International Transport Intermediaries Club Limited

Annual Report & Consolidated Financial Statements

for the year ended 31 May 2024

Registered Number 2725312

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Contents

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Notice of Meeting

Notice is hereby given that the 32nd Annual General Meeting of the members of International Transport Intermediaries Club Limited ("ITIC") will be held at the Columbia Beach Resort, Pissouri, 4607 Cyprus at 12:45 p.m. on Thursday, 26 September 2024 for the following purposes:

o To receive the Strategic and Directors' Report with Financial Statements for the year ended 31 May 2024 and, if they are approved, to adopt them.

o To elect directors.

o To ratify the method of notification for general meetings.

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

o To transact any other business of an Annual General Meeting.

By order of the board

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Kieran Halpenny

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K Halpenny
Secretary

19 July 2024

Notes:

i) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A person so appointed must be a member of ITIC. The instrument appointing a proxy must be deposited with the Secretary not less than forty-eight hours before the meeting.

ii) The agenda papers for the Annual General Meeting setting out the resolutions and containing the minutes of the last Annual General Meeting are made available to members prior to the meeting via ITIC's website.

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Directors		**Company and Location**
J D Woyda (Chair)		Clarkson plc, London
R M Bishop (Chair Nominations Committee)		V Ships, Glasgow
F Bognin (Chair Audit Investment & Risk Committee)		RINA Spa, Genoa
C Devantier		MB Shipbrokers, Copenhagen
T M Evans (Chief Financial Officer)		Executive director of ITIC Ltd
T G Durkin		Independent director
A J Groom		Independent director
T J Irving (Chief Executive Officer)		Executive director of ITIC Ltd
B D R Maclehose		J & J Denholm Ltd
J G Palin		Arrow Shipbroking Group
A M Leach		GAC Group (Holdings) Ltd
S R A Portunato	Retired 21st March 2024	SeaQuest Shipmanagement SA, Geneva
C C Schou		Wilhelmsen Ship Management Ltd, Singapore

Secretary

K P Halpenny

Registered auditor

PKF Littlejohn LLP
15 Westferry Circus
London E14 4HD

Registered Office and Business Address

90 Fenchurch Street
London
EC3M 4ST

Telephone: +44 (0)20 7204 2928
Email: ITIC@thomasmiller.com

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Group Strategic Report

The directors present their Group Strategic Report on ITIC for the year ended 31 May 2024.

Principal Activities

The principal activity of ITIC, and its subsidiary, International Transport Intermediaries Insurance Company (Europe) Ltd ("ITIC Europe"), together "the group", during the year was the insurance of professional indemnity and public liability risks of professionals in the transport industry.

Strategic Direction

The objective of the group is to provide competitively priced professional indemnity insurance (and related products) with loss prevention advice to businesses (known as members) servicing the marine and transport industry through a mutual insurance company, which maintains strong reserves and which is supported by at least "A-" rated reinsurance security for limits in excess of the retention, sound risk management, quality service and competent staff.

Business Review

The board considers that the key indicators that will communicate the financial performance and strength of the group to its members are: gross earned premium, combined ratio, being total underwriting costs and general expenses as a percentage of gross earned premium; and operating surplus before investment result and taxation.

The board also uses a number of other key performance indicators, key risk indicators and key control indicators to assess the performance of individual parts of the business.

The gross earned premium drives the scale of the business. Action is taken continuously to ensure that business is written at rates required to achieve the target return. Joining and leaving members are continuously monitored. The continuity credit for renewing members is a mechanism for distributing excess reserves or retaining reserves where appropriate.

The combined ratio, including various cost ratios, monitors the performance of the group from a number of perspectives.

The operating surplus before taxation is the key performance measure. The group aims to deliver sustainable surpluses over the insurance cycle by choosing and underwriting risks at appropriate rates, coupled with rigorous expense control and the delivery of superior customer service to its members and intermediaries.

The following table extracts the main headings that management use to monitor the business performance. The directors find it useful to show the results at a summary level and to show the results before and after the cost of the quota share reinsurance arrangement. The surplus reconciles to the surplus on the technical account in the statement of income and expenditure account and all line items reconcile directly back to those included within the consolidated income and expenditure account and accompanying notes.

As illustrated below, premium increased by 5.3% coming from a net increase in members and strong renewals. Acquisition costs and excess of loss reinsurance costs remained steady. Net claims costs increased following the low preceding year. The prior year benefited from significant releases in provisions from earlier years. Management fees increased to reflect higher incentive fees this year. Other expenses remained high covering the set up costs of an Cyprus registered subsidiary, ITIC Europe, which started underwriting in February 2024. 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 combined loss ratio before continuity credit and quota share reinsurance for the financial year was 77.4% compared with the prior year's 67.6%.

The investment return for the year was strong which increased the surplus before tax compared to the previous year.

	Notes	2024 US$ 000s	2024 % of gross earned premium	2023 US$ 000s	2023 % of gross earned premium
Gross earned premium	5	71,907	100.0%	68,545	100.0%
Less acquisition costs including management fee element	8	(12,315)	17.1%	(11,512)	16.8%
Less excess of loss reinsurance costs	6	(5,230)	7.3%	(5,303)	7.7%
Net retained premium		54,362	75.6%	51,730	75.5%
Claims incurred net of excess of loss recoveries including management fee element	7	(29,026)	40.4%	(21,161)	30.9%
Management Fee (excluding acquisition and claims elements)	9	(6,935)	9.6%	(6,103)	8.9%
Other expenses	8	(2,317)	3.2%	(2,240)	3.3%
Total claims and other expenses		(38,278)	53.2%	(29,504)	43.0%
Total costs (excluding continuity credit)		*(55,823)*	*77.6%*	*(46,319)*	*67.6%*
Operating surplus before continuity credit and quota share reinsurance		16,084	22.4%	22,226	32.4%
Less continuity credit	5	(15,659)	21.8%	(14,586)	21.3%
Net cost of quota share reinsurance	see below *	1,502	-2.1%	(5,013)	7.3%
Surplus / (deficit) on technical account before investment result		1,927	2.7%	2,627	3.8%
Investment return	14	2,742		(15)	
Exchange result	15	272		(521)	
Surplus before tax		4,941		2,091	

The net result from the quota share reinsurance is made up as follows:

		2024	2023
Outward quota share reinsurance on premium	6	(64,716)	(61,691)
Add back quota share reinsurance on continuity credit	6	14,094	13,128
Add back quota share acquisition costs (note 10)	6	8,621	8,428
Add back quota share reinsurance - excess of loss	6	4,707	4,773
Add back quota share recoveries	7	23,875	16,328
		(13,419)	(19,034)
Plus ceding commission from TIMIA	6	14,921	14,021
Net benefit / (cost) of quota share reinsurance		1,502	(5,013)

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Group Strategic Report (continued)

The balance sheet shows US$54,757,000 (2023: US$50,466,000) as retained reserves.

Investments

The total deposited at banks and invested in bonds and other fixed interest securities amounted to US$69,836,000 (2023: US$57,253,000). This produced a positive return of US$2,742,000 (2023: negative US$15,000).

The group has retained its strong capital position and its retained reserves at 31 May 2024 will remain comfortably above the Prudential Regulation Authority's minimum capital requirements (last year's return showed 1,397% coverage), the Standard Formula Solvency Capital Requirement (last year's return showed 489% coverage) and the Own Risk and Solvency Assessment's capital requirement.

Reinsurance

The group places two main types of reinsurance.

- The group's excess of loss reinsurance cost includes the cost of the underlying contract and the cost of the reinsurance in respect of limits of cover in excess of those provided by ITIC. This cost for the year was US$5,230,000 (2023 - US$5,303,000).
- The group also has quota share reinsurance through Transport Intermediaries Mutual Insurance Association Ltd. The aggregate of claims within ITIC's retention is reinsured on a 90% quota share basis by Transport Intermediaries Mutual Insurance Association Ltd of Hamilton, Bermuda.

The quota share policy cost US$13,419,000 (2023 - US$19,034,000) less a ceding commission of US$14,921,000 (2023 - $14,021,000). See the Business Review above for a breakdown.

Analysis of Funds in 2022 (Closed) and 2023 (Open) Policy Years and Reserves as at 31 May 2024

The following table shows the accumulated surplus split down by the group policy year. This is different to the breakdown by the group financial year as shown in the consolidated income and expenditure account.

	At 31 May 2024 US$ 000s	Change in year US$ 000s	At 31 May 2023 US$ 000s
General reserves and earlier years (all closed)	49,227	1,269	47,958
2022/23 policy year (closed March 2024)	1,245	217	1,028
2023/24 policy year (open)	4,285	2,805	1,480
General reserves at end of year	54,757	4,291	50,466

The results above are stated after:

1. Quota share costs comprising 90% of: premium, net of brokerage, commissions, excess of loss reinsurance premiums and claims net of reinsurance recoveries.

2. The ceding commission received from the quota share reinsurer covering the management fee, general expenses and exchange gains and losses of the group.

At their meeting in March 2024, the directors decided to close ITIC's 2022/23 policy year leaving only the 2023/24 policy year open.

Companies Act Section 172(1)

The likely consequences of any long term decisions

The ITIC board considers the group's future operations and strategy at board meetings and at less formal strategy days. Decisions impacting the future of the group are carefully considered and, if appropriate, approved by the board.

The interests of the group's employees

The group has no employees. It has outsourced its day to day operation to International Transport Intermediaries Management Company Limited ("ITIM"), a company owned by Thomas Miller Holdings Limited. The board of ITIC have appointed two of ITIM's directors to the main board.

The need to foster the group's business relationships with suppliers, customers and others.

In terms of the wider community impacted by the group, as a mutual insurer, ITIC exists for the benefit of its members, who are also insureds of ITIC. To this end ITIC's board aims to provide a high quality service for a competitive price. From 1992, ITIC's success has enabled it to distribute excess funds back to members by way of continuity credits for renewing members. This is also be the case for ITIC Europe, the subsidiary of ITIC, which is not a mutual company.

The group outsources management of the day-to-day operations to ITIM. In this regard, the board ensures that any business conducted with ITIM is done so on appropriate terms.

Through its managers, the group maintains contact and high level engagement with the management of its key brokers and reinsurers. The boards receive periodic updates on the group's key broker and reinsurer relationships.

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Group Strategic Report (continued)

The impact of ITIC's operations on the community and the environment.

As a service orientated organisation, the group does not consider itself to have a material impact on the environment. The board has established a policy on climate change which is owned by the group's Chief Underwriting Office and Chief Financial Officer and this considers the risk of climate change associated with the group.

The group considers the best interests of its members and insureds as a priority. This includes returning excess funds to its members by way of continuity credits, and acting as a sounding board for industry issues by participating and presenting in conferences on the benefits of having the appropriate professional indemnity insurance cover.

The desirability of the group maintaining a reputation for high standards of business conduct.

The board has in place a conduct risk policy that applies to both the board and the managers and ensures that the group acts appropriately for its insureds whilst keeping them, and the integrity of the markets in which they operate, central to all the group's activities.

