		28,624	25,124
Amounts owing to the Britannia Group undertakings		-	3,500
Taxation		-	-
Total liabilities		28,624	28,624

The Britannia Steam Ship Insurance Association Holdings Limited (the Company) has taken advantage of the exemption in Section 408 of the Companies Act 2006 from presenting its own Statement of Comprehensive Income and related notes as it prepares consolidated accounts. The Company's surplus for the year ended 20 February 2025 was USD0m (2024: USD0m).

The notes on pages 48 to 69 form part of these financial statements.

Approved by the Board of directors of The Britannia Steam Ship Insurance Association Holdings Limited on 22 May 2025 and signed on its behalf by:

M R A Hall
Director

A J Cutler
Director

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Britannia Steam Ship Insurance Association Holdings Limited is a private company limited by guarantee without share capital, which is not authorised to conduct any insurance business incorporated in England and Wales. The company has no share capital and is owned by its policyholders, who are Members of the mutual. It operates for the benefit of its Members. The address of the registered office is given on the reverse cover. The nature of the Association's operations and its principal activities are set out in the Strategic Report on pages 3 to 29 of this publication.

Statement of compliance

These Group financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103") and the Companies Act 2006.

Basis of preparation

These Group financial statements, which consolidate the financial statements of the Company and its subsidiary undertakings, have been prepared under the historical cost convention as modified to include investments at market value, in accordance with FRS 102. In accordance with FRS 103 the Group has applied existing accounting policies for insurance contracts. The Regulations require the use of the term 'profit and loss account' as a heading. This is replaced in these financial statements by 'income and expenditure account', consistent with the mutual status of the Group. The individual statement of financial position of the Company is prepared in accordance with the provisions of Section 394 of the Companies Act 2006 and the Regulations. Under FRS 102 Section 7: Cash Flows, no Statement of Cash Flows has been presented for the Company as the cash flows of the Company are included within the Consolidated Statement of Cash Flows of the Group. An exemption has therefore been claimed under FRS 102 Section 1.12 (b). The company is also applying the disclosure exemption available under FRS 102 for financial instruments.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the annual financial statement. See page 31 in the Statutory Directors' Report for more details.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are material to the consolidated financial statements.

Basis of accounting

The Group's business is accounted for on an annual basis. Separate accounts are maintained for each class of business.

For the purpose of reporting to mutual Members, all transactions are allocated to individual policy years. Calls and premiums (including reinsurance premiums), claims and reinsurance recoveries are allocated to the policy year to which they relate. In the case of claims and reinsurance recoveries, the appropriate year is decided by the date of the incident giving rise to the claim. All other income and expenditure items are allocated to the current policy year except investment returns which are allocated to policy years on the same basis as they are credited to the technical account – general business.

Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiary undertakings drawn up to 20 February each year. Intra-group transactions, balances and gains and losses on intra-group transactions are eliminated upon consolidation. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group. The Group has applied merger accounting to consolidate its subsidiaries of which it owns 100% by virtue of its controlling vote and is the ultimate controlling party.

Rates of exchange

The Group uses the US dollar (USD) as its currency of presentation and functional currency. Monetary assets and liabilities denominated in other currencies are translated into USD at the rates ruling at the statement of financial position date. Revenue transactions are translated at the actual rate applying at the date of transaction or, where this is not practicable, the average rate for the year. Exchange rate differences are recognised in the non-technical account of the income and expenditure account.

Calls and premiums

Calls and premiums in respect of policies incepting prior to the statement of financial position date are shown gross of acquisition costs and net of returns and bad and doubtful debts. Since all insurance policies are coterminous with the Group's financial year, there are no unearned premiums at the year-end date. Reinsurance premiums are accounted for in the same accounting period as the direct insurance premium or calls to which they relate.

Acquisition costs

Acquisition costs represent brokerage and commission charges relating to the writing of policies, underwriting management costs, renewal of existing Members' entries, negotiation with potential Members and the processing of entry documentation.

Claims paid

Claims paid comprise all claims and related expenses approved by the Board and advances made on account of claims during the year. They include the Group's share of claims under the Pooling Agreement, together with internal management costs of handling and processing claims.

Reinsurance recoveries represent recoveries made and due in respect of claims paid by the Group in the year. They include amounts recoverable under the Pooling Agreement and market reinsurance contracts.

Claims outstanding

The provision for claims outstanding in the financial statements comprises the Managers' estimate of the ultimate outcome of all reported claims based on current information, plus their forecast of the ultimate cost of claims incurred but not reported (IBNR). The provision also includes an allowance for future claims handling costs.

The Group reserves individual reported claims within its retention on a 'highest reasonable likely outcome' basis, except in circumstances where there is insufficient information available to make a meaningful estimate. In such cases, a statistically derived reserve is applied, which is based on the development of similar notifications made in earlier years.

The IBNR provision for claims within the Group's retention is determined by the Managers based on standard actuarial projection techniques supported by stochastic modelling. The model uses historical information on claims development, adjusted for inflation and other variables, such as the number of ships entered with the Group, to project the ultimate cost of claims. The principal assumption underlying this approach is that past experience is a reliable basis for projecting the ultimate cost of claims in more recent years. The confidence levels selected for setting IBNR reserves reflect the Group's risk tolerance.

Provisions in respect of the Group's share of other clubs' Pool claims are based on information and data supplied by the other parties to the Pooling Agreement, to which the Managers apply similar actuarial techniques and models to those described above.

Provisions for all claims are based on information available at the statement of financial position date. Significant delays are experienced in the notification of certain claims (sometimes of many years' duration), and accordingly the ultimate cost of claims cannot be known with certainty at the statement of financial position date. It is possible that subsequent information and events may result in the ultimate liability varying from the amount provided. Any such differences between claims provisions and subsequent settlement are dealt with in the technical account – general business in later years.

Claims provisions are recognised gross of any reinsurance recoveries. The reinsurers' share of claims outstanding is derived from an estimation of the amounts that will be recoverable from reinsurers based on the gross provisions (including the IBNR provisions) and the structure of the Group's reinsurance programme, and having due regard to the possibility of default by reinsurers.

NOTES TO THE FINANCIAL STATEMENTS

Investment return

The investment return recognised in the non-technical account comprises investment income (interest and dividends); realised gains and losses on investments sold in the year and movements in unrealised gains and losses arising in the year, net of investment management expenses.

