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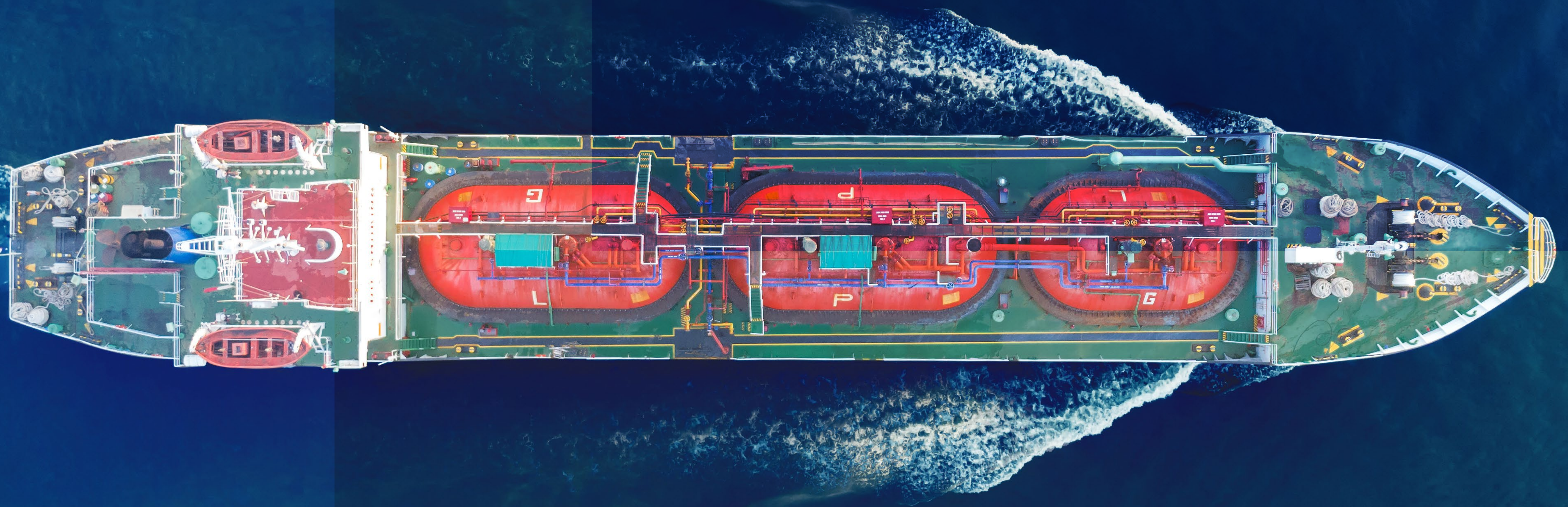

Annual Report & Accounts 2025

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Consolidated

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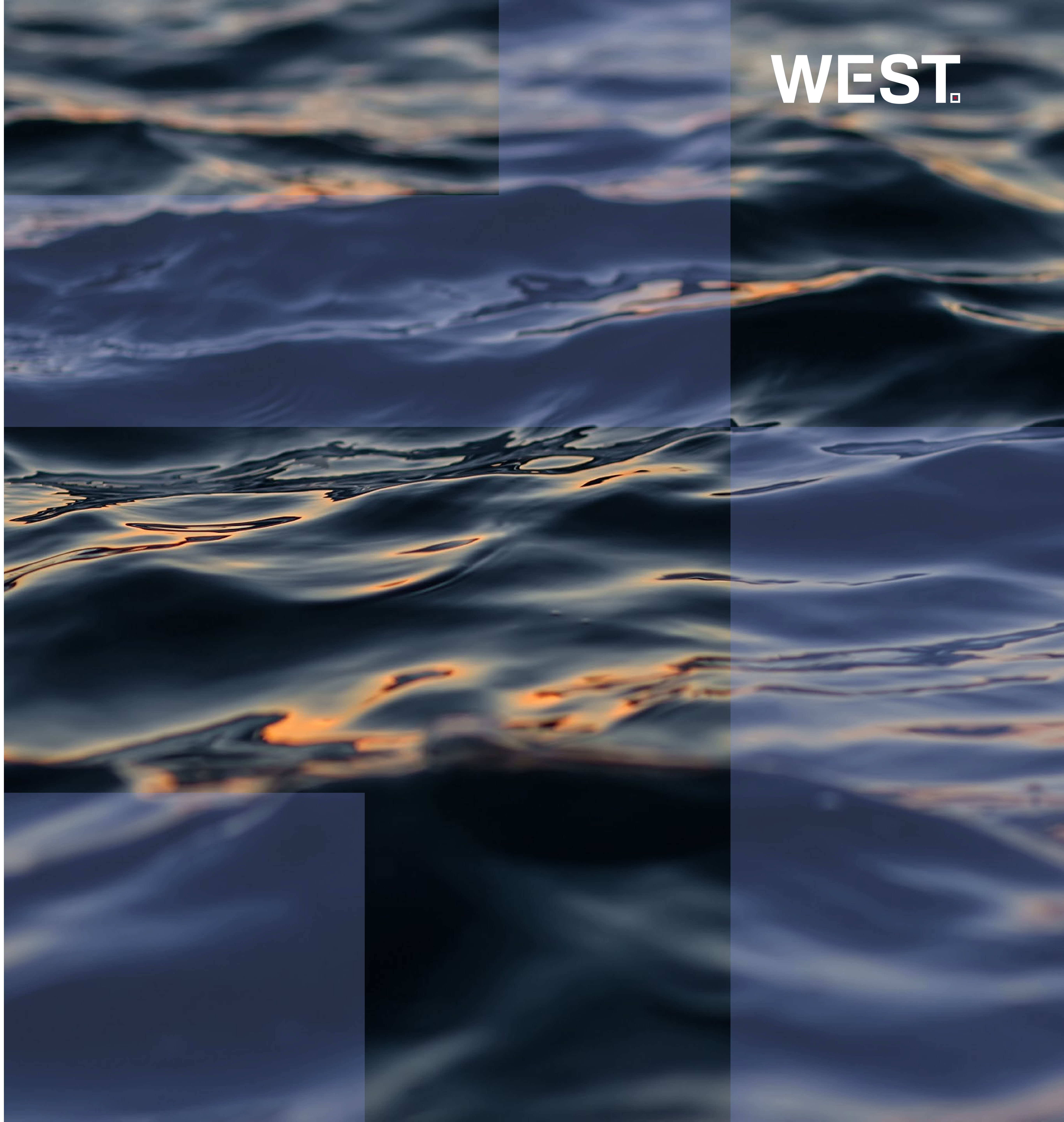

Financial Highlights
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Financial Highlights

98.4%
3 Year Average Combined Ratio

103.9%
Combined Ratio

$306.1m
Free Reserve

5.6%
Investment Return

c.160m
Class 1 Entered Tonnage excess (GT)

348m
Gross premium ($USD) (financial year)

190%
Solvency Ratio

A-
AM Best Rating

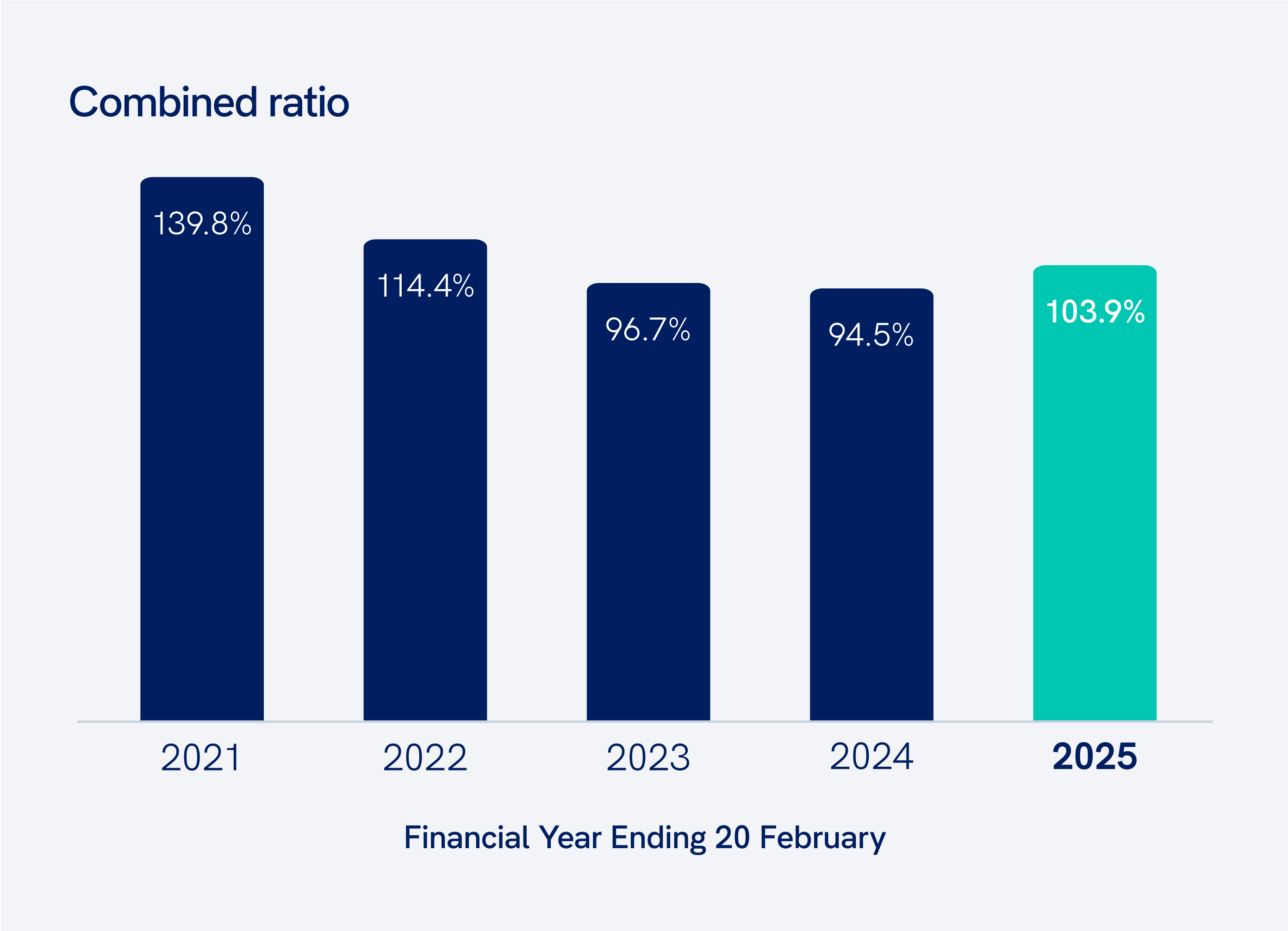
Chairman's Statement

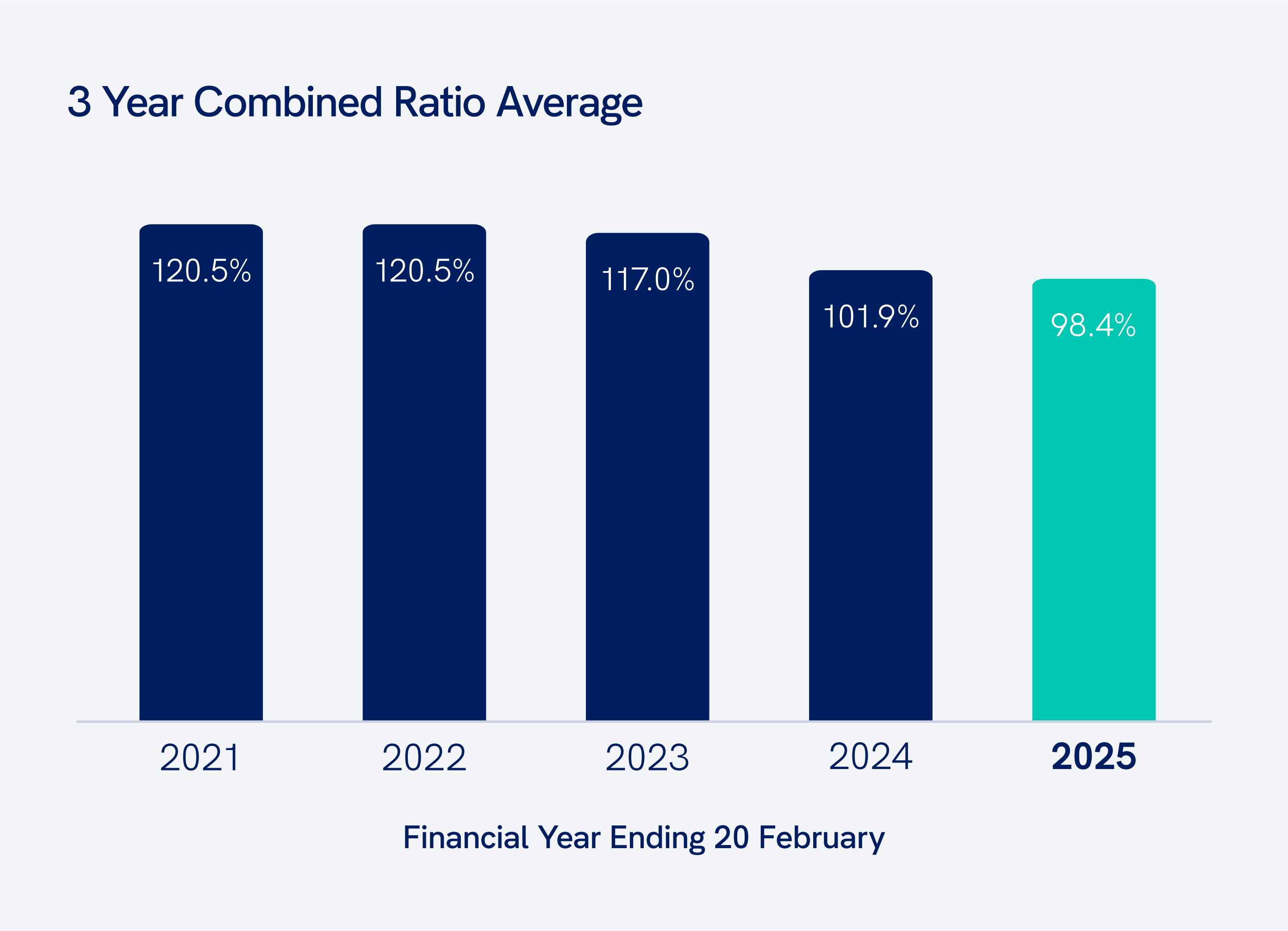
I am pleased to report another strong set of financial results for the Club despite the International Group Pool reverting to a higher level of large claims activity during the year, with our Members' own claims performing well and all of our diversified products lines once again contributing positively to the Club's financial strength.