The need to act fairly between members of the group.

The conduct risk policy as referred to above, ensures that customers are treated fairly. In addition the board have established a conflicts of interest policy which ensures that any conflict of interest around member issues are appropriately disclosed and dealt with at board level.

Decisions in the year.

During the year, the board made a number of decisions. These include decisions on the renewal proposal to members, the reinsurance program and the level of continuity credit. Further decisions are made in respect of other matters discussed at board meetings as shown in "Meetings of Directors" in the directors' report.

The directors therefore consider that the requirements of Section 172(1) are appropriately addressed within the group's policies and procedures.

Future Development

At its board meetings, the directors consider future developments. They expect that the coming year will show an increase in premium, potentially some additional claims and a continuing volatile investment market. It is expected that the group will maintain a sustainable level of business activity for the foreseeable future. The new subsidiary in Cyprus, ITIC Europe, is now underwriting renewing business and will take on current policies and existing claims via a portfolio transfer during the coming year.

Membership

As at 31 May 2024, 837 members' main activity was ship agency (port and liner agency), 837 ship and bunker brokers, 473 ship, crew, commercial and yacht managers, 1,220 marine surveyors (including Lloyd's Agents, hydrographic surveyors and P&I Club Correspondents) and naval architects and 273 representing 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 drawn from 128 countries with a substantial number of members from UK, EU states, North America, Australasia, the Far East and the Middle East.

Risk Management

The group has risk management procedures in place which address the five risk areas laid out in the Prudential Regulation Authority's Handbook. These are credit risk, market risk, liquidity risk, operational risk and insurance risk. The group 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 group has taken steps, where appropriate and possible, to mitigate the risks with internal controls and procedures and management oversight. Where appropriate, the group 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 AIR committee four times per year. The group'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 group accepts levels of risk in different areas as set out in its Risk Appetite Statement.

The group addresses other risks namely political (including change to UK tax agreement) and climate change risk. The group 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 group also considers fraud risks (including misappropriation of investment funds) and this is managed through the fraud risks register.

The group 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 group 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 group 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:
i. embed the consideration of the financial risks from climate change in the group's governance arrangements;
ii. incorporate the financial risks from climate change into existing financial risk management practice;
iii. use (long term) scenario analysis to inform strategy setting and risk assessment and identification; and
iv. 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 Investment and Risk committee of key risks, including risks associated with climate change. The ORSA considers the impact of climate change on the organisation. Risk identification and management is in progress at 31 May 2024.

The group 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. The ITIC board approved its Own Risk and Solvency Assessment at the board meeting in March 2024 and this was submitted to the Prudential Regulation Authority shortly afterwards.

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JDW
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J D Woyda - Chairman

Signed by:
Thomas Irving
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T J Irving - Chief Executive Officer

18 July 2024

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Directors' Report

Summary of the financial year

The directors present their directors report on ITIC for the year ended 31 May 2024.

The results of ITIC are contained in the accounts on pages 13 to 32. The surplus before taxation for the year ended 31 May 2024 was US$4,941,000 (2023: surplus US$2,091,000). Additional explanation is included in the Strategic Report on page 4.

Directors

The names of the present directors, all of whom have held office during the year unless stated otherwise, are shown on page 3.

In the case of each of the persons who are directors at the time this report is approved, so far as the directors are aware, the following applies:

(a) There is no relevant audit information of which ITIC's auditors are unaware; and

(b) They have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that ITIC's auditors are aware of that information.

Reinsurance relationship with Transport Intermediaries Mutual Insurance Association Limited ("TIMIA")

ITIC reinsures with TIMIA, registered in Bermuda, on a 90% quota share basis both its liabilities from 1 September 1992 and its liabilities assumed under the agreement to run-off Transport Intermediaries Mutual Insurance Association Limited and the Chartered and International Shipbrokers P&I Club Limited ("CISBA").

Meetings of the Directors

The board met on five occasions in order to carry out its general and specific responsibilities under the Memorandum of Association and Rules of ITIC. The number of directors present at these meetings were as follows. Reduced attendance was requested for the meetings on 13th July 2023 and 31st August 2023.

13th July 2023	7 out of 13 directors present
31st August 2023	7 out of 13 directors present
21st September 2023	13 out of 13 directors present
5th December 2023	9 out of 13 directors present
21st March 2024	11 out of 13 directors present

The directors considered the following topics at their meetings:

Audit Investment & Risk committee minutes
Board nominations
Business plan
Claims report including cases for consideration
Closure of earlier policy years
Directors' and officers' liability insurance cover
Directors' fees
Doing business in the EEA
Finance report including forecasts and budgets
Fit & proper declaration
Free reserve strategy review
General data protection regulation
Internal audit reports
Investment report, policy and mandate
Litigation against ITIC (*)
Modern Slavery Act 2015 declaration
Management agreement and fees
Material third party contracts
Nominations committee minutes
Operational resilience
Own Risk & Solvency Assessment
Policy reviews
Regulatory issues and letters
Reinsurance renewal
Renewal proposal
Report and financial statements, audit and regulatory returns
Risk assessments and risk appetite
Rotation of auditors
Rule updates and changes
Sales, marketing & communications report
Solvency and Financial Condition Report
Strategy review
Terms of reference for board and committees
Underwriting report

* Regarding litigation against ITIC, there are several cases in relation to claims where ITIC, in its capacity as the insurer of policyholders, has been brought into the claim as an additional defendant. This is considered to be a normal part of business and ITIC makes provisions for such cases, if required, as part of its assessment of outstanding claims reserves at the year end. Otherwise, there is no known current litigation against ITIC.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' Report, the Group Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the surplus or deficit of the group for that period. In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The following matters have been discussed within the Group Strategic Report:
i) Likely future developments in the business of the group; and
ii) The financial risk management objectives and policies of the group.

Sustainability

As part of its existing risk management framework, the group has in place a plan for dealing with the impact of climate change on its business operations and the associated risks. Ongoing assessment of the group's impact is in place and the plan will be refined during 2024.

The group falls under the scope of the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Reporting) Regulations 2018 ("the Regulations") based on its turnover and balance sheet total. The directors have determined that the group is a low energy user, using less than 40,000 kwh per year. As noted earlier, the group's core management and business activities are outsourced to Thomas Miller. For these reasons the directors have not included information in relation to the group's energy and carbon usage.

Operating environment

The economic environment has evolved rapidly since February 2022 following Russia's invasion of Ukraine. In response to the war in Ukraine, the EU, the UK and the US, in a coordinated effort joined by several other countries, imposed a variety of financial sanctions and export controls on Russia, Belarus and certain regions of Ukraine as well as various related entities and individuals. As the war is prolonged, geopolitical tension persists and inflation remains elevated, impacted by soaring energy prices and disruptions in supply chains. This high inflation weighs on business confidence and consumers' behaviour.

Amid the ongoing conflict in Gaza, there exists the potential of further escalation, with spillovers being felt in Lebanon and the Red Sea. This may translate to disruptions in the supply chain, including a shortage in goods and oil supplies, which could potentially have an impact on inflation.

The group closely monitors the above situations and remains vigilant to take any precautionary measures as required although any potential impact is not expected to be significant.

Directors' indemnities

Directors' and officers' insurance cover has been established for all directors to provide appropriate cover for their reasonable actions on behalf of the group. This constitutes a qualifying third-party indemnity provision as defined by section 234 of the Companies Act 2006. The policy was in force during the financial year and remains in force for all current and past directors of the group.

Assessment of going concern

The group has retained reserves of US$54,757,000 (2023: US$50,466,000).

The solvency ratio as at 30 November 2023, when last calculated, was 489% (Solvency II available own funds US$55,307,000) compared to the previous year end, 31 May 2023 where it was also 489% based on the standard formula solvency capital requirement applicable to it. With strong underwriting and positive investment results, the solvency ratio as at 31 May 2024 is expected to be in line with or above the 30 November 2023 position.

The directors have considered the ongoing impact of the crisis in Ukraine, as noted above, as well as other economic factors such as inflation, energy prices, and cost of living crisis on the current and forecast position of the company. The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these financial statements and are not aware of any material uncertainties to the group's ability to continue to do so for at least 12 months from the date of authorisation of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts.

Post balance sheet events

The board have established a subsidiary in Cyprus, ITIC Europe, through which ITIC is starting underwrite its European business. It is planned that the portfolio of current policies and claims reserves will be transferred into this entity from UK P&I N.V., ITIC's current fronter in Europe, before the end of 2024.

There were no other post balance sheet events requiring disclosure.

Auditors

PKF were appointed as the new auditors in accordance with Section 489 of the Companies Act 2006 at the Annual General Meeting held on 21 September 2023.

DocuSigned by:
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J D Woyda
Chairman

Signed by:
Thomas Irving
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T J Irving
Chief Executive Officer

19 July 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Opinion

We have audited the financial statements of International Transport Intermediaries Club Limited (the 'parent company') and its subsidiary (the 'group') for the year ended 31 May 2024 which comprise the Consolidated Income and Expenditure Account, the Consolidated and Parent Company Balance Sheet, the Group and Parent Company Statements of Changes in Reserves, the Consolidated Cash Flow Statement and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The financial reporting standard applicable in the UK and Republic of Ireland and FRS 103 Insurance contracts* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

• give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2024 and of the group's surplus for the year then ended;
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
• have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

• Inspecting and assessing management's forecasts including evaluating the key inputs and assumptions to the forecasts, which included considering their consistency with other available information and our understanding of the business;
• Evaluating the capital position of the group, the capital resources available and the feasibility of actions available to the directors over the next 12 months;
• Assessing the financial solvency under stressed conditions through inspection of the Own Risk and Solvency Assessment; and
• Assessing the appropriateness of the going concern disclosures in the financial statements.

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

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. Materiality is considered the magnitude by which misstatements, including omissions, either individually or in aggregate, could reasonably be expected to influence the economic decisions of users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to the following level of materiality, the quantum and purpose of which is tabulated below.

	How we determined it	Key considerations and benchmarks	Quantum
Group financial statements	4% of the consolidated income and expenditure account reserve	We have selected 4% of the consolidated income and expenditure account reserve as a measure of the available capital resources of the group as the group is a mutual insurance group and this is the most important metric for the users of the financial statements.	US$2,190,000
Parent company financial statements	4% of the parent company income and expenditure account reserve	We have selected 4% of the income and expenditure account reserve as the parent company has a stable underwriting and solvency position and this is the most important metric for the users of the financial statements.	US$2,183,000

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds financial statement materiality. Performance materiality is based on the audit materiality as adjusted for the judgments made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. This was set at 70% of the financial statement materiality, amounting to US$1,533,000 for the group financial statements and US$1,528,100 for the parent company financial statements.

