INTERNATIONAL TRANSPORT INTERMEDIARIES
INSURANCE COMPANY (EUROPE) LIMITED

Solvency and Financial Condition Report ("SFCR") for the period ended 31 May 2024

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Summary

Introduction

This Solvency and Financial Condition Report ("SFCR" or "Report") for International Transport Intermediaries Insurance Company (Europe) Limited (the "Company") is prepared as of 31 May 2024 in accordance with the requirements of Directive 2009/138/EC and Delegated Regulation (EU) 2015/35.

The report covers the business and performance, system of governance, risk profile, valuation for solvency purposes and capital management under the requirements of the Solvency II regime.

The results of the Company are detailed in this appendix.

The ultimate administrative body that has the responsibility for all of these matters is the group's board of directors, with the assistance of various governance and control functions that it has put in place to monitor and manage the business.

This document is arranged to fit into a template with standard headings across the industry.

- Section A considers basic information such as the structure of the Company and the recent results.
- Section B considers the governance and risk management of the Company. It looks at the management and remuneration structure. It then takes the reader through the Own Risk and Solvency Assessment, the risk management framework, internal controls, internal audit, actuarial arrangements and outsourcing.
- Section C looks at the risk profile of the Company considering underwriting, market, credit, liquidity and operational risks.
- Section D shows the Solvency II financial position and explains how the IFRS 17 financial statements are converted into a Solvency II format. Sections are shown for assets and liabilities (technical provisions and other liabilities).
- Section E explains how the Company manages its capital and shows how the eligible own funds cover the solvency capital requirement and the minimum capital requirement. Again, the difference between the financial statements retained reserves and the Solvency II eligible own funds is explained.

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

Main output and conclusions

For solvency purposes, the Company uses the standard formula to calculate its Solvency Capital Requirement ("SCR") and as a mono-line insurer of the professional indemnity risks. The Company's insurance business is classified as general liability insurance for Solvency II purposes. Members are dispersed across the European Union. During the period from incorporation to 31st May 2024, the Company made a profit for the period of US$182k.

For solvency purposes:

a. Minimum Capital Requirement ("MCR") coverage. ITIC Europe's eligible own funds stood at US$10.7m against an MCR of US$4.2m thus showing 252% coverage.

b. Solvency Capital Requirement ("SCR") coverage. ITIC Europe's eligible own funds stood at US$10.7m against an SCR of US$5.5m thus showing 194% coverage.

Material changes

It is planned that a portfolio of current policies and claims reserves will be transferred into the Company from UK P&I N.V., ITIC's current fronter of EEA risks, before the end of 2024.

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

Approval by the Board of Directors

We acknowledge our responsibility for preparing the Company's SFCR in all material respects in accordance with the legislation of the Republic of Cyprus and the Solvency II Regulations.

We are satisfied that:

a. throughout the financial period in question, the Company has complied in all material respects with the requirements of the Rules and the Solvency II Regulations as applicable to the Company; and

b. it is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

For and on behalf of International Transport Intermediaries Insurance Company (Europe) Limited

Esta Maria Tompouri
Director
2 September 2024

Charlotte Jane Kirk
Director and Chief Executive Officer
2 September 2024

A. Business and performance

A.1. Business

A.1.1 Name and legal form: International Transport Intermediaries Insurance Company (Europe) Limited (the "Company" or "ITIC Europe") was incorporated in Cyprus on 11 September 2023 as a private company under the Companies Law, Cap.113. Its registered office is at 214, Arch. Makariou III, Kanika Ideal Court, 4th Floor, Flat/Office 401, 3030, Limassol, Cyprus. The Company obtained an insurance license from the Insurance Companies Control Service (the "ICCS") on 16 November 2023 and its principal activity is the insurance of professional indemnity and public liability risks of professionals in the transport industry.

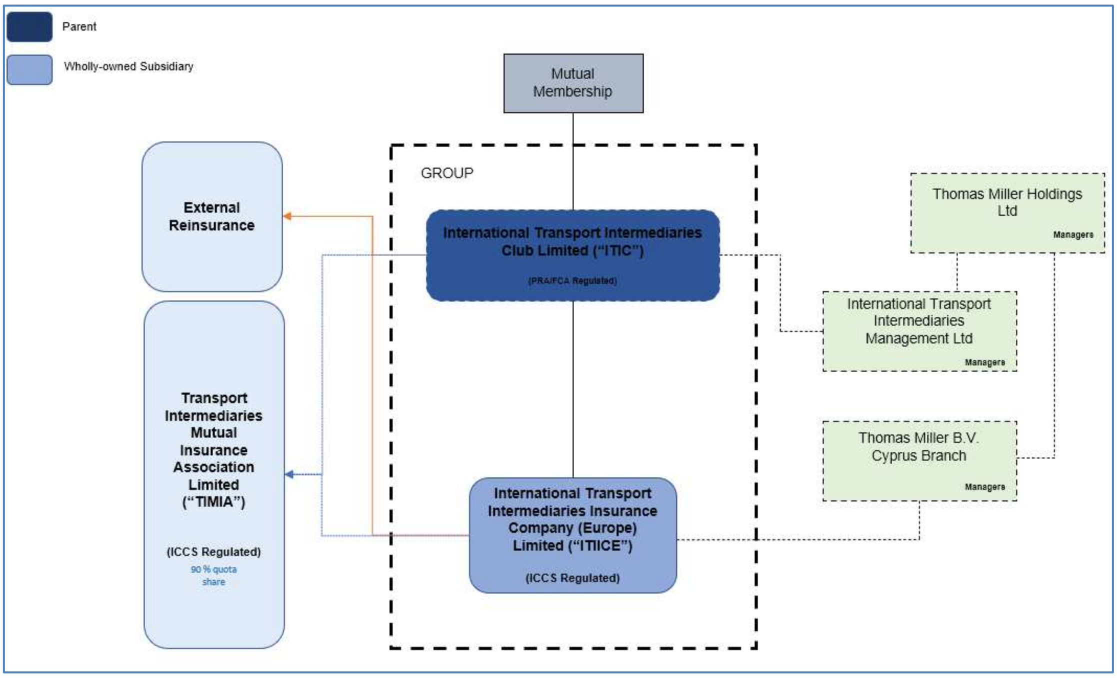
A.1.2 Supervisory authority: The authority responsible for supervision in the Republic of Cyprus is the Superintendent, Insurance of the Insurance Companies Control Service, of the Ministry of Finance. The contact address is P.O. Box 23364, 1682, Nicosia, Cyprus.

A.1.3 External auditor: The Company's external auditors for the period ended 31st May 2024 were Ernst & Young Cyprus Limited, Jean Nouvel Tower, 6 Stasinou Avenue, 1060 Nicosia P.O. Box 21656, 1511 Nicosia, Cyprus. This is their first year as auditors of the Company.