Dividends are recognised from the date on which the shares are quoted 'ex-dividend' and include related tax credits. Interest and expenses are recognised on an accruals basis. Realised gains and losses on investments are calculated as the difference between the net sales proceeds and the purchase price. The movement in unrealised gains and losses recognised in the income and expenditure account represents the difference between the valuation of investments at the statement of financial position date and either their purchase price or their valuation at the commencement of the year, with an adjustment to reverse previously recognised unrealised gains or losses on investments disposed of in the current year. Realised and unrealised gains and losses include any related exchange gains or losses.

The transfer to/from the investment reserve represents the difference (net of tax) between the actual investment income for the year and the investment return allocated to the technical account – general business.

Allocation of investment return

An allocation is made from the non-technical account to the technical account – general business in respect of the longer-term investment return on the total investment portfolio, since these investments relate wholly to the technical provisions and Members' funds held for mutually insured risks.

Financial instruments

Non-derivative financial instruments are shown at current market value at the statement of financial position date. Non-derivative listed investments are stated at bid value. Non-derivative unlisted investments are valued by the directors on a prudent basis, having regard to their likely realisable value.

Derivative instruments are held to support the Group's investment return. Derivatives are categorised as held for trading and are classified as financial instruments at fair value through income. Derivative instruments are measured at initial recognition, and subsequently at fair value, and changes in fair value are recognised in the income and expenditure account. Transaction costs incurred in buying and selling derivative instruments are recognised in the income and expenditure account when incurred. The fair value of a derivative instrument is determined by reference to published price quotations in an active market.

Investment in Group undertakings

Investments in Group undertakings and participating interests in the Company's own statement of financial position are stated at cost less impairment.

Intangible assets

The Group has chosen to apply FRS 102 to software development costs as they are directly attributable to bringing the computer system into working condition for use within the business and therefore classified as intangible assets and amortised on a straight-line basis over the estimated useful economic life. Amortization is recognised in the income and expenditure account.

Policy year accounting

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

Investments

The Group has chosen to apply the recognition and measurement provision and the disclosure requirements of FRS 102.

The Group classifies its investments as financial assets at fair value, gains and losses are taken to the Income and Expenditure Account, which reflects the management of the portfolio on a fair value basis. Fair values of investments traded in active markets are measured at bid price.

Cash at bank

Cash at bank are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which is subject to insignificant risk of changes in value. Cash equivalents are investments with original maturity of three months or less from the date of acquisition.

Debtors

Trade and other receivables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Impairment provisions are recognised when there is objective evidence of a loss event that impacts the estimated future cash flows.

Creditors

Trade and other payables are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method, where the impact is material.

Taxation (current and deferred)

The charge for taxation is shown in the consolidated income statement. The tax effects of carry forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group 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.

Critical judgements in applying accounting policies

One of the key areas where management has exercised significant judgement is in the assessment of whether contracts issued by the Group meet the definition of insurance contracts. This determination affects the accounting treatment applied to such contracts, including recognition, measurement and disclosure. The classification depends on whether significant insurance risk is transferred to the Group under the terms of the contract. Management has assessed the substance of each contract using both qualitative and quantitative criteria, and where contracts do not meet the threshold for significant insurance risk transfer, they have been accounted for as investment contracts. The Britannia Group has not recognised any such contracts.

Judgement is also required in determining the coverage period and the boundaries of each contract, which influences the timing of revenue recognition and the period over which liabilities are recognised. The directors consider the exposure to insurance risk and the contractual rights and obligations to assess the appropriate boundary of each insurance contract.

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 Group's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the amount that the Group will ultimately pay for such claims. Estimates are made of the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period. The estimate of Incurred But Not Reported (IBNR) is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, the Group uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes that past trends can be used to project future developments.

Claims outstanding includes provision for IBNR claims which is set by reference to, amongst other factors, standard actuarial techniques and projections. The IBNR reserve includes an amount for Occupational Disease claims amounting to USD19.1m (2024: USD20.7m) on a gross and net basis. Occupational Disease claims have a significant latency period making them particularly uncertain for reserving purposes. The reserve has been set with reference to industry studies and the Association's historical experience. These studies include a projection of the number of deaths expected, the probability of claims being made and the expected cost of those claims.

The directors are satisfied that the insurance liabilities recorded in the financial statements represent a reasonable estimate of the amounts that will ultimately be paid. However, given the nature of insurance risk and the limitations inherent in any estimation technique, there is a risk that the actual outturn may differ materially from the estimated liability. Further details on the valuation methods, key assumptions and sensitivity of these estimates are provided in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

4. CALLS AND PREMIUMS

	2025 USD(000)	2024 USD(000)
Estimated Total Calls and premiums		
2023/24 policy year	288,050	287,476
2022/23 policy year	62	(396)
2021/22 policy year	142	1,499
Closed years	(38)	236
	288,216	288,815
Deferred calls		
Closed years	-	-
	288,216	288,815

All insurance transactions of the Group are transacted by the subsidiary entities of the Company and therefore no Company-only information is provided, as no such transactions are entered into by the Company. Other than calls and premiums of USD16.4m (2024: USD18.7m), USD9.4m (2024: USD9.0m), USD30.6m (2024: USD34.5m) and USD4.5m (2024: USD3.0m) written in Singapore, Hong Kong, Japan and the UK respectively all other business is written in Luxembourg. All calls and premiums written are in the Marine class of business.

5. TONNAGE INFORMATION

The Group provides Members with cover for P&I and FD&D risks. Members are only allowed to take up FD&D cover if they have taken up P&I cover and therefore there are no Members in the Group solely with FD&D cover. As this cover applies to ships at sea, it is not feasible to measure geographical concentration of insurance liabilities for either class of cover. Consequently, the Group has identified P&I risk to be the only reportable area.

