The Standard Club Ireland DAC

Annual Report and Financial Statements 2023

Standard Club

Part of NorthStandard

CONTENTS

DIRECTORS' REPORT

The directors have pleasure in presenting the audited financial statements of The Standard Club Ireland DAC ("Standard Ireland") for the financial year ended 20 February 2023.

Principal activities

Standard Ireland was incorporated in Ireland in 2018 as a single member designated activity company limited by shares. Standard Ireland was wholly owned by The Standard Club Ltd ("Standard Club" or "the club"), a Bermudian company. At renewal on the 20 February 2023 Standard Club became wholly owned by NorthStandard Limited, a UK insurer which is now Standard Ireland's ultimate parent and the ultimate controlling party of the group.

Standard Ireland is regulated by the Central Bank of Ireland and writes marine insurance business. Its registered number is 631911.

Standard Ireland was established in Ireland so that the Standard Club group could continue to offer its members the choice of an EU insurer. It started underwriting P&I, defence, war risks and related marine insurance covers on 20 February 2019, and began underwriting strike & delay on 20 February 2020.

Directors, secretary and their interests

The directors who held office during the financial period and up to the date of this report are set out below:

B Hurst-Bannister
Chair
Non-executive director

M Brady
Independent non-executive director
Chair of audit committee

C d'Amico
d'Amico Societa di Navigazione SpA
Non-executive director

C McGettrick
Independent non-executive director
Chair of risk committee

W Robinson
Managing director

All of the directors are members of the Audit Committee and the Risk Committee. The directors and secretary who held office at 20 February 2023 had no interests greater than 1% in the shares of Standard Ireland or of group companies (2022: no interest greater than 1%).

DIRECTORS' REPORT *continued*

Managers

Standard Ireland is managed by Standard Club Management (Europe) Limited.

Company secretary

Standard Club Management (Europe) Limited.

Registered office

Fitzwilliam Hall
Fitzwilliam Place
Dublin 2

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Business review

Standard Ireland's gross premium written for the financial year was $168,228k (2022: $148,693k), with a net loss before tax of $2,087k (2022: net loss before tax of $55k). The result for the financial year reflects a small underwriting profit on the 2022/23 policy year offset by deterioration on prior policy years, partly due to deterioration on the International Group of P&I Clubs Pooling Agreement (of which Standard Ireland takes a share), and partly due to deterioration on several large claims arising on the 2021/22 policy year.

Following a rise in interest rates, the investment return (including exchange gains and losses) was a $157k deficit (2022: $133k surplus). The losses on the investment portfolio (which is predominantly in US treasuries) have arisen due to increased interest rates and are expected to reverse now that the portfolio earns higher yields on these US treasuries.

Standard Ireland's net assets at 20 February 2023 were $33,735k (2022: $35,602k).

Key performance indicators

The board monitors progress by reference to various KPIs including the following:

	2023	2022
Premium $k	**168,228**	148,693
Free reserves $k[1]	**33,011**	34,878
Claims cover[2]	**2.97**	3.34
Combined ratio %[3]	**101%**	100%
P&I tonnage under management (million)	**67**	69

1. Free reserves comprise contributed capital and contingency reserve.
2. The ratio of net assets (excluding net outstanding claims) to net outstanding claims.
3. The ratio of total expenditure to total income, as set out in the technical account of the Statement of Comprehensive Income. A ratio below 100% indicates an underwriting surplus.

DIRECTORS' REPORT *continued*

Dividends

The directors do not propose any dividends for the financial year (2022: $nil).

Outlook

Standard Ireland's financial strength and S&P 'A' rating confirm it is well placed to continue to offer a full range of P&I, defence, war risks, strike & delay and related marine insurance covers to members.