A.1.4 Owners of the undertaking: The Company is a wholly owned subsidiary of International Transport Intermediaries Club Limited ("ITIC"), together the "group", incorporated in England and Wales under the Companies Act 2006 as a company limited by guarantee and not having a share capital. Every person or company insured by ITIC, or the Company shall be recorded as a member of ITIC. Every director of ITIC shall be a member, unless at the time of appointment the directors, in their sole discretion, decide otherwise. For example, ITIC's three non-member non-executive directors are not members. In the event of ITIC's liquidation, the net assets of ITIC are to be distributed among the current members in proportion to the amounts of premium payable by them during the preceding three years.

A.1.5 Quota share reinsurer: The Company has a 90% quota share reinsurance contracts with Transport Intermediaries Mutual Insurance Association Limited ("TIMIA"). TIMIA is a parallel mutual insurer and not a member of the group. However, the managers of the business will often consider the pre-quota share financial position of the group plus TIMIA when considering strategy or financial performance.

An organisational chart for the Group on the basis of Solvency II reporting is included below:



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

As of 31st May 2024, the membership comprised of members' whose main activity was ship agency (port and liner agency); ship and bunker brokers; ship, crew, commercial and yacht managers; marine surveyors (including Lloyd's Agents, hydrographic surveyors and P&I Club Correspondents) and naval architects; and other professionals in the transport and aviation industry. Some members carry on more than one of these activities and many members are insured jointly with their subsidiary or related companies.

The membership is primarily drawn from countries of the European Economic Area.

A.1.7 Business planning: For management purposes, and consistent with the Company's business planning, strategy and ORSA, the Company considers its forecasts and results pre-quota share.

A.1.8 Business Objectives: The Company's objectives are as follows:

The Company is committed to consistently providing competitively priced professional indemnity insurance (and related insurance covers) with valuable, high quality loss prevention advice to businesses servicing the marine and transport industry through a mutual insurance company supported by at least "A-" rated security from its external reinsurers. Strong reserves will be maintained, and quality service and sound risk management provided by its highly competent staff.

A.2. Underwriting Performance

A.2.1 Underwriting performance: The Company commenced underwriting on 8 February 2024.The following has been summarised from the Company's financial statements:

	Gross written premium	Insurance revenue	Net incurred claims	Net attributable expenses	Profit for the year
	In US$ 000s	*In US$ 000s*	*In US$ 000s*	*In US$ 000s*	*In US$ 000s*
For the period ended 31 May 2024	3,436	522	46	117	182

The Company's insurance reservice result for the period ended 31 May 2024, was a profit of US$251k. The profit for the year, is stated after considering investment income amounting to US$185k, non-attributable expenses of US$250k and a tax charge amounting to US$4k. Noting the ongoing strong performance, the board decided to increase the level of continuity credit for 2024/25 to 20% - 30%, up from 15% - 25% in 2023/24. The IFRS-adjusted combined loss ratio before continuity credit and quota share reinsurance for the financial period ended 31 May 2024 was 42.8%.

The Company writes only one class of business. Premium is written in one- or two-year policies and the renewal of these policies is uneven. A break clause is in place for the midpoint of two year policies.

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

A.3. Investments performance

A.3.1 Performance of investments: The Company maintains investments in cash at bank and in February 2024 purchased a US Treasury bill for US$9m. In total, an investment return of US$185k was recorded in the period ended 31 May 2024. The total investment income is composed of:

- US$126k related to accrued interest on the US Treasury bill,
- US$29k related to interest from cash at bank, and
- US$30k related to foreign currency gains on revaluation of monetary items.

A.4. Performance of other activities

The Company does not carry on any other activities.

A.5. Any other information

There is no other information relevant to the disclosure relating to its business and performance.

B. System of governance

B.1. General information on the system of governance

B.1.1 Structure of the undertaking's administrative, management or supervisory bodies: The Articles of Association ("the Articles") give the Board of Directors extensive powers to manage the affairs of the Company, and the Articles set out how these powers are to be exercised. The board delegate the day to day running of the Company to the managers, Thomas Miller BV – Cyprus Branch.

Board meetings are held at least three times a year. The Chair has the power to call a board meeting at any time, and the Secretary of the Company may call a board meeting at the request of any director.

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

a. Board. The board bear ultimate responsibility for the management of risk and for maintaining a sound system of internal control that supports the achievement of the business plan, policies, aims and objectives of the group.
b. Audit & Risk ("ARC") committee. The ARC committee supports the board, particularly in overseeing matters concerning audit and risk.
c. Risk owners. The risk owners include the chief executive officer, underwriting director, claims director, commercial director, chief financial officer, chief operating officer and the investment manager.
d. Compliance function. The compliance function is largely carried out by the risk and compliance officer, an individual who does not get involved in the day to day running of the business and whose line management is outside of the business.
e. Actuarial Function. The actuarial function contributes to the effective oversight of the risk management system, risk modelling and the ORSA process.
f. Internal audit function. The internal audit function operates at the direction of the AIR committee. It assesses risks, forms and internal audit programme and undertakes internal audits.
g. Statutory auditors.

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

B.1.3 Remuneration: There are no direct employees of the Company. The non-executive directors of the Company are remunerated by a fixed fee proposed by the managers and approved by the board which is not linked to the performance of the Company. Directors are not entitled to any pension or early retirement schemes. The directors are paid an annual fee and a fee for each meeting attended as authorised under the byelaws. The current fees are:

	Annual Fee	Attendance fee
	In EUR 000s	*In EUR 000s*
Chair of the main board	12.6	5.8
Non-executive directors	5.8	5.8

There are no fees paid to the executive directors who receive their remuneration via the management company.

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

B.1.5 Transactions with related parties: The insurance transactions between the Company and its Members are deemed transactions between related parties. These are the only transactions between the Company and its members.

ITIC Europe's Board comprises of two executive directors and:

- a non-resident member non-executive, who is also on the board of ITIC;
- a resident non-member non-executive independent director and,
- a resident member non-executive independent director.

The member company directors are current representatives of the member and other than the member's interests of their companies, the directors have no financial interests in the Company. No loans have been made to the directors and none are contemplated.

The Company reinsurers on a proportional quota-share basis with Transport Intermediaries Mutual Insurance Association Limited ("TIMIA"), registered in Bermuda. The sole Members of TIMIA are its Directors, International Transport Intermediaries Club Limited and the Company. The transactions between the Company and TIMIA are deemed transactions between related parties.

B.1.6 Assessment of the adequacy of the Company's system of governance:

The Company has risk management procedures in place which address the five risk these being credit risk, market risk, liquidity risk, operational risk and insurance risk. The Company has developed a business risk assessment which defines the risks and sets out the procedures that are in place to mitigate those risks. The business risk assessment is reviewed regularly by the board.

The Company has taken steps, where appropriate and possible, to mitigate the risks with internal controls and procedures and management oversight. Where appropriate, the Company monitors its risks through regular reporting of monetary and non-monetary risks via a series of key risk indicators. These are presented to the board and / or ARC committee four times per year. The Company's principal risks and uncertainties are to insurance (including loss of financial strength and loss of business to competition); market (including loss or impairment of investments), currency, credit, liquidity and cashflow risks are further explained in note 4 of these financial statements. The Company accepts levels of risk in different areas as set out in its Risk Appetite Statement.