The analysis of owned tonnage from P&I cover from Members by geographical area is as follows:

	2025 GT(000)	2024 GT(000)
Asia	60,871	61,668
Middle East	6,756	4,534
Scandinavia	15,647	17,681
Australasia	452	872
Americas	4,756	6,451
Europe	52,422	50,836
	140,904	142,042

	2025 USD(000)	2024 USD(000)
6. REINSURANCE PREMIUMS		
Group excess of loss	38,252	41,097
Other	20,926	21,505
	59,178	62,602

	2025 USD(000)	2024 USD(000)
7. NET CLAIMS PAID		
Gross claims paid		
Members' claims	320,565	208,872
Share of Pool claims	53,200	48,146
	373,765	257,018
Recoveries on claims paid		
From the International Group excess of loss reinsurance	164	667
From the Pool	98,497	5,854
Other reinsurers	33,374	11,073
	132,035	17,594
	241,730	239,424

NOTES TO THE FINANCIAL STATEMENTS

	2025 USD(000)	2024 USD(000)
8. CHANGE IN NET PROVISION FOR CLAIMS		
Claims outstanding		
Members' claims	1,672,768	958,847
Share of Pool claims	172,568	144,100
	1,845,336	1,102,947
Reinsurers' share of claims outstanding		
From the International Group excess of loss reinsurance	864,505	123,590
From the Pool	177,186	188,650
Other reinsurers	102,270	108,377
	1,143,961	420,617
Net claims outstanding carried forward	701,376	682,330
Net claims outstanding brought forward	682,330	740,493
Change in net provision for claims	19,046	(58,163)

Francis Scott Key Bridge Incident

On 26 March 2024, the container ship DALI, which is entered with the Britannia Group, allided with one of the pillars of the Francis Scott Key Bridge in Baltimore at approximately 01:30 local time, during its voyage from Baltimore to Colombo. The exact cause of the incident is still under investigation by the National Transportation Safety Board (NTSB), which has issued interim updates, although the final report is not expected until later in 2025. The ship's owners and their managers continue to cooperate with the relevant authorities.

In incidents of this nature, there is typically a presumption of liability on the part of the vessel, although the potential for comparative fault also exists. The total value of losses and the extent of final liability remain uncertain at this stage. Claims arising from the incident will fall within the 2024/25 policy year.

While the directors consider the gross provision for claims, including those related to the DALI incident, to be fairly estimated based on currently available information, there are many assumptions which individually could have a material impact on the amount of liabilities and the related reinsurance assets and the ultimate gross liability may vary. This is due to the inherent and significant uncertainty associated with major maritime incidents and the evolving legal and regulatory landscape. Unforeseen developments, such as changes in the judicial process, future legal findings, or the emergence of additional claims information may result in significant adjustments to the amounts provided and therefore, the ultimate cost of such claims cannot be known with certainty at the balance sheet date and at the date of approval of these annual accounts.

Claim development tables

The development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Group's estimate of total claims outstanding for each policy year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the consolidated statement of financial position.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Claim development tables (continued)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)
Insurance claims - gross (Class 3 and Class 6)										
Estimate of ultimate claims cost attributable to the policy year										
End of reporting year	527,169	192,588	232,129	274,101	271,831	360,281	250,889	234,220	242,351	1,106,625
One year later	581,117	163,302	198,771	385,092	261,006	377,039	336,534	278,611	252,994	
Two years later	634,315	157,210	200,047	375,305	235,553	400,776	338,872	258,415		
Three years later	618,293	143,487	191,372	306,817	223,513	379,135	331,588			
Four years later	578,433	132,394	173,812	329,156	212,099	356,291				
Five years later	560,963	125,305	172,597	326,608	212,524					
Six years later	563,164	122,157	173,253	325,899						
Seven years later	562,714	116,960	171,218							
Eight years later	559,501	116,661								
Nine years later	613,765									
Current estimate of ultimate claims	613,765	116,661	171,218	325,899	212,524	356,291	331,588	258,415	252,994	1,106,625
Cumulative payments to date	448,599	111,782	148,579	246,775	179,867	259,713	200,077	129,791	100,178	209,208
Liability recognised in the consolidated statement of financial position	165,166	4,879	22,639	79,124	32,657	96,578	131,511	128,624	152,816	897,417
Total liability relating to the last ten policy years										1,711,411
Other claims liabilities										133,925
Total reserve included in the consolidated statement of financial position										1,845,336

Insurance claims - net (Class 3 and Class 6)

Estimate of ultimate claims cost attributable to the policy year

End of reporting year	273,333	189,297	223,316	247,407	247,003	254,580	235,260	192,819	213,555	276,772
One year later	257,142	156,222	195,302	254,848	238,593	266,274	257,262	215,957	221,164	
Two years later	247,529	152,022	196,152	244,761	223,206	278,455	263,143	204,720		
Three years later	231,842	136,872	186,995	233,811	212,096	267,190	262,919			
Four years later	200,442	126,512	173,745	232,189	201,570	263,490				
Five years later	191,135	121,112	172,530	229,639	201,457					
Six years later	191,401	117,969	173,187	229,790						
Seven years later	190,986	112,032	171,151							
Eight years later	187,739	111,743								
Nine years later	184,029									
Current estimate of ultimate claims	184,029	111,743	171,151	229,790	201,457	263,490	262,919	204,720	221,164	276,772
Cumulative payments to date	169,732	106,957	148,512	201,467	169,414	192,958	200,077	129,791	100,178	93,448
Liability recognised in the consolidated statement of financial position	14,297	4,786	22,639	28,323	32,043	70,532	62,842	74,929	120,986	183,324
Total liability relating to the last ten policy years										614,697
Other claims liabilities										86,679
Total reserve included in the consolidated statement of financial position										701,376

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9. MOVEMENT IN PRIOR YEARS' CLAIMS PROVISIONS

	2025 USD(000)	2024 USD(000)
Net provision at beginning of the year	682,330	740,493
Net payments in the year in respect of these provisions	(148,282)	(171,752)
Net provision at the end of the year in respect of claims provided for at the end of the previous year	(518,056)	(536,447)
Improvement in respect of prior years	15,992	32,294

Included within net claims incurred in the technical account are the following amounts in respect of adjustments to claims provisions for years ending prior to 20 February 2025.

10. NET OPERATING EXPENSES

	2025 USD(000)	2024 USD(000)
Directors' fees	907	805
Auditors' remuneration	983	673
Amortisation	888	166
Other expenses	27,264	19,867
Administrative expenses	30,042	21,511
Acquisition expenses	24,672	28,734
Net operating expenses	54,714	50,245

Auditors' remuneration includes GBP421,150 relating to the auditing of the financial statements, GBP231,400 relating to the auditing of the financial statements of subsidiaries (2024: GBP208,000) and GBP196,466 for other non-audit services pursuant to regulation (2024: GBP202,777)

The highest paid director received USD120,400 (2024: USD120,300). The Group employs no staff, management services being provided by Tindall Riley (Britannia) Limited and Tindall Riley Europe Sarl.