Strategy and business plan

Standard Ireland was established in Ireland so that the Standard Club group could continue to offer its members the choice of an EU insurer. Standard Ireland writes insurance of marine protection and indemnity (P&I), defence, war risks, strike & delay and related marine insurance risks and has a branch in the UK. Standard Ireland benefits from comprehensive reinsurance protection, including a 90% quota share arrangement with the group's parallel Bermudian S&P 'A' rated reinsurer.

The board wants Standard Ireland to seek growth in its core business areas, as well as examine opportunities to extend the range of products offered, provided this does not undermine Standard Ireland's solid financial attributes and any development is consistent with Standard Ireland's existing emphasis on the quality of its members' operations and with the high standard of service provided to them.

Operating model

Immediately following the year end, Standard Club and North merged and formed the NorthStandard group. The merger was concluded by the North of England Protecting and Indemnity Association Limited ('NEPIA', the parent company of the North group) becoming the sole member of The Standard Club Limited, and the former members of Standard Club becoming members of NEPIA. NEPIA changed its name to NorthStandard Limited with effect from 20 February 2023.

Following the merger, the insurance companies within the NorthStandard group continue to operate as before, writing the same business to the same membership, with no change to core systems or processes. The same management team remains in place, with the same individuals and teams continuing to service members' and brokers' needs and carrying out core management, underwriting, claims handling, loss prevention, finance, reserving and control activities.

While all business has been renewed into Standard Ireland at 20 February 2023, there are now two Irish insurers in the NorthStandard group, Standard Ireland and North of England P&I DAC ('North EU'). It is likely the business of the two clubs will renew into one insurer at some point in the future, with the other insurer being placed into run-off.

No decision had been taken by the date of signing of the financial statements. However, in the event Standard Ireland's goes into run-off at some point after 20 February 2024 (if Standard Ireland's business renews into North EU), it has sufficient levels of surplus capital over its regulatory capital requirements to remain a going concern over the period of run off. It also holds a claims handling provision to cover the residual costs of running off historical claims after passing 90% of claims handling and operational costs to its quota share reinsurer.

DIRECTORS' REPORT *continued*

Environmental, social and governance

While the subject of sustainability has been discussed within the shipping industry and finance sectors for more than a decade, it has only been in recent years that insurers have started to consider the impact that sustainability issues could have on their business.

On one level, Standard Club is already helping to underpin economic development and address sustainability issues on behalf of its members by actively preventing and managing the consequences of maritime losses. However, there are many other ways Standard Ireland is working to support sustainability across the industry and in its own activities.

Standard Club has long held a forward-looking approach to identifying, assessing, managing and monitoring risks and in October 2020 an internal Sustainability Working Group was established, to ensure a coordinated and strategic approach to Standard Ireland's management of these issues.

The managers' sustainability team is made up of representatives from all aspects of the business: claims, underwriting, loss prevention, risk, compliance, marketing and finance. The team reports direct to the Chief Executive and in turn to the board. Alongside this, Standard Club's Alternative Fuels Working Group, internal Climate Change and Ship Recycling go-to teams, and CSR employee resource group are closely linked to the sustainability team, sharing insights and working together on key topics which impact upon Standard Ireland, its members and managers.

Climate change represents one of the greatest long-term risks for society and industry, including the insurance industry. The club continues to take a strategic and long-term approach to managing the risks of its members associated with climate change which are considered as part of the governance and risk management framework. Risks from climate change have been included in the club's risk appetite across key risk areas. The club uses scenario analysis to inform the risk identification process to further understand the short- and long-term financial risks in our business model. The emerging risk framework monitors physical, transitional and litigation risks from climate change and a cross-divisional working group inputs into the risk management framework. The club continues to look at ways that it can further develop its framework in relation to climate change and has identified the need for industry wide common metrics to facilitate meaningful targets and a deeper understanding of the challenges facing our members.