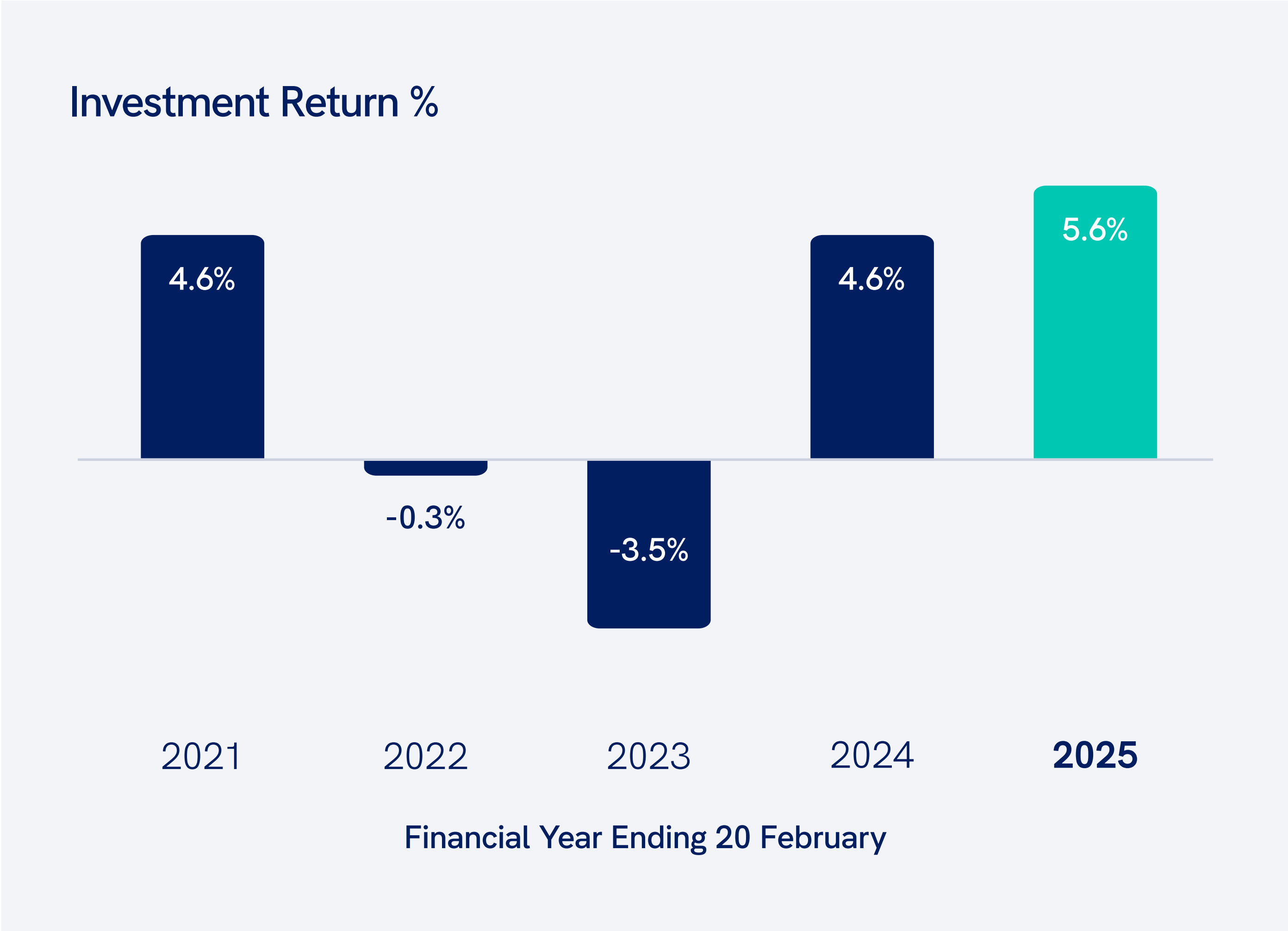
Positive financial metrics

The combined ratio of 103.9% for this year not only positions West strongly when compared to our peers in the industry but also means that the rolling three-year average – a key metric – is within the level of 100% set by your Board. Our results have also seen other capital measures improve, with the Free Reserve increasing again to USD 306.1m and performance against our two rating agencies' models likewise continuing to build positively year on year.

The investment performance was positive at USD 44.1m or 5.6%, supported by easing inflation, resilient consumer activity, and rapidly increasing interest in technological innovation. Financial markets delivered strong performances across equities, bonds, and other asset classes, despite facing periods of instability driven by economic and monetary policy uncertainty. The impact of post year-end volatility resulting from developments in U.S. trade policies was largely negated by the Club's diversified investment allocation across a number of asset classes, which is designed to preserve the Club's capital.







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IG Pool reverts to high levels seen in PYs 2020 and 2021

Although our Members' own claims performed better than we had expected, a negative impact on our results came from the International Group Pool. I had warned previously that the long-term data did not support the Pool staying at the historically low levels we had witnessed in the previous two policy years and this year proved that to be the case. The incidence of these very large claims is completely fortuitous and this year has unfortunately included three very large casualties, including of course the tragic Dali incident in Baltimore. Although it is early days in the development of all these claims we are already seeing the 2024 Pool year match that of 2020, the worst for many years, at the 12-month development point.

But we must also always remember the very substantial benefits the Pool brings to Clubs and indeed the industry as a whole. Incidents like the Dali and others have underlined yet again the unique abilities of the IG Club system to provide unparalleled levels of cover and claims handling expertise to help address the often substantial human and property damage impacts of these major casualties. As I have already noted, these events are random and can affect any shipowner regardless of vessel type or trade, so it remains of comfort to us all that we have such a robust and well-tested framework able to quickly and effectively respond when called upon to do so.

Growing geopolitical headwinds

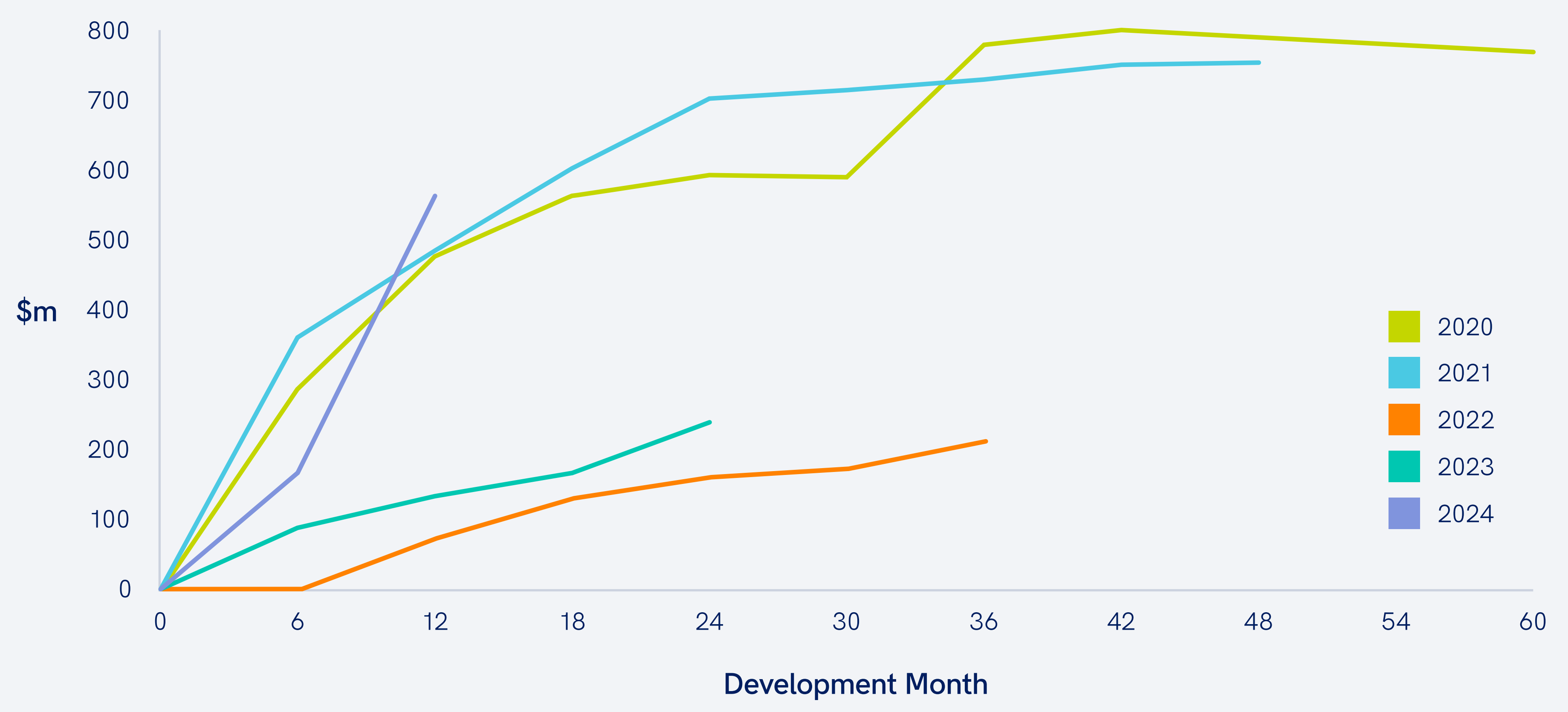
Our industry has had to become used to operating in a volatile and challenging geopolitical context in recent years. The conflict in Ukraine has been the catalyst for a rapid and unprecedented expansion in sanctions, which are of course in addition to longstanding measures against countries such as Iran and Venezuela. All these sanctions in large part target the maritime industries, since shipping is too often seen by regulators and states as an "easy" way to bring economic pressure to bear.

Likewise, the attacks against shipping in the Red Sea and the modern scourge of piracy in various regions continue unabated.

But as I write this, even greater storm clouds appear to be gathering on the horizon. States which have previously enjoyed strong and stable trading relationships appear increasingly willing to question the certainties around which free trade has built since the end of the Second World War.

It remains unclear if and to what extent any of these threatened realignments of the world order will come to fruition, but should they do so, even in part, they pose the gravest threat to world trade and the demand for shipping in nearly a century. Not only would there be an immediate impact on trade routes and cargo flows, but stated longer term objectives such as relocating the manufacturing base could have profound impacts on the shipping demand for raw materials and finished goods in the future.

Pool Development



West leading the way in Dubai

We were delighted as a Board to meet in Dubai in November to celebrate the opening of West's new office in the United Arab Emirates (UAE). The Middle East has long been an important area for the Club and we have enjoyed long-standing relationships with a large variety of Members throughout the region including the Indian Sub-Continent. To reflect this fact and in alignment with our strategy of regionalisation to deliver service at a local level to Members through a regional hub where it makes logistical and financial sense to do so, West became the first International Group Club to open an office in the UAE.

We enjoyed a magnificent reception with generous support from the local shipowning and broking markets to welcome us to their vibrant and expanding maritime hub. With the team now firmly established, we look forward to growing our latest regional office to help deliver the excellent service for which West is renowned to our Members in that area.

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Diversification - Nordic Marine joins the West Group

Of equal importance this year was the acquisition of Nordic Marine. They have of course been a West Partner since 2020, providing access to a suite of innovative insurance products as well as the hull insurance expertise which underpins our West Hull offering. This was an opportunity to fully align Nordic's interests with the Club's and saw Nordic's expert team of 16 formally join the West Group.

Our product portfolio with them continues to grow and this year saw the launch of a Loss of Hire facility. It also means that the Club now has the necessary inhouse hull expertise to facilitate the further growth of the popular West Hull offering, both amongst our existing membership but also enabling us to develop relationships with new clients. Nordic's location in Stockholm and knowledge of the Scandinavian markets additionally give us the platform to expand our presence in this significant ship owning region.

More generally, our progressive diversification strategy continues to reap rewards. As well as the first full trading year of the West Hull and West War facilities, this year also saw the launch of our innovative Piracy Protection product, which has already exceeded expectations in terms of enquiries and premium generated. I am pleased to report that the combined contribution towards our total premium income from these diversified revenue streams continues to grow.

We are continuing to invest heavily in the Club's technology infrastructure and the development of new platforms and systems to help in the efficient distribution and servicing of both our core and diversified product ranges. Some of the things we do which are of intrinsic value to our Members cannot be easily replicated on a technology platform, but there are many services and functions which can be improved with the adroit harnessing of ever-evolving IT capabilities. We are actively pursuing ways of doing so and being at the forefront of technical innovation in our industry. The data available to our Members has already been improved with our updated WestNet and Neptune systems launched during the year.

Sustainability and the decarbonisation journey

As all shipowners are only too aware, the IMO goal of complete or near complete decarbonisation of the shipping industry by 2050 grows inexorably closer. Increasing numbers of operators are therefore looking to technology that will allow them to power their ships using low- or zero-carbon fuels. This presents new challenges, not only for shipowners in their technological and operational choice of fuel and in training seafarers to safely handle what may be volatile substances compared to traditional hydrocarbon fuels, but also for the Club in dealing with the liability, insurance and advisory implications around the adoption of these new fuels.

The Managers have been busy this year providing both technical and legal advice to Members not only on the direct impacts of decarbonisation but also on parallel schemes from various states to try to manage GHG emissions from shipping in their area. Initiatives from the EU such as CII, EU ETS and FuelEU Maritime are already a reality and having direct financial impacts on Members, so support from the Club in advising on topics such as the allocation of cost and risk between counterparties in their chartering arrangements has been very welcome.

The provision of technical advice on this and a whole variety of other topics of importance to shipowners was bolstered this year by the appointment of a Head of Loss Prevention Asia, based in Singapore but working closely with colleagues across our Asian offices to support Members throughout this important region for the Club.

Our commitment to sustainability was underlined with the recruitment of a new Head of Sustainability. This is an area of fundamental importance to the Club, its Members and society as a whole. We intend to play our full part, both in how we operate as a business and in supporting our Members in developing and implementing their own sustainability strategies.

Board and Members' Committee

This year the Board sadly had to bid farewell to two of its long-standing members. Stelios Ioannou and Ajay Hazari have both served with great distinction for many years and their measured and incisive contributions borne of many decades in ship owning and ship management respectively will be greatly missed. I wish them both well for the future. This did however facilitate Rafael Ferrada, Philippos Philis and Olivia Lennox-King moving from the Members' Committee to join the Board during the year and I look forward to working with them.

The Members' Committee in turn welcomed Nikos Athanasiou, Adel Aljasem, Nikolaos Bakos and Sisse Friis Nilaus. Our Committee – now Chaired by Olivia Lennox-King – is proving to be a vibrant forum for discussion between fellow shipowners and an effective and important feedback loop between Members and the Managers.

Key appointments in the Managers

I must as always thank Tom and his hardworking team of Managers for all their dedication throughout the year in continuing to develop the Club and deliver the successful and growing range of core and diversified products.

As I have already noted, it was good to see the team bolstered by the integration of the Nordic Marine staff following the acquisition but there were also two key senior appointments to the Managers this year. Katy Shearer has been with us for many years as Chief Actuary but it was an important and timely step for her to be appointed to the management company's Board as its first Chief Risk Officer. Also joining the Management Board this year was Bart Mertens as the Club's Chief Underwriting Officer. Bart brings with him a wealth of experience from the broking market and from another IG Club, so we look forward to the benefit of his insight and his leadership of our underwriting team. Bart joins as a replacement for our existing CUO Simon Parrott, who is retiring this summer after more than forty years of service - thank you, Simon.

I would also like to recognise the changes made in the leadership of our Hong Kong office this year. After very many years of dedicated service as the CEO of Hong Kong, Richard Macnamara stepped down in December to be replaced in that role by XuanLun ("XL") Cai, as we continue to build resilience to take the Club into the future. I am pleased to say that Richard is staying on as an advisor into 2025 to assist XL and the Hong Kong team through this transition.

Let us hope that this year brings with it a resolution of the conflicts which have impacted the lives of so many as well as the fortunes of our industry and that political leaders have the foresight to safeguard the principles of open trade which have been the basis of prosperity for so long.

F G Sarre
Chairman

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Managers' Review

West has had a strong year, growing steadily despite tough market conditions. With an increasing premium base, strong investment performance and further global expansion – including a new UAE office and the acquisition of Nordic Marine – the Club is in great shape. Hear Group CEO, Tom Bowsher share the highlights and what's ahead in the short video.