In accordance with the International Group Agreement 2025, the Group is required to disclose the average expense ratio for its P&I business for the past five years. The ratio measures all costs of the Group (except those directly related to the management of claims) as a function of call, premium and investment income for a five-year period. The Group's average ratio for the five years to 20 February 2025 was 14.44% (2024: 13.58%). The ratio has been calculated in accordance with the schedule and guidelines issued by the International Group.

11. INVESTMENT INCOME

	2025 USD(000)	2024 USD(000)
Income from equity investments	4,406	1,653
Income from fixed income investments	10,527	11,788
Bank and other interest	4,424	5,113
Realised investment gain	33,126	25,655
Exchange (loss)/gain on cash balances	(3,137)	2,161
Investment income	49,346	46,370

12. LONGER-TERM INVESTMENT RETURN

Investment income is allocated to the technical account - general business on the basis of longer-term rates of investment return. The longer-term rates are based on historical real rates of return and current inflation expectations adjusted for consensus economic and investment forecasts. The return is calculated by applying the rates to the investable assets held during the period for each major market on a monthly basis. The following rates have been used:

Comparison of actual return achieved with the return allocated to the technical account using longer-term rates	10 years to 2025	10 years to 2024
Actual return achieved	335,428	270,543
Longer-term return credited to the technical account	335,697	311,753
Deficit of actual returns over longer-term returns	(269)	(41,210)

13. TAXATION

	2025 USD(000)	2024 USD(000)
Analysis of charge for the period		
UK Corporation tax charge	(25)	-
Underprovision in previous years	-	(22)
Unrelieved foreign withholding taxes	-	(16)
Taxation	(25)	(38)

By virtue of its mutual status, the Group is not liable to tax on its underwriting operations. The investment income of the Group's subsidiary USMIA and its cell in Hydra are not subject to tax in Bermuda but do suffer irrecoverable withholding tax on income from investments in certain jurisdictions.

Factors affecting tax charge for the period

The tax charge for the period is lower (2024 - lower) than that produced by applying the standard rate of Corporation tax in the UK of 25% for the year ending 20th February 2025 (2024: 24.4%). The differences are explained below:

Net (deficit)/surplus before tax	(9,794)	58,281
Net surplus/(deficit) on ordinary activities multiplied by standard rate of Corporation tax in the UK of 25% (2024: 24.4%)	2,449	(14,205)
Effects of:		
Non-taxable mutual insurance underwriting operations	(21,613)	(1,290)
Non-taxable investment income	19,139	15,495
Under provision in previous years	-	(22)
Unrelieved foreign withholding taxes	-	(16)
Current tax charge	(25)	(38)

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL INVESTMENTS

Investments comprise fixed interest investments (UK and US government securities and Corporate bonds), equities and other investments, and deposits with credit institutions. They are carried through to the income and expenditure account using the fair value methodology.

	2025 USD(000)	2024 USD(000)
Market value		
Quoted shares and variable yield securities	339,169	341,452
Debt securities and other fixed income securities	594,649	554,811
Deposits with credit institutions	48,814	24,348
Unsettled investment transactions	-	14,309
	982,632	934,920
Cost		
Quoted shares and variable yield securities	256,634	272,094
Debt securities and other fixed income securities	566,974	543,220
Deposits with credit institutions	48,814	24,348
Unsettled investment transactions	-	14,308
	872,422	853,970
Included in investments at market value were:		
Listed on other investment exchanges	933,818	910,572
	933,818	910,572

15. INTANGIBLE ASSETS

	2025 USD(000)	2024 USD(000)
Cost		
Opening balance	9,021	9,021
Capitalisation of software expenditure	-	-
Closing balance	9,021	9,021
Accumulated amortization		
Opening balance	(3,273)	(3,107)
Amortization for the year	(888)	(166)
Closing balance	(4,161)	(3,273)
Net Book Value	4,860	5,748

Intangible assets comprise capitalised software development costs depreciated on a straight-line basis over the estimated useful economic life of 10 years.

16. INVESTMENT IN GROUP UNDERTAKINGS	Country of incorporation	Share held	Class of shares	Principal activity	2025 USD(000)	2024 USD(000)
Direct related undertakings						
The Britannia Steam Ship Insurance Association Limited (Britannia (UK))	United Kingdom	100%	N/A ¹	Underwriting	8,000	8,000
The Britannia Steam Ship Insurance Association Europe (Britannia Europe)	Luxembourg	100%	N/A ²	Underwriting	20,500	20,500
Universal Shipowners Marine Insurance Association Limited (USMIA)	Bermuda	100%	Ordinary	Reinsurance	120	120
Indirect related undertakings						
Hydra Insurance Company Limited - Britannia Cell	Bermuda	100%	Preferred	Reinsurance		
Hydra Insurance Company Limited - General Cell	Bermuda	8.33%	Ordinary	Reinsurance		
Shares in subsidiary companies					28,620	28,620

The registered address of each group undertaking is as follows:

Britannia (UK): Regis House, 33 King William Street, London, EC4R 9AN, United Kingdom

Britannia Europe: 53A rue Glesener, L-1631, Luxembourg

USMIA: Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

Hydra: c/o Carey Olsen Bermuda Limited, Rosebank Centre, 5th Floor, 11 Bermudiana Road, Pembroke JM 08, Bermuda

Britannia Holdings controls Britannia (UK) and Britannia Europe by virtue of controlling vote where in each Association it has three times as many votes as the mutual Members. USMIA is controlled through the percentage of shares held which provides Britannia Holdings direct control of the company. Hydra is a Bermudian segregated cell-captive established by the Members of the International Group of P&I Clubs, to reinsure part of the risks which are shared under the Pooling Agreement. Under the terms of Hydra's byelaws and the governing instrument, assets are segregated in separate cells in such a way that they can only be used to satisfy the liabilities of the 'owning' club. Accordingly, the Group consolidates its Hydra cell in these financial statements.

¹ Britannia Holdings' investment in Britannia (UK) represents USD8.0m of contributed surplus.

² Britannia Holdings' investment in Britannia Europe represents USD20.5m of contributed surplus.

17. RISK MANAGEMENT

The Group is governed by the Board which drives decision making from board level with operational decision making delegated to the Managers. The Board considers the type and scale of risk that the Group is willing to accept in the ordinary course of its activities and this is used to develop seven Risk Appetite Statements (RAS) that are used when setting strategy or making material decisions. This is further expanded on in the Corporate Governance section on page 26, under the Regulation and Risk Management section.