We agreed with the Audit Investment and Risk Committee that we would report to them all audit differences in excess of US$109,500 for the group financial statements and US$109,150 for the parent company financial statements as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our approach to the audit

Our audit approach was developed by obtaining an understanding of the group's and parent company's activities, the key subjective judgments made by the directors, for example in respect of the significant accounting estimates regarding the insurance technical provisions that involved making assumptions and considering future events that are inherently uncertain, and the overall control environment. Based on this understanding we assessed those aspects of the group's and parent company's transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter - Valuation of claims outstanding and Reinsurer's share of claims outstanding

As disclosed within notes 2 (f), 3 and 7 – 'Claims including insurance recoveries', the gross claims outstanding at the year end was US$81,715,000 (2023: US$74,323,000), with the net balance being US$6,947,000 (2023: US$6,220,000).

The technical provisions are a key area of estimation within the financial statements, which requires the application of judgement and assumptions, and therefore considered a key audit matter.

We considered the adequacy of the technical provisions carried in the group and parent company's accounts, including the reasonableness of the provisions for claims handling costs and related provisions. The group cedes 90% of their business through their quota share reinsurance agreement with Transport Intermediaries Mutual Insurance Association Limited of Bermuda ("TIMIA"). Therefore, the reinsurers' share of the technical provisions is also significant to the financial statements.

How our scope addressed this matter

Our work in this area included:
• Evaluating the design and implementation of controls in place over the valuation of the insurance technical provisions and reviewing the assumptions and underlying evidence supporting the year end valuations;
• Reviewing the valuation reports prepared by the Actuarial Function considering whether, in our professional judgement, the methodology used in preparing those valuations is the most appropriate in the circumstances;
• Testing the key controls around the claims reserving process including large loss reviews, identification of any disputes and considering relevant IT controls;
• Liasing with the group's internal actuaries to review their results as well as test that the data used by them is appropriate;
• Performing independent actuarial reprojections using the group's data to assess the reasonableness of the level of IBNER recorded for the 31 May 2024 position, in conjunction with our own actuaries;
• Obtaining the claims handling provision calculations and confirming that the total expenses are in line with the financial statements and challenging the key assumptions and forecasts included within the modelling;
• Assessing the risk margin performed to ensure the margin is consistently prudent with the reserving approach, through comparison to prior periods level of prudence;
• Testing a sample of new claims being set up, as well as claim movements and payments to ensure by reference to documentation that the amounts recorded are for the correct amount and have been appropriately controlled and authorised; and
• Reviewing the year-on-year claim development and assessing the reasons for any over or under reserving.

For the valuation of the reinsurer's share of claims outstanding, our work included:
• Assessing the key terms of the reinsurance contracts and ensuring reinsurance recoveries are calculated in line with the agreement in place; and
• Testing the calculations used in identifying reinsurers' share of any claims including understanding the procedures underlying the process driving the reinsurance recoveries.

Key Observations:

Based on our procedures performed, we concluded that the valuation of claims outstanding and reinsurer's share of claims outstanding to be reasonable.

Key audit matter - Revenue recognition

As disclosed within notes 2 (b-d) and 5 – 'Premium including movement on unearned premium', the gross premium written for the year was US$89,121,000 (2023: US$60,416,000), with the unearned provision carried forward being US$55,197,000 (2023: US$39,986,000).
The group and parent company underwrite insurance policies, which incept throughout the year giving rise to unearned premium.

There is a significant risk that the earnings pattern applied is not appropriate although the effect of this on the results for the year is mitigated by the 90% quota share in place.
In addition to the above the group provides for a continuity credit in order to return funds from previously closed policy years and incentivise renewals amongst members.

How our scope addressed this matter

Our work in this area included:
• Gaining an understanding of the internal control environment in operation for the material income streams and undertaking a walk-through to ensure that the key controls within these systems have been designed and implemented effectively in the period under audit;
• Testing the gross written premium recognised in the financial statements on a transactional basis;
• Recalculating the unearned premium reserve at the year-end;
• Reviewing post year-end receipts to ensure completeness of gross written premium recorded in the accounting period; and
• Testing a sample of policies to ensure that the continuity credit applied is in accordance with the policy for that underwriting year.

Key observations:

We determined that, based on our audit work management's judgements in respect of the earnings of premium and estimation of premium are reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
• the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
• the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

• adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
• the parent company financial statements are not in agreement with the accounting records and returns; or
• certain disclosures of directors' remuneration specified by law are not made; or
• we have not received all the information and explanations we require for our audit.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

• We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussion with management and the application of our knowledge and experience of the sector in which the group and parent company operate in and obtaining and understanding of the group's policies and procedures regarding compliance with laws and regulations.

• We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) regulations, FRS 102 and FRS 103 and UK taxation legislation.

• We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:

o making enquiries of management;

o reviewing management and board minutes;

o reviewing legal and regulatory correspondence; and

o agreeing financial statement disclosures to underlying supporting documents and ensuring compliance with reporting requirements.

• We also instructed the component auditors to carry out these procedures at the subsidiary level.

• We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, we considered other areas most susceptible to fraud, such as the key audit matters identified including the valuation of the insurance technical provisions and revenue recognition. The key audit matters section of our report explains these matters in more detail and also describes the specific procedures we performed in response to those key audit matters. As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Other matters which we are required to address

We were appointed by the company on 27 October 2023 to audit the financial statements for the period ending 31 May 2024 and subsequent financial periods. Our total uninterrupted period of engagement is one year, covering the period ending 31 May 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Investment and Risk Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Cowan

Ian Cowan (Senior Statutory Auditor) for and on behalf of PKF Littlejohn LLP, Statutory Auditor
15 Westferry Circus, Canary Wharf, London E14 4HD

24 July 2024

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 May 2024

	Notes	2024 US$ 000s	2024 US$ 000s	2023 US$ 000s	2023 US$ 000s
TECHNICAL ACCOUNT					
Gross premiums written	2, 5	89,121		60,416	
Less continuity credits raised	5	(17,712)		(16,278)	
Premiums written		71,409		44,138	
Outward reinsurance premiums	2, 6	(41,249)		(17,806)	
Net premiums written		30,160		26,332	
Change in gross provision for unearned premium less deferred continuity credits	5	(15,161)		9,821	
Reinsurers' share	6	13,646		(8,838)	
		(1,515)		983	
Earned premiums net of reinsurance	**6**		**28,645**		**27,315**
Claims paid					
Gross amount	7	(21,450)		(22,571)	
Reinsurers' share	7	17,027		17,629	
		(4,423)		(4,942)	
Change in the provision for claims					
Gross amount	7	(7,392)		3,602	
Reinsurers' share	7	6,664		(3,493)	
		(728)		109	
Claims incurred net of reinsurance	**7**		**(5,151)**		**(4,833)**
Net operating expenses	8		**(21,567)**		**(19,855)**
Balance on the technical account before investment income			**1,927**		**2,627**
Transfer of investment result from the non-technical account			**2,742**		**(15)**
Balance on the technical account			**4,669**		**2,612**
NON-TECHNICAL ACCOUNT					
Balance on the technical account			**4,669**		**2,612**
Investment result - realised	14	1,653		(23)	
Unrealised (losses) / gains on investments	14	1,089		8	
Transfer of investment result to the technical account		(2,742)		15	
Other income – exchange result	15	272		(521)	
			272		(521)
Surplus before tax			**4,941**		**2,091**
Tax	16		(650)		41
Surplus after tax			**4,291**		**2,132**

All the above transactions relate to continuing activities. There is no other comprehensive income. The notes on pages 16 to 34 form an integral part of these financial statements.

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

CONSOLIDATED AND PARENT COMPANY BALANCE SHEET
as at 31 May 2024

Company No 2725312

	Notes	Consolidated 2024 US$ 000s	Consolidated 2023 US$ 000s	Parent company 2024 US$ 000s	Parent company 2023 US$ 000s
ASSETS					
Investments					
Shares in subsidiary undertaking	25	-	-	10,000	-
Other financial investments	2, 17	60,605	53,606	51,580	53,606
Forward Contracts	17	-	-	-	-
Financial asset					
Forward Contracts	17	2	-	2	-
Reinsurers' share of technical provisions					
Unearned premium provision	6	49,909	35,988	42,890	35,988
Claims outstanding	7	74,768	68,103	74,645	68,103
Debtors					
Arising out of direct insurance operations	18	36,074	24,437	29,452	24,437
Arising out of reinsurance operations	18	355	1,191	355	1,191
Other debtors	19	16	50	16	50
Deferred Tax Asset	19	-	163	-	163
Other Assets					
Cash at bank		9,231	3,647	7,280	3,647
Prepayments and accrued income					
Accrued interest		424	216	297	216
Deferred acquisition costs	10	7,105	5,827	6,366	5,827
Prepayments		220	-	196	-
TOTAL ASSETS		**238,709**	**193,228**	**223,079**	**193,228**
LIABILITIES					
Reserves					
Income and expenditure account		54,757	50,466	54,576	50,466
Technical provisions					
Provision for unearned premiums	5	55,455	39,986	47,655	39,986
Claims outstanding – gross amount	7	81,715	74,323	81,579	74,323
Financial Liability					
Forward Contracts		-	22	-	22
Creditors					
Arising out of direct insurance operations - amounts due to members / brokers		220	26	238	26
Arising out of reinsurance operations	20	36,181	19,782	30,199	19,782
Other creditors including taxation and social security	21	2,395	1,553	2,355	1,553
Accruals	22	7,986	7,070	6,477	7,070
TOTAL LIABILITIES AND RESERVES		**238,709**	**193,228**	**223,079**	**193,228**

The notes on pages 16 to 34 form an integral part of these financial statements.

The financial statements on pages 13 to 34 were approved by the directors on 19 July 2024.

DocuSigned by:
JDW
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J D Woyda
Director

DocuSigned by:
Francesca BOGNIN
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F Bognin
Director

Signed by:
Thomas Irving
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T J Irving
Director and Chief Executive Officer

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 May 2024

	2024 US$ 000s	2023 US$ 000s
Balance at start of the year	50,466	48,334
Surplus for the year	4,291	2,132
Other comprehensive income for the year	-	-
Balance at end of the year	**54,757**	**50,466**

PARENT COMPANY STATEMENT OF CHANGES IN RESERVES
for the year ended 31 May 2024

	2024 US$ 000s	2023 US$ 000s
Balance at start of the year	50,466	48,334
Surplus for the year	4,110	2,132
Other comprehensive income for the year	-	-
Balance at end of the year	**54,576**	**50,466**

The notes on pages 16 to 34 form an integral part of these financial statements.

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 May 2024

	2024 US$ 000s	2023 US$ 000s
Operating activities		
Calls & premiums received, net of continuity credit paid	59,966	51,490
Reinsurance premium paid	(23,565)	(35,453)
Claims paid	(21,452)	(22,571)
Reinsurance recoveries received	17,863	17,716
Acquisition costs	(13,593)	(10,960)
Operating expenses paid	(9,451)	(9,282)
Interest and dividends received	2,476	1,404
Taxation paid	-	163
Net cash (utilised) / provided by operating activities	**12,244**	**(7,493)**
Investing activities		
Purchase of investments	(41,101)	(34,081)
Sale of investments	34,161	36,859
Exchange gains / (losses)	280	(397)
Net cash used in investing activities	**(6,660)**	**2,381**
Net change in cash and cash equivalents	**5,584**	**(5,112)**
Cash and cash equivalents at the beginning of the year	3,647	8,759
Cash and cash equivalents at the end of the year	**9,231**	**3,647**

The notes on pages 16 to 34 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Note 1 **Constitution**

ITIC is incorporated in England and Wales under the Companies Act 2006 as a company limited by guarantee and not having a share capital. ITIC's company registration number is 2725312 and its registered address is 90 Fenchurch Street, London EC3M 4ST.