Watch Video

Managers' Review - Our Year

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Managers' Review - Our Year

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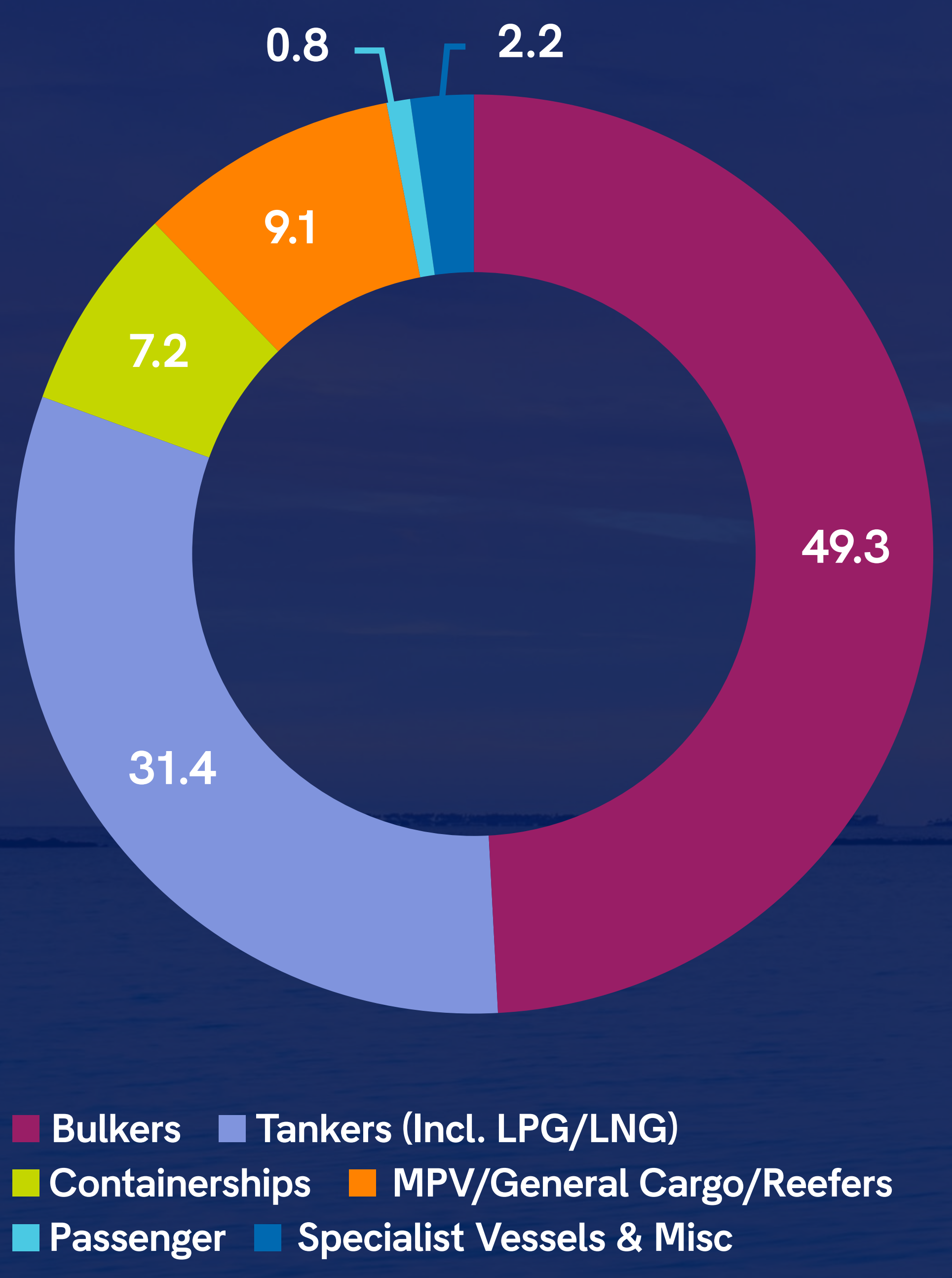
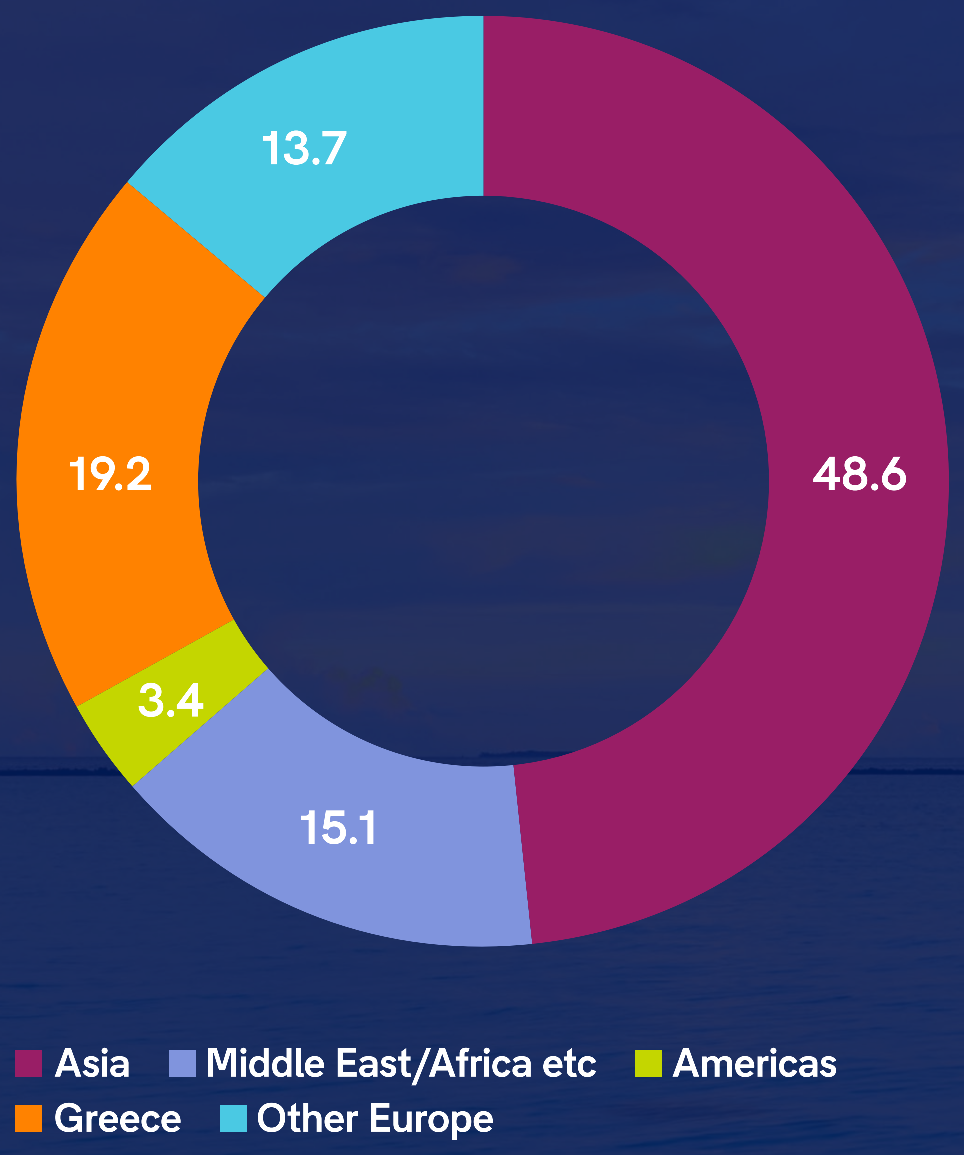
Managers' Review (continued)

Entered Tonnage by Vessel Type %



Entered Tonnage by Area of Management %



Mutual Tonnage and Vessel Numbers

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Managers' Review (continued)

The Club's strategy is to grow the Club's premium and to do so from a sound capital base, and the year-ending 20 February 2025 has been successful on both these fronts.

The gross premium increased by 7% to USD 347.6m reflecting strong support from the Club's mutual Members as well as in our increased product offering. We also made significant progress in both our regionalisation and diversification strategies.

The new office in Dubai has received considerable support from both existing and new Members and the full acquisition of Nordic Marine enables the Club to offer an increasing number of products to our Members, as well as establishing a footprint in Scandinavia with Nordic's base in Sweden.

The higher premium helped the Club to mitigate what was a more challenging year than the preceding two due to the severity of claims within the International Group.

It was never expected that the benign Pool activity of 2022 and 2023 would be repeated, but 2024 activity has given rise to a higher cost than budgeted despite the Club's relatively low Pool share. Seventeen claims were notified to the IG, including one from the West, and the cost of these Pool claims to the West is more than three times the preceding two years at the same stage.

The performance of our own Members' claims was better than we had forecast at the start of the year despite a large Pool claim of our own, but the more severe other Clubs' Pool activity was sufficient to generate a technical underwriting deficit of USD 11m, leading to a combined ratio of 103.9%.

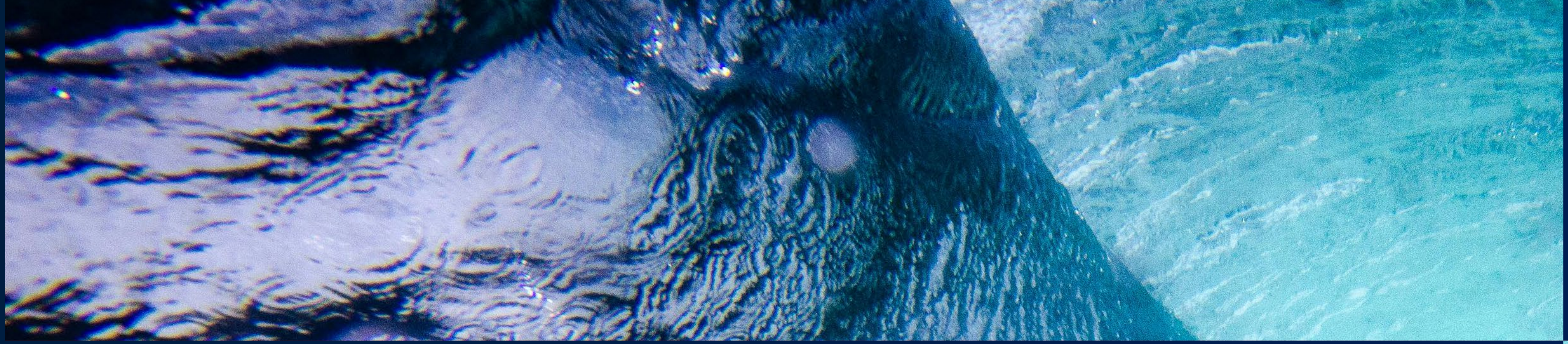
Despite the small technical deficit, the surplus the Club generated in the prior two years meant that the primary operating performance objective of achieving a combined ratio better than 100% on a three-year average basis was met with a ratio of 98.4%, the best it has been for 8 years.

The Club's investment portfolio was strong for a second consecutive year and delivered a positive return of 5.6%. All the Club's asset classes contributed to this strong return. Despite some volatility during the year, the yields of the Club's fixed income investments remained broadly unchanged from their opening level, meaning a return very close to the net yield was delivered. Listed equities posted a second consecutive year of strong returns, with the MSCI World Index being up 20% for the year. Cash and the Club's illiquid assets also returned positively.

The positive investment return more than offset the small technical deficit leading to an improvement in the Club's capital with an 11% increase in the Club's Free Reserve to USD 306.1m.

This Free Reserve increase underpins the capital in the rating agency models and the regulatory solvency. The capital as measured by the rating agency models again improved in the year, AM Best maintained the A- rating and this together with the Club's Solvency Capital of 190%, provide a strong foundation upon which to continue to develop the Club's strategy.

Francis Corrigan
Chief Financial Officer



Consolidated Accounts and Report of the Réviseur d'Entreprises Agréé

at 20 February 2025

WEST.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of The West of England Ship Owners Mutual Insurance Association (Luxembourg) will be held at 31, Grand-Rue, L-1661 Luxembourg on 8 July 2025 at 12:45 hours for the following purposes:

1. To approve the Report of the Directors and the Consolidated Accounts for the year ended 20 February 2025 and to grant discharge to the Directors and Auditor for the year under review.
2. To elect Directors and appoint Advisory Committee members.
3. To appoint the Auditor of the Association and to fix their remuneration.
4. To transact any other ordinary business of the Association.

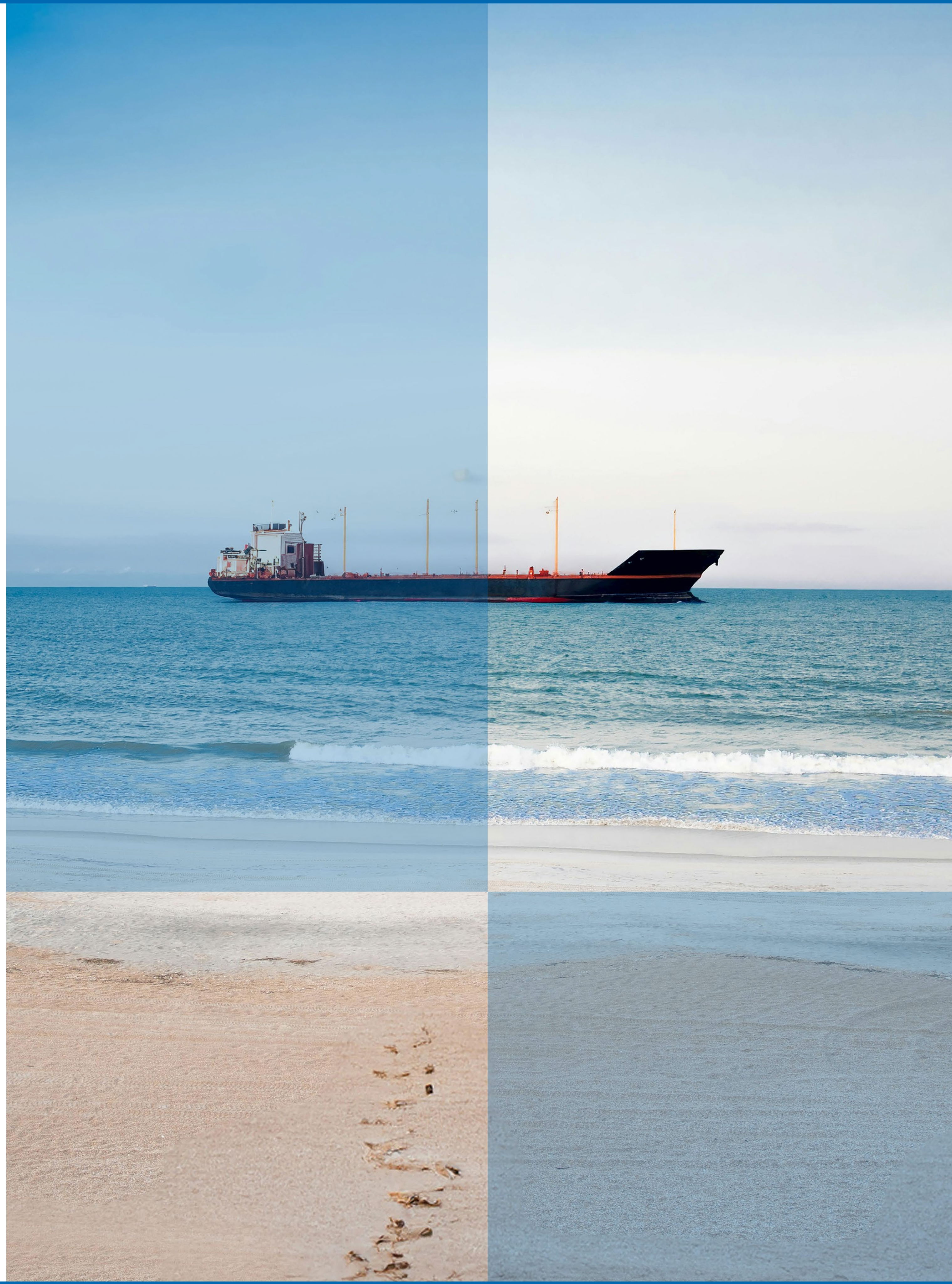
By order of the Board

O Le Bescond
Secretary

31, Grand-Rue
L-1661 Luxembourg

14 May 2025

NOTE: A Member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a Member of the Association. The instrument appointing a proxy shall be left with the Secretary not later than 48 hours before the holding of the Meeting.