The Company addresses other risks namely political and climate change risk. The Company considers how these could impact the financial risks and insurance risk exposures via its emerging risks log as well as via the climate change policy and plan. The Company also considers fraud risks (including misappropriation of investment funds) and this is managed through the fraud risks register.

The Company currently has a climate change policy and plan to address the relevant environmental, social and governance requirements and this is being refined during 2024. The Company has put in place a policy to assist in managing the financial risks associated with the effects of climate change and to ensure that the Company has adequate oversight and control of this area and understands how climate change relates to other risk groups. The financial risks emanating from climate change can impact other risk groups, specifically the strategy, insurance, credit and market risk areas. Financial risks from climate change arise through two primary channels, being physical and transition factors. In addition, liability can arise from third parties who have suffered loss or damage from physical or transition risk factors associated with climate change.

The objective of the climate change policy is to:

a. embed the consideration of the financial risks from climate change in the Company's governance arrangements;
b. incorporate the financial risks from climate change into existing financial risk management practice;

c. use (long-term) scenario analysis to inform strategy setting and risk assessment and identification; and
d. develop an approach to disclosure on the financial risks from climate change.

The board is responsible for setting the climate change policy and ensuring that there are adequate processes in place to monitor and manage the financial risks from climate change within the parameters defined by the risk appetite. The risk function is responsible for assessing and monitoring the risk profile from climate change against the risk appetite and its tolerances. Stress and scenario testing relating to financial risks from climate change is being developed by the risk function and will be monitored regularly. There is a review at the board and Audit and Risk committee of key risks, including risks associated with climate change. The ORSA Group considers the impact of climate change on the organisation. Risk identification and management is in progress as of 31 May 2024.

The Company is comfortable that it has identified and taken into consideration its risk environment, as summarised above, and that it holds sufficient capital and reserves to cover its potential impact.

B.1.7 Delegation of responsibilities, reporting lines and allocation of functions: The Company has no direct employees as management is wholly outsourced to Thomas Miller BV – Cyprus Branch in accordance with the management agreement.

B.2. Fit & Proper requirements

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

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

a. All persons who are within the scope of the policy meet the definitions of fit & proper as set out above;
b. Collectively and at any given time, the directors possess sufficient knowledge, competence and experience to provide sound and prudent decision making in all areas relevant to business;
c. Collectively, the executive senior management, including individuals subject to the Certification Regime and key function holders ("management"), possess sufficient knowledge, competence and experience to manage and operate the Company effectively on a day-to-day basis and cover the following areas:
    i. Insurance and financial markets;
    ii. Business strategy and the business model;
    iii. System of governance;
    iv. Financial and actuarial analysis; and
    v. Regulatory framework and requirements;
d. Adequate and timely notifications and submissions are made to the relevant regulatory authorities.

B.3. Risk management system

The following information considers the process that the Company has adopted to fulfil its obligation to conduct an ORSA. The following is an edited extract from the introduction to the Group ORSA overview report which was approved by the parent entity's Board of Directors on 21st March 2024 and subsequently filed with the group's supervisory competent authority. The Company was referred to in the ORSA, but it was effectively prepared on a solo basis. The first ORSA of the Company will be prepared and submitted early next year.

B.3.1 The Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment ("ORSA") forms part of the requirements under Solvency II to conduct an ORSA. The ORSA is an annual process used to manage the financial and solvency position over the period of the medium-term rolling Business Plan. In particular, it is necessary to ensure that the decisions underlying that plan are consistent with the risk appetite and business strategy. As such, the ORSA forms an important part of the business planning process.

The Company and its parent both individually have a 90:10 quota share reinsurance arrangement with the parallel reinsurer Transport Intermediaries Mutual Insurance Association Limited ("TIMIA"). ITIC and the Company and TIMIA are not a corporate group. ITIC and the Company are managed on a solo basis but for certain decisions, the Boards find it useful to consider the solvency position on a pre-quota share basis with TIMIA.

The Group ORSA process for 2023/24 was conducted in line with ITIC's ORSA policy and has culminated in this report which, together with the regular Key Risk Indicators of board agendas, provides a high-level overview to help directors understand the risks around ITIC's business strategy, and particularly its medium-term business plan. The following table provides a summary guide to this report:

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

This report was high-level in nature and references were made to supporting documents throughout.

B.3.2 Description of risk management framework: The risk management framework is explained in the Risk Management Policy. It explains the Company's underlying approach to risk management:

a. It describes key aspects of the risk management process;
b. Identifies the main reporting procedures; and
c. Forms part of the Company's internal control and governance arrangements.

The document also describes the process that the board use to evaluate the effectiveness of Company's risk management and internal control.

The Company has identified its meaningful risks and considers that its risk universe comprises the list below. These exposures could threaten the Company's viability, materially impact asset values or result in material underperformance.

a. Strategic risks: exposures arising from inadequate or ineffective strategy formulation as well as the risk of ineffective execution;
b. Underwriting and reserving risks;
c. Concentration risks: exposures from being a mono-line insurer in a specialist area;
d. Reputational risks;
e. Financial risks: encompassing liquidity, credit, reinsurance, investment and asset liability management risks;
f. Operational risks: exposures arising in day-to-day business activities and include organisational risks which take in the potential of having ineffective or insufficient leadership as well as the quality of talent and effectiveness of human resource systems such as development, compensation and performance management;
g. Compliance risks; and
h. External risks: exposures the enterprise cannot control.

Each risk identified in the Company's business risk assessments is linked to one of the above.

The risk universe helps shape the Company's board agenda and tasks management to undertake initiatives to reduce exposures and improve performance. This is summarised in this policy and works alongside the Company's rolling business plan.

The objectives of the Company's risk management policy are to identify, manage and report risk in a consistent and timely fashion on the basis of the Company's risk appetite as agreed by the board and documented in the business plan.

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

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

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

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

a. First line of defence: the risk owners – these are the business units such as underwriting, claims, actuarial and finance responsible for matters such as the identification and effective management and mitigation of risks;

b. Second line of defence: risk management and compliance functions, providing challenge to activities and decisions that materially affect ITIC's risk profile; and
c. Third line of defence: internal and external audit providing independent assurance.

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

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

The Company is focused on the identification and management of potential risks. This covers all aspects of risk management including that to which the Company is exposed through its core activity as a provider of insurance services plus the broader range of risks. The Company considers its key risks as the following:

- The Company's board in accordance with its risk appetite statement.
- Insurance risk - incorporating underwriting and reserving risk;
- Market risk - incorporating investment risk, and interest rate risk;
- Currency risk - the risk of adverse currency exchange movements;
- Credit risk - the risk that a counterparty is unable to pay amounts in full when due; and
- Liquidity and cash flow risk - the risk that cash may not be available to pay obligations as they fall due

B.3.4 Financial risk management objective: The Company is exposed to financial risk through its financial investments, reinsurance assets and liabilities to policyholders. In particular, the key financial risk is that the proceeds from financial investments are not sufficient to fund the obligations arising from policies as they fall due. The most important components of this financial risk are market risk or investment risk (comprised of interest rate risk and currency risk) together with credit risk and liquidity risk.