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.

Note 2 **Accounting policies**

(a) Statement of compliance and basis of preparation

These financial statements have been prepared in accordance with the Companies Act 2006, Schedule 3 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and applicable accounting standards in the United Kingdom ("UK GAAP"). The financial statements are prepared in accordance with "FRS102: The financial reporting standard applicable in the UK and Republic of Ireland" and "FRS103: Insurance contracts".

These financial statements which consolidate the financial statements of ITIC and its subsidiary undertaking have been prepared under the Companies Act 2006. ITIC and its subsidiary undertaking have applied uniform accounting policies and on consolidation all intra-group transactions, profits, and losses have been eliminated. In the parent company balance sheet, shares in the subsidiary undertaking are shown at cost less any provision for impairment.

The functional currency of ITIC is considered to be US dollars because that is the currency of the primary economic environment in which ITIC operates. This has been selected on the basis that most of ITIC's claims and expenses are paid in US dollars, and ITIC's main reinsurance contract with TIMIA is denominated in US dollars.

ITIC has taken exemption from presenting a parent profit and loss account under section 408 of Companies Act 2006. ITIC has also taken exemption from presenting a parent Statement of Cash Flows under section 1.12(b) of FRS 102.

The financial statements have been prepared on a going concern basis. The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these financial statements and are not aware of any material uncertainties to ITIC's ability to continue to do so for at least 12 months from the date of authorisation of these financial statements.

The company has retained reserves of US$54,757,000 (2023: US$50,466,000). The solvency ratio as at 30 November 2023, when last calculated, was 489% (available own funds US$55,307,000) compared to the previous year end, 31 May 2023 where it was 489% based on the standard formula solvency capital requirement applicable to it. The solvency ratio as at 31 May 2024 is expected to be in line with the 30 November 2023 position. The directors have considered the impact of factors disclosed in the Strategic Report. The directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these financial statements and are not aware of any material uncertainties to ITIC's ability to continue to do so for at least 12 months from the date of authorisation of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts.

(b) Policy year accounting

ITIC's business is accounted for on an annual basis. Each policy year runs in line with ITIC's financial year. For reporting the policy year position to the members, calls and premiums together with reinsurance premiums are allocated to the policy years in which they incept. Claims and related reinsurance recoveries are allocated to the policy year in which the claim is first notified. General expenses and management fees are allocated to the current policy year. A policy year is usually closed during the policy year following the year of inception during which time members are liable for their rateable proportion of any deficiency resulting from an excess of claims and expenses over income. The board are empowered to return premium via a continuity credit if they believe that it is appropriate to do so. The policy year position is shown in the analysis of funds section within the strategic report.

The consolidated income and expenditure account for a year represents the aggregate of changes during the financial year on all policy years.

(c) Gross written premiums

Gross written premiums arise from annual and multi-year policies. All premiums are recognised on inception of the policy. Gross written premiums are the total receivable for contracts entered into during the accounting period together with any premium adjustments relating to prior periods. Continuity credits are discounts provided to renewing members against the renewed policy. All two year contracts have a break clause which allows ITIC or the insured to cancel the policy prior to the second year commencing. Any premium relating to the second year of a policy is not recognised in the accounts, neither are policies bound prior to the end of the year but incepting after the start of the new year. All premiums and continuity credits are shown gross of commission payable to intermediaries and are exclusive of taxes and duties levied thereon. The continuity credit is a mechanism used to return surpluses on policy years to the long term members of ITIC, helping ITIC satisfy its mutual obligations.

Gross written premiums arise from direct insurance and from fronted reinsurance. Fronted reinsurance arises where policies are underwritten in the name of another entity which then wholly reinsures the risk into ITIC. This approach will be used when ITIC needs a facility to underwrite in certain countries where it is not permitted and admitted. The terms, policy wordings and accounting recognition for fronted reinsurance are the same as for the direct insurance written.

(d) Unearned premiums

Written premiums are recognised as earned income over the period of the policy on a time apportionment basis with the unearned portion recognised in the balance sheet. Similarly, continuity credit costs are recognised over the period of the policy on a time apportioned basis, as a discount to premiums.

(e) Deferred acquisition costs

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

Note 2 Accounting policies (continued)

(f) Claims

Claims are the legal costs and expenses of the members covered by ITIC. They include all claims notified during the year, whether paid, estimated by the management or where claims reserves have been created to cover future deterioration, together with current and future claims handling fees. Claims also include adjustments for claims outstanding from previous years.

Balance sheet

The claims provision, recognised as a part of technical provisions in the balance sheet, comprises:
i) Estimated claims as at the balance sheet date on notified claims outstanding in all policy years;
ii) Additional provision to allow for adverse developments on estimated claims including those claims where no estimate is currently thought to be required. This comprises a provision for claims incurred but not enough reserved ("IBNER") plus a claims margin;
iii) Provision for the managers' future claims handling costs; and
iv) Since ITIC insures on a claims made basis, there is no need to provide for incurred but not reported claims.

The risks associated with insurance contracts are complex and subject to a number of variables. ITIC uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost and ultimate claims numbers.

Significant delays are experienced in the settlement of certain insurance claims, the ultimate cost of which may vary from the original assessment. Adjustments to claims provisions established in previous years are reflected in the financial statements for the period in which the adjustments are made.

Income and expenditure account

The figure for claims incurred in the consolidated income and expenditure account comprises claims and costs paid during the year, the claims handling costs of the managers and the movement in the claims provision since the last balance sheet date.

(g) Reinsurance recoveries

The claims liabilities of ITIC are reinsured for claims costing above certain levels. In addition, claims within ITIC's retention are reinsured on a 90 per cent quota share basis. The figure credited to the consolidated income and expenditure account for reinsurance recoveries represents receipts and amounts due or estimated under these arrangements on claims already notified. The quota share reinsurance policy also provides for recovery of 100% of management and general expenses and the currency gains / losses.

(h) Outward reinsurance premiums

Outward reinsurance premiums are accounted for in the same accounting period as the premiums for the related direct or inward reinsurance business being reinsured.

(i) Financial instruments

ITIC has applied the requirements of FRS 102 sections 11 and 12 to the measurement, presentation and disclosure of its financial assets. Investments in short term deposit funds and the foreign exchange security deposit are designated in the balance sheet at fair value through profit or loss. Fair value is calculated using the bid price at the close of business on the balance sheet date. Those purchased in foreign currencies are translated into sterling on the date of purchase. The fair value of foreign currency investments is translated at the rate of exchange ruling at the balance sheet date.

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

ITIC enters into basic financial instrument transactions that results in the recognition of financial assets and liabilities such as insurance debtors and creditors, these are initially measured at cost or amortised cost and are accessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found a provision is recognised in the statement of income and expenditure.

(j) Other financial investments

Assets, including all investments of ITIC, are classified as fair value through profit and loss and are designated as such by management to minimise any measurement or recognition inconsistency with the associated liabilities.

Investments are included in the balance sheet at market value translated at year end rates of exchange. Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors such as independent valuation reports. Derivatives held as investments of ITIC, are classified as fair value through profit and loss in line with the treatment of other investments.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The costs of investments denominated in currencies other than US dollars are translated into US dollars on the date of purchase. Any subsequent changes in value, whether arising from market value or exchange rate movements, are charged or credited to the consolidated income and expenditure account. The movement in unrealised investment gains and losses includes the reversal of previously recognised unrealised gains and losses on investments disposed of in the current period.

Net gains or losses arising from changes in fair value of financial assets at fair value through profit or loss are presented in the consolidated income and expenditure account within 'unrealised gains/(losses) on investments' in the period in which they arise.

(k) Investment returns

Investment returns comprise dividend income from equities, income on fixed interest securities and interest on deposits and on cash. As part of ITIC's quota share reinsurance arrangements with TIMIA, the total ITIC and TIMIA investment result is apportioned between the two companies on a 10:90 split.

Dividends are recognised as income on the date the relevant securities are marked ex-dividend. Other investment income is recognised on the accruals basis.

(l) Cash and cash equivalents

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

(m) Foreign currencies

ITIC's functional and presentation currency is US dollars and the figures shown within the financial statements are rounded to the nearest thousand.

Transactions in foreign currencies have been translated into US dollars at the rate applicable for the month in which the transaction took place. At each reporting date, monetary assets and liabilities that are denominated on foreign currencies, are translated into US dollars at the rates of exchange ruling at the end of the reporting period.

All exchange gains and losses, whether realised or unrealised, are included in the foreign exchange gains and losses in the consolidated income and expenditure account.

(n) Taxation

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. The company is a mutual and is not taxed on its operating result or exchange gains / (losses) but only on its investment income. Tax is calculated in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax at a future date. The rates used in these calculations are those which are expected to apply when the timing differences crystallise, based on the current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in the periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Note 3 **Critical accounting estimates and judgements**

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

The following critical accounting estimates and judgements are made by ITIC:

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is ITIC's most critical accounting estimate. The carrying amount for the liability and any related reinsurance recovery is shown in the notes to the accounts. There are several sources of uncertainty that need to be considered. Estimates are made for the expected ultimate cost of claims reported at the end of the reporting period and thus comprise of case estimates plus an additional provision for claims IBNER (see note 2f).

The provision for IBNER is generally subject to a greater degree of uncertainty than the case estimates. In calculating the estimated liability, ITIC uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. The methods used and estimates made, are reviewed regularly.

The provision for claims handling reserve is subject to a degree of uncertainty. In calculating the estimated liability, the group uses a number of estimation techniques based upon how claims develop over time and how costs are allocated to claims. The method used and estimates made are reviewed regularly.

Note 4 **Management of risks**

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

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

- 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.

Financial risk management objective

ITIC is exposed to financial risk through its financial investments, reinsurance assets and liabilities to policy holders. 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, equity price risk and currency risk) together with credit risk and liquidity risk.

ITIC manages these risks using a risk governance structure incorporating the managers' risk committee and the Audit Investment & Risk Committee. Further details can be found in the Strategic Report on pages 4 to 7.

The board is responsible, advised by ITIC's Chairman working with the Audit Investment & 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 ITIC which are analysed as part of the ORSA process.

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

(a) Insurance risk

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

ITIC'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 ITIC's insurance risk management process is to establish effective underwriting, reinsurance and reserving strategies which are agreed and monitored by ITIC's board in accordance with its risk appetite statement.