General Information

Directors

F G Sarre (Chair)	Antwerp
K S Rajvanshy (Vice-Chair)	Hong Kong
A M Cameron	Singapore
R I Ferrada	Santiago
P C F Haynes	London
O W F Lennox-King	Hong Kong
T G Mazarakis	New York
L-M Perrella	Montreal
P Philis	Limassol
A T Tokgoz	Istanbul
N A Verheyen	Antwerp

Members' Committee Members

O W F Lennox-King (Chair)	Hong Kong
A A M J Aljasem	Kuwait
N Athanasiou	Athens
V Bacolitsas	Athens
N Bakos	Athens
K S Bitnes	Oslo
A T Busch	Vancouver, WA
D Dandolos	Athens
M B Enston	London
G M A Fossion	Antwerp
M Humphreys	Dubai
A Y Kalchev	Varna
G Kalogiratos	Athens
S F Nilaus	Copenhagen
Y Niotis	Piraeus
M Papachristodoulou	Piraeus
S Shao	Beijing
Dr. A F Sharma	Dubai
N Veniamis	Athens
Dr. C Wu	Shanghai

Managers

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United Kingdom

Telephone: +44 20 7716 6000
E-mail: mail@westpandi.com

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Telephone: +(352) 4700671
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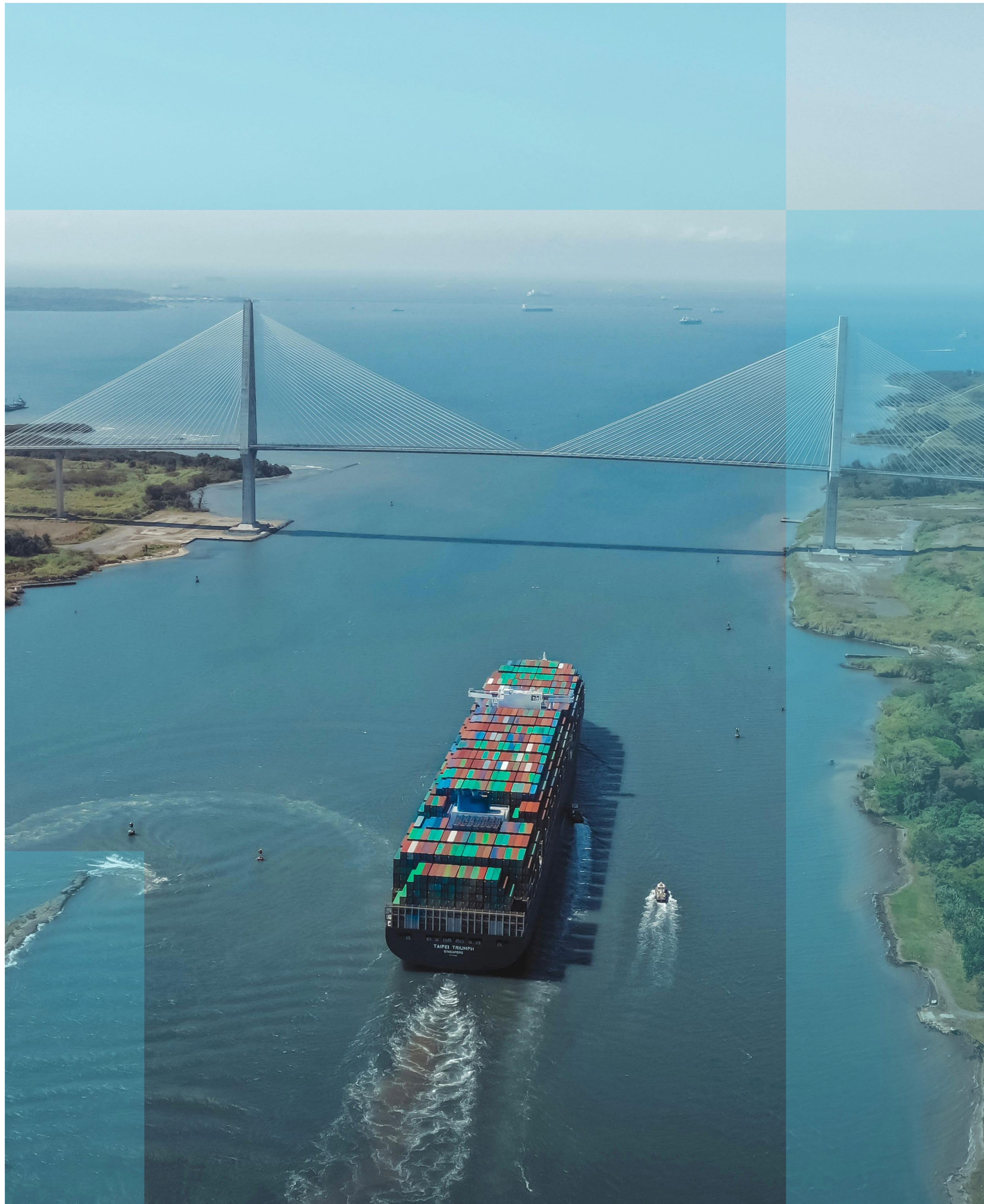
Registered Number

R.C.S. Luxembourg B 8963

Auditor

Deloitte Audit Société à responsabilité limitée
Cabinet de révision agréé
20 Boulevard de Kockelscheuer,
L-1821 Luxembourg

Telephone: +(352) 451451



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Report of The Directors

The Directors have pleasure in presenting their report together with the published audited consolidated accounts (hereafter the "consolidated accounts") of The West of England Ship Owners Mutual Insurance Association (Luxembourg) and its subsidiaries (collectively the "Association" or the "Group") for the year ended 20 February 2025.

Activities

The principal activity of the Association continues to be the insurance and reinsurance of Members' protection and indemnity risks (Class 1) and freight, demurrage and defence risks (Class 2). The Association also provides insurance and reinsurance against financial and economic losses relating to maritime trade (Class 3) and hull and machinery and related risks (Class 4).

In addition to its Head Office in Luxembourg, the Association has branches in London, Hong Kong and Singapore and representative offices in Piraeus, New York and Dubai. Through this structure and its world-wide network of correspondent offices, the Association supports its business activities on behalf of its diversified and global Membership of ship owners and charterers.

The Association's two wholly owned subsidiaries, International Shipowners Reinsurance Company S.A. and The West of England Reinsurance (Hamilton) Limited (registered and domiciled in Luxembourg and Bermuda respectively), have continued to provide reinsurance of the Association.

West of England Insurance Services (Luxembourg) S.A., which is wholly owned by the Association, provides insurance-related management and claims handling services for the Association. West of England Insurance Services (Luxembourg) S.A. wholly owns West of England Hellas S.a.r.l. (formerly West of England (Hellas) Limited), West of England Insurance Services (North America) Inc., West of England Claims Services (North America) Inc. and West of England Services Limited.

The West of England Ship Owners Insurance Services Limited, which is wholly owned by the Association, previously acted as landlord to its tenant companies until the sale of its premises in London in July 2018 and is now effectively dormant.

The Association is one of the members of the International Group of P&I Clubs (the "IG") who combine to pool risks and share reinsurance in providing cover to a majority of the world's merchant fleet. The Association, along with the other members of the IG, has established a "segregated cell" insurance company, Hydra Insurance Company Ltd. registered and domiciled in Bermuda, to reinsure certain pool and quota share risks. The Association has contributed share capital to Hydra, and share capital and contributed surplus to the Hydra West of England Cell which is wholly owned by the Association and, during the year, participated in reinsurance activities.

The Association does not perform any research and development activity.

Future Developments and Events since the Balance Sheet Date

The Association has evaluated the period after the balance sheet date up to and including 14 May 2025, the date the consolidated accounts were approved by the Board and discloses that it entered into an agreement to purchase the remaining 55.52% of Nordisk Marinforskaring AB (Nordic Marine Insurance), taking its ownership to 100%. The transaction was completed on 10 April 2025 following the approval of the Swedish Financial Authority, Finansinspektionen.

Risk Management

Luxembourg law requires disclosure, where material, of the risk management objectives and policy of the Association.

The Association's overall appetite for accepting and managing different types of risk is defined by the Board, which has developed a three-lines of defence governance framework with policies and procedures to identify, manage, mitigate and report risk. Key risks have been documented in a dedicated Risk Register and responsibility for each of them allocated to a responsible risk holder at senior management level under the coordination of the Chief Risk Officer. A tolerance has been set by the Board against each risk. This framework is designed to protect the Association's Members and other stakeholders from events that may prevent it from meeting its contractual and regulatory obligations or financial and business objectives. Risk tolerances and related risk appetites are reviewed regularly and reporting of actual exposure or performance against them is reported to the Association's Group Audit & Risk Committee. Emerging risks are identified and evaluated by senior management and reported to the Group Audit & Risk Committee. The Association annually prepares its Own Risk and Solvency Assessment ("ORSA") as part of its Business Plan, Capital Management and Risk Management processes. It includes a forward-looking assessment of the Association's capital

WEST

Report of The Directors (cont.)

and solvency position within the framework of the Business Plan, ensuring the on-going financial resilience of the Group.

The Board oversees the development and operational implementation of these policies and procedures. It ensures on-going compliance with them through the Group Audit & Risk Committee. The Board also relies on the Internal Audit function which operates independently under clear terms of reference and with a direct reporting line to the Group Audit & Risk Committee and a direct reporting line to the Board.

The main sources of risk to the Association's operations and its financial position are:

a) Insurance risk

Insurance risk arises from uncertainty as to the occurrence, amount and timing of insured claims and liabilities. Insurance risk is sub-divided into Underwriting, Reserving and Reinsurance risks.

i. Underwriting risk

The underwriting objective of the Association is to charge premiums that reflect the risks it insures. The principal risk for any insurer is that the frequency and value of insured losses exceed expectations.

The Board sets an underwriting strategy which determines the risk profile of how the Association accepts and manages new and renewing insured risks. This strategy ensures that insured risks are diversified, for example by vessel type and geographical area, to ensure a sufficiently large and diverse population and reduce the variability of the expected outcome of insured losses.

Underwriting risk is considered both at individual fleet level and from a portfolio management perspective, where insured risks are assessed in the light of historical experience and future exposure. To assist the process of pricing and managing underwriting risk the Managers routinely perform a range of activities including:

- Documenting, monitoring and reporting on the Association's strategy to manage risk;
- Monitoring legal and market developments and amending the terms of entry when necessary;
- Developing processes that take account of market or economic factors in the pricing process.

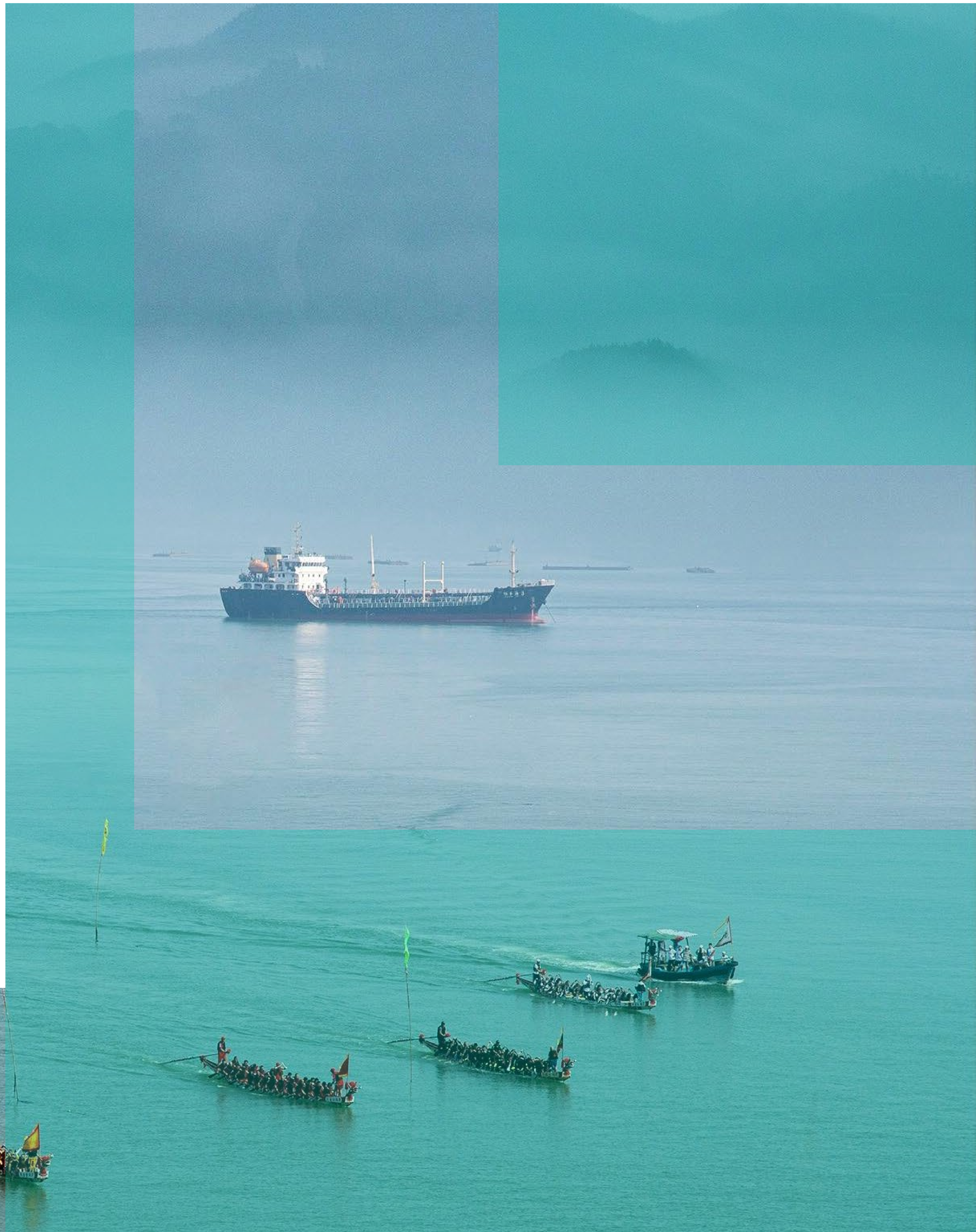
The Association's insurance contracts include terms that operate to contain losses, such as deductibles being matched to the risk profile.

The Association's pricing strategy considers the historic and future value and frequency of claims, adjusted for inflation, changes in claims patterns and external economic factors. Pricing is carried out within the Club's internal pricing framework which considers indicative rates based on internal (such as claims record and risk factors) and external (market and economic factors) data and actuarial analysis.

ii. Reserving risk

This is the risk of claims in the balance sheet being understated, i.e. the risk that reserves are inadequate due to the inherent uncertainty of knowing the ultimate cost, frequency and timing of liabilities incurred, including the provision made for claims that have not so far been notified (incurred but not reported claims).

Review and reporting controls operate so that estimates are established and maintained, reflecting the Association's current best estimate of the likely outcome for each claim. The Association has established clear and stringent estimating guidelines, backed by a programme of consistent training, to ensure they are applied uniformly. In addition, prudent reserves are held for claims that have been incurred but not yet reported, these are determined by the Association's internal actuarial team who use a variety of statistical and actuarial techniques to estimate the most likely overall outcome of liabilities and advise on the confidence level of the booked reserves. An independent view of reserves is also provided by an external consulting firm. In this way, appropriate reserves are determined to meet claims as they fall due.



Report of The Directors (cont.)

iii. Reinsurance risk

Reinsurance risk is the risk that the reinsurance purchased by the Association does not respond as intended by reason, for example, of a mismatch with gross losses, counterparty risk or exhaustion of reinsured limits.

Reinsurance reduces claims volatility. As a member of the IG, the Association benefits from its pooling and reinsurance cover for individual claims. For Policy Year 2025, this reinsurance covers claims from $10 million to $3.1 billion. This programme is the Association's primary reinsurance protection, above which the IG's "overspill" arrangements apply. For retained claims outside the IG programme, the Association has appointed a leading reinsurance broker and uses modelling techniques to identify where reinsurance will be most effective and additional reinsurance protection is purchased.

b) Financial risk

The Association is exposed to a range of financial risks which can be sub-divided into the risks below.

i. Capital management

The Association seeks to maintain financial strength and capital adequacy to support its business whilst retaining financial flexibility through appropriate levels of liquidity. It assesses its risk-based capital requirements and maintains an efficient capital structure consistent with its risk profile and business requirements as well as with regulatory requirements. To do this, the Association monitors its capital position against regulatory and rating agency models.

The Association is exposed to financial risk through its financial assets and liabilities (i.e. both market and liability matching risks) and through technical assets and liabilities such as reinsurance and Members' claims. Financial assets represent a significant proportion of the Association's assets. The Association holds and invests them to fund obligations arising from its insurance activities.