The International Maritime Organization (IMO) reports that maritime transport is responsible for about 3% of global greenhouse gas (GHG) emissions and the IMO adopted an Initial Strategy in 2018 on the reduction of GHG emissions from shipping by at least 50% by 2050, compared to 2008 levels, with an interim goal of 40% emissions reduction by 2030. In June 2021, IMO adopted key short-term measures to be introduced in 2023 aimed at facilitating the identification of industry metrics such as the Energy Efficiency Existing Ship Index (EEXI) and for ships over 5,000 gross tonnes an annual operational carbon intensity indicator (CII) and CII rating. The maritime industry is embarking on a major technology transition driven by the need to decarbonise which will have a significant impact on costs, asset values, and earning capacity as it shifts from conventional to zero or carbon neutral fuels. Standard Club's Alternative Fuel Working Group was established internally to assist members with their transition to alternative fuels, and an Alternative Fuel Advisory Panel has been set up comprising of experts from across the industry to help the group with wider concerns. A survey by this group is currently assessing the club's members preparedness for the transition and the results will be used to further develop the club's management of this important risk.

Standard Club's first sustainability report was published in the autumn of 2022, outlining the findings from this initial assessment and the club's coordinated and strategic approach to managing sustainability issues in the future. As a member of the International Group (IG) of P&I Clubs, Standard Club also supports the IG's sustainability strategy and has actively contributed to the IG's own sustainability report which was published in the summer of 2022.

In terms of the club's day-to-day operations, the managers have taken steps to reduce carbon footprint and minimise energy consumption by promoting and building awareness of environmental responsibility amongst employees. They communicate and engage with staff at all levels to identify, assess and reduce operational impact on the environment.

DIRECTORS' REPORT *continued*

The shift to agile working, with staff working a number of days per week from home, has cut employee commuting emissions compared with pre-Covid levels. With the restrictions around travel having eased, the managers are looking at ways to preserve these carbon savings through the continued use of conferencing technologies. Furthermore, we are actively encouraging staff to consider the environmental impacts of travel when determining whether a business trip is necessary.

There is a target of purchasing electricity globally from renewable energy sources. Where practicable, the managers source other supplies from local businesses to minimise distribution and transport-related emissions. Suppliers are required, as far as reasonable, to have an appropriate environmental policy.

Accounting records

The directors believe they have complied with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to books of account by employing managers with appropriate expertise and by providing adequate resources to the managers' financial function. Standard Ireland's books of account are maintained at Fitzwilliam Hall, Fitzwilliam Place, Dublin 2.

Political donations

Standard Ireland made no political donations and incurred no political expenditure during the financial year and none in the prior year.

Events after the reporting date

The merger of Standard Club and North was completed on 20 February 2023. The merger does not impact the carrying value of the assets and liabilities reported in these financial statements.

Statutory auditors

The auditors, BDO, have indicated their willingness to continue in office, in accordance with Section 383 (2) of the Companies Act 2014.

Principal risks and uncertainties

The board is responsible for identifying and managing Standard Ireland's risk. The board's risk management responsibilities are led by the Risk Committee, which reviews at each of its meetings the risks facing Standard Ireland, their potential impact, and the management and mitigation of those risks. The board sets Standard Ireland's risk appetite in relation to all key aspects of operations, and the strategy reflects that appetite.

Risks are evaluated to assess their probability and their potential impact. Standard Ireland's management sets controls which are designed to ensure tolerances contained in the board's risk appetite are not exceeded and, where possible, puts in place arrangements to mitigate risks. It also monitors emerging risks. A risk register is maintained to record risks with their value, impact, mitigation and controls. Standard Club's internal model reflects the risks identified and is used to assess the potential impact and the capital required to cover them.

The risk, compliance and internal audit functions play an important role in ensuring the risk management systems are functioning correctly.

Risk disclosures are set out in detail in note 3 to the financial statements, starting on page 22, including relevant insurance and financial risks.

DIRECTORS' REPORT *continued*

Corporate governance

Standard Ireland insures members from the international shipping community, mostly based in EU countries. Standard Ireland seeks to follow generally recognised good governance principles.