The Company manages these risks using a risk governance structure incorporating the managers' risk committee and the Audit & Risk Committee.

The Board is responsible, advised by its Chair working with the Audit & Risk Committee, for setting investment policy and the appropriate level of market or investment risk. This is set with reference to the overall risks faced by the Company.

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

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

Reserving process: The Company estimates the liability for incurred claims for unpaid reported claims and relating expenses to cover the expected cashflows of past coverage. This liability is established through the application of actuarial techniques and assumptions as set out in the financial statements as directed and reviewed by the Audit & Risk Committee. To minimise the risk of misstating these provisions, the assumptions made, and actuarial techniques employed are reviewed in detail by senior members of the managers and the Company's Audit & Risk Committee. The Company considers that the liability for incurred claims, forming part of the insurance contract liabilities, recognised in the statement of financial position is adequate. However, actual experience will differ from the expected result.

B.3.5 Capital management: The Company maintains capital, comprising of share capital and retained earnings, consistent with the Company's risk profile and the regulatory requirements of the business. At the 31 May 2024, the total net assets under IFRS amounted to US$10m.

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

B.3.6 Information on material risks not fully included in the calculation of the Solvency Capital Requirement ("SCR"): No material risks have been omitted from the calculation of the SCR.

B.4. Internal control system

B.4.1 Description of internal control system: The main objectives of the Company's internal control policy is to help secure:

a. the effectiveness and efficiency of operations in view of the Company's business strategy and objectives, and the protection of its resources; and
b. the availability and reliability of appropriate, accurate and complete financial and non-financial information for internal and external reporting.

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

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

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

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

a. Setting the tone and influencing a strong culture of internal control within the Company, including the standards and expectations for staff with respect to conduct and probity;
b. Providing governance, guidance and oversight;
c. Reviewing and challenging the key performance indicators ("KPI"), key risk indicators ("KRI") and key control indicators ("KCI") at board meetings; and
d. Reviewing at least annually the Company's overall approach to internal control and assessing the effectiveness of this policy in managing the mitigating controls associated with business risks, challenging findings and recommendations for change or to maintain the status quo as necessary and approving changes or improvements to this policy as appropriate.

The ARC committee supports the board by:

a. Considering the effectiveness of this policy, management information and internal control processes;
b. Reviewing and challenging the KPI, KRI and KCI at each committee meeting;
c. Considering the incidence of any material control failings or weaknesses identified at any point within the year and the impact that they have had or could have on financial results and regulatory requirements;

d. Reviewing this policy on an annual basis and approving recommendations by the Managers for changes or for the maintenance of the status quo. Then recommending this policy for approval by the board on an annual basis; and
e. Reporting and making recommendations as appropriate to the board on the activities, reviews and evaluations set out above and as required.

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

a. Carrying the tone set by the board through to the managers and promoting a strong culture of internal control;
b. Maintaining an overview of the adequacy of control activities to mitigate risk exposures, identify material control failings and weaknesses, reviewing Electronic Quality Management System ("EQMS") management reviews, internal and statutory audit reports (on internal control), considering loss / near miss events, control failures, and identifying and assessing improvement needs and opportunities, monitoring their implementation as required;
c. Monitoring the relevant KPI, KRI and KCI at each meeting;
d. Monitoring the implementation of agreed improvements to internal control processes arising from the findings of EQMS management reviews, internal and statutory audit reports;
e. Reviewing this policy for its effectiveness, and considering suggestions for change or the maintenance of the status quo at least annually, challenging as appropriate; and
f. Ensuring the application of this policy and the design, development, implementation, embedding, documentation and maintenance of effective internal control processes areas of operation.

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

a. challenging the effectiveness of internal control processes to mitigate risk; and
b. identifying and reviewing notifications by others of loss / near miss events in the Operational Risk Database.

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

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

All staff are responsible for:

a. Accurate input of data and production of information;
b. Accurate performance of internal control activities;
c. Reporting of operational problems, non-compliance or other policy violations or illegal actions; and
d. Suggesting improvements which may increase the effectiveness and efficiency of processes including EQMS processes and procedures as appropriate.

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

a. Monitoring that this policy and the internal control processes throughout the Company are properly designed and implemented in furtherance of the internal control objectives and that they are operating in an effective and efficient manner; and
b. Reporting to the ARC committee and board on the adequacy and effectiveness of this policy and internal control processes, compliance therewith, and making recommendations for improvement as appropriate.

Statutory auditors provide the Boards, members and managers with assurance by:

a. Giving an opinion on whether the financial statements give a true and fair view of the state of the Company's affairs at the year-end/period-end and of its result for the year just ended/period just ended; and

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

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

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

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

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

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

a. Key Performance Indicators ("KPI") covering financial performance for the period;
b. Key Risk Indicators ("KRI") covering the areas of risk in relation to the risk appetite represented in the form of ratios, tolerances & limits; and
c. Key Control Indicators ("KCI") summarise assurance results for the period.

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

B.4.3 Review of internal control policy: Reviews are undertaken as set out throughout this policy. Unless otherwise stated, all reviews are carried out at least annually. The purpose of these reviews is to provide assurance throughout the business and to the board in relation to the effectiveness of the managers' ongoing processes for designing, operating and monitoring the system of internal control.

B.5. Internal audit function

B.5.1 How the internal audit function is implemented: Internal audit is defined as the examination and evaluation of the design effectiveness and operation of the systems of internal control and all other elements of the system of governance.

Internal audit is the "third line of defence" in a company's internal control framework, established to provide independent assurance that the risk mitigation processes established by management ("first line") and the monitoring and oversight provided by the risk management and compliance functions ("second line") are working effectively.

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

a. Evaluating the functioning of the systems of internal control and all other elements of the system of governance in place for the Company which includes:
    - policies, procedures and controls;
    - risk management;
    - management and financial information;

- methods of safeguarding, verifying and accounting for assets; and
- efficient use of resources.

b. Examining and evaluating the compliance of activities compared with strategies, policies and reporting procedures;

c. Providing the ARC committee and the board with information and recommendations which will assist them to have in place an adequate and effective system of internal control;

d. Sharing recommendations of internal audit findings between other Thomas Miller managed clubs, whilst maintaining appropriate confidentiality, where they may be relevant and appropriate;

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

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

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

The internal audit function shall:

a. have full authority to access any of the Company's records, files or data, including management information and the minutes of decision-making bodies whenever relevant for the performance of its tasks;

b. have full authority to speak without hindrance to any member of staff in connection with the discharge of its responsibilities;

c. be free to express its opinions and to disclose its findings and appraisals to the ARC committee;

d. be impartial and perform its assignments with complete objectivity; and

e. have direct and independent access to the Chair of the ARC committee or a nominated alternate.