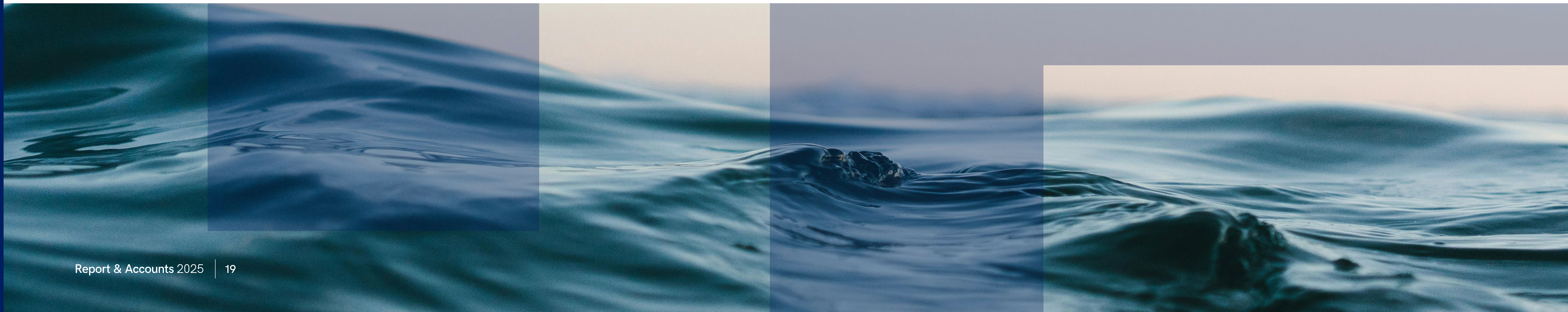
The Association's key investment risk is that its financial assets together with investment returns generated by them are insufficient to fund its liabilities arising from its insurance and investment operations and do not enable it to maintain adequate operational solvency or the required solvency margin for compliance purposes. The Association's Statement of Investment Principles (SIP) and Investment Policy (IP) reflect the investment risk tolerance set by the Board and are reviewed at least once a year. They define the management of the investment portfolio within the Association's whole risk framework, covering aspects such as asset/liability matching and interest rate risks, credit default risk, equity risk, property risk, counterparty risk, currency risk and liquidity risk. The Association employs external asset managers to manage its investments and an independent custodian to monitor compliance with guidelines. ISRe, acting as the investment committee of the Board, oversees the performance of its financial assets through regular performance, risk and compliance monitoring.

A range of tools is used to preserve the portfolio's liquidity and capital. Specific benchmarks and guidelines are set so that investments are effectively monitored and controlled, particularly in relation to the use of and exposure to derivative instruments, where applicable. The overall asset allocation is set and adjusted within ranges defined in the IP to maximise investment return within the diversification, liquidity, and risk constraints set by the Board. As part of this process, the efficiency of the asset allocation in terms of risk charges is monitored against regulatory and rating agency models.

ii. Asset/liability matching and interest rate risks

The Association continuously monitors the matching between assets and liabilities, ensuring it is not exposed to any unintended interest rate risk (to specific maturities or yield curves). It also uses interest rate risk as a source of regular income and diversification within its strategic allocation, and actively adjusts the duration of the fixed interest portfolio based on market conditions.

Fixed income investments represent the largest asset class within the Association's investment portfolio, and as a result are mainly invested in high quality, liquid, interest-bearing securities and cash equivalents.



Report of The Directors (cont.)

iii. Equity risk

As part of its investment strategy, the Association also invests in equity or equity-related markets. The purpose of these investments is to generate, on average, an excess return relative to the fixed income portfolio. They are also a diversifier of the sources of performance and risk within the overall portfolio.

The maximum exposure to equities is modelled as part of the overall risk framework and the risk tolerance threshold is calculated so that a sudden market downturn would not significantly undermine the solvency position of the Association.

iv. Property risk

The Association is exposed to the volatility of market prices of real estate, through the holding of a property in Hong Kong and investments in real estate investment funds.

Property risk is mitigated by ensuring a robust diversification within the Association's real estate investments, both in terms of geographical exposure and in terms of segments within the real estate market.

v. Counterparty default and credit risks

The Association has exposure to counterparty default and credit risks, which are the risks of losses due to unexpected default or deterioration in the credit of a counterparty.

Key areas of exposure to counterparty default and credit risks include:

- Debt securities, cash and cash equivalents, and other investments including deposits and derivative transactions;
- Reinsurers' share of insurance liabilities and amounts due from reinsurers in respect of claims already paid, including amounts due from other Group Clubs through the IG Pool;
- Amounts due from Members including exposure to credit risk from the provision of Maritime Labour Convention certificates.

For its financial investments, the Association mitigates the risks by setting guidelines constraining the quality and percentage of individual counterparties it is exposed to. It also mitigates the risks by delegating the management of fixed income credit portfolios to asset managers having extensive expertise and resources in monitoring credit risk.

The Association manages the counterparty default risk with reinsurers by placing and regularly reviewing limits on its exposure to a counterparty within the overall risk tolerance framework. The creditworthiness of reinsurers is reviewed before placing (including IG processes to ensure the appropriateness of reinsurers on the IG programme) and monitored regularly thereafter. Controls exist within the IG to maintain the strength of the IG Pool; the Pool itself forms a key risk mitigation.

Report of The Directors (cont.)

There is no significant concentration of credit risk related to receivables, as the Association has a large number of internationally dispersed ship owner and charterer Members. No single Member is sufficiently material to represent a high-risk credit exposure. The Association's Rules provide significant contractual rights to safeguard the Association's position and reduce its exposure to the consequences of default or partial payment.

vi. Currency risk

Currency risk is the risk that the fair value or future cash flows of an asset or a liability will fluctuate due to changes in exchange rates. Currency risk arises from items denominated in currencies other than the Association's operating currency – US dollars.

The Association maintains a benchmark currency profile for investments which approximates to the currency exposure within its claims liabilities so that currency movements are effectively hedged. By recording the currency exposure within claims reserves and monitoring historical payment patterns, the Association determines a measure of the currency risk and the effectiveness of the currency hedge.

vii. Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due, at reasonable cost. The Association may have to pay claims with little or no notice, so within its risk framework the Board has set limits on the minimum level of cash and liquid funds available to meet such claims payments and on the minimum level of borrowing facilities that should be in place to cover unexpected levels of claims and other cash demands. The main part of the Association's investments is maintained in highly liquid assets which may be converted to cash at little notice or expense.

c) Operational Risk

Operational risk is the risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that disrupt business operations. The Association has identified key operational risks within the risk register and the risk management function ensures that key business areas have policies and procedures in place to minimise the incidence of operational risk.

Published consolidated accounts

These published consolidated accounts conform to the Luxembourg law of 8 December 1994 (as amended) in all respects except that investments are stated at market value, land and buildings at valuation and for the presentation of subrogation and salvages. Luxembourg legislation requires that investments are stated at the lower of historic amortised cost or estimated market value and that subrogation and salvage recovery items are disclosed gross. The treatment adopted in these financial statements is consistent with the basis of accounting generally accepted by the other members of the International Group of P&I Clubs and includes additional disclosures relating to cash flows, policy year positions and average expense ratio to meet the generally accepted reporting bases or specific disclosure requirements of the International Group. The consolidated accounts are set out on pages 25 to 43 with the principal accounting policies summarised on pages 28 to 30. Consolidated accounts conforming fully to the Luxembourg legislation are filed with the Luxembourg authorities: copies are available on request from our principal office.

These consolidated accounts show a surplus for the year of $30.3 million (2024 $45.4 million). Total reserves at 20 February 2025 are $306.1 million (2024 $276.3 million).

Directors

The present Directors of the Association, who are listed on page 16, held office throughout the year under review with the exception of Messrs R I Ferrada and P Philis who were appointed with effect from 15 May 2024 and Mrs O W F Lennox-King who was appointed with effect from 13 June 2024. In addition, Mr S Ioannou retired with effect from 15 May 2024 and Mr A Hazari retired with effect from 6 November 2024.

The listed Members' Committee Members held office throughout the year under review with the exception of Mr N Athanasiou who was appointed with effect from 15 May 2024 and Mr A A M J Aljasem, Mr N Bakos and Mrs S F Nilaus who were appointed with effect from 6 November 2024. In addition, Messrs R I Ferrada and P Philis retired with effect from 15 May 2024.

In accordance with the Constitution of the Association all Directors will retire at the forthcoming Annual General Meeting but being eligible, may offer themselves for re-election.

Directors and Officers Liability Insurance

During the year, the Association maintained insurance cover for Directors and Officers against legal liabilities relating to the Association's activities.

Auditor

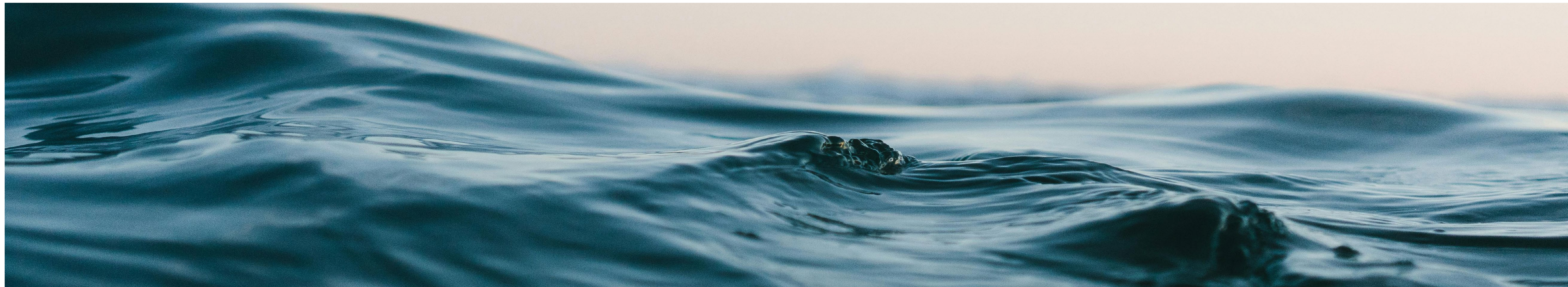
At the Annual General Meeting on 8 July 2025 the Directors will propose a resolution for the appointment of an auditor for the year commencing 20 February 2025.

By order of the Board

O Le Bescond
Secretary

31, Grand-Rue
L-1661 Luxembourg

14 May 2025



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To the Members of The West of England Ship Owners Mutual Insurance Association (Luxembourg)

31, Grand-Rue L-1661 Luxembourg

Report of the Réviseur d'Entreprises Agréé

Report on the Audit of the Consolidated Annual Accounts

Deloitte Audit
Société à responsabilité limitée
20 Boulevard de Kockelscheuer
L-1821 Luxembourg

Tel: +352 451 451
www.deloitte.lu

Opinion

We have audited the consolidated annual accounts of The West of England Ship Owners Mutual Insurance Association (Luxembourg) and its subsidiaries (the "Association") which comprise the consolidated balance sheet as at 20 February 2025, and the consolidated income and expenditure account for the year then ended, and notes to the consolidated annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the financial position of the Association as at 20 February 2025, and the results of its operations for the year then ended in accordance with the significant accounting policies set out in Notes 2 and 3 to the consolidated annual accounts.

Basis for Opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the consolidated annual accounts" section of our report. We are also independent of the Association in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated annual accounts and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Notes 2 and 3 to the consolidated annual accounts, which describe the basis of accounting. The consolidated annual accounts are prepared to assist The West of England Ship Owners Mutual Insurance Association (Luxembourg) to meet its financial information requirements to its Members and to be consistent with the basis adopted by the other members of the International Association of P&I Clubs. As a result, the consolidated annual accounts may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of the audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Valuation of incurred but not reported ("IBNR") claims reserves:

Risk description:

Gross claims outstanding include incurred but not reported ("IBNR") claims reserves 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 Association's exposure. The judgements that are made by management in determining the valuation of incurred but not reported ("IBNR") claims reserves, as mentioned in Note 3 to the consolidated annual accounts, are significant to the Association's financial position. Determining these incurred but not reported ("IBNR") claims reserves requires subjectivity and alterations in underlying assumptions may have a material impact on the financial position of the Association and on the results of its operations.

In this context, the valuation of incurred but not reported ("IBNR") claims reserves in respect of management's selection of methodology and assumptions underlying the valuation of incurred but not reported ("IBNR") claims reserves has been assessed as a key audit matter.

Audit responses:

We have assessed the design and implementation of key controls which management performs in relation to insurance reserving. This included assessing the design and implementation of controls over the valuation of incurred but not reported ("IBNR") claims reserves and the appropriate governance oversight in determining the key assumptions underpinning the valuation of incurred but not reported ("IBNR") claims reserves.

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We completed the procedures to assess the competence and objectivity of management's actuarial experts and involved our own actuarial specialists to assess the appropriateness of the methodology applied and the suitability of the key assumptions and judgements taken in determining the incurred but not reported ("IBNR") claims reserves.

Other matter

The West of England Ship Owners Mutual Insurance Association (Luxembourg) has prepared a separate set of consolidated annual accounts as at 20 February 2025 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the consolidated accounts on which we issued a separate auditor's report to the Members of The West of England Ship Owners Mutual Insurance Association (Luxembourg) dated 5 June 2025.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the consolidated Report of Directors but does not include the consolidated annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the consolidated annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual accounts, or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Annual Accounts

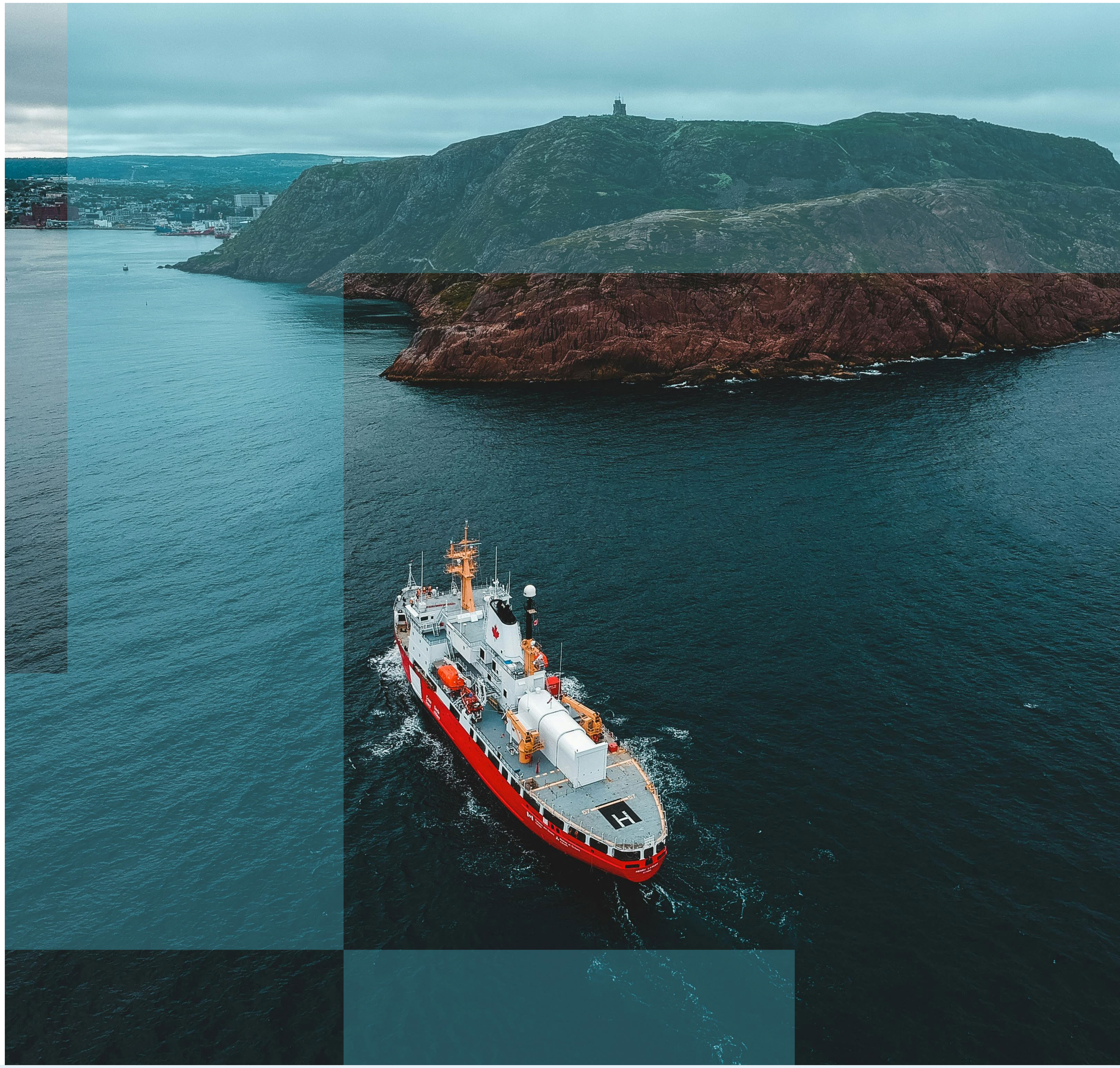
The Board of Directors is responsible for the preparation and fair presentation of these consolidated annual accounts in accordance with the basis of accounting described in Notes 2 and 3 to these consolidated annual accounts and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Board of Directors is responsible for assessing the Association'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 Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the Consolidated Annual Accounts

The objectives of our audit are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 consolidated annual accounts.