ITIC establishes provisions for unpaid claims and related expenses to cover its expected liability. These provisions are established through the application of actuarial techniques and assumptions. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by management.

ITIC considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome and this is monitored in ITIC's Key Risk Indicators which are reported to the board and Audit Investment & Risk Committee at their meetings.

The results of sensitivity testing are set out below, showing the impact on the surplus before tax, gross and net of reinsurance. The impact of the change in a single factor is shown, with the assumption unchanged. The sensitivity was chosen because the loss ratio is a key performance indicator of the business. The analysis assumes that a change in loss ratio (claims including management fee element as a percentage of earned premium less continuity credit less acquisition costs) is driven by the change in claims incurred. The 5% assumption for sensitivity is chosen to demonstrate a typical level of swing that might be experienced.

	2024 US$ 000s	2023 US$ 000s
Increase in loss ratio (see definition below) by 5 percentage points from 48% to 53% (2023 - 37% to 42%)		
Based on gross premium net of continuity credit and acquisition costs	(2,980)	(2,852)
Based on gross premium net of continuity credit, acquisition costs and reinsurances	(272)	(259)
A 5 per cent decrease in loss ratios would have an equal and opposite effect.		

Loss ratio is calculated as claims incurred net of excess of loss recoveries (including management fee element) as a percentage of gross earned premium less acquisition costs (including management fee element). These figures are shown in the strategic report.

Note 4 Management of risks (continued)

Underwriting process

ITIC 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.

ITIC 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

ITIC's reinsurance programme is designed to manage risk to an acceptable level to optimise ITIC'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

ITIC establishes provisions for unpaid reported claims and relating expenses to cover its expected liability. These provisions are established through the application of actuarial techniques and assumptions as set out in note 3 of the financial statements as directed and reviewed by the Audit Investment & Risk Committee. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by senior members of the managers and ITIC's Audit Investment & Risk Committee.

ITIC considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected result.

(b) Market - interest rate risk

ITIC's investment policy is set to ensure that the duration of the investment portfolio is appropriately matched to the duration of the policyholders' liabilities. Interest rate risk is monitored by comparing the mean duration of the investment portfolio and that of the policyholders' liabilities. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates.

The sensitivity analysis for interest rate risk illustrates how the fair value of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. ITIC's fixed income portfolio currently has a modified duration of about 4.2 years. This means that in the event of a parallel shift of the yield curve up by 100 basis points, the portfolio's value will decline, resulting in approximately 4.2% loss on the fixed income portfolio.

For ITIC, this would result in a loss for the period and a decrease in investment values of approximately US$1,756,000 (2023: US$1,726,000) if all other assumptions remain unchanged.

A decrease of 100 basis points in bond yields would result in the opposite effect (i.e. increase in investment values of approximately equal magnitude) assuming all other assumptions remain unchanged.

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4 **Management of risks (continued)**

(c) Currency risk

ITIC is exposed to currency risk in respect of assets under policies of insurance denominated in currencies other than US dollars. The most significant currency risk to which ITIC is exposed to are pounds sterling and the Euro.

The following table shows ITIC's net retained reserves by currency. ITIC seeks to mitigate the risk by matching the estimated foreign currency denominated liabilities within the financial investments denominated in the same currency. It should be noted that the table presented below shows balances arising from insurance and reinsurance contracts, the balance with quota share reinsurer and other debtors and creditors.

2024	US$ US$ 000s	GBP US$ 000s	EUR US$ 000s	Other US$ 000s	Total US$ 000s
Debt securities, UCITS and cash	62,106	2,329	5,019	806	70,260
Forward Contracts	(4,841)	(846)	5,689	-	2
Reinsurers share of unearned premium provision	28,763	7,145	10,932	3,069	49,909
Reinsurers share of gross claims provisions	74,768	-	-	-	74,768
Debtors arising from direct insurance operations	19,387	5,418	9,190	2,079	36,074
Debtors arising from reinsurance operations	355	-	-	-	355
Other debtors & prepayments	-	236	-	-	236
Gross claims provisions	(64,174)	(8,067)	(8,706)	(768)	(81,715)
Deferred acquisition costs	3,817	1,075	1,641	572	7,105
Creditors arising out of direct insurance operations - amounts due to members / brokers	(219)	-	(1)	-	(220)
Provision for unearned premiums	(31,960)	(7,939)	(12,146)	(3,410)	(55,455)
Creditors arising out of reinsurance operations	(42,685)	4,415	2,668	(579)	(36,181)
Other creditors including taxation and social security	(2,395)	-	-	-	(2,395)
Accruals	(4,674)	(995)	(1,603)	(714)	(7,986)
Total retained reserves	38,248	2,771	12,683	1,055	54,757

2023	US$ US$ 000s	GBP US$ 000s	EUR US$ 000s	Other US$ 000s	Total US$ 000s
Debt securities, UCITS and cash	53,781	2,092	1,442	154	57,469
Forward Contracts	(2,410)	-	2,388	-	(22)
Reinsurers share of unearned premium provision	21,585	5,443	6,328	2,632	35,988
Reinsurers share of gross claims provisions	68,103	-	-	-	68,103
Debtors arising from direct insurance operations	13,167	3,753	5,764	1,753	24,437
Debtors arising from reinsurance operations	1,191	-	-	-	1,191
Other debtors	163	50	-	-	213
Gross claims provisions	(58,015)	(7,872)	(6,640)	(1,796)	(74,323)
Deferred acquisition costs	3,480	705	1,131	511	5,827
Creditors arising out of direct insurance operations - amounts due to members / brokers	(45)	-	(5)	24	(26)
Provision for unearned premiums	(23,983)	(6,048)	(7,032)	(2,923)	(39,986)
Creditors arising out of reinsurance operations	(24,221)	3,352	1,970	(883)	(19,782)
Other creditors including taxation and social security	(1,553)	-	-	-	(1,553)
Accruals	(4,343)	(1,437)	(685)	(605)	(7,070)
Total retained reserves	46,900	38	4,661	(1,133)	50,466

The change in exchange rates of sterling and the euro is the most likely cause of significant exchange gains or losses, hence these currencies are used for the sensitivity analysis. A 5 per cent strengthening of the following currencies against the US dollar would be estimated to have increased / (decreased) the surplus after tax and reserves at the year-end by the following amounts:

	Effect on Surplus after tax
As at 31 May 2024	
Sterling	139
Euro	634
As at 31 May 2023	
Sterling	2
Euro	233

A 5 per cent weakening of these currencies against the US dollar would have an equal and opposite effect.

Note 4 **Management of risks (continued)**

(d) Credit risk

Credit risk is the risk a counterparty will be unable to pay the amounts in full when due. The main areas where ITIC is exposed to credit risk are:

- Reinsurers' share of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from policyholders;
- Amounts due from insurance intermediaries;
- Amounts due from bond issuers;
- Cash at banks and deposits with credit institutions; and
- Counterparty risk with respect to derivative transactions.

Reinsurance is used to manage insurance risk. This does not, however, discharge ITIC's liability as primary insurer. If a reinsurer fails to pay a claim, ITIC remains liable for the payment to the policyholder.

Credit risk on reinsurance balances is mitigated by assessing the creditworthiness of the reinsurer before it is used and strict criteria are applied (including rating the financial strength of the reinsurer) before a reinsurer is approved. All excess of loss reinsurance contracts are subject to an A- or above rating. The quota share reinsurance is placed with TIMIA. TIMIA is unrated but ITIC holds a fixed charge of US$40.5m on the TIMIA investments portfolio. This fixed charge security, together with TIMIA's net asset value of US$179.5m 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.

Debtors arising out of direct insurance operations comprise premium owed by the members of ITIC. Credit risk relating to this risk is managed through take on procedures for the assured. Furthermore, if the assured does not pay, then cover may be cancelled back to inception.

Counterparty limits based on the credit ratings are also in place in relation to the amounts due from bond issuers and cash and bank deposits.

The following table provides information regarding aggregated credit risk exposure for financial assets with external credit ratings as at 31 May 2024. The credit rating bands are provided by independent ratings agencies:

2024	AAA US$ 000s	AA US$ 000s	A US$ 000s	BBB+ or less or not rated US$ 000s	Total US$ 000s
Fixed interest - Government	-	41,101	-	-	41,101
Fixed interest - Corporate	-	9,338	-	-	9,338
Forward Contracts	-	2	-	-	2
UCITS	10,166	-	-	-	10,166
Claims recoveries excess of loss reinsurance	-	-	5,742	-	5,742
Claims recoveries quota share reinsurance	-	-	-	69,026	69,026
Cash	-	-	-	9,231	9,231
Arising from insurance and reinsurance operations	-	-	-	36,429	36,429
Total	10,166	50,442	5,742	114,686	181,035

2023	AAA US$ 000s	AA US$ 000s	A US$ 000s	BBB+ or less or not rated US$ 000s	Total US$ 000s
Fixed interest - Government	-	51,028	-	-	51,028
Fixed interest - Corporate	-	-	-	-	-
Forward Contracts	-	-	-	-	-
UCITS	2,578	-	-	-	2,578
Claims recoveries excess of loss reinsurance	-	-	6,130	-	6,130
Claims recoveries quota share reinsurance	-	-	-	61,973	61,973
Cash	-	-	-	3,647	3,647
Arising from insurance and reinsurance operations	-	-	-	25,628	25,628
Total	2,578	51,028	6,130	91,248	150,984

ITIC's policy is to make a full provision against all reinsurance debts with an age in excess of two years and fifty per cent for reinsurance debts between one and two years old. ITIC issues notices of cancellation against premium debts greater than 60 days overdue unless there is good reason not to do so. In the event of cancellation the policy is cancelled back to inception.

Claims recovery balances in respect of quota share reinsurance include US$42,353,000 (2024 - US$41,268,000) covered by a fixed charge on a portfolio of assets held by Transport Intermediaries Mutual Insurance Association Limited.

After assessing all other financial assets at the end of the year, no objective evidence was found to suggest that any were impaired (2023: no impairments).

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4 **Management of risks (continued)**

(e) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available at a reasonable cost to pay obligations as they fall due. ITIC maintains holdings in short term deposits to ensure there are sufficient funds available to cover anticipated liabilities and unexpected levels of demand. As at 31 May 2024 ITIC's short term deposits amounted to US$3,647,000 (2023: US$8,759,000). The tables below provide a maturity analysis of ITIC's financial instruments which may be varied at the discretion of the investment manager. The assets in the below tables are not impaired due to the fact that their full value are deemed to be recoverable.