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

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

B.6. Actuarial function

The Company's Board of Directors is ultimately responsible for ensuring an effective actuarial function.

The Company's actuarial function is performed by Thomas Miller's actuarial team, led by its Chief Actuary. For line management purposes, the actuarial function reports to Thomas Miller's Group Actuary and up to a Thomas Miller Holdings Ltd board member and is independent of the Company's management team. However, for operational purposes, the actuarial function is integrated into the Company's internal control system, often through its role on a selection of its committees.

The Company's Board of Directors are responsible for ensuring an effective actuarial function, in particular that:

a. The actuarial function is free from influences that may compromise its ability to undertake its duties in an objective, fair and independent manner; and
b. The actuarial function shall be able to communicate at its own initiative with the Board or any staff member and shall have the necessary authority, resources and expertise and ensure that it has unrestricted access to all relevant information necessary to carry out its responsibilities.

The actuarial function shall, as a minimum:

a. coordinate and oversee the calculation of technical provisions;
b. ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions;
c. assess the sufficiency and quality of the data used in the calculation of technical provisions;
d. inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions;
e. express an opinion on the overall underwriting policy;
f. express an opinion on the adequacy of reinsurance arrangements; and
g. contribute to the effective implementation of the risk-management system, in particular with respect to:
    - the risk modelling underlying the calculation of the capital requirements; and
    - the ORSA process.

In performing its duties, the actuarial function shall:

a. carry out actuarial activities in accordance with prevailing actuarial professional guidance / technical standards;
b. achieve the necessary level of compliance with all relevant laws and regulations;
c. be proportionate to the nature, scale and complexity of the strategies, structure and activities of the business and their inherent risks;
d. maintain practical control processes that require and encourage all staff to carry out their duties and responsibilities in a manner that achieves the above objectives; and
e. ensure that the techniques and assumptions employed are appropriate, taking into account current information, progress in actuarial science and generally accepted market practice.

The Company's actuarial function compiles an actuarial function report for the Board of Directors on an annual basis.

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

B.7. Outsourcing

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

B.7.1. Material business activities

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

a. the financial and operational impact and impact on reputation;
b. the degree of difficulty in finding an alternative service provider or bringing the business activity in-house;
c. the ability of Company to meet its regulatory requirements;
d. potential losses to Company's members and other affected parties; and
e. the relationship between Company and the service provider.

The Company's management is wholly outsourced under a management agreement to its managers, Thomas Miller BV. In order to comply with its regulatory obligations, the Board of Directors has developed monitoring and reporting procedures and has delegated to the Audit, Regulatory and Risk Committee the monitoring of internal controls and risk. The risk control and reporting procedures to be followed by the Managers form part of their obligations under the Management Agreement. The Committee reports to the Board of Directors.

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

With respect to the three keys areas of outsourcing identified:

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

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

c. Internal audit outsourcing. The Company's internal audit function is outsourced to Thomas Miller Internal Audit, under a services agreement. Internal audit is supervised by the ARC committee and the board.

B.8. Any other information

The Company considers no other information material to be disclosed.

C. Risk profile

The Company has identified its meaningful risks and considers that its risk universe comprises the list below. These exposures could threaten the Company's viability, materially impact asset values or result in material underperformance.

a. Strategic risks: exposures arising from inadequate or ineffective strategy formulation as well as the risk of ineffective execution;
b. Underwriting and reserving risks;
c. Concentration risks: exposures from being a mono-line insurer in a specialist area;
d. Reputational risks;
e. Financial risks: encompassing liquidity, credit, reinsurance, investment and asset liability management risks;
f. Operational risks: exposures arising in day-to-day business activities and include organisational risks which take in the potential of having ineffective or insufficient leadership as well as the quality of talent and effectiveness of human resource systems such as development, compensation and performance management;
g. Compliance risks; and
h. External risks: exposures the enterprise cannot control.

Each risk identified in the Company's business risk assessments is linked to one of the above.

The risk universe helps shape the Company's board agenda tasks management to undertake initiatives to reduce exposures and improve performance. This is summarised in the Company's risk management policy and works alongside the rolling business plan. The following considerations of each type of risk are largely summarised from the financial statements for the year ended 31st May 2024.

C.1. Underwriting risk

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

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

The objective of the Company's insurance risk management process is to establish effective underwriting, reinsurance and reserving strategies which are agreed and monitored by the Board of Directors in accordance with its risk appetite statement. The Company has an underwriting policy which is approved by the Board annually which manages the underwriting risk. The policy sets out the processes by which the risk is managed.

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

Reserve risk is managed by the Company's reserving policy. The Company estimates the liability for incurred claims for unpaid reported claims and relating expenses to cover the expected cashflows of past coverage. This liability is established through the application of actuarial techniques and assumptions as set out in the financial statements as directed and reviewed by the Audit & Risk Committee. To minimise the risk of misstating these provisions, the assumptions made, and actuarial techniques employed are reviewed in detail by senior members of the managers and the Company's Audit & Risk Committee. The Company considers that the liability for incurred claims, forming part of the insurance contract liabilities, recognised in the statement of financial position is adequate. However, actual experience will differ from the expected result.

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

C.2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued, or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk); and market prices (price risk).

C.2.1 Interest rate risk

The Company is exposed to interest rate risk through its debt instruments held and in respect of liabilities or assets for incurred claims where cash flows are not expected to be settled within a year from when claims are incurred.

The Company's exposure to interest rate risk sensitive insurance and reinsurance contracts and debt instruments are as reported in the Financial Statements for the period ended 31 May 2024, is as follows:

	31 May 2024 US$ 000s
Insurance contract liabilities	
Professional indemnity – insurance contracts issued	(105)
Reinsurance contract asset	
Professional indemnity – reinsurance contracts held	94
Cash and cash equivalents	1,951
Total	1,940

The Company's investment policy is set to ensure that the duration of the investment portfolio is appropriately matched to the duration of the policyholders' liabilities. Interest rate risk is monitored by comparing the mean duration of the investment portfolio and that of the policyholders' liabilities. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates. The Company has no significant concentration of interest rate risk.

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity as reported in the Financial Statements for the period ended 31 May 2024. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables have been changed on an individual basis. It should be noted that movements in these variables are non-linear.

	Change in interest rate	31 May 2024 Impact on profit before tax US$ 000s	Impact equity US$ 000s
Insurance contract liabilities	+100 bps	2.9	2.5
Insurance contract liabilities	-100 bps	(3.1)	(2.7)
Reinsurance contract assets	+100 bps	2.6	2.3
Reinsurance contract assets	-100 bps	(2.8)	(2.4)

A list of assets may be found in S.06.02. This list is not included within the SFCR. With the exception of operational cash funds, these assets are subject to the Company's investment policy and mandate and as a result the prudent person principle.

C.2.1 The prudent person principle

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

C.3. Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

The Company's credit risk policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Company's investment team. It is their responsibility to review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold, and amounts recovered reinvested in high quality instruments.