As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Association to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision, and performance of the Association's audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on Other Legal and Regulatory Requirements

We have been appointed as "réviseur d'entreprises agréé" by the General Meeting of the Members on 9 July 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

The Report of the Directors is consistent with the consolidated annual accounts and has been prepared in accordance with applicable legal requirements.

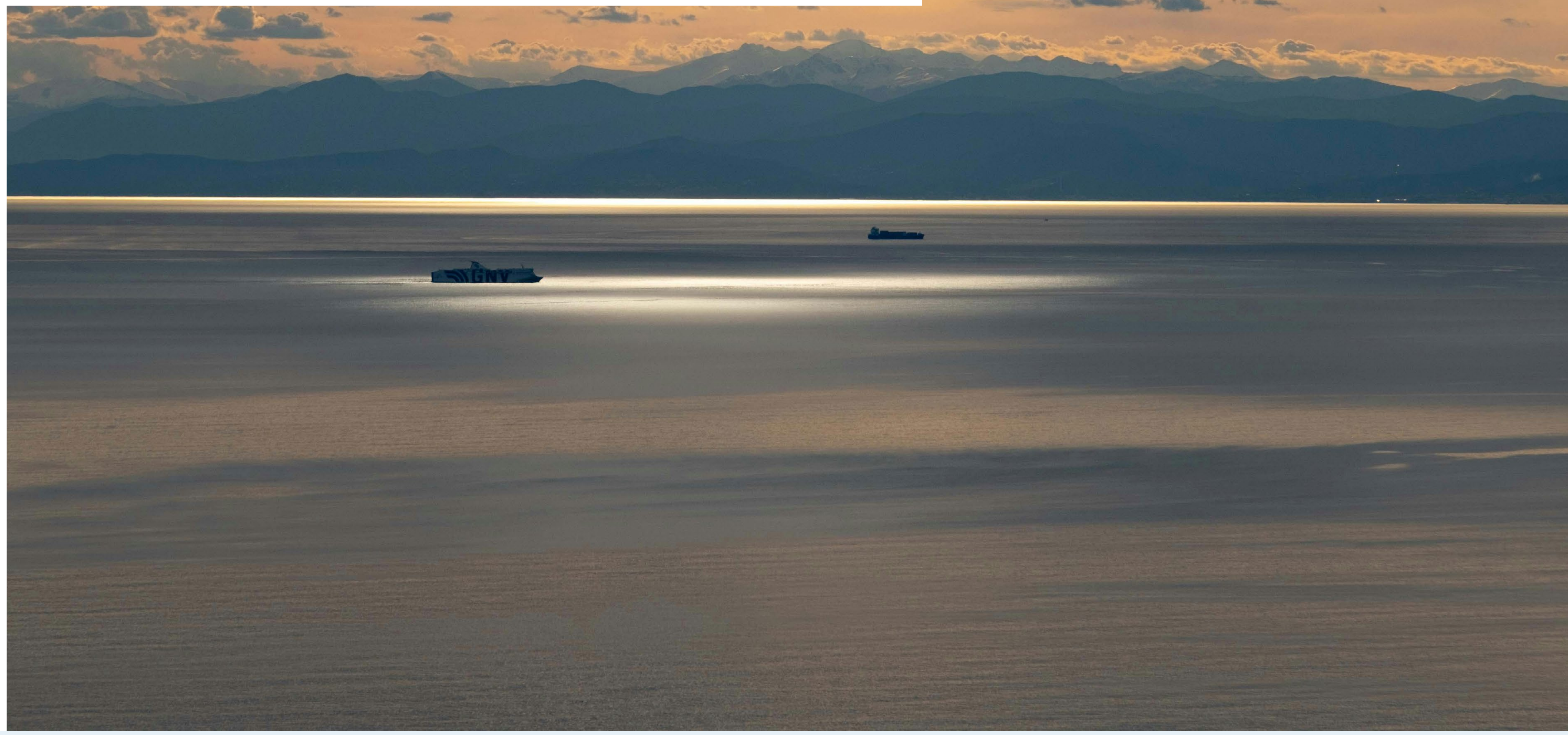
We confirm that the audit opinion is consistent with the additional report to the Association Audit and Risk Committee.

We confirm that the prohibited non-audit services referred to in the EU Regulation N° 537/2014 were not provided and that we remained independent of the Association in conducting the audit.

For Deloitte Audit,
Cabinet de révision agréé

Ludovic Bardon,
Réviseur d'entreprises agréé
Partner, Luxembourg

5 June 2025



Financial Highlights

Chairman's Statement

Managers' Review

Consolidated

Consolidated Balance Sheet

at 20 February 2025

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Assets	Note(s)	2025 $'000	2024 $'000
Intangible assets			
Goodwill	4	927	1,854
		927	1,854
Investments			
Land and buildings	5	9,902	10,638
Investments in affiliated undertakings and participating interests	6		
Participating interests		1,484	1,164
Affiliated undertakings		25	25
Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest		1,087	1,087
Other financial investments	7	820,511	773,008
		833,009	785,922
Reinsurers' share of technical provisions			
Provision for unearned premiums		6,831	4,612
Claims outstanding	15	239,712	162,548
		246,543	167,160
Debtors			
Member debtors	10	46,630	34,755
Reinsurance debtors	9	7,491	21,605
Other debtors	11	4,433	3,407
		58,554	59,767
Other assets			
Tangible assets	12	1,002	1,259
Cash at bank and in hand		57,442	58,002
		58,444	59,261
Prepayments and accrued income			
Accrued interest		4,462	3,925
Deferred acquisition costs		3,627	2,294
Other prepayments and accrued income		1,541	1,541
		9,630	7,760
Total assets		1,207,107	1,081,724

Liabilities	Note(s)	2025 $'000	2024 $'000
Capital and reserves			
Revaluation Reserve	5, 21	8,383	8,907
Income and Expenditure Account	21	297,699	267,416
		306,082	276,323
Technical provisions			
Provision for unearned premiums		21,662	15,300
Claims outstanding	15	803,491	709,863
		825,153	725,163
Creditors			
Member creditors		43,522	34,594
Reinsurance creditors		13,541	28,211
Other creditors	13	18,809	17,433
		75,872	80,238
Total Liabilities		1,207,107	1,081,724

F G Sarre
Chair

N A Verheyen
Director

14 May 2025

The accompanying notes are an integral part of the consolidated accounts

Consolidated Income and Expenditure Account

For the year ended 20 February 2025

Technical Account	Note(s)	2025 $'000	2025 $'000	2024 $'000	2024 $'000
Earned premiums, net of reinsurance					
Gross premiums written		353,913		330,677	
Change in provision for unearned premiums		(6,362)		(5,044)	
Gross premium earned	14	347,551		325,633	
Outward reinsurance premiums		(64,957)		(59,931)	
Change in provision for unearned premiums, reinsurers' share		2,219		3,013	
Reinsurance premium ceded	14	(62,738)		(56,918)	
Earned premiums, net of reinsurance			284,813		268,715
Allocated investment return transferred from the non-technical account			42,896		32,666
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(277,168)		(246,240)	
Reinsurers' share		61,573		31,031	
Net claims paid	15	(215,595)		(215,209)	
Change in the provision for claims					
Gross amount		(93,628)		17,934	
Reinsurers' share		77,164		604	
Change in the net provision for claims	15	(16,464)		18,538	
Claims incurred, net of reinsurance			(232,059)		(196,671)
Net operating expenses					
Administrative expenses		(14,698)		(13,317)	
Acquisition Costs		(50,517)		(44,827)	
Change in deferred acquisition costs		1,333		763	
Net operating expenses	16		(63,882)		(57,381)
Balance on the technical account			31,768		47,329

Non-Technical Account	Note(s)	2025 $'000	2025 $'000	2024 $'000	2024 $'000
Balance on the technical account			31,768		47,329
Investment income	18		53,691		44,178
Investment charges	18		(10,795)		(11,512)
Allocated investment return transferred to the technical account			(42,896)		(32,666)
Surplus on ordinary activities before tax			31,768		47,329
Tax on ordinary activities	19		(1,485)		(1,898)
Surplus on ordinary activities after tax			30,283		45,431

The accompanying notes are an integral part of the consolidated accounts

Financial Highlights

Chairman's Statement

Managers' Review

Consolidated

Consolidated Statement of Cash Flows

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For the year ended 20 February 2025

	Note(s)	2025 $'000	2024 $'000
Cash flows from operating activities			
Gross premiums received from Members		342,038	344,572
Reinsurance premiums paid		(61,562)	(56,638)
Gross claims paid		(267,969)	(246,158)
Reinsurance recoveries received		57,347	38,272
Operating expenses paid		(63,601)	(55,624)
Tax on ordinary activities paid		(1,319)	(1,199)
Net cash generated from operating activities		4,934	23,225
Cash flows from investing activities			
Purchases of property and equipment	12	-	(328)
Interest income received		19,787	16,578
Dividend income received		2,828	3,003
Investment management expenses paid		(963)	(858)
Net cash flows from investments in affiliated undertakings and participating interests		-	(1,590)
Net cash flows from shares and other variable yield securities and units in unit trusts		(11,832)	(15,153)
Net cash flows from deposits with credit institutions		(7,940)	(11,250)
Net cash flows from debt securities and other fixed interest securities		(6,908)	(63,357)
Net cash used in investing activities		(5,028)	(72,955)
Net decrease in cash at bank and in hand		(94)	(49,730)
Cash at bank and in hand as at beginning of year		58,002	107,582
Exchange (losses) / gains on cash at bank and in hand		(466)	150
Cash at bank and in hand as at end of year		57,442	58,002

Note to the Consolidated Statement of Cash Flows

Reconciliation of surplus on ordinary activities after tax to net cash generated from operating activities

	Note(s)	2025 $'000	2024 $'000
Surplus on ordinary activities after tax		30,283	45,431
Depreciation	16	470	467
Exchange loss / (gain) on miscellaneous items		42	(28)
Increase / (decrease) in net insurance liabilities	15	16,464	(18,538)
Increase in provision for unearned premiums		4,143	2,031
(Increase) / decrease in insurance and other debtors		(713)	1,238
(Decrease) / increase in insurance and other creditors		(2,859)	25,290
Investment income	18	(53,691)	(44,178)
Investment charges	18	10,795	11,512
Net cash generated from operating activities		4,934	23,225

The accompanying notes are an integral part of the consolidated accounts

Note to the Consolidated Accounts

For the year ended 20 February 2025

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1 General

The West of England Ship Owners Mutual Insurance Association (Luxembourg) (the "Association") is established in the Grand-Duchy of Luxembourg as a mutual insurance association and provides marine insurance and reinsurance of Members' protection and indemnity risks (Class 1), freight, demurrage and defence risks (Class 2), financial and economic losses relating to maritime trade risks (Class 3) and hull and machinery and related risks (Class 4). As a mutual association under Luxembourg law, the Association has no share capital or subscribed capital.

2 Presentation of the published consolidated accounts

These published consolidated accounts (hereafter "consolidated accounts") have been prepared in accordance with the significant accounting policies set out in Note 3 to meet the financial information requirements of its Members and include information and disclosures consistent with those adopted by the other members of the International Group of P&I Clubs.

These accounting policies and disclosures are consistent with those required by the amended law of 8 December 1994 on the consolidated annual accounts of insurance and reinsurance undertakings in Luxembourg, except for the following:

- Land and buildings and other financial investments are stated at estimated market value;
- Subrogation and salvages are presented on a net basis within the consolidated balance sheet;
- Additional disclosures are included relating to consolidated cash flows, policy year positions and average expense ratio.

The Association also prepares statutory consolidated accounts (the "statutory consolidated accounts") in accordance with the legal and regulatory requirements applicable in Luxembourg, including the requirements of the amended law of 8 December 1994 on the annual accounts of insurance and reinsurance undertakings. These statutory consolidated accounts are filed with the Registre de Commerce in Luxembourg and are available at the registered office of the Association.

The impact on the valuation of land and buildings and other financial investments in the consolidated balance sheet resulting from the change in accounting policies described above between these and the statutory consolidated accounts is as follows:

	Land and buildings $'000	Other financial investments $'000
Presented herein – Estimated market value	9,902	820,511
Statutory consolidated accounts – Net book value	2,646	783,807

The preparation of consolidated accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the consolidated accounts in the period in which the assumption changed.

The Board of Directors believes that the underlying assumptions are appropriate and that the consolidated accounts therefore present the financial position and results fairly.

The Association makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Basis of consolidation

The consolidated accounts have been prepared in US dollars and incorporate the assets and liabilities of the Association and its group undertakings, listed below, at 20 February 2025 and the results of the year ended on that date.

Group undertakings	Ownership %	Incorporated
Hydra Insurance Company Ltd. – The West of England Hydra Cell	100%	Bermuda
International Shipowners Reinsurance Company S.A.	100%	Luxembourg
The West of England Reinsurance (Hamilton) Limited	100%	Bermuda
The West of England Ship Owners' Insurance Services Limited	100%	United Kingdom
West of England Hellas S.a.r.l.	100%	Luxembourg
West of England Insurance Services (North America) Inc.	100%	United States
West of England Claims Services (North America) Inc.	100%	United States
West of England Insurance Services (Luxembourg) S.A.	100%	Luxembourg
West of England Services Limited	100%	UAE
Nordisk Marinforskaring AB (Nordic Marine Insurance)	44.48%	Sweden
Qwest Maritime Limited	50%	United Kingdom

All group undertakings are fully consolidated with the exception of Nordisk Marinforskaring AB (Nordic Marine Insurance) which is consolidated using the equity method. The 50% share of the Association's participation in Qwest Maritime Limited has not been consolidated due to its immaterial value at 20 February 2025.

Note to the Consolidated Accounts

For the year ended 20 February 2025

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2 Presentation of the published consolidated accounts (continued)

Classes and policy years

Members are insured in accordance with the Rules of the Association. Separate records are maintained for all Classes of insurance. Mutual policy balance accounts are maintained, individual accounts being held for all open policy years for each Class. The accumulated balance for all policy years is available, if required, for any exceptional future charges.

Calls and reinsurance premiums are credited or charged to the policy year to which cover relates. Claims are included in policy years by reference to the date of the incident and reinsurance recoveries are matched accordingly. General and management expenditure is allocated to Classes on the basis of calls and premium income and is charged to the policy year in which it is incurred. Investment income is allocated to policy years as determined by the Directors.

Activities relating to specific Classes 1, 2, 3 and 4, and the activity relating to The West of England Reinsurance (Hamilton) Limited, which is not attributable to any Class of business, are disclosed separately in Note 20.