	Less than 6 months or on demand	6 months - 1 year	1 - 2 years	2-5 years	> 5 years	Carrying value in the balance sheet
	US$	US$	US$	US$	US$	US$
2024	000s	000s	000s	000s	000s	000s
Debt securities	19,190	-	3,258	19,577	18,580	60,605
Forward Contracts	2	-	-	-	-	2
Reinsurers share of technical provisions - claims outstanding	14,583	13,170	15,079	22,164	9,771	74,767
Debtors arising out of direct insurance operations	28,914	6,314	799	-	-	36,027
Debtors arising out of reinsurance operations	355	-	-	-	-	355
Other debtors	283	-	-	-	-	283
Cash and cash equivalents	9,231	-	-	-	-	9,231
Technical provisions - claims outstanding	(15,938)	(14,394)	(16,480)	(24,224)	(10,679)	(81,715)
Creditors	(2,487)	-	-	-	-	(2,487)
Creditors arising from reinsurance operations	(929)	(11,707)	-	-	(23,672)	(36,308)
Total	53,204	(6,617)	2,656	17,517	(6,000)	60,760

	Less than 6 months or on demand	6 months - 1 year	1 - 2 years	2-5 years	> 5 years	Carrying value in the balance sheet
	US$	US$	US$	US$	US$	US$
2023	000s	000s	000s	000s	000s	000s
Debt securities	2,578	10,764	3,217	27,082	9,966	53,607
Forward Contracts	(22)	-	-	-	-	(22)
Reinsurers share of technical provisions - claims outstanding	15,744	10,201	13,279	8,967	19,912	68,103
Debtors arising out of direct insurance operations	10,148	6,270	8,019	-	-	24,437
Debtors arising out of reinsurance operations	1,191	-	-	-	-	1,191
Other debtors	213	-	-	-	-	213
Cash and cash equivalents	3,647	-	-	-	-	3,647
Technical provisions - claims outstanding	(17,181)	(11,133)	(14,492)	(9,786)	(21,731)	(74,323)
Creditors	(1,554)	-	-	-	-	(1,554)
Creditors arising from reinsurance operations	(1,138)	5,002	-	-	(23,672)	(19,808)
Total	13,626	21,104	10,023	26,263	(15,525)	55,491

(f) Capital management

ITIC maintains capital, comprising of policyholders' funds (surplus and reserves), consistent with ITIC's risk profile and the regulatory requirements of the business. As at 31 May 2024, the total free reserves available amounted to US$54,757,000 (2023: US$50,466,000). ITIC's strategy is to maintain sufficient capital to exceed the Standard Formula Solvency II Capital Requirements ("SF SCR") such that there is less than a 1 in 200 chance of breaching this requirement over the subsequent year. The solvency ratio as at 30 November 2023, when last calculated, was 489% (available own funds US$55,307,000) compared to the previous year end, 31 May 2023 where it was 489% based on the standard formula solvency capital requirement applicable to it. The solvency ratio as at 31 May 2024 is expected to be in line with the 30 November 2023 position. The solvency position is reviewed by the board on an ongoing basis with a view to maintaining a level of capital sufficient to cover significant risks and regulatory requirements and these have not been breached in the current year.

Note 5 **Premium including movement on unearned premium**

ITIC writes only one class of business. Premium is written in one or two year policies and the renewal of these policies is uneven. As a result, more premium is written in years ending in an even number. The business review clearly summarises the premium on an earned basis and this shows a more even split between consecutive years. On 1 November 2019, as part of the Brexit solution, ITIC commenced underwriting through UK P&I NV in the Netherlands to write business in other EU countries. This is done on a fronting arrangement and the business is 100% reinsured to ITIC.

	2024	2023
	US$	US$
	000s	000s
Gross premium written:		
Direct insurance - members located in UK	24,148	16,261
Direct insurance - members located outside EU	37,214	25,253
Reinsurance - members located in EU States	27,759	18,902
	89,121	**60,416**

Note 5 **Premium including movement on unearned premium (continued)**

Unearned premium is that part of gross premiums written, net of continuity credits, which is estimated to be earned in the following or subsequent financial years. the consolidated income and expenditure account shows the change in the provision for unearned premium and comprises the following:

Group	2024	2024	2024	2023	2023	2023
	Premium	Continuity credit	Total	Premium	Continuity credit	Total
	US$	US$	US$	US$	US$	US$
	000s	000s	000s	000s	000s	000s
Written in year	89,121	(17,712)	71,409	**60,416**	**(16,278)**	44,138
Unearned provision brought forward	52,035	(12,049)	39,986	59,049	(10,281)	48,768
Foreign exchange differences	455	(147)	308	1,115	(76)	1,039
Less: Unearned provision carried forward	(69,704)	14,249	**(55,455)**	(52,035)	12,049	**(39,986)**
Movement in year	(17,214)	2,053	**(15,161)**	8,129	1,692	**9,821**
Earned / expensed in year	**71,907**	**(15,659)**	56,248	**68,545**	**(14,586)**	53,959

Note 6 **Outward reinsurance premiums**

Outward reinsurance premiums comprise quota share premium, continuity credit and acquisition costs between ITIC and TIMIA. In addition, there is the excess of loss insurance cost less the quota share in relation to this. Further there is a quota share ceding commission between ITIC and TIMIA.

Group	2024	2024	2024	2024	2023	2023	2023	2023
	Outward quota share reinsurance on premium	Outward quota share reinsurance continuity credit	Other reinsurance	Total	Outward quota share reinsurance on premium	Outward quota share reinsurance continuity credit	Other reinsurance	Total
	US$	US$	US$	US$	US$	US$	US$	US$
	000s	000s	000s	000s	000s	000s	000s	000s
Written in year	(80,209)	15,941	-	(64,268)	(54,375)	14,650	-	(39,725)
Plus ceding commissions from TIMIA	-	-	14,921	14,921	-	-	14,024	14,021
Plus quota share on acquisition costs (note 10)	-	-	8,621	8,621	-	-	8,428	8,428
Less excess of loss insurance			(5,230)	(5,230)			(5,303)	(5,303)
Plus quota share reinsurance - excess of loss	-	-	4,707	4,707	-	-	4,773	4,773
Outward reinsurance premiums				**(41,249)**				**(17,806)**
Unearned provision brought forward	(46,832)	10,844	-	(35,988)	(53,144)	9,253	-	(43,891)
Foreign exchange differences	(409)	134	-	(275)	(1,004)	69	-	(935)
Less: Unearned provision carried forward	62,734	(12,825)	-	49,909	46,832	(10,844)	-	35,988
Reinsurers share	**15,493**	**(1,847)**	**-**	**13,646**	**(7,316)**	**(1,522)**	**-**	**(8,838)**
Earned / expensed in year	(64,716)	14,094	23,019	(27,603)	(61,691)	13,128	21,922	(26,644)
Earned premiums net of reinsurance				**28,645**				**27,315**

The ceding commission from TIMIA is calculated in accordance with the reinsurance contract with TIMIA. The reinsurance payable to TIMIA is calculated after adjustment of operating costs and exchange movements incurred by ITIC. The quota share on acquisition costs refers to 90% of the acquisition costs incurred by ITIC on its premium income and transferred on to TIMIA, again this is part of the reinsurance contract with TIMIA.

Note 7 **Claims including reinsurance recoveries**

	2024	2024	2024	2024	2023	2023	2023	2023
Consolidated	Claims paid	Claims recovery excess	Claims recovery quota share	Claims recoveries total	Claims paid	Claims recovery excess	Claims recovery quota share	Claims recoveries total
	US$	US$	US$	US$	US$	US$	US$	US$
	000s	000s	000s	000s	000s	000s	000s	000s
Claims paid	(18,896)	204	16,823	17,027	(19,520)	613	17,016	17,629
Claims handling fees	(2,554)	-	-	-	(3,051)	-	-	-
	(21,450)	**204**	**16,823**	**17,027**	**(22,571)**	**613**	**17,016**	**17,629**
Technical provisions at beginning of the year	74,323	(6,130)	(61,973)	(68,103)	77,925	(8,935)	(62,661)	(71,596)
Exchange differences	-	-	(1)	(1)	-	-	-	-
Technical provisions at the end of the year	**(81,715)**	**5,742**	**69,026**	**74,768**	**(74,323)**	**6,130**	**61,973**	**68,103**
Change in the provision for claims	**(7,392)**	**(388)**	**7,052**	**6,664**	**3,602**	**(2,805)**	**(688)**	**(3,493)**
Claims incurred	(28,842)	(184)	23,875	23,691	(18,969)	(2,192)	16,328	14,136
Net claims incurred, being claims paid less total claims recoveries				**(5,151)**				**(4,833)**

Note 7 **Claims including reinsurance recoveries (continued)**

Company	2024 Claims paid US$ 000s	2024 Claims recovery excess US$ 000s	2024 Claims recovery quota share US$ 000s	2024 Claims recoveries total US$ 000s	2023 Claims paid US$ 000s	2023 Claims recovery excess US$ 000s	2023 Claims recovery quota share US$ 000s	2023 Claims recoveries total US$ 000s
Claims paid	(18,896)	204	16,823	17,027	(19,520)	613	17,016	17,629
Claims handling fees	(2,554)	-	-	-	(3,051)	-	-	-
	(21,450)	**204**	**16,823**	**17,027**	**(22,571)**	**613**	**17,016**	**17,629**
Technical provisions at beginning of the year	74,323	(6,130)	(61,973)	(68,103)	77,925	(8,935)	(62,661)	(71,596)
Exchange differences	-	-	-	-	-	-	-	-
Technical provisions at the end of the year	**(81,579)**	**5,742**	**68,903**	**74,645**	**(74,323)**	**6,130**	**61,973**	**68,103**
Change in the provision for claims	**(7,256)**	**(388)**	**6,930**	**6,542**	**3,602**	**(2,805)**	**(688)**	**(3,493)**
Claims incurred	(28,706)	(184)	23,753	23,569	(18,969)	(2,192)	16,328	14,136
Net claims incurred, being claims paid less total claims recoveries				**(5,137)**				**(4,833)**

The reinsurers' share represents that part of the claims provision which is recoverable from reinsurers and is based on estimated recoveries against estimated claims and cost provisions.

Development claims tables

The development of insurance liabilities provides a measure of ITIC's ability to estimate the ultimate value of claims. The top half of each table below illustrates ITIC's estimate of total claims outstanding for each policy year has changed at successive year ends. The bottom half of the table reconciles the cumulative claims to the amount shown in the balance sheet.