Standard Ireland is subject to the Corporate Governance Requirements for Insurance Undertakings 2015 and has complied with all its requirements during the financial year. Standard Ireland is not required to comply with the additional requirements for major institutions.

Statement of disclosure of information to auditors

In accordance with Section 332 of the Companies Act 2014, in the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which Standard Ireland's auditors are unaware; and
- 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 Standard Ireland's auditors are aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with Irish law and regulation.

Irish 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 Companies Act 2014, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance contracts" issued by the Financial Reporting Council ("relevant financial reporting framework").

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 assets, liabilities and financial position of Standard Ireland as at the financial year end date and of the profit or loss of Standard Ireland for the financial year and otherwise comply with the Companies Act 2014, including the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015. In preparing the 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 the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards;
- notify Standard Ireland's shareholders in writing about the use of disclosure exemptions, if any, of FRS102; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Standard Ireland will continue in business.

DIRECTORS' REPORT *continued*

The directors are responsible for ensuring that Standard Ireland keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of Standard Ireland, enable at any time the assets, liabilities, financial position and profit or loss of Standard Ireland to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of Standard Ireland and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of directors' compliance

The directors of Standard Ireland acknowledge that they are responsible for securing Standard Ireland's compliance with its relevant obligations as required by Section 225 of the Companies Act 2014.

The directors confirm that:

- a compliance policy statement setting out Standard Ireland's policies with regard to complying with the relevant obligations has been prepared;
- arrangements and structures have been put in place that they consider sufficient to secure material compliance with Standard Ireland's relevant obligations; and
- a review of the arrangements and structures has been conducted during the financial period to which this Directors' Report relates.

On behalf of the board,

B Hurst-Bannister	**W Robinson**	19 May 2023
Director	Director	

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE STANDARD CLUB IRELAND DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Standard Club Ireland Designated Activity Company ('the Company') for the financial year ended 20 February 2023, which comprises of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 20 February 2023 and of its results for the financial year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Financial Reporting Standard 103 'Insurance Contracts'; and
- have been properly prepared in accordance with the requirements of the Companies Act, 2014, and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA'), 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.

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.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th><th>Conclusion of findings</th></tr>
<tr><td>
Valuation and cut off of technical provisions and reinsurer's share of technical provisions (Note 13)

The valuation of technical provisions is a key area of estimation within the financial statements. There is a risk that inappropriate assumptions and judgement are made when determining the valuation of technical provisions.

There is a further risk that significant claims estimate revisions and payments around year end may not be captured in the correct period.

Gross Technical Provisions at 20 February 2023 $293.2m (2022: $182.2m). Net Technical provisions were $17.1m (2022: $15.2m).

Case reserves are inherently uncertain and rely on:

The expertise of the claims handlers and their experience of assessing claims in different jurisdictions and of different types; and
The correct and timely entry of claims information onto the claims system before the year end.

Modelling of the provision for claims incurred but not reported ('IBNR') is reliant on:

Up to date, relevant, claims data being correctly entered into actuarial model;
Selection of appropriate actuarial methodologies; and
The application of appropriate actuarial techniques, judgement and assumptions.

The club has a range of reinsurance placements, incorporating group quota share, Pool excess of loss, non-pool cover and facultative covers.

Reinsurers share of Technical Provisions is dependent on the correct valuation of gross reserves and the appropriate application of the portfolio of reinsurance agreements in place.
</td><td>
We have performed the following:

Valuation of Case Estimates:

Testing of relevant claims estimate controls including periodic review and authorisation limits;
Testing of controls over claims payments including those over authorisation;
Reconciled reports from the claims system to the trial balance for completeness;
Substantive testing of all claims estimates which exceed performance materiality. Agree to supporting documentation and recalculate FX rate to ensure appropriate rate has been used;
Substantively tested a residual sample of claim estimates by agreeing a sample of claims estimates to third party documentation; and
Substantively tested a sample of static claims to supporting documentation.