3 Summary of significant accounting policies

Foreign currencies

Revenue and expense transactions are converted at the rate ruling at the date of the relevant transactions. Assets and liabilities in currencies other than US dollars are converted to US dollars at the rate prevailing at the balance sheet date. Exchange differences are analysed between realised and unrealised, and taken to the consolidated Income and Expenditure Account. Exchange movements arising from the retranslation of brought forward reserve balances are taken directly to capital and reserves. Unsettled forward exchange transactions are translated into US dollars at the forward rate prevailing on the balance sheet date for the remaining term of the contracts. Unrealised profit or loss on hedging transactions is charged in the consolidated Income and Expenditure Account and disclosed as an asset under other financial investments or a liability under other creditors in the consolidated balance sheet.

Intangible assets

Goodwill is amortised on a straight-line basis at a rate of 20% per year commencing from the first full year after acquisition. The amortisation of goodwill recognised for the acquisition of Participating interests is released to Value adjustments on investments.

Investments in affiliated undertakings and participating interests

Affiliated undertakings are considered to be the undertakings over which the Club exercises a dominant influence either directly or indirectly. Participating interests refer to rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Club's activities.

The shares held in affiliated undertakings and participating interests over which the Club exercises a significant influence over the operating and financial policies of the undertaking are valued using the equity method, at their initial cost adjusted by the proportional share of the undertaking's net profit or loss. Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest are stated at nominal value. Value adjustments are made if it is expected that recoverability is impaired and that reduction in value is of permanent nature.

Land and buildings

Land and buildings are stated at estimated market value, based on periodic valuations by independent valuers. Buildings are amortised over their useful life on a straight-line basis, taking into account their residual value. The residual value and economic useful life of buildings are reassessed by the Directors on a periodic basis. Leasehold properties are written down over the period of the lease.

Other financial investments

Shares and other variable yield transferable securities and units in unit trusts, and Debt securities and other fixed income transferable securities are valued at market value. The market value of securities traded on established exchanges is determined using the latest official close of business price available provided by selected vendors. The market value of investment funds is calculated using the last available net asset value reported by those funds, or the last available capital statement for funds which are not unitised. Deposits are stated at their nominal value at year-end.

Debtors

Full provision is made for amounts owing which are more than one year in arrears and in respect of other balances considered to be doubtful.

Claims outstanding

Statistical projections are calculated for claims outstanding at the balance sheet date based upon paid claims and estimates of notified outstanding claims. Provision is made for future claims handling expenses. Significant delays may occur before claims are settled and, accordingly, a substantial measure of experience and judgement is required in assessing the ultimate cost of outstanding and unnotified claims, which cannot be known with certainty at the balance sheet date.

The reinsurers' share in claims outstanding represents the part of the gross claims outstanding that the Association is entitled to recover from reinsurers under contractual reinsurance arrangements.

Tangible fixed assets

Tangible fixed assets are valued at purchase price including any acquisition expenses. Tangible fixed assets are depreciated over their useful economic life which has been determined as the remaining length of the lease and four years for motor vehicles.

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3 Summary of significant accounting policies (continued)

Gross premiums written

Gross premiums written consist of calls, premiums, releases and other fees less return premiums and provisions for bad and doubtful debts. Premium is recognised on an accruals basis in the period in which the contract is related. Reinsurance premiums are charged to the consolidated Income and Expenditure Account on an accruals basis.

Provision for unearned premiums

Provision for unearned premiums represents the part of gross premiums written that is estimated to be earned after the balance sheet date. The unearned premium reserve is calculated on a daily pro-rata basis.

Claims incurred

Claims incurred comprises claims and related costs, including claims handling expenses, advances made on account of claims during the year, including the Association's share of claims under pooling agreements, and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any other adjustments to claims from previous years. Credit is taken for reinsurance recoveries due in respect of claims accounted for at the balance sheet date.

Investment income and charges

Income and charges from investments are included, together with the related tax credit, in the non-technical account on an accruals basis. Account is taken of dividend income when the related investment is declared "ex-dividend".

The amortisation of the positive differences and the accretion of negative differences between the acquisition cost and the redemption value are released to investment expenses and investment income respectively, in instalments over the period remaining to repayment.

Transfer of investment return

A transfer of investment return, including unrealised exchange gains and losses, expenses and charges, is made from the non-technical account to the technical account to reflect the return made on those assets directly attributable to the insurance business.

Expenses

General and management expenditure is charged to the consolidated Income and Expenditure Account on an accruals basis.

Acquisition costs and Deferred acquisition costs

Acquisition costs represent the brokerage and commissions attributable to the processing of proposals and the issuing of policies. Acquisition costs are deferred and amortised over the periods in which the premiums are earned.

Pension costs

Defined benefit pension costs are charged to the consolidated Income and Expenditure Account in accordance with the advice of qualified actuaries and a plan approved by the UK pensions regulator. Pension obligations relating to defined final salary benefits are determined on a projected unit method. Contributions to both the defined benefit pension and defined contribution pension schemes are charged as an expense in the year to which they relate.

4 Intangible assets

	2025 Goodwill $'000	2024 Goodwill $'000
Cost		
At beginning of year	4,634	4,634
Additions	-	-
Disposals	-	-
At end of year	**4,634**	**4,634**
Accumulated depreciation		
At beginning of year	(2,780)	(1,854)
Provided during year	(927)	(926)
Disposals	-	-
At end of year	**(3,707)**	**(2,780)**
Net Book Value	**927**	**1,854**

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5 Land and buildings

Land and buildings comprise a property in Hong Kong which is fully occupied by the Association. The property was revalued at 20 February 2025 by Jones Lang LaSalle Ltd at HK$77.0 million ($9.9 million) (2024 HK$83.2 million / $10.6 million) and the resultant revaluation deficit was taken to the Revaluation Reserve.

6 Investments in affiliated undertakings and participating interests

The movements during the financial year in respect of investments in affiliated undertakings and participating interests are as follows:

	Participating interests and affiliated undertakings	Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest	$'000 Total
Gross book value as at 20.02.2024	1,605	1,087	2,692
Additions during the year	-	-	-
Disposals during the year	-	-	-
Gross book value as at 20.02.2025	**1,605**	**1,087**	**2,692**
Accumulated losses as at 20.02.2024	(416)	-	(416)
Allocation under the Equity Method during the year	320	-	320
Accumulated losses as at 20.02.2025	**(96)**	**-**	**(96)**
Net book value 20.02.2025	**1,509**	**1,087**	**2,596**
Net book value 20.02.2024	1,189	1,087	2,276

Participating interests at 20 February 2025, with details of the cost and book value held by the Association, are:

	2025 Book Value $'000	2025 Cost $'000	2024 Book Value $'000	2024 Cost $'000
Nordic Marine Insurance	1,484	1,580	1,164	1,580
	1,484	**1,580**	1,164	1,580

Affiliated undertakings at 20 February 2025, with details of the cost and market value held by the Association, are:

	2025 Book Value $'000	2025 Cost $'000	2024 Book Value $'000	2024 Cost $'000
Qwest Maritime Limited	25	25	25	25
	25	**25**	25	25

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7 Other financial investments

	2025 Market Value $'000	2025 Cost $'000	2024 Market Value $'000	2024 Cost $'000
Shares and other variable yield transferable securities and units in unit trusts	177,334	143,142	151,473	124,880
Debt securities and other fixed income transferable securities	623,626	639,247	610,066	632,145
Deposits with credit institutions	19,190	19,190	11,250	11,250
Other	361	361	219	219
	820,511	801,940	773,008	768,494

Derivatives can be broken down as follows:

	2025 $'000 Contract / notional amount	2025 $'000 Fair value asset	2025 $'000 Fair value liability	2024 $'000 Contract / notional amount	2024 $'000 Fair value asset	2024 $'000 Fair value liability
Forward foreign exchange contracts	48,621	361	294	42,596	219	163

The use of derivatives for leveraging purposes is not permitted although certain of the Association's investment managers have authority to invest in derivative financial instruments for hedging purposes and as a substitute for cash securities only. At 20 February 2025 forward foreign exchange positions comprise long US dollar positions in 18 currencies for a total value of $35.3 million (2024 $33.1 million) and short US dollar positions in 14 currencies for a total value of $13.3 million (2024 $9.4 million).

8 Financial commitments and guarantees

The Association itself and through its subsidiaries, International Shipowners Reinsurance Company S.A. and The West of England Reinsurance (Hamilton) Limited, has pledged 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 $68.3 million (2024 $68.3 million) and guarantees issued against those facilities totalled $27.3 million (2024 $26.5 million).

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

	2025 $ million	2024 $ million
On behalf of Members	27.3	26.5
Letters of credit and other guarantees	7.5	7.2

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

As at 20 February 2025, the Association has outstanding commitments to subscribe shares in three investment funds for a value of $13.3 million (2024 $3.4 million) and has committed to the future use of office space for a value of $8.5 million (2024 $8.7 million).

9 Reinsurance debtors

	2025 $'000	2024 $'000
Recoveries from other members of the International Group of P&I Clubs	4,520	3,952
Recoveries from the Group Excess Loss reinsurance	169	392
Other reinsurances	2,802	17,261
	7,491	21,605

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10 Member debtors

	2025 $'000	2024 $'000
Member debtors	46,630	34,755
	46,630	34,755

Ageing analysis

The following is an ageing analysis of member debtors, net of allowance for doubtful debts:

Neither past due nor impaired	36,029	26,800
Overdue for up to 3 months	7,422	4,630
Overdue for over 3 months	3,179	3,325
	46,630	34,755

11 Other debtors

	2025 $'000	2024 $'000
Investment debtors	324	277
UK Corporation Tax	1,065	1,356
Luxembourg municipal and state taxes	324	350
Other debtors	2,720	1,424
	4,433	3,407

12 Tangible assets

Cost	2025 Motor Vehicles $'000	2025 Fixtures and fittings $'000	2025 Total $'000
At beginning of year	109	3,430	3,539
Additions	-	-	-
Disposals	-	-	-
At end of year	109	3,430	3,539

Accumulated depreciation			
At beginning of year	(109)	(2,171)	(2,280)
Provided during year	-	(257)	(257)
Disposals	-	-	-
At end of year	(109)	(2,428)	(2,537)
Net Book Value	-	1,002	1,002

Cost	2024 Motor Vehicles $'000	2024 Fixtures and fittings $'000	2024 Total $'000
At beginning of year	109	3,102	3,211
Additions	-	328	328
Disposals	-	-	-
At end of year	109	3,430	3,539

Accumulated depreciation			
At beginning of year	(109)	(1,915)	(2,024)
Provided during year	-	(256)	(256)
Disposals	-	-	-
At end of year	(109)	(2,171)	(2,280)
Net Book Value	-	1,259	1,259

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13 Other creditors

	2025 $'000	2024 $'000
Luxembourg municipal and state taxes	718	799
UK Corporation Tax	1,079	1,159
Accrued expenses	5,503	3,960
Investment creditors	294	1,161
Other creditors	11,215	10,354
	18,809	17,433

Other creditors include $1,456,200 (2024 $612,900) becoming due and payable after one year. All other creditors are payable within one year.

14 Earned premiums, net of reinsurance

2025 $'000

Gross premiums by policy year	Class 1	Class 2	Other	Total
Policy year 2024/25	320,886	17,123	9,640	347,649
Policy year 2023/24	621	(166)	196	651
Policy year 2022/23	(120)	(117)	(4)	(241)
Other	103	(612)	1	(508)
Total gross premiums	321,490	16,228	9,833	347,551
Reinsurance premiums	(54,801)	(1,705)	(6,232)	(62,738)
Earned premiums, net of reinsurance	266,689	14,523	3,601	284,813

2024 $'000

Gross premiums by policy year	Class 1	Class 2	Other	Total
Policy year 2023/24	302,229	16,158	4,950	323,337
Policy year 2022/23	1,400	104	98	1,602
Policy year 2021/22	376	214	3	593
Other	63	38	-	101
Total gross premiums	304,068	16,514	5,051	325,633
Reinsurance premiums	(52,380)	(1,711)	(2,827)	(56,918)
Earned premiums, net of reinsurance	251,688	14,803	2,224	268,715

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15 Insurance claims and loss adjustment expenses

	2025 $'000	2025 $'000	2025 $'000	2025 $'000
Gross claims paid and loss adjustment expenses	Class 1	Class 2	Other	Total
Members' claims	233,254	9,250	3,310	**245,814**
International Group of P&I Clubs	31,354	-	-	**31,354**
	264,608	9,250	3,310	**277,168**
Reinsurance recoveries on claims paid				
Recoveries from other members of the International Group of P&I Clubs	(37,747)	-	-	**(37,747)**
Recoveries from the Group Excess Loss reinsurance programme	(277)	-	-	**(277)**
Recoveries from other reinsurances	(21,358)	81	(2,272)	**(23,549)**
Reinsurance recoveries on claims paid	(59,382)	81	(2,272)	**(61,573)**
Net claims paid and loss adjustment expenses	**205,226**	**9,331**	**1,038**	**215,595**
Insurance liabilities, gross	**766,046**	**16,619**	**20,826**	**803,491**
Reinsurers' share of insurance liabilities				
Recoveries from other members of the International Group of P&I Clubs	(111,126)	-	-	**(111,126)**
Recoveries from the Group Excess Loss reinsurance programme	(14,703)	-	-	**(14,703)**
Recoveries from other reinsurances	(93,895)	(258)	(19,730)	**(113,883)**
Reinsurers' share of insurance liabilities	(219,724)	(258)	(19,730)	**(239,712)**
Net insurance liabilities carried forward	**546,322**	**16,361**	**1,096**	**563,779**
Net insurance liabilities brought forward	530,274	16,230	811	547,315
Change in the net provision for insurance liabilities	**16,048**	**131**	**285**	**16,464**
Net insurance claims and loss adjustment expenses	**221,274**	**9,462**	**1,323**	**232,059**

	2025 Gross $'000	2025 Reinsurance $'000	2025 Net $'000
Current year claims and loss adjustment expenses	366,738	(129,160)	**237,578**
Movement in cost of prior year claims and loss adjustment expenses	4,058	(9,577)	**(5,519)**
Total insurance claims and loss adjustment expenses	**370,796**	**(138,737)**	**232,059**

Claims paid and loss adjustment expenses	277,168	(61,573)	**215,595**
Change in the provision for insurance liabilities	93,628	(77,164)	**16,464**
Total insurance claims and loss adjustment expenses	**370,796**	**(138,737)**	**232,059**

Claims outstanding includes $144.1 million (2024 $125.8 million) in respect of other clubs' claims through the International Group Pool, including appropriate provision for claims incurred but not reported. Recoveries shown include amounts statistically projected as recoverable against claims incurred but not reported.

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15 Insurance claims and loss adjustment expenses (continued)

	2024 $'000	2024 $'000	2024 $'000	2024 $'000
Gross claims paid and loss adjustment expenses	**Class 1**	**Class 2**	**Other**	**Total**
Members' claims	194,504	8,727	2,137	205,368
International Group of P&I Clubs	40,872	-	-	40,872
	235,376	8,727	2,137	246,240
Reinsurance recoveries on claims paid				
Recoveries from other members of the International Group of P&I Clubs	(9,153)	-	-	(9,153)
Recoveries from the Group Excess Loss reinsurance programme	(570)	-	-	(570)
Recoveries from other reinsurances	(19,351)	(1,101)	(856)	(21,308)
Reinsurance recoveries on claims paid	(29,074)	(1,101)	(856)	(31,031)
Net claims paid and loss adjustment expenses	**206,302**	**7,626**	**1,281**	**215,209**
Insurance liabilities, gross	690,735	14,800	4,328	709,863
Reinsurers' share of insurance liabilities				
Recoveries from other members of the International Group of P&I Clubs	(76,022)	-	-	(76,022)
Recoveries from the Group Excess Loss reinsurance programme	(16,563)	-	-	(16,563)
Recoveries from other reinsurances	(67,876)	1,430	(3,517)	(69,963)
Reinsurers' share of insurance liabilities	(160,461)	1,430	(3,517)	(162,548)
Net insurance liabilities carried forward	530,274	16,230	811	547,315
Net insurance liabilities brought forward	551,348	14,180	325	565,853
Change in the net provision for insurance liabilities	(21,074)	2,050	486	(18,538)
Net insurance claims and loss adjustment expenses	185,228	9,676	1,767	196,671

	2024 Gross $'000	2024 Reinsurance $'000	2024 Net $'000
Current year claims and loss adjustment expenses	206,475	(13,209)	193,266
Movement in cost of prior year claims and loss adjustment expenses	21,831	(18,426)	3,405
Total insurance claims and loss adjustment expenses	228,306	(31,635)	196,671
Claims paid and loss adjustment expenses	246,240	(31,031)	215,209
Change in the provision for insurance liabilities	(17,934)	(604)	(18,538)
Total insurance claims and loss adjustment expenses	228,306	(31,635)	196,671

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16 Operating expenses

	2025 $'000	2024 $'000
Directors' fees	595	573
Auditor's remuneration	641	441
Other expenses	12,992	11,836
Depreciation	470	467
Administrative expenses	14,698	13,317
Acquisition costs	50,517	44,827
Change in deferred acquisition costs	(1,333)	(763)
	63,882	57,381

Remuneration granted to the Directors in respect of their duties and responsibilities during the financial year amounted to $594,810 (2024: $572,527). No loans or advances were granted to the Directors during the year and no commitments were entered into on their behalf. No commitments have been entered into with respect to retirement pensions for former members of the Board of the Association.