The framework of governance through which risk is managed as decisions are taken is as follows:

1. The Boards comprise of not less than seven and not more than 14 directors including a non-executive chairman, at least one and no more than two expert directors, up to ten non-executive directors drawn from the Britannia Group's shipowner Members and two executive directors from the Britannia Group's Managers. The Group's Managers responsibilities include undertaking reviews of the following matters: the Group's overall strategy, policy year results (including reserving) and proposed calls, reinsurance, investments, risk management, compliance matters, and capital adequacy as evidenced by the Own Risk Solvency Assessment (ORSA). The Board also oversees implementation of the Group's investment strategy.
2. The Risk & Audit Group (RAG) comprises four or more non-executive directors of the Group. Their responsibilities include the financial statements and the regulatory returns to the relevant regulatory authorities, the risk management framework, internal and external audit, and the robustness of internal financial systems and controls, including the making of recommendations thereon to the Board. The RAG meets four times a year.
3. The Remuneration Group comprises up to five non-executive directors of the Group. Its responsibilities include an annual review of the fee paid to the Managers and periodic reviews of directors' remuneration. The group meets twice a year.
4. The Nomination Subcommittee comprises up to four non-executive directors of the Group and the two Manager directors. Its principal responsibilities are to make recommendations to the Board on the appointment of new directors, the re-election of existing directors, the appointment of the chairman of the Board and to review the skills, training requirements and performance of directors and Senior Insurance Management Function holders. The subcommittee meets as required during the year.
5. The Investment Group comprises up to four non-executive directors and the two Manager directors. It is responsible for monitoring the long-term performance and value-at-risk of the investments against the objectives set out in the investment strategy and for carrying out periodic reviews of the investment strategy. The Group meets four times a year.

The Group is focused on the identification and management of potential risks. This covers all aspects of risk management including that to which the Group is exposed through its core activity as a provider of insurance services, and the broader range of risks. The key areas of risk faced by the Group are as follows:

1. **Underwriting risk** – being premium and reserving risk
2. **Market risk** – being equity risk, interest rate risk, spread risk and currency rate risk
3. **Counterparty default risk** – being the risk that a counterparty is unable to pay amounts in full when due
4. **Liquidity risk** – being the risk that cash may not be available to pay obligations as they fall due
5. **Operational risk** – being the risk of failure of internal processes or controls
6. **Strategic risk** – being the risk that strategy is poorly set, executed or is unresponsive to external developments.
7. **Group risk** – being the governance, capital, reputational or regulatory issues that can arise from having a Group structure.

In order to manage these risks, the Group has continued to develop and review the internal and external governance frameworks through the ORSA process.

The Board and Managers have established risk management procedures within the business through a compliance manual, an internal quality management system and a risk management framework which considers and logs potential risks and how they are to be managed. The Board monitors the development and operation of risk management policies and controls to mitigate risk through a governance structure which includes an internal audit function (which reports to the RAG) and the Board of the Managers.

The Group manages the risks relating to its operations through the quarterly risk register update, which uses metrics to monitor risk outcomes, the effect of controls and receives attestation on less significant controls from risk owners. These risks are compared to the results of capital modelling, risk scenarios, self-reported risk incidents and internal audit findings to ensure that a rounded view of the Group's risk profile is achieved.

17.1. Underwriting risk

The Group's exposure to insurance risk is initiated by the underwriting process which selects Members and sets Call levels based on estimated future claims on the Group from the membership. This risk is managed through the underwriting process, the purchase of reinsurance cover, including the International Group Pooling Agreement, the management of claims costs and the reserving process. The Group's underwriting risk is limited to two classes of business, P&I and FD&D, which are both written on a worldwide basis.

Underwriting process

The Group provides Members with cover for P&I and FD&D risks. The Group sets a target level for Calls at a confidence level which should ensure that the call and investment income are sufficient to meet net claims incurred for the policy year. The development of claims is monitored monthly by the Managers and on a quarterly basis by the Boards of the Managers and the Group.

Underwriting authority is delegated to specific individuals who apply their expertise and set underwriting methodologies under the ongoing guidance and review of senior management. If required, a pre-entry inspection of new ships is carried out. In addition, all new Members are usually subject to a risk management audit of their shore-based operations before acceptance.

Reinsurance and International Group Pooling Agreement

The Group's reinsurance programme is driven by the Board's objective to manage risk to an acceptable level and to optimise the Group's capital position. The programme comprises excess of loss reinsurance cover purchased jointly with other Members of the International Group, facultative reinsurance to cover specific risks, cover against a single catastrophic event and an accumulation of smaller attritional claims.

The International Group Pooling Agreement provides a sharing of claims costs above an agreed retention between 12 Member associations.

The Group's chartered business is reinsured outside the International Group Pooling arrangements. The programme is predominantly placed with Lloyd's underwriters and the liabilities from these risks are reinsured from the ground up with the Group retaining a certain element of the risk.

Management of claims cost

The Group's strategy is to help its Members to prevent and avoid the occurrence of incidents while ensuring the efficient handling and management of claims when they occur. To facilitate this strategy, the Group has established programmes to ensure a high quality of claims management and to reduce claims risk. This includes an extensive loss prevention programme comprising technical seminars for crew and designated persons ashore (DPAs), information for Members on common claims and how they may be prevented, completion of ship inspections and the production of guides for safe carriage of goods and the avoidance of incidents.

Reserving process

The Group 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 and the key methods used by the Group in estimating liabilities are the chain ladder and stochastic bootstrap modelling methods. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by senior management and reserves are set to give a high level of confidence that they will prove adequate. The results are reviewed by the RAG.

The Group considers that the liability for insurance claims recognised in the consolidated statement of financial position is prudent. However, actual experience will differ from the expected outcome.

Sensitivity

The Group carries out sensitivity testing on its claims reserves. The results of sensitivity testing are set out below, showing the impact on the surplus/deficit before tax, gross and net of reinsurance. For each sensitivity, 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.

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	2025 USD(000)	2024 USD(000)
Increase in loss ratio by 5%		
Gross	14,411	14,441
Net	11,452	11,311

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

The Britannia Group has assessed the sensitivity of its financial results to a 25% increase or decrease in the gross loss ratio for P&I claims. In the scenario where the claim in question is already an accepted Pool claim under the IG's pooling arrangements, the net financial impact to the Group is significantly mitigated due to the sharing mechanism embedded in the Pool structure. Under the IG Pooling Agreement, losses exceeding the Club's individual retention are shared among the participating Clubs and are further protected by the Group's collective reinsurance programme. As a result, the majority of the incremental gross losses associated with a 25% deterioration in the gross loss ratio would be recoverable from the Pool and/or reinsurers and would not be borne fully by the Britannia Group. Consequently, while a 25% change in the gross loss ratio would increase the gross technical result USD72.1m (2024:USD72.2m), the net impact on the Group's underwriting result is expected to be limited.