Cut-off of Case Reserves:

Reviewed significant claim estimate adjustments and payments either side of the year end to confirm they have been recorded in the correct accounting period and the reserve has been adjusted in the appropriate period.

Valuation of IBNR:

Reconciliation of the actuarial data to accounting records for accuracy and completeness;
Reviewed actuarial reports in conjunction with our actuarial experts to determine appropriateness of IBNR; and
Reviewed the outturn of prior years incurred, through analysis of ultimate movements.
Engaged our actuarial team who have the necessary expertise to assess the reserving process and results.

Our actuarial team performed the following:

Reviewed the actuarial report produced by the Club to determine whether methodology is appropriate to the classes of business written;

</td><td>
Based on our audit procedures we gained assurance that technical provisions and reinsurance share of technical provisions are fairly stated.
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</table>

Key audit matter	How our audit addressed the key audit matter	Conclusion of findings
	• Reviewed the basis of allocation between the entities applied by the Club and its appropriateness; and • An independent projection of reserves to test reasonableness of the level of IBNR recorded. **Valuation of Reinsurers' Share of Technical Provisions:** • Reviewed the group reinsurance programme and identify all internal and external reinsurance arrangements; • Reconciled each reinsurance listing extracted from the policy systems to the nominal ledger for completeness; • Performed a recalculation of the 90% quota share programme with Standard Re to ensure that the assets recognised are in accordance with the agreement; • Tested a sample of XoL recoveries for arithmetic accuracy, vouched key inputs back to the reinsurance contract and agreed claims incurred data to audited reports; • For Pool recoveries, tested that all claims that have exceeded the retention limit in a policy year are included with the reinsurance recoveries report for completeness; and • The BDO actuarial team reviewed the application of the reinsurance programme to the IBNR provision.	

Our application of materiality

We define materiality as the magnitude of misstatement, including omissions, in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of a reasonably knowledgeable person taken on the basis of the financial statements. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

- For the purpose of our audit we used overall materiality of $4.2m, which represents approximately 1% and 12% of the Company's total assets and net assets respectively in the year.

- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the Financial Statements as a whole.

- We chose total assets as the benchmark because, in our view, we consider Total Assets to be the principal determinant of the Club's ability to satisfy the interests of its Members on a gross basis. We selected 1% based on our professional judgment, noting that it is also within the range of commonly accepted asset-related benchmarks.

- As set out in the accounting policies (Note 2), the Company has in place a significant amount of quota share reinsurance. This arrangement has the effect of transferring insurance premium and claims technical provisions to reinsurers. Due to the extent of these arrangements it was felt appropriate to apply a specific testing threshold to financial statement areas net of reinsurance or unaffected by quota share reinsurance. This lower testing threshold has been applied to all financial statement areas with the exception of premiums (gross and outward reinsurance), claims paid (gross and reinsurers share), and claims outstanding (gross and reinsurers share). This enables us to differentiate misstatements according to the impact they have on the Company's net result. This testing threshold has been based upon 3.5% of net assets of the company ($1.2m), as we consider the ability of the entity to meet its insurance obligations and avoid the need for additional calls to be the primary focus for its members.

- We have reported unadjusted errors noted as part of our audit process above a clearly trivial level of 5% of materiality ($210k) to Those Charged with Governance.

An overview of the scope of our audit

A description of the scope of an audit of financial statements is provided on the IAASA website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors _responsiblities_for_audit.pdf.