All excess of loss reinsurance contracts are placed with counterparties that are subject to an A- or above rating. The quota share reinsurance is placed with Transport Intermediaries Mutual Insurance Association Limited ("TIMIA"). TIMIA is unrated but the Company holds a fixed charge of US$475k on the TIMIA investments portfolio. This fixed charge security, together with TIMIA's net asset value of US$179.5 million as at 31 May 2024, provides satisfactory mitigation comfort over the credit risk exposure arising from the remaining portion of the claims recovery quota share which is unsecured. The credit risk in respect of customer balances is managed through take on procedures for the assured. Furthermore, if the assured does not pay, then cover may be cancelled back to inception.

The following table, as reported in the Financial Statements for the period ended 31 May 2024, provides information regarding aggregated credit risk exposure for financial assets, insurance contract assets and reinsurance contract assets with external credit ratings as at 31 May 2024. The amounts represent the maximum amount exposure to credit risk. The credit rating bands are provided by independent ratings agencies:

	31 May 2024				
	AAA	AA	A	BBB+ or less or not rated	Total
	US$ 000s	US$ 000s	US$ 000s	US$ 000s	US$ 000s
Cash and cash equivalents	-	13	1,938	-	1,951
Financial assets at fair value through profit or loss	-	9,151	-	-	9,151
Other receivables	-	-	-	23	23
Reinsurance contract assets	-	-	-	467	467

C.4. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow. The Company also has committed lines of credit that it can access to meet liquidity needs. As at 31st May 2024 the Company's short term deposits amounted to US$2m. The table below summarises the expected utilisation or settlement of assets and liabilities as reported in the Financial Statements for the period ended 31 May 2024.

	31 May 2024		
	Not more than 12 months	More than 12 months	Total
	US$ 000s	US$ 000s	US$
Financial assets			
Cash and cash equivalents	1,951	-	1,951
Financial assets at fair value through profit or loss	9,151	-	9,151
Other receivables	23	-	23
Reinsurance contract assets	374	93	467
Liabilities			
Current tax liabilities	(4)	-	(4)
Insurance contract liabilities	(1,058)	(103)	(1,161)
Other payables	(246)	-	(246)
Total	10,191	(10)	10,181

Maturity analysis for insurance contract liabilities (present value of future cash flows basis)

The following table summarises the maturity profile of portfolios of insurance contracts issued that are liabilities and portfolios of reinsurance contracts held that are liabilities of the Company based on the estimates of the present value of the future cash flows expected to be paid out in the periods presented as reported in the Financial Statements for the period ended 31 May 2024.

	31 May 2024						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	USD	USD	USD	USD	USD	USD	USD
Insurance contracts issued							
Professional indemnity – insurance contracts issued	19	32	16	12	6	20	105
Total	19	32	16	12	6	20	105

Maturity analysis for financial assets (contractual undiscounted cash flow basis)

The following table summarises the maturity profile of financial assets of the Company based on remaining undiscounted contractual cash flows, including interest receivable, as reported in the Financial Statements for the period ended 31 May 2024.

	31 May 2024						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	USD	USD	USD	USD	USD	USD	USD
Financial assets							
Cash and cash equivalents	1,951	-	-	-	-	-	1,951
Financial assets at fair value through profit or loss	9,151	-	-	-	-	-	9,151
Other receivables	23	-	-	-	-	-	23
Total	11,125	-	-	-	-	-	11,125

C.4.1 Reliance on expected future profit

The Company’s Solvency II balance sheet as of 31st May 2024 recognises expected future premium from members in its technical provisions in respect of outstanding premium income for business already bound at the balance sheet date. Comparing this to the corresponding expected claims outcome and associated expenses, this premium is expected to produce a surplus of US$892k . ITIC Europe does not rely on expected future surpluses to ensure its liquidity.

C.5. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in US dollar and its exposure to foreign exchange risk arises primarily with respect to the Euro and Great Britain Pounds. The Company seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities within the financial investments denominated in the same currency. The table below summarises the Company's financial assets and insurance contract assets and liabilities by major currencies as reported in the Financial Statements for the period ended 31 May 2024:

	31 May 2024			
	Euro	USD	Other	Total USD
Financial assets				
Cash and cash equivalents	1,574	354	23	1,951
Financial assets at fair value through profit or loss	-	9,151	-	9,151
Other receivables	23	-	-	23
Insurance contract liabilities				
Professional indemnity – insurance contracts issued	(1,117)	(43)	(1)	(1,161)
Reinsurance contract assets				
Professional indemnity – reinsurance contracts held	5,077	(4,635)	26	467
Total	5,557	4,827	48	10,432

The following analysis is performed for reasonably possible movements in key variables, with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency-sensitive monetary assets and liabilities, including those relating to insurance and reinsurance contracts. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis as reported in the Financial Statements for the period ended 31 May 2024.

		31 May 2024	
	Change in exchange rate	Impact on profit before tax USD	Impact on equity USD
US dollar /Euro exchange rate			
Insurance and reinsurance contracts	+10%	396	347
Financial assets	+10%	160	140
Insurance and reinsurance contracts	-10%	(396)	(347)
Financial assets	-10%	(160)	(140)

C.6. Operational risk

Operational risks are the risks of monetary or other losses arising from failed or inadequate processes, people, systems or external events. The Company creates framework policies, procedures and controls to minimise the potential for these events.

The Company creates framework policies, procedures and controls to minimise losses from these mistakes. Procedure manuals are maintained on the EQMS. The Company accepts that on occasion, operational loss events can occur, but there should be control mechanisms in place to reduce the likelihood and ensure that the same mistake is not made twice.
All events that lead to a loss greater than US$10,000 are recorded in the Operational Risk Database. Near misses with the potential to lose more than the same amount are also recorded. Summaries are provided in the KCIs, and lessons should be learned from them.

This is detailed further in the risk management policy.

C.7. Other material risks

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

C.8. Any other information

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

D. Valuation for solvency purposes

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

Materially all the valuation differences between the Solvency II balance sheet and the current accounting balance sheet relate to the valuation of insurance liabilities ("technical provisions") which is further discussed in D.2 – Technical Provisions. The Company prepares its financial statements under the International Financial Reporting Standards ("IFRS"). The Company applies IFRS 17 Insurance Contracts from incorporation in respect of the presentation, recognition and measurement of insurance and reinsurance contracts. The Solvency II balance sheet is presented in appendix S.02.01.02.