Consolidated Gross insurance claims liability before excess of loss or quota share reinsurance recoveries:

Reporting year ended 31st May	2015 US$ 000s	2016 US$ 000s	2017 US$ 000s	2018 US$ 000s	2019 US$ 000s	2020 US$ 000s	2021 US$ 000s	2022 US$ 000s	2023 US$ 000s	2024 US$ 000s
At end of the reporting year	21,949	23,902	23,902	23,101	24,800	28,100	32,509	24,782	26,424	28,037
1 year later	18,991	22,651	18,200	31,138	24,738	32,020	22,970	20,300	27,932	
2 years later	14,200	18,498	15,700	29,543	23,706	36,015	21,620	19,500		
3 years later	15,149	18,733	13,000	25,531	21,818	36,126	23,674			
4 years later	13,769	17,793	13,000	25,170	19,720	34,086				
5 years later	17,462	16,992	11,850	23,724	18,900					
6 years later	17,978	15,819	11,650	23,192						
7 years later	15,428	15,804	11,300							
8 years later	14,894	15,465								
9 years later	14,889									
10 years later										
Estimate of ultimate claims	14,889	15,465	11,300	23,192	18,900	34,086	23,674	19,500	27,932	28,037
Cumulative payments to date	(14,559)	(14,513)	(7,725)	(21,840)	(13,293)	(30,208)	(14,896)	(10,667)	(12,287)	(3,656)
Liability recognised	330	952	3,575	1,352	5,607	3,878	8,778	8,833	15,645	24,381

Claims liabilities for ten years above	73,331
Claims liabilities greater than ten years	1,884
Claims run off provision	6,500
Total technical provisions included in balance sheet: Claims outstanding – gross amount	81,715

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 7 **Claims including reinsurance recoveries (continued)**

Consolidated Insurance claims liability net of excess of loss and quota share reinsurance recoveries:

Reporting year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s
At end of the reporting year	2,190	2,390	2,300	2,210	2,230	2,810	3,254	2,481	2,642	2,804
1 year later	1,899	2,170	1,820	2,350	2,474	3,902	2,300	2,030	2,793	
2 years later	1,420	1,760	1,570	2,954	2,371	3,602	2,162	1,950		
3 years later	1,470	1,790	1,300	2,553	2,182	3,613	2,367			
4 years later	1,370	1,779	1,300	2,517	1,972	3,409				
5 years later	1,746	1,699	1,185	2,372	1,890					
6 years later	1,798	1,582	1,165	2,319						
7 years later	1,543	1,580	1,130							
8 years later	1,489	1,547								
9 years later	1,489									
10 years later										
Estimate of ultimate claims	1,489	1,547	1,130	2,319	1,890	3,409	2,367	1,950	2,793	2,804
Cumulative payments to date	(1,456)	(1,432)	(773)	(2,209)	(1,329)	(3,334)	(1,472)	(1,067)	(1,322)	(530)
Liability recognised	33	115	357	110	561	75	895	883	1,471	2,274

Claims liabilities for ten years above	6,774
Claims liabilities greater than ten years	173
Total technical provisions included in balance sheet: Claims outstanding – net amount	6,947

Net technical provisions included in balance sheet as the following:

Claims outstanding - gross amount	81,715
Reinsurers' share - excess of loss reinsurers	(5,742)
Reinsurers' share - quota share reinsurer	(69,026)
Claims outstanding - net amount	6,947

Parent company gross insurance claims liability before excess of loss or quota share reinsurance recoveries:

Reporting year ended 31st May	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s
At end of the reporting year	21,949	23,902	23,902	23,101	24,800	28,100	32,509	24,782	26,424	27,901
1 year later	18,991	22,651	18,200	31,138	24,738	32,020	22,970	20,300	27,932	
2 years later	14,200	18,498	15,700	29,543	23,706	36,015	21,620	19,500		
3 years later	15,149	18,733	13,000	25,531	21,818	36,126	23,674			
4 years later	13,769	17,793	13,000	25,170	19,720	34,086				
5 years later	17,462	16,992	11,850	23,724	18,900					
6 years later	17,978	15,819	11,650	23,192						
7 years later	15,428	15,804	11,300							
8 years later	14,894	15,465								
9 years later	14,889									
10 years later										
Estimate of ultimate claims	14,889	15,465	11,300	23,192	18,900	34,086	23,674	19,500	27,932	27,901
Cumulative payments to date	(14,559)	(14,513)	(7,725)	(21,840)	(13,293)	(30,208)	(14,896)	(10,667)	(12,287)	(3,656)
Liability recognised	330	952	3,575	1,352	5,607	3,878	8,778	8,833	15,645	24,245

Claims liabilities for ten years above	73,195
Claims liabilities greater than ten years	1,884
Claims run off provision	6,500
Total technical provisions included in balance sheet: Claims outstanding – gross amount	81,579

Note 7 **Claims including reinsurance recoveries (continued)**

Parent company insurance claims liability net of excess of loss and quota share reinsurance recoveries:

Reporting year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
	000s	000s	000s	000s	000s	000s	000s	000s	000s	000s
At end of the reporting year	2,190	2,390	2,300	2,210	2,230	2,810	3,254	2,481	2,642	2,791
1 year later	1,899	2,170	1,820	2,350	2,474	3,902	2,300	2,030	2,793	
2 years later	1,420	1,760	1,570	2,954	2,371	3,602	2,162	1,950		
3 years later	1,470	1,790	1,300	2,553	2,182	3,613	2,367			
4 years later	1,370	1,779	1,300	2,517	1,972	3,409				
5 years later	1,746	1,699	1,185	2,372	1,890					
6 years later	1,798	1,582	1,165	2,319						
7 years later	1,543	1,580	1,130							
8 years later	1,489	1,547								
9 years later	1,489									
10 years later										
Estimate of ultimate claims	1,489	1,547	1,130	2,319	1,890	3,409	2,367	1,950	2,793	2,791
Cumulative payments to date	(1,456)	(1,432)	(773)	(2,209)	(1,329)	(3,334)	(1,472)	(1,067)	(1,322)	(530)
Liability recognised	33	115	357	110	561	75	895	883	1,471	2,261

Claims liabilities for ten years above	6,761
Claims liabilities greater than ten years	173
Total technical provisions included in balance sheet: Claims outstanding – net amount	6,934

Net technical provisions included in balance sheet as the following:	
Claims outstanding - gross amount	81,579
Reinsurers' share - excess of loss reinsurers	(5,742)
Reinsurers' share - quota share reinsurer	(68,903)
Claims outstanding - net amount	6,934

The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular case and the ultimate cost of notified claims. The estimates for known outstanding claims are based on the best estimates and judgement of the managers of the final cost of individual cases. These estimates are as reliable as possible given the details of the cases and taking into account all the current information. However, the final outcome of individual cases may prove to be significantly different to the estimates made at the balance sheet date. The estimates are reviewed regularly. The gross provision for claims includes allowances for adverse development and the managers' future claims handling costs.

A reasonable allowance has been made for adverse claims development in the future. The allowance is assessed by an actuary using standard actuarial techniques. This methodology projects the claims statistics forward based on the historical pattern of claims experience of ITIC in the past.

The movement in the gross provision for claims is the difference between the provision for outstanding claims on all financial years at the beginning of the year and the equivalent provision at the end of the year, after deduction of all claims paid during the financial year and addition of the allowance for new claims notified in the 2023/24 policy year.

Note 8 **Net operating expenses**

	Notes		2024		2023
			US$		US$
Group			000s		000s
Management fees	9		(6,935)		(6,103)
Acquisition costs	10		(12,315)		(11,512)
Directors' fees	11	(392)		(678)	
General expenses	12	(1,690)		(1,474)	
Fees payable to auditors - current year audit	13	(234)		(96)	
Fees payable to auditors - prior year audit over / (under) provision		(1)		8	
			(2,317)		(2,240)
			(21,567)		(19,855)

Note 9 Management fees

The fee paid to the managers relates to the cost of providing offices, staff and administration in London. The basis of this remuneration is fixed by the directors and is subject to periodic review.

The fees for the year to 31 May 2024 are based on five elements as follows:
i) The cost based element which covers the managers' costs in sterling;
ii) The operating incentive fee which is calculated at 2.7% of gross premium income;
iii) The investment incentive fee which is calculated at 0.1% of average funds under management subject to the investment return being a surplus;
iv) The investment incentive fee which is calculated at 50% of any outperformance of the investment benchmark return subject to a maximum of 0.2% of average funds under management; and
v) A further combined ratio incentive fee of US$100,000 per percentage point of combined ratio before continuity credit under 100%, subject to a cap and collar of US$1,000,000 either above or below a based expected fee of US$250,000.

The management fee cost is allocated in the technical account between management fee, acquisition costs and claims handling fees:

Group	2024 US$ 000s	2023 US$ 000s
Management fee	(6,935)	(6,103)
Acquisition costs (see Note 10)	(2,737)	(2,147)
Claims handling fees (see Note 7)	(2,554)	(3,051)
	(12,226)	(11,301)

Note 10 Acquisition costs

Group

Group	2024 Acquisition costs US$ 000s	2024 Outward quota share reinsurance on acquisition costs US$ 000s	2024 Net acquisition costs US$ 000s	2023 Acquisition costs US$ 000s	2023 Outward quota share reinsurance on acquisition costs US$ 000s	2023 Net acquisition costs US$ 000s
(Credited) / debited in year	(10,798)	9,719	(1,079)	(8,699)	7,829	(870)
Unexpensed provision brought forward	(5,827)	5,245	(582)	(6,379)	5,741	(638)
Foreign exchange differences	(58)	52	(6)	(114)	103	(11)
Less: Unexpensed provision carried forward	**7,105**	(6,395)	710	**5,827**	(5,245)	582
Movement in year	1,220	(1,098)	122	(666)	599	(67)
(Acquisition costs expensed) / reinsurance credited in year	(9,578)	8,621	(957)	(9,365)	8,428	(937)
Allocation of acquisition costs from management fee	(2,737)			(2,147)		
Acquisition costs expensed after allocation of management fee	**(12,315)**			**(11,512)**		

Acquisition costs associated with the quota share arrangement are shown in note 6. The unexpensed provision for outward quota share reinsurance is shown in note 22.

Note 11 Directors' fees

The member non-executive directors are paid an annual fee and a fee for each meeting attended, as follows, as authorised under the bye-laws. Fees were increased from the start of April 2023. The fees for the non-member non-executive directors are individually negotiated. The executive directors are not paid any directors' fees.

	2024 Annual fee £	2024 Attendance fee £	2023 Annual fee £	2023 Attendance fee £
Chair of main ITIC board and Audit Investment & Risk Committee	19,700	5,500	18,750	5,200
Chair of Nominations Committee	10,500	5,500	10,000	5,200
Directors	5,500	5,500	5,200	5,200

No loans have been made to the directors and none are contemplated.

	2024 US$ 000s	2023 US$ 000s
Directors' fees (there were no pension contributions)	(291)	(678)
Directors' fees in respect of the highest paid director	(72)	(85)

Note 12 General expenses

Group	2024 US$ 000s	2023 US$ 000s
Marketing and servicing	(176)	(238)
Directors' meetings	(548)	(254)
Seminar / conference attendance	(21)	(7)
Printing and design	(9)	(8)
Advertising	(132)	(105)
Postage, telephone and fax	(16)	(12)
Subscriptions	(115)	(106)
Legal and compliance fees	(677)	(638)
Insurance costs	(33)	(13)
Sundry expenses	37	(93)
	(1,690)	(1,474)

ITIC has no employees.

Legal and compliance fees in 2024 included US$298,000 relating to the set up of the new subsidiary in Cyprus, US$117,000 on legal advice and US$107,000 in relation to correspondents fees.

Note 13 Audit fees

An accrual of US$108,000, being US$140,000 for the year less interim fee of US$32,000 (2023: US$67,000 being US$96,000 less US$29,000 interim fee) has been made for the company audit fees for the financial statements.