Our audit approach was developed by obtaining an understanding of the Company's activities, the key functions undertaken on behalf of the board and the overall control environment. Based on this understanding we assessed those aspects of the Company's financial statements which were most likely to give rise to a material misstatement. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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 Company's ability to continue to adopt the going concern basis included the below:

- Review and challenge of the Club's current plans and budgets, challenging growth assertions and ensuring that movements were in line with justifiable assumptions and movements;

- Reviewing the basis of solvency projections for the next 12 months and ensuring that an appropriate mechanism for calculating solvency had been applied; and

- Challenge and discussion around the latest Own Risk and Solvency Assessment provided by the Standard Club group. In addition we have reviewed the solvency projections, reconciling current positions to the financial statements and challenged management as to the future assumptions embedded within the model. We have also ensured that the modelling used for solvency is in line with industry standards.

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 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors’ report is consistent with the financial statements; and
- in our opinion, the directors’ report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors’ remuneration and transactions required by sections 305 to 312 of the Act are not made.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors’ responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has 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 (Ireland) 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.

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

- Holding discussions with management and the audit committee to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;

- Gaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which they operate, through discussion with management and the audit committee and our knowledge of the industry;

- Considering the significant laws and regulations of Ireland to be those relating to the industry, financial reporting framework and tax legislation.

- Inspecting minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations or any known or suspected instances of fraud;

- Inspecting of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;

- Assessing the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making inquiries of Management and the Audit Committee during the planning and execution phases of our audit to understand where they considered there to be susceptibility to fraud, considering the risk of management override of controls and relevant controls established to address risks identified to prevent or detect fraud;

- Addressing the risk of fraud through management override of controls by testing the appropriateness of a sample of journal entries where we considered there to be a higher risk of potential fraud and other adjustments, assessing whether the judgements made in making accounting estimates specifically those in the Key Audit Matters section of the report are indicative of a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

- Performing a detailed review of the Company's year-end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;

- Communicating relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;

- Agreement of the financial statement disclosures to underlying supporting documentation;

- Assessed the susceptibility of the financial statements to material misstatement including fraud and identified the fraud risk areas to be the valuations (refer to the key audit matters section above) and management override of controls;

- In response to the risk of management override of controls, assessed the appropriateness of journal entries which met a specific defined criteria by agreeing to supporting documentation;

- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Review of correspondence with the Central Bank of Ireland;
- Review of the Standard Club group's Own Risk and Solvency Assessment including Standard Club Ireland DAC; and
- We also communicated relevant identified laws and regulations and identified fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.

Other matters which we are required to address

We were appointed by the board of directors on 5 February 2020 to audit the financial statements for the financial year ended 20 February 2020 and subsequent financial periods. The period of total uninterrupted engagement is therefore four years, covering the financial years ended 20 February 2020 to 20 February 2023.

No non-audit services prohibited by IAASA's Ethical Standard were provided to the Company. We have reported to Central Bank of Ireland pursuant to Regulation 37 of European Union (Insurance and Reinsurance) Regulations 2015 on the relevant elements of the Solvency and Financial Condition report of The Standard Club Ireland Designated Activity Company. We remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the board of directors we are required to provide in accordance with ISA (Ireland) 260.

Stephen McCallion **Date: 22 May 2023**
for and on behalf of
BDO
Statutory Audit Firm
Dublin
AI223876

STATEMENT OF COMPREHENSIVE INCOME

for the financial year 20 February 2023

	Note	**2023 US$000**	2022 US$000
Technical account for non-life insurance business			
Gross premiums earned, including calls	5	**168,228**	148,693
Outward reinsurance premiums	6	**(155,092)**	(137,095)
Earned premiums, net of reinsurance		**13,136**	11,598
Expenditure			
Gross claims paid	7	**121,749**	77,971
Reinsurers' share	8	**(110,093)**	(70,195)
Net claims paid		**11,656**	7,776
Change in provision for gross claims		**113,890**	39,353
Reinsurers' share		**(111,853)**	(36,738)
Change in net provision for claims		**2,037**	2,615
Claims incurred, net of reinsurance		**13,693**	10,391
Net operating expenses	9	**1,373**	1,393
Total expenditure		**15,066**	11,784
Balance on the technical account for non-life insurance business		**(1,930)**	(186)
Non-technical account			
Balance on the technical account for non-life insurance business		**(1,930)**	(186)
Investment return net of expenses and charges	10	**(626)**	2
Profit on foreign exchange		**469**	129
Loss on ordinary activities before taxation		**(2,087)**	(55)
Tax on ordinary activities	11	**220**	(8)
Loss for the financial year		**(1,867)**	(63)

The income, expenditure and results for the financial year are wholly derived from continuing activities.