D.1. Assets

The following table shows a comparison in the valuation of assets between Solvency II and IFRSs valuation bases respectively:

	31 May 2024	31 May 2024	31 May 2024
	Solvency II	**IFRS**	**Variance**
	In US$ 000s	In US$ 000s	In US$ 000s
Reinsurer's share of technical provisions / Reinsurance contract assets	367	840	(473)
Insurance and intermediary receivables and any other assets	191	23	168
Investment assets	9,151	9,151	-
Cash and cash equivalents	1,951	1,951	-
Total assets	**11,660**	**11,965**	**(305)**

The main differences between the IFRS and the Solvency II on the *"Reinsurer's share of technical provisions / Reinsurance contract assets"* item are attributed to:

- the inclusion of their reinsurers share on bound but not incepted ("BBNI") in Premium Provision,
- the removal of the reinsurer share on Risk Adjustment, and
- the reclassification of reinsurance payables within Reinsurance contract assets in IFRS 17
- the different yield curves used in the discounting of Reinsurer's share of technical provisions (EIOPA as presribed by Solvency II) / Reinsurance contract assets (PRA)

Differences in *"Insurance and intermediary receivables and any other assets"* are solely attributed to reclassifications within Technical Provisions/Insurance contract liabiliites/Reinsurance contract assets. The Company's investments are valued at fair value for Solvency II purposes, being the same basis as IFRS.

D.2.Technical provisions

Net technical provisions as of 31st May 2024 are shown below.

	31 May 2024
	Solvency II
	In US$ 000s
Gross best estimate	(392)
Risk Margin	286
Total	**(106)**
Reinsurance best estimate	(367)
Net technical provisions	***(473)***

Refer to Appendix S.17.01.02 for further details on technical provisions.

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

D.2.1 Bases, methods and main assumptions

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

D.2.2 Claims: As the Company only covers general liabilities; all claims are analysed together in one risk group. Standard actuarial techniques are used to project these cash flows including chain ladder and Bornhuetter-Ferguson methods. The key assumptions related to the initial expected claims cost for each policy year and the projected notified claims development pattern. The Company considers appropriate to utilise the historic experience of its parent in its projections as a result of the fact that the insured risks are identical. These methods are considered appropriate given the longevity and stability of the parent and its claims handling processes.

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

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

D.2.3 Premiums: The premium cash flows in the technical provisions cover:

i. the outstanding instalments of premium on expired business that are payable but not yet due on the valuation date (corresponding to the provision for claims outstanding); and
ii. the premium payable but not yet due on bound but not incepted business (corresponding to the premium provision).

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

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

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

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

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

- Certain claims may turn out to be significantly longer, or shorter tailed than the whole book leading to an over / underestimation of claims reserves. There is also an uncertainty around numbers and average cost of these claims.
- There is potential for IBNER to deteriorate to a greater extent than allowed for in the projections.
- New and unexpected claim types could impact the reserving methodology. This is partly allowed for in the Company's provision for Events not in Data.
- Uncertainty surrounding the development and cash flow patterns may impact the outcome of Company's technical provisions.

Currency and exchange rates are inherently uncertain and may impact the outcome of the final technical provisions amount.

D.2.8 Discounting: An adjustment is made for the discounting of all future cash flows based on risk-free interest rates.

D.3. Other liabilities

The following table shows a comparison in the valuation of liabilities between Solvency II and IFRSs valuation bases respectively:

	31 May 2024	31 May 2024	31 May 2024
	Solvency II	IFRS	Variance
	In US$ 000s	In US$ 000s	In US$ 000s
Technical provisions / Insurance contract liabilities	(106)	1,534	**(1,640)**
Reinsurance payables	158	-	**158**
Payables (trade, not insurance) / other payables	884	250	**634**
Total liabilities	**936**	**1,784**	**(848)**

In general, the valuation method of liabilities is alligned with the astatutory accoutns ands so the basis of preparation aligns with the accounting policies outlines in the Company's Annual Report and Financial Statements.

The main differences between the IFRS and the Solvency II on the *"Technical provisions / Insurance contract liabilities"* item are attributed to:

- the inclusion of the bound but not incepted ("BBNI") in Premium Provision,
- the removal of the Risk Adjustment, and
- the reclassification of insurance receivales within Insurance contract liabilities in IFRS 17
- the inclusion of the Risk Margin under Solvency II

- the different yield curves used in the discounting of Technical provisions / (EIOPA as presribed by Solvency II) / Insurance contract liabilities (PRA)
- the zeroisation of insurance acquisition cashflow asset within the Insurance contract liabilities under Solvency II.

Differences in *"Reinsurance payables"* and *"Payables (trade, not insurance) / other payables"* are solely attributed to reclassifications within Technical Provisions/Insurance contract liabilities.

D.4. Alternative methods of valuation

The Company does not use any alternative methods of valuation.

D.5. Any other information

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

E. Capital Management

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

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

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

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

In order, to be able to recognise the Company’s ability to recover quota share reinsurance balances from its unrated parallel mutual, TIMIA, the Company maintains a fixed charge over a portfolio of investments held by TIMIA. The minimum value of these investments has currently been fixed at US$475k as at 31 May 2024.

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

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

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

E.1 Own funds

E.1.1 Own funds description

The following table shows the structure of own funds as of 31 May 2024.

	31 May 2024
	Solvency II
	In US$ 000s
Basic own funds	
Ordinary share capital	10,000
Share premium account related to ordinary share capital	-
Reconciliation reserve	725
Total Basic Own Funds	***10,725***

E.1. 2 Eligible amount of own funds to cover SCR and MCR by tier

The Company's own funds are all tier 1 unrestricted and available to cover the SCR and the MCR. All amounts are as of 31st May 2024 and presented in US Dollars unless otherwise stated:

	31 May 2024
	Solvency II
	In US$ 000s
Solvency capital requirement ("SCR") ratio	
Solvency capital requirement	5,525
Eligible own funds	10,725
Excess	5,200
Minimum capital requirement ("MCR") ratio	
Minimum capital requirement	4,248
Eligible own funds	10,725
Excess	6,477
Total tier 1 Own Funds	***10,725***

E.1.3 Differences between IFRS equity and the excess of assets over liabilities

The majority of assets and liabilities are valued on the same basis under IFRS and Solvency II. The key difference relates to the valuation of technical provisions. This table represents a reconciliation of IFRS reserves to Solvency II capital reserves.

	31 May 2024
	Solvency II
	In US$ 000s
Retained earnings as per IFRS	10,182
Difference in the valuation of assets	168
Difference in the valuation of technical provisions	1,167
Difference in the valuation of other liabilities	(792)
Solvency II excess of assets over liabilities	***10,725***

E.1.4 Ancillary own funds

There is currently no amount approved for Ancillary own funds.

E.1.5 Items deducted from own funds

There are no items deducted from own fund and no significant restrictions affecting the availability and transferability of own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

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

	31 May 2024
	Solvency II
	In US$
	000s
Solvency capital requirement ("SCR")	***5,525***
Composed of:	
- *Market risk*	696
- *Underwriting and reserving risk*	5,117
- *Counterparty default risk*	301
- *Diversification impact*	(620)
- *Operational risk*	31
Minimum capital requirement ("MCR")	***4,248***

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

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

The inputs used to calculate the Company's MCR include net premiums written for general liability insurance of US$522k and can be found in appendix S.28.01.

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

This sub-module is not used by the Company.

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

The Company uses the standard formula for the calculation of its Company.

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

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

E.6 Any other information

There is no other information to disclose.