17.2. Market risk

Market risk is the risk of adverse financial impact as a consequence of market movements such as currency exchange rates, interest rates and price changes. Market risk arises as a result of fluctuations in both the value of assets held and the value of liabilities.

The investment strategy, which is reviewed periodically, is set by the Board with the assistance of external investment consultants. The strategy reflects the risk appetite of the Group and is designed to maximise return while holding risk to a level deemed acceptable. The policy allows the investment managers to invest a proportion of the portfolio (the growth portfolio) in assets which carry a greater risk but potentially higher return, such as equities, with the balance in lower risk investments that match liabilities and provide a cash buffer (the matching portfolio).

Foreign currency risk management

The Group is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than USD. The most significant currencies to which the Group is exposed are sterling, euro and yen. In order to manage this risk, the Group holds a proportion of its investments in each currency at a level to match expected future claim payments in those currencies. The value of the assets held in foreign currency generally exceeds the value of the matched liabilities and therefore there is a low risk that unmatched liabilities will lead to currency losses. The split of assets and liabilities for each of the Association's main currencies, converted to US dollar, is set out in the tables below:

Amounts in USD(000)	USD		GBP		EUR		Other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Total Assets	2,077,647	1,461,413	80,734	81,226	166,919	91,846	103,126	82,273	2,428,426	1,716,758
Total Liabilities	1,561,404	931,070	75,909	61,950	171,587	109,047	79,416	64,760	1,888,314	1,166,827
Net Assets	516,243	530,343	4,825	19,276	(4,668)	(17,201)	23,710	17,513	540,112	549,931

The table below shows the effects of a 5.0% increase or decrease in exchange rates. No hedging instruments are in place, and no changes in future currency exposures are assumed.

	GBP		EUR		Other		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
5.0% increase in exchange rates	(241)	(964)	233	860	(1,185)	(876)	(1,194)	(980)
5.0% decrease in exchange rates	241	964	(233)	(860)	1,185	876	1,194	980

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. Interest rate risk arises primarily from the nature and term of investments held and is managed through the buying and selling of appropriate fixed interest securities of different durations.

The table below shows the effects of a 0.5% increase or decrease in interest on earnings from debt securities. The analysis does not assume any management action in response to changes, nor does it factor in behavioural changes by members.

	2025 USD(000)	2024 USD(000)
0.5% increase in interest rates	2,835	2,716
0.5% decrease in interest rates	(2,835)	(2,716)

Equity price sensitivity analysis

The Group is exposed to price risk through its holding of equities. This exposure is limited to a maximum proportion of the overall portfolio. At the year end the holding in equity instruments amounted to 12% (2024 - 14%) of the investment portfolio. The Group also holds an investment in a diversified growth fund amounting to 11% (2024 - 9%) of the portfolio.

Where available, the Group uses closing bid market values to determine the fair value of an investment holding. The carrying value of non-quoted equity holdings, held by the Company, at the year end amounted to USD28.6m (2024 - USD28.6m).

The table below shows the anticipated change in equity market values from a 5% increase or decrease in underlying prices.

	2025 USD(000)	2024 USD(000)
5% increase in equity price	5,641	11,905
5% decrease in equity price	(5,641)	(11,905)

The analysis assumes an immediate and uniform fall across all equity holdings and no diversification effects. There are no equity-linked liabilities, and the company does not hold derivative positions to hedge equity exposure.

The table above demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. It should be noted that these sensitivities are non-linear, and larger or smaller impacts should not be extrapolated or interpolated from these results. Management actions could include selling investments, changing investment portfolio allocation and taking other protective action. In addition, the financial position of the Group may vary at the time that any market movement occurs.

17.3. Counterparty default risk

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The key areas where the Group is exposed to credit risk are:

- Amounts recoverable from reinsurance contracts, including other P&I Clubs
- Amounts due from Members
- Counterparty risk with respect to cash and investments

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Amounts recoverable on reinsurance contracts

The Group is exposed to credit risk from a counterparty failing to comply with its obligations under a contract of reinsurance. In order to manage this risk, the Managers consider the financial position of significant counterparties on a regular basis and monitor aggregate exposure to each reinsurer. The Group has set selection criteria whereby each reinsurer is required to hold a credit rating of at least "A-" at the time the contract is made. The majority of reinsurance is placed with Lloyd's underwriters (A+ rated) with the benefit of the Central Guarantee Fund. Non-Lloyd's reinsurance is monitored and reported on annually to the Board of TRB.

Amounts due from Members

Amounts due from Members represent premiums owing to the Group in respect of insurance business written. The Group manages the risk of Member default through a screening process to maintain the quality of new entrants to the Group and the ability to cancel cover and payment of outstanding claims to Members that fail to settle amounts payable. The Group's policy is that Members should have paid all outstanding calls prior to being issued with Blue Cards in advance of the coming policy year. In addition, the directors reserve the right to offset outstanding debts against claim payments unless there is a contractual arrangement that prevents such offsetting. Amounts written off as bad debt have been minimal over recent years.

Counterparty risk with respect to cash and investments

The investment policy manages the risk of default through ensuring a diversification of the portfolio by asset, currency, geography, market and counterparty.

The following tables provide information regarding maximum aggregate credit risk exposure for financial assets with external credit ratings.

	2025 USD(000)	2024 USD(000)
Debt securities	594,649	554,811
Derivatives at fair value through income	-	-
Reinsurers' share of technical provisions	1,143,961	420,617
Reinsurance debtors	31,399	28,422
Member and other debtors	137,922	133,848
Unsettled investment transactions	-	14,308
Deposits with credit institutions	48,814	24,348
Cash at bank and in hand	121,886	182,130
Total financial assets bearing credit risk	2,078,630	1,358,484
An analysis of this exposure by credit rating is shown below:		
AAA	-	4,126
AA	221,544	305,948
A	1,297,139	679,714
BBB+ and below	185,767	45,769
No rating	374,180	322,927
Total financial assets bearing credit risk	2,078,630	1,358,484

The unrated exposure relates principally to amounts due from Members in respect of future dated calls and a Bond Fund that is invested with M&G Investments.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations as they fall due. The Group has adopted an investment policy which requires the maintenance of significant holdings in cash funds and short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand. Short-term cash needs are monitored to ensure the most efficient investment of cash balances.