The notes on pages 19 to 36 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 20 February 2023

	Note	2023 US$000	2022 US$000
ASSETS			
Investments			
Other financial investments	12	**37,008**	37,468
Reinsurers' share of technical provisions			
Claims outstanding	13	**276,034**	166,954
Debtors			
Debtors arising out of direct insurance operations	14	**39,505**	37,288
Amounts owed by group undertakings		**11,277**	18,156
Other debtors		**3,243**	2,382
		54,025	57,826
Other assets			
Cash at bank and in hand		**3,434**	1,890
Prepayments and accrued income		**5,259**	5,306
Total assets		**375,760**	269,444
EQUITY			
Capital and reserves			
Called up share capital presented as equity	17	**724**	724
Contributed capital		**30,000**	30,000
Contingency reserve		**3,011**	4,878
Shareholders' funds attributable to equity interests		**33,735**	35,602
LIABILITIES			
Technical provisions			
Gross claims outstanding	13	**293,181**	182,163
Creditors			
Creditors arising out of direct insurance operations	15	**10,866**	12,999
Amounts owed to group undertakings		**33,771**	35,051
Other creditors including taxation and social security		**2,870**	2,217
		47,507	50,267
Accruals and deferred income		**1,337**	1,412
Total equity and liabilities		**375,760**	269,444

The notes on pages 19 to 36 are an integral part of these financial statements.

The financial statements were approved by the board of directors and signed on its behalf by:

B Hurst-Bannister
Director

W Robinson
Director

19 May 2023

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 20 February 2023

	Called up share capital presented as equity US$000	Contributed capital US$000	Contingency reserve US$000	Shareholders' funds attributable to equity interests US$000
Balance as at 20 February 2021	724	30,000	4,941	35,665
Loss for the financial year			(63)	(63)
Balance as at 20 February 2022	724	30,000	4,878	35,602
Balance as at 20 February 2022	**724**	**30,000**	**4,878**	**35,602**
Loss for the financial year			**(1,867)**	**(1,867)**
Balance as at 20 February 2023	**724**	**30,000**	**3,011**	**33,735**

The notes on pages 19 to 36 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Constitution

The Standard Club Ireland DAC ("Standard Ireland") is a marine mutual insurer incorporated in Ireland as a single member designated activity company limited by shares. Standard Ireland is regulated by the Central Bank of Ireland and has been writing marine insurance business since 2019. Its principal place of business and registered office is Fitzwilliam Hall, Fitzwilliam Place, Dublin 2. Its registered company number is 631911.

2. Accounting policies

(a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in Ireland ("FRS 102"), and Financial Reporting Standard 103 Insurance Contracts ("FRS 103"). Standard Ireland is also subject to the requirements of the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations, 2015.

The financial statements are prepared under the historical cost convention, as modified for the revaluation of investment properties and financial assets and liabilities (including derivative instruments) at fair value through income or expenditure.

The contingency reserve represents the free reserves of Standard Ireland and is established in accordance with Rule 20.6 of Standard Ireland's rules.

The financial statements are 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 Standard Ireland's ability to continue to do so for at least 12 months from the date of these financial statements.

(b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are Standard Ireland's key sources of estimation uncertainty:

– Insurance contract technical provisions

For insurance contracts, estimates have to be made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred but not yet reported ("IBNR") at the reporting date. It can take a significant period of time before the ultimate claims cost can be established with certainty and for some type of policies, IBNR claims form the majority of the liability in the Statement of Financial Position.