The fees of the auditor in relation to the audit of the annual accounts in 2025 amount to $634,380 (2024: $431,008); the fees related to other assurance services provided including tax services and a report prepared in accordance with the International Standards on Related Services to agreed upon procedures ("ISRS") 4400 amount to $6,344 (2024: $9,759).

Included within acquisition costs is $34.8 million (2024: $30.7 million) in respect of commission.

In accordance with Schedule 3 of the International Group Agreement 2024, all members of the International Group of P&I Clubs are required to prepare and disclose an "average expense ratio" which expresses expenses as a percentage of total income, calculated as a five year moving average. The figure for the year ended 20 February 2025 is 16.52% (2024: 16.10%).

17 Staff costs

	2025 $'000	2024 $'000
Wages and salaries	24,728	23,026
Other staff related costs	3,002	2,699
Social security costs	2,287	2,059
Other pension costs	2,624	2,324
	32,641	30,108

The average weekly number of employees during the year, by department, was:

	2025 Number	2024 Number
Claims	70	65
Underwriting	55	49
Administration	50	47
	175	161

Certain employees have accrued benefits under a defined benefit pension scheme, The West of England Ship Owners' Insurance Services Limited Retirement Benefits Scheme (the "Scheme").

From 30 June 2004, the Scheme was changed from one where benefits provided were based on final salaries to a cash contribution scheme with benefits based on contributions linked to annual salaries and inflation. The Scheme was closed to new entrants on 1 September 2016 and then was closed to future benefit accrual on 31 December 2020. The latter change was enacted in such a way as to have no impact on the accrued benefits in the Scheme. Employees commencing employment after 1 September 2016 are automatically enrolled in a new defined contribution scheme under which no future liability accrues to the Association.

The assets of the Scheme are held in a separate fund, administered by trustees, and are invested independently of the Association's assets. Funding requirements are assessed by an independent professionally qualified actuary triennially. The scheme is currently assessed to be in a surplus position and consequentially no funding is required by the Association however, should this position change, the Directors intend to maintain the funding rate necessary to meet the requirements of the plan.

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17 Staff costs (continued)

The trustees' have a strategy to de-risk the Scheme and a bulk annuity "buy-in" policy was entered into in April 2014 in respect of pensioners within the final salaries section of the Scheme, representing the majority of Scheme pensioners. This policy is valued in the Scheme assets and liabilities at 20 February 2025, as shown below, at GBP 27.1 million (USD 34.3 million), (2024 GBP 29.1 million (USD 36.9 million)).

On an IAS 19 basis the pension scheme is valued at:

	2025 $000	2024 $000
Present value of Scheme liabilities	(76,550)	(82,828)
Market value of Scheme assets	83,572	89,278
Surplus in the Scheme	7,022	6,450

The principal assumptions underlying these valuations were:

	2025 % per annum	2024 % per annum
Discount rate	5.5	4.9
RPI inflation assumption	3.3	3.2
CPI inflation assumption (pre-2030)	2.3	2.2
CPI inflation assumption (2030 and onwards)	3.2	3.1
Limited price indexation pension increases	3.1	3.1

The average duration of the Scheme's liabilities is approximately 10 years (2024 11 years).

18 Investment income and charges

	2025 $'000	2024 $'000
Investment income	28,921	24,975
Gains on realisation of investments	6,892	4,591
Gains from forwards and exchange	3,503	4,553
Gains from investments consolidated under equity value	320	-
Value re-adjustments on investments	14,055	10,059
Total investment income	53,691	44,178

Investment expenses (including management expenses)	(2,110)	(2,435)
Losses on realisation of investments	(3,357)	(2,118)
Losses from investments consolidated under equity value	-	(216)
Impairment of goodwill and investments	(927)	(2,301)
Losses from forwards and exchange	(4,401)	(4,442)
Total investment charges	(10,795)	(11,512)
Total investment return	42,896	32,666

The investment return has been attributed as follows:

Class 1	36,363	27,486
Class 2	1,789	1,477
The West of England Reinsurance (Hamilton) Limited	4,744	3,703
	42,896	32,666

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19 Tax on ordinary activities

	2025 $'000	2025 $'000	2024 $'000	2024 $'000
Luxembourg municipal and state taxes		(264)		(289)
Hong Kong Profits Tax		-		(19)
Singapore Income Tax		-		-
UK Corporation Tax:				
Current tax on income for the year	(1,079)		(1,159)	
Adjustment in respect of prior years	223		(19)	
		(856)		(1,178)
Other taxes		(365)		(412)
		(1,485)		(1,898)

20 Summarised Income and Expenditure Account by Class

2025 $'000

	Class 1	Class 2	Other and Non-Class	Total
Earned premiums, net of reinsurance (Note 14)	266,689	14,523	3,601	284,813
Claims incurred, net of reinsurance (Note 15)	(221,274)	(9,462)	(1,323)	(232,059)
Net operating expenses (Note 16)	(58,329)	(3,898)	(1,655)	(63,882)
	(12,914)	1,163	623	(11,128)
Investment return, net of tax (Notes 18 and 19)	34,948	1,719	4,744	41,411
Surplus for the financial year	22,034	2,882	5,367	30,283

2024 $'000

	Class 1	Class 2	Other and Non-Class	Total
Earned premiums, net of reinsurance (Note 14)	251,688	14,803	2,224	268,715
Claims incurred, net of reinsurance (Note 15)	(185,228)	(9,676)	(1,767)	(196,671)
Net operating expenses (Note 16)	(53,190)	(3,628)	(563)	(57,381)
	13,270	1,499	(106)	14,663
Investment return, net of tax (Notes 18 and 19)	25,685	1,380	3,703	30,768
Surplus for the financial year	38,955	2,879	3,597	45,431

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21 Reserves

2025 ($'000)	Revaluation Reserve	Income and Expenditure Account	Total reserves
As at 20 February 2024	8,907	267,416	**276,323**
Revaluation	(524)	-	**(524)**
Exchange	-	-	-
Surplus for financial year (Note 20)	-	30,283	**30,283**
At 20 February 2025	**8,383**	**297,699**	**306,082**

2024 ($'000)	Revaluation Reserve	Income and Expenditure Account	Total reserves
As at 20 February 2023	8,768	221,984	230,752
Revaluation	139	-	139
Exchange	-	1	1
Surplus for financial year (Note 20)	-	45,431	45,431
At 20 February 2024	8,907	267,416	276,323

Revaluation Reserve by Class

The balance on the Revaluation Reserve is attributed to Classes as follows:

	2025 $'000	2024 $'000
Class 1	**8,022**	8,524
Class 2	**361**	383
	8,383	8,907

Total Reserves by Class	2025 $'000	2024 $'000
Class 1	**198,977**	177,445
Class 2	**55,658**	52,797
Other reserves	**51,447**	46,081
Total reserves at 20 February	**306,082**	276,323

At 20 February 2025 other reserves consisted of reserves in respect of Class 3 and Class 4 as well as reserves related to The West of England Reinsurance (Hamilton) Limited which is not attributable to any Class of business.

22 Subsequent events

The Association has evaluated the period after the balance sheet date up to and including 14 May 2025, the date the consolidated accounts were approved by the Board and discloses that it entered into an agreement to purchase the remaining 55.52% of Nordisk Marinforskaring AB (Nordic Marine Insurance), taking its ownership to 100%. The transaction was completed on 10 April 2025 following the approval of the Swedish Financial Authority, Finansinspektionen.

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23 Class 1 policy year position at 20 February 2025

$'000	2022/23	2023/24	2024/25	Unallocated investment income	Total
Calls and premiums:					
-Year to 20 February 2025	(120)	621	320,886	-	321,387
- Prior years	270,752	302,229	-	-	572,981
Gross premiums	**270,632**	**302,850**	**320,886**	**-**	**894,368**
Reinsurance premiums	(46,886)	(52,356)	(54,956)	-	(154,198)
Acquisition costs	(34,474)	(40,842)	(45,204)	-	(120,520)
Net premiums	**189,272**	**209,652**	**220,726**	**-**	**619,650**
Investment income	22,350	-	-	33,724	56,074
Net income	**211,622**	**209,652**	**220,726**	**33,724**	**675,724**
Net claims paid – Members	(104,605)	(78,436)	(49,472)	-	(232,513)
Net claims outstanding – Members	(80,564)	(80,722)	(122,801)	-	(284,087)
Net claims incurred – Members	**(185,169)**	**(159,158)**	**(172,273)**	**-**	**(516,600)**
Net claims paid – Pool	(7,202)	(4,290)	(12,112)	-	(23,604)
Net claims outstanding – Pool	(8,596)	(18,171)	(41,601)	-	(68,368)
Net claims incurred – Pool	**(15,798)**	**(22,461)**	**(53,713)**	**-**	**(91,972)**

$'000	2022/23	2023/24	2024/25	Unallocated investment income	Total
Net claims paid	(111,807)	(82,726)	(61,584)	-	(256,117)
Net claims outstanding	(89,160)	(98,893)	(164,402)	-	(352,455)
Net claims incurred	**(200,967)**	**(181,619)**	**(225,986)**	**-**	**(608,572)**
Operating expenses	(10,650)	(11,783)	(13,012)	-	(35,445)
Net expenditure	**(211,617)**	**(193,402)**	**(238,998)**	**-**	**(644,017)**
Forecast balance on open years	**5**	**16,250**	**(18,272)**	**33,724**	**31,707**
Forecast balance on closed years					**167,270**
Forecast balance on Class 1 at 20 February 2025					**198,977**

Based on the position at 20 February 2025 a resolution was put to the Board of Directors at their meeting on 14 May 2025 to allocate investment return of $22.35 million to the 2022/23 policy year and thereafter, under the same resolution, close the 2022/23 policy year.

Release calls as a percentage of the estimated total mutual call have been set at 7.5% for 2022/23, and 15% for policy years 2023/24 and 2024/25. The estimated yields of these releases, if charged, would be $16.4 million, $37.2 million and $39.3 million respectively. No account of these releases has been taken in the policy year figures above.

Under the resolution referred to above, the Board of Directors were asked to review these releases for the remaining open years and decided to reduce policy year 2023/24 to 7.5% and to maintain policy year 2024/25 at 15%.

Note to the Consolidated Accounts

For the year ended 20 February 2025

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23 Class 1 policy year position at 20 February 2025 (continued)

The following disclosure is in conformity with the agreed accounting standards of the International Group of P&I Clubs:

(a) Disclosure relating to calls

	2022/23 $'000	2023/24 $'000	2024/25 $'000
Estimated product of a 10% supplementary call	21,876	24,786	26,183

The supplementary call products shown take account of calls already charged, and Members released, at 20 February 2025 and therefore do not represent 10% of the original mutual call for each year.

(b) Disclosure relating to claims paid

	2022/23 $'000	2023/24 $'000	2024/25 $'000
Claims paid - own business	(147,065)	(81,448)	(71,639)
Claims paid – other clubs' Pool claims	(7,202)	(4,290)	(12,112)
Gross claims paid	(154,267)	(85,738)	(83,751)
Recoveries from the Pool	-	3,012	22,167
Recoveries from the Group Excess Loss reinsurance programme	-	-	-
Recoveries from other reinsurances	42,460	-	-
Reinsurance recoveries on claims paid	42,460	3,012	22,167
Net claims paid	(111,807)	(82,726)	(61,584)

(c) Disclosure relating to claims outstanding

	Closed Years $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000	Total $'000
Outstanding claims – own business	(239,482)	(89,248)	(82,854)	(210,002)	**(621,586)**
Outstanding claims – other clubs' Pool claims	(76,092)	(8,596)	(18,171)	(41,601)	**(144,460)**
Gross outstanding claims (Note 15)	(315,574)	(97,844)	(101,025)	(251,603)	**(766,046)**
Recoveries from the Pool	56,081	6,884	2,132	46,029	**111,126**
Recoveries from the Group Excess Loss reinsurance programme	14,703	-	-	-	**14,703**
Recoveries from other reinsurances	50,923	1,800	-	41,172	**93,895**
Reinsurance recoveries on outstanding claims (Note 15)	121,707	8,684	2,132	87,201	**219,724**
Net claims outstanding	(193,867)	(89,160)	(98,893)	(164,402)	**(546,322)**

The figure for outstanding claims includes appropriate provision for claims incurred but not reported and future claims handling expenses. Recoveries include amounts statistically projected as recoverable against claims incurred but not reported. Recoveries from the Pool include the International Group's retained share of the Excess of Loss programme.

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For the year ended 20 February 2025

24 Class 2 policy year position at 20 February 2025

$'000	2021/22	2022/23	2023/24	2024/25	Unallocated investment income	Total
Calls & premiums						
- Year to 20 February 2025	75	(117)	(166)	17,123	-	16,915
- Prior years	15,178	15,845	16,158	-	-	47,181
Gross premiums	**15,253**	**15,728**	**15,992**	**17,123**	**-**	**64,096**
Reinsurance premiums	(1,373)	(1,345)	(1,711)	(1,731)	-	(6,160)
Acquisition costs	(1,857)	(1,929)	(2,129)	(2,338)	-	(8,253)
Net premiums	**12,023**	**12,454**	**12,152**	**13,054**	**-**	**49,683**
Investment income	-	-	-	-	14,162	14,162
Net income	**12,023**	**12,454**	**12,152**	**13,054**	**14,162**	**63,845**
Net claims paid	(7,719)	(8,503)	(4,777)	(1,485)	-	(22,484)
Net claims outstanding	(1,275)	(1,984)	(3,282)	(8,914)	-	(15,455)
Net claims incurred	**(8,994)**	**(10,487)**	**(8,059)**	**(10,399)**	**-**	**(37,939)**
Administration expenses	(1,271)	(1,362)	(1,479)	(1,571)	-	(5,683)
Net expenditure	**(10,265)**	**(11,849)**	**(9,538)**	**(11,970)**	**-**	**(43,622)**
Forecast balance on open years	**1,758**	**605**	**2,614**	**1,084**	**14,162**	**20,223**
Forecast balance on closed years						**35,435**
Forecast balance on Class 2 at 20 February 2025						**55,658**

Investment income includes all amounts earned up to 20 February 2025. Based on the position at 20 February 2025 a resolution was put to the Board of Directors at their meeting on 14 May 2025 to close policy year 2021/22 in surplus without allocation of investment income.

Release calls as a percentage of estimated mutual call have been set at zero for 2021/22, at 7.5% for 2022/23 and at 15% for 2023/24 and 2024/25. No account of these releases has been taken in the policy year figures above. Under the resolution referred to above, the Board of Directors will be asked to review these releases for the remaining open years and to reduce policy year 2022/23 to zero, reduce 2023/24 to 7.5% and to maintain 2024/25 at 15%.