The following table provides a maturity analysis of the Group's financial assets representing the date that a contract will mature, amounts are due for payment or the asset could be realised without significant additional cost:

	Short term assets	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
At 20 February 2025	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)
Quoted shares and variable yield securities	339,169	-	-	-	-	339,169
Debt securities and other fixed income securities	54,969	63,040	42,053	223,636	210,950	594,648
Deposits with credit institutions	48,814	-	-	-	-	48,814
Unsettled investment transactions	-	-	-	-	-	-
Reinsurers' share of outstanding claims	-	308,482	253,105	384,737	197,636	1,143,961
Direct insurance operations - Members	23,524	52,386	62,012	-	-	137,922
Reinsurance operations	31,399	-	-	-	-	31,399
Other debtors	-	-	-	-	-	-
Cash at bank and in hand	121,886	-	-	-	-	121,886
Accrued interest	2,482	-	-	-	-	2,482
Total financial assets	622,243	423,908	357,170	608,373	408,586	2,420,280

	Short term assets	Within 1 year	1 - 2 years	2 - 5 years	Over 5 years	Total
At 20 February 2024	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)	USD(000)
Quoted shares and variable yield securities	341,452	-	-	-	-	341,452
Debt securities and other fixed income securities	60,206	36,609	91,385	174,716	191,895	554,811
Deposits with credit institutions	24,348	-	-	-	-	24,348
Derivatives at fair value through income	-	-	-	-	-	-
Unsettled investment transactions	14,309	-	-	-	-	14,309
Reinsurers' share of outstanding claims	-	110,298	92,457	144,897	72,965	420,617
Direct insurance operations - Members	19,656	44,937	62,885	-	-	127,478
Reinsurance operations	28,422	-	-	-	-	28,422
Taxation	-	-	-	-	-	-
Other debtors	6,370	-	-	-	-	6,370
Cash at bank and in hand	182,130	-	-	-	-	182,130
Accrued interest	2,977	-	-	-	-	2,977
Total financial assets	679,780	191,844	246,727	319,613	264,860	1,702,914

NOTES TO THE FINANCIAL STATEMENTS

The following is an analysis of the estimated timings of net cash flows by financial liability. The timings of cash flows are based on current estimates and historic trends. The actual timings of cash flows may be materially different from those disclosed below:

	Within 1 year USD(000)	1 - 2 years USD(000)	2 - 5 years USD(000)	Over 5 years USD(000)	Total USD(000)
At 20 February 2025					
Gross outstanding claims	497,616	408,287	620,624	318,809	1,845,336
Direct insurance operations - Members	32,907	-	-	-	32,907
Reinsurance operations	6,181	-	-	-	6,181
Taxation	25	-	-	-	25
Other creditors	3,865	-	-	-	3,865
Total liabilities	540,595	408,287	620,624	318,809	1,888,314
At 20 February 2024					
Gross outstanding claims	289,226	242,441	379,952	191,329	1,102,947
Direct insurance operations - Members	46,421	-	-	-	46,421
Reinsurance operations	16,399	-	-	-	16,399
Other creditors	1,060	-	-	-	1,060
Total liabilities	353,106	242,441	379,952	191,329	1,166,827

17.4. Operational risk

Operational risks relate to the failure of internal processes, systems or controls due to human or other error. In order to mitigate such risks, the Group documents all key processes and controls in a procedures manual. This manual is embedded within the organisation, updated on a continual basis by senior staff and available to all staff. Compliance with the procedures and controls documented within the manual is audited on a regular basis through quality control checks and the internal audit function, which is directed and reviewed by TRB and the RAG. A staff handbook contains all the key policies that have been documented.

17.5. Limitation of the sensitivity analyses

The sensitivity analyses in sections 17.1, 17.2 and 17.3 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.

17.6. Capital risk management (unaudited)

The Group maintains a resilient capital structure, consistent with the Group's risk appetite. The Group's objective is to maintain sufficient capital to ensure it is able to continue as a going concern, meet regulatory requirements and maintain a 99.99% capital adequacy with Standard & Poor's, with a substantial margin in each case.

The Solvency UK regime came into effect on 31 December 2023, replacing the EU Solvency II framework for UK insurers and groups. The Group is subject to the Solvency UK regulations, which maintain a risk-based approach to capital requirements. Under this regime, the Group is required to meet the Solvency Capital Requirement (SCR), calibrated to ensure a 99.5% confidence level in the Group's ability to meet its obligations over a 12-month period. The Group calculates its SCR using the standard formula as set out in the Solvency UK rules, as the assumptions and parameters of the standard formula are considered appropriate for the Group's risk profile.

The Board's policy is to develop and maintain a strong and flexible capital base in order to meet and exceed the capital requirements of the relevant regulators. The SCR is monitored and updated annually, although if anything significant (such as large investment or claims movements) occurs in the year, it is updated immediately. Other capital measures used by the Board include an Economic Capital Benchmark, which is also monitored against actual capital resources.

In order to monitor capital requirements, the Board reviews the capital position on a quarterly basis and the Managers review performance monthly. This is further expanded on in the Strategic report under the economic and regulatory capital section of the Corporate Governance report on page 26.

The Group aims to maintain capital resources at a level which provides a comfortable margin above the requirements of the Prudential Regulation Authority (PRA) and the regulators of its branch offices in Hong Kong, Japan and Singapore. Capital resources for regulatory purposes for the Group consist of free reserves on a regulatory economic basis and an allowance for the ability to levy additional premium on Members.

The Association and its branches were in compliance with their regulatory capital requirements throughout the financial year.

17.7. Fair value hierarchy

Fair value is the amount for which an asset or liability could be exchanged between willing parties in an arm's length transaction. Fair values are determined at prices quoted in active markets. In some instances, such price information is not available for all instruments and the Group applies valuation techniques to measure such instruments. These techniques make maximum use of market-observable data but in some cases management estimate other than observable market inputs within the valuation model. There is no standard model and different assumptions would generate different results.

Fair values are subject to a control framework designed to ensure that input variables and outputs are assessed independently of the risk taker. These inputs and outputs are reviewed and approved by the Managers. The Group has minimal exposure to financial assets or liabilities which are valued at other than quoted prices in an active market.