Note 14 Investment result

Group	2024 US$ 000s	2023 US$ 000s
Investment result - realised		
Interest on bank deposits and bonds	1,547	1,267
Realised gains on disposals	(1,031)	(1,462)
Transfer of investment return between ITIC and TIMIA	1,137	172
	1,653	(23)
Unrealised gains / (losses) on investments	1,089	8
	2,742	(15)

As part of ITIC's quota share reinsurance arrangements with TIMIA, the total ITIC and TIMIA investment result is apportioned between the two companies on a 10:90 split.

Note 15 Other costs and exchange gains / losses

Group	2024 US$ 000s	2023 US$ 000s
Exchange (losses) - investing activities	(14)	(14)
Exchange (losses) - currency contracts	(56)	(200)
Exchange gains / (losses) - operating activities	342	(307)
	272	(521)

Note 16 Taxation

The tax charge / credit for the year can be reconciled to the surplus in the income statement as follows:

Group	2024 US$ 000s	2023 US$ 000s
The tax charge in the consolidated income and expenditure account is made up as follows:		
Current year tax charge	(483)	2
(Under) / over accrual previous year	-	39
Deferred tax movement	(163)	-
Cypriot Tax for the current period	(4)	-
	(650)	41
Surplus before tax	4,941	2,091
Tax on surplus at 25.0% (2023: 20.0%)	(1,235)	(417)
Effect of:		
Non-taxable mutual operations	480	523
Non-taxable exchange gains / (losses)	61	(104)
Foreign tax (at lower rate than 25%)	44	-
Non-taxable dividend income	-	-
Unutilised Losses carried forward	-	-
Allowable investment expenses	-	-
Under / over accrual current / previous years	-	39
Current tax charge	(650)	41

Provisions for taxation – deferred taxation

Group	2024 US$ 000s	2023 US$ 000s
Opening balance	163	-
Debit / (credit) for the year	(163)	163
Exchange difference	-	-
Closing balance	-	163

Note 17 Other financial investments

Group	2024 US$ 000s Market Value	2023 US$ 000s Market Value	2024 US$ 000s Cost	2023 US$ 000s Cost
Fixed income securities	50,439	51,028	51,028	53,317
Mutual funds	-	-	-	-
UCITS – cash	10,166	2,578	2,578	2,575
	60,605	53,606	53,606	55,892
Forward contracts	2	(22)	2	(22)
	60,607	53,584	53,608	55,870

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 17 **Other financial investments (continued)**

Company	2024 US$ 000s Market Value	2023 US$ 000s Market Value	2024 US$ 000s Cost	2023 US$ 000s Cost
Fixed income securities	41,414	51,028	53,317	53,317
Mutual funds	-	-	-	-
UCITS – cash	10,166	2,578	2,575	2,575
	51,580	53,606	55,892	55,892
Forward contracts	2	(2)	2	(2)
	51,582	53,604	55,894	55,890

All holdings in fixed income securities are in securities traded on recognised exchanges and are financial instruments measured at fair value through profit and loss. "Undertakings for collective investment in transferable securities" ("UCITS") are funds held for the short term.

For financial instruments measured at fair value, for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows.

Fair value estimations

In accordance with section 34 of FRS102, as a financial institution, ITIC applies these requirements for financial instruments held at fair value in the balance sheet, and discloses the fair value measurements by the level of the following fair value hierarchy:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, prices) or indirectly (that is, derived from prices); and
Level 3 - Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs).

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

Consolidated assets and liabilities measured at fair value by the level of fair value hierarchy

As at 31 May 2024	Level 1 US$ 000s	Level 2 US$ 000s	Level 3 US$ 000s	Total US$ 000s
Assets and financial liabilities				
Fixed Interest - Government	41,101	-	-	41,101
Fixed Interest - Corporate	-	9,338	-	9,338
Forward Contracts	2	-	-	2
UCITS	10,166	-	-	10,166
Total	51,269	9,338	-	60,607

As at 31 May 2023	Level 1 US$ 000s	Level 2 US$ 000s	Level 3 US$ 000s	Total US$ 000s
Assets and financial liabilities				
Fixed Interest - Government	41,603	9,425	-	51,028
Fixed Interest - Corporate	-	-	-	-
Forward Contracts	(22)	-	-	(22)
UCITS	2,578	-	-	2,578
Total	44,159	9,425	-	53,584

Parent company assets and liabilities measured at fair value by the level of fair value hierarchy

As at 31 May 2024	Level 1 US$ 000s	Level 2 US$ 000s	Level 3 US$ 000s	Total US$ 000s
Assets and financial liabilities				
Fixed Interest - Government	32,076	-	-	32,076
Fixed Interest - Corporate	-	9,338	-	9,338
Forward Contracts	2	-	-	2
UCITS	10,166	-	-	10,166
Total	42,243	9,338	-	51,582

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 17 **Other financial investments (continued)**

As at 31 May 2023	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
	000s	000s	000s	000s
Assets and financial liabilities				
Fixed Interest - Government	41,603	9,425	-	51,028
Fixed Interest - Corporate	-	-	-	-
Forward Contracts	(22)	-	-	(22)
UCITS	2,578	-	-	2,578
Total	44,159	9,425	-	53,584

Note 18 **Debtors arising out of direct insurance and reinsurance operations**

	Consolidated		Parent company	
	2024	2023	2024	2023
	US$	US$	US$	US$
	000s	000s	000s	000s
Debtors arising out of reinsurance operations				
Excess of loss reinsurance recoveries	355	1,191	355	1,191
Amounts due from members / brokers	-	-	-	-
Outward reinsurance premiums prepayment	-	-	-	-
	355	1,191	355	1,191
Debtors arising out of direct insurance operations				
Members' balances due	2,615	3,573	2,465	3,573
Members' balances not yet due	31,798	17,887	25,326	17,887
Cash balances held by fronting company	1,661	2,977	1,661	2,977
	36,074	24,437	29,452	24,437

Included in member' balances due is US$231,000 and in members' balances not yet due US$4,674,000 relating to European policies fronted by UK P&I NV (2023 - US$1,142,000 and US$9,852,000).
The members balances not yet due include an amount of US$799,000 relating to balances due after 12 months (2023 - US$8,019,000). Refer to note 4(e).

Note 19 **Other debtors**

	Consolidated		Parent company	
	2024	2023	2024	2023
	US$	US$	US$	US$
	000s	000s	000s	000s
Value added tax	16	50	16	50
Deferred Tax Debtors	-	163	-	163
	16	213	16	213

Note 20 **Creditors arising out of reinsurance operations**

	Consolidated		Parent company	
	2024	2023	2024	2023
	US$	US$	US$	US$
	000s	000s	000s	000s
Amount due to related party (quota share reinsurer - see note 23)	(35,252)	(18,670)	(29,316)	(18,670)
Outward reinsurance premiums	(929)	(1,112)	(883)	(1,112)
	(36,181)	(19,782)	(30,199)	(19,782)

INTERNATIONAL TRANSPORT INTERMEDIARIES CLUB LIMITED

Note 21 **Other creditors including taxation and social security**

	Consolidated		Parent company	
	2024	2023	2024	2023
	US$	US$	US$	US$
	000s	000s	000s	000s
Amount due to related party (management company see note 23)	(1,908)	(1,553)	(1,872)	(1,553)
Corporation tax	(487)	-	(483)	-
	(2,395)	(1,553)	(2,355)	(1,553)

Note 22 **Accruals and deferred income**

	Consolidated		Parent company	
	2024	2023	2024	2023
	US$	US$	US$	US$
	000s	000s	000s	000s
Claims Accruals	(420)	(421)	(420)	(421)
General Accruals	(363)	(186)	(232)	(186)
Sundry Creditors	(808)	(1,218)	(95)	(1,218)
Quota share reinsurers share of deferred insurance commission costs (see note 10)	(6,395)	(5,245)	(5,730)	(5,245)
	(7,986)	(7,070)	(6,477)	(7,070)

Note 23 **Related party transactions**

ITIC has no share capital and is controlled by the members who are also the insured. Subsequently, all insurance transactions are deemed to be between related parties and these are represented in these financial statements. These are the only transactions between ITIC and its members.

All the directors are current representatives of member companies (unless stated otherwise on page 3) and, other than the member interests of their companies, the directors have no financial interests in ITIC.

ITIC reinsures with Transport Intermediaries Mutual Insurance Association Limited of Bermuda on a 90% quota share basis both its liabilities from 1 September 1992 and its liabilities assumed under the agreement to run-off Transport Intermediaries Mutual Insurance Association Limited and the Chartered and International Shipbrokers P&I Club Limited ("CISBA").

At the year end ITIC have an amount owing to TIMIA of US$35,252,000 (2023: US$18,670,000), see note 20.

International Transport Intermediaries Management ("ITIM") provide key management personnel for ITIC and the management fee has been disclosed in Note 13. ITIM is a subsidiary of Thomas Miller Holdings Limited.

At the year end ITIC have an amount owing to ITIM of US$1,908,000 (2023: US$1,553,000 - see note 21).

Note 24 **Movement in cash, portfolio investments and financing**

Group	At 1 June 2023	Movement	Change in market value	At 31 May 2024
	US$	US$	US$	US$
	000s	000s	000s	000s
Cash at bank and in hand	3,647	5,584	-	9,231
Fixed income securities	51,028	14,403	(12,703)	50,439
Forward contracts	(22)	24	-	2
UCITS cash	2,578	7,956	(371)	10,166
	57,231	27,967	(13,074)	69,838

Company	At 1 June 2023	Movement	Change in market value	At 31 May 2024
	US$	US$	US$	US$
	000s	000s	000s	000s
Cash at bank and in hand	3,647	3,633	-	7,280
Fixed income securities	51,028	5,378	(14,992)	41,414
Forward contracts	(22)	24	-	2
UCITS cash	2,578	7,956	(371)	10,166
	57,231	16,991	(15,363)	58,862

Note 25 Investment in Subsidiary

Name of subsidiary	Country of Incorporation	Class of Shares held	Principal activity	Proportion of shares and voting rights
International Transport Insurance Intermediaries Company (Europe) Ltd	Republic of Cyprus	Ordinary	Insurance	100%

The above subsidiary's registered office is at 214 Arch. Makarios III Avenue, Kanika Ideal Court , Office 401, CY-3030 Limassol, Cyprus. The closing value of the investment is US$10,205,000 at the balance sheet date with ITIC having injected $10,000,000 (2023: $nil) of capital to its subsidiary during the year. The subsidiary cedes 90% of its risk to TIMIA via a reinsurance agreement.

During the year, the subsidiary ceded $171,000 (2023: $nil) inwards reinsurance premium to TIMIA net of ceding commission. A liability of $5,900,000 (2023: $nil) due to TIMIA is included in the subsidiary company balance sheet within creditors arising out of reinsurance operations.

Note 26 Post balance sheet events

There were no post balance sheet events requiring disclosure.

As noted in the directors' report, it continues to be appropriate to prepare ITIC's financial statements on a going concern basis.