International Transport Intermediaries Insurance Company (Europe) Limited

Solvency and Financial Condition Report

Disclosures

31 May

2024

(Monetary amounts in USD thousands)

General information

Undertaking name	INTERNATIONAL TRANSPORT INTERMEDIARIES INSURANCE COMPANY (EUROPE) LIMITED
Undertaking identification code	2138004D2YA2PY9CLN46
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	CY
Language of reporting	en
Reporting reference date	31 May 2024
Currency used for reporting	USD
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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

S.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	9,151
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	9,151
R0140	*Government Bonds*	9,151
R0150	*Corporate Bonds*	0
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	0
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	367
R0280	*Non-life and health similar to non-life*	367
R0290	*Non-life excluding health*	367
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	168
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	1,951
R0420	Any other assets, not elsewhere shown	23
R0500	**Total assets**	11,661

S.02.01.02

Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	-106
R0520	*Technical provisions - non-life (excluding health)*	-106
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	-392
R0550	*Risk margin*	286
R0560	*Technical provisions - health (similar to non-life)*	0
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	0
R0590	*Risk margin*	0
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	158
R0840	Payables (trade, not insurance)	884
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	936
R1000	**Excess of assets over liabilities**	10,725

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business								3,436									3,436
R0120	Gross - Proportional reinsurance accepted								0									0
R0130	Gross - Non-proportional reinsurance accepted																	0
R0140	Reinsurers' share								3,022									3,022
R0200	Net								414									414
	Premiums earned																	
R0210	Gross - Direct Business								522									522
R0220	Gross - Proportional reinsurance accepted								0									0
R0230	Gross - Non-proportional reinsurance accepted																	0
R0240	Reinsurers' share								142									142
R0300	Net								380									380
	Claims incurred																	
R0310	Gross - Direct Business								126									126
R0320	Gross - Proportional reinsurance accepted								0									0
R0330	Gross - Non-proportional reinsurance accepted																	0
R0340	Reinsurers' share								114									114
R0400	Net								13									13
R0550	**Expenses incurred**								367									367
R1210	**Balance - other technical expenses/income**																	-26
R1300	**Total technical expenses**																	341

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**								0									0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross								-511									-511
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								260									260
R0150	**Net Best Estimate of Premium Provisions**								-771									-771
	Claims provisions																	
R0160	Gross								119									119
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default								107									107
R0250	**Net Best Estimate of Claims Provisions**								12									12
R0260	**Total best estimate - gross**								-392									-392
R0270	**Total best estimate - net**								-759									-759
R0280	**Risk margin**								286									286
R0320	**Technical provisions - total**								-106									-106
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**								367									367
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**								-473									-473

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year: Accident Year

Gross Claims Paid (non-cumulative)

(absolute amount)

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0	0						0	0
R0210	-4	0	0	0	0	0							0	0
R0220	-3	0	0	0	0								0	0
R0230	-2	0	0	0									0	0
R0240	-1	0	0										0	0
R0250	0	0											0	0
R0260												Total	0	0

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0	0						0
R0210	-4	0	0	0	0	0							0
R0220	-3	0	0	0	0								0
R0230	-2	0	0	0									0
R0240	-1	0	0										0
R0250	0	128											119
R0260												Total	119

S.23.01.01

Own Funds

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	10,000	10,000		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	725	725			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	
R0290	**Total basic own funds after deductions**	10,725	10,725	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	10,725	10,725	0	0	0
R0510	Total available own funds to meet the MCR	10,725	10,725	0	0	
R0540	Total eligible own funds to meet the SCR	10,725	10,725	0	0	0
R0550	Total eligible own funds to meet the MCR	10,725	10,725	0	0	
R0580	**SCR**	5,525				
R0600	**MCR**	4,248				
R0620	**Ratio of Eligible own funds to SCR**	194.11%				
R0640	**Ratio of Eligible own funds to MCR**	252.48%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	10,725
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	
R0730	Other basic own fund items	10,000
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	725
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	892
R0790	**Total Expected profits included in future premiums (EPIFP)**	892

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	696		
R0020	Counterparty default risk	300		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	0		
R0050	Non-life underwriting risk	5,117		
R0060	Diversification	-620		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	5,494		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

For health underwriting risk:
1 - Increase in the amount of annuity benefits
2 - Standard deviation for NSLT health premium risk
3 - Standard deviation for NSLT health gross premium risk
4 - Adjustment factor for non-proportional reinsurance
5 - Standard deviation for NSLT health reserve risk
9 - None

For non-life underwriting risk:
4 - Adjustment factor for non-proportional reinsurance
6 - Standard deviation for non-life premium risk
7 - Standard deviation for non-life gross premium risk
8 - Standard deviation for non-life reserve risk
9 - None

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	31
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	0
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	5,525
R0210	Capital add-ons already set	0
R0211	*of which, capital add-ons already set - Article 37 (1) Type a*	0
R0212	*of which, capital add-ons already set - Article 37 (1) Type b*	0
R0213	*of which, capital add-ons already set - Article 37 (1) Type c*	0
R0214	*of which, capital add-ons already set - Article 37 (1) Type d*	0
R0220	**Solvency capital requirement**	5,525
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	No

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	0
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

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

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	68

		Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	0	
R0060	Other motor insurance and proportional reinsurance	0	
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	0	
R0090	General liability insurance and proportional reinsurance	0	522
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	0	
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

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

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

	Overall MCR calculation	C0070
R0300	Linear MCR	68
R0310	SCR	5,525
R0320	MCR cap	2,486
R0330	MCR floor	1,381
R0340	Combined MCR	1,381
R0350	Absolute floor of the MCR	4,248
R0400	**Minimum Capital Requirement**	4,248

Building a better working world

Ernst & Young Cyprus Ltd
10 Esperidon Street
1087 Nicosia
P.O. Box 21656
1511 Nicosia Cyprus

Tel: +357 2220 9999
Fax: +357 2220 9998
ey.com

Independent Auditor's Report

To The Board of Directors of International Transport Intermediaries Insurance Company (Europe) Limited

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

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023, of International Transport Intermediaries Insurance Company (Europe) Limited (the "Company"), prepared as at 31 May 2024:

- S.02.01.02 - Balance sheet
- S.17.01.02 - Non-Life Technical Provisions
- S.23.01.01 - Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at 31 May 2024 is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Ernst & Young Cyprus Ltd is a limited liability company incorporated in Cyprus with registration number HE 222520. A list of the directors' names is available at the company's registered office.
10 Esperidon Street 1087 Nicosia, P.O. Box 21656, 1511 Nicosia Cyprus.
Offices: Nicosia, Limassol

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Emphasis of Matter

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.05.02.04 - Premiums, claims and expenses by country
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

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

In preparing the Solvency and Financial Condition Report, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs 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 the Solvency and Financial Condition Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, 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 Company's internal control.

- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors 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.

Other Matter

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Nicolas Pavlou
Certified Public Accountants and Registered Auditor
For and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
2 September 2024