The classification criteria and their application to the Group can be summarised as follows:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the Group can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly
- Level 3: Inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability

	Level 1	Level 2	Level 3	Total
	USD(000)	USD(000)	USD(000)	USD(000)
At 20 February 2025				
Quoted shares and variable yield securities	339,169	-	-	339,169
Debt securities and other fixed income securities	-	594,649	-	594,649
Deposits with credit institutions	48,814	-	-	48,814
	387,983	594,649	-	982,632
At 20 February 2024				
Quoted shares and variable yield securities	341,452	-	-	341,452
Debt securities and other fixed income securities	-	554,811	-	554,811
Deposits with credit institutions	24,348	-	-	24,348
Unsettled investment transactions	-	14,309	-	14,309
	365,800	569,120	-	934,920

NOTES TO THE FINANCIAL STATEMENTS

18. DEBTORS - DIRECT INSURANCE OPERATIONS

	2025 USD(000)	2024 USD(000)
Calls and premiums due from Members	8,959	5,093
Future payment dates	128,963	122,385
Debtors - direct insurance operations	137,922	127,478

19. DEBTORS - REINSURANCE OPERATIONS

	2025 USD(000)	2024 USD(000)
Amounts recoverable from the Pool	18,617	15,684
Other	12,782	12,738
Debtors - reinsurance operations	31,399	28,422

20. RESERVES

	Investment Reserve USD(000)	General Reserve USD(000)	Income and expenditure account USD(000)	Total USD(000)
At 20 February 2023 (restated)	86,227	55,000	360,461	501,688
Deficit for the financial year	-	-	58,243	58,243
Capital distribution	-	-	(10,000)	(10,000)
Transfer to investment reserve	23,568	-	(23,568)	-
At 20 February 2024	109,795	55,000	385,136	549,931
Deficit for the financial year	-	-	(9,819)	(9,819)
Transfer to investment reserve	26,934	-	(26,934)	-
At 20 February 2025	136,729	55,000	348,383	540,112

The investment reserve comprises the cumulative net transfers from the income and expenditure account. Annual transfers equivalent to the net unallocated return/(deficit) on the Group's investments are made to or from this reserve. The investment reserve can also be used to make a distribution to Members of such amount in such manner as the Board thinks fit.

The general reserve was established in accordance with Rule 39(1) of the Associations to provide for any claims, expenses, losses or other outgoings of the Associations (including any deficiency in respect of any closed policy year), or to eliminate or reduce any call in respect of any policy year. The general reserve can also be used to make a distribution to Members of such amount in such manner as the Board thinks fit.

21. FINANCIAL COMMITMENTS AND GUARANTEES

The Association has pledged cash and certain investments as security for bank guarantees and letters of credit issued on behalf of the Association. At 20 February 2025, the secured facilities for guarantees on behalf of Members, including an agreed margin where appropriate, amounted to USD65.5m (2024: USD74.2m), and guarantees issued against those facilities amounted to USD20.7m (2024: USD21.3m).

Total bank guarantees and letters of credit issued on behalf of the Association at 20 February 2025 were:

	2025 USD(000)	2024 USD(000)
On behalf of Members	8.4	8.4
Letters of credit and other guarantees	12.3	12.9

For guarantees issued on behalf of Members for claims, appropriate balance sheet provision has been made within claims outstanding.

22. RELATED PARTY TRANSACTIONS

The Board, comprising a non-executive Chairman, up to ten representatives of the membership of the Group, two independent directors and two Manager nominees, is elected to oversee the management of the Group on behalf of the Members. The members of the Board are directors of the Group and as such are related parties. Because of the mutual nature of the Group's operations and its Members, being both insured and insurers, the Members are in effect related parties. The aggregate of transactions with Members is disclosed in these financial statements and, in the opinion of the directors, there are no individual transactions, or connected transactions, other than in the ordinary course of the Group's business with Members, directors or their companies the disclosure of which is necessary for an understanding of the financial statements.

The Managers earned management fees of USD57.5m (2024: USD52.3m) for the year. Three directors of the Britannia Group are also directors of the Managers.

23. SUBSEQUENT EVENTS

The Boards agreed a capital distribution payable to mutual Class 3 Members' vessels that renewed at 20 February 2025. The distribution amounts to 18% of net premium (which equates to approximately 12% on a Gross ETC basis) and has been offset against the premium due for the 2025/26 policy year. On the Britannia Group's renewed book, this amounts to USD28.9m.

There are no subsequent events which require adjustment in the financial statements. The financial statements were authorised for issue by the Board on 22 May 2025.

CLASS 3 - PROTECTION AND INDEMNITY POLICY YEAR STATEMENT

(UNAUDITED)

20 FEBRUARY 2025

	2024/25 USD(000)	2023/24 USD(000)	2022/23 USD(000)	Closed years USD(000)	Total USD(000)
Advance calls and premiums					
Year to 20 February 2025	278,439	(2)	139		
Year to 20 February 2024	-	278,962	(478)		
Year to 20 February 2023	-	-	253,378		
	278,439	278,960	253,039		
Reinsurance premiums					
Group excess of loss	(38,813)	(41,645)	(36,961)		
Other	(20,826)	(19,195)	(19,072)		
	(59,639)	(60,840)	(56,034)		
Allocated investment return	46,487	35,467	24,910		
Taxation	(25)	(21)	(807)		
	265,262	253,564	221,108		
Claims paid less reinsurance recoveries	80,909	93,797	122,484		
Acquisition costs	19,802	26,959	26,399		
Administrative expenses	28,287	20,863	17,074		
	128,998	141,619	165,957		
Balance available to meet outstanding claims	136,265	111,945	55,150	884,324	1,187,684
Estimated outstanding claims					
Own claims	840,942	128,632	116,707	564,787	1,651,067
Share of Pool claims	51,109	21,025	10,289	90,145	172,569
	892,051	149,657	126,996	654,932	1,823,636
Estimated reinsurance recoveries					
Group excess of loss	(686,966)	-	-	(177,539)	(864,505)
Pool	(11,348)	(20,770)	(3,006)	(142,062)	(177,186)
Other reinsurers	(15,895)	(11,060)	(50,689)	(24,615)	(102,259)
	(714,209)	(31,830)	(53,695)	(344,216)	(1,143,950)
Net estimated outstanding claims	177,842	117,827	73,301	310,715	679,686
Surplus/(deficit)	(41,578)	(5,882)	(18,150)	573,609	507,999
Capital distribution				(130,000)	(130,000)
Balance after distributions	(41,578)	(5,882)	(18,150)	443,609	377,999

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