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as the Chain Ladder and the Bornhuetter-Ferguson methods.

The main assumption underlying these techniques is that past claims development experience can be used to project future claims development and hence ultimate claims costs. The provision for claims outstanding is assessed on an individual case basis and is based on the estimated ultimate cost of all claims notified but not settled by the statement of financial position date, together with the provision for related claims handling costs. The provision also includes the estimated cost of IBNR claims at the statement of financial position date based on statistical methods.

These methods generally involve projecting from past experience the development of claims over time to form a view of the likely ultimate claims to be experienced for more recent underwriting, having regard to variations in the business accepted and the underlying terms and conditions. Experience elsewhere in Standard Club group has demonstrated that for the most recent years, where a high degree of volatility arises from projections, estimates may be based in part on actuarial techniques involving assessments of underwriting conditions. This latter methodology is particularly relevant to Standard Ireland due to its recent inception. The amount of salvage and subrogation recoveries is separately identified and, where material, reported as an asset.

Similar judgements, estimates and assumptions are employed in the assessment of adequacy of provisions for unearned premium. Judgement is also required in determining whether the pattern of insurance services provided under a contract requires amortisation of unearned premium on a basis other than time apportionment.

– Estimates of future premiums

For certain insurance contracts, premium is initially recognised based on estimates of ultimate premiums. These estimates are judgemental and could result in misstatements of revenue recorded in the financial statements.

The main assumption underlying these estimates is that past premium development can be used to project future premium development.

(c) Exemptions for qualifying entities under FRS 102

Standard Ireland has taken advantage of the following exemptions:

- the requirement to prepare a cash flow statement on the grounds that its parent undertaking, The Standard Club Ltd, includes Standard Ireland in published consolidated financial statements (FRS 102.1.12(b)). These can be obtained from its website at: https://www.standard-club.com/knowledge-news/
- disclosing transactions or balances with entities which form part of the group (FRS 102.33.1A).

(d) Annual basis of accounting

The transfer to or from the contingency reserve is determined using an annual basis of accounting.

For the purpose of reporting to mutual members, all transactions are allocated to individual policy years. The result of a policy year is determined and reported when it is closed after three years of development in accordance with Rule 21 of Standard Ireland's rules, which requires policy years to be held open for three years. Standard Ireland's rules are available from the website at:
https://www.standard-club.com/media/3392974/35882_sc_pi_rules_final.pdf

At the end of each financial year, any anticipated surplus or deficit arising on open years is transferred to or from the contingency reserve.

(e) Calls and premiums

Calls and premiums are credited to the Statement of Comprehensive Income as and when charged to members and are net of any return of premium made in the year. Contributions for financial periods after the statement of financial position date are treated as prepaid and are not included in the Statement of Comprehensive Income.

(f) Claims incurred

Claims incurred comprise all claims paid, advances made on account of claims and related expenses paid in the year, and changes in provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses.

(g) Reinsurance recoveries

The liabilities of Standard Ireland are reinsured above certain levels with similar associations under the International Group Pooling Agreement and with market underwriters. The figures in the Statement of Comprehensive Income relate to recoveries on claims incurred during the year.

Outstanding claims in the Statement of Financial Position are shown gross and the reinsurance recoveries are shown as an asset.

(h) Claims provisions and related reinsurance recoveries

The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. The estimation of claims incurred but not reported (IBNR) is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to Standard Ireland. Standard Ireland takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. An allowance for future claims handling costs is included in the provision.

Claims estimates for Standard Ireland are derived from a combination of loss ratio-based estimates and a variety of other estimation techniques. These are generally based upon statistical analyses of historical experience, which assume that the development pattern of the current claims will be consistent with past experience. However, allowance is made for changes or uncertainties that may create distortions in the underlying statistics or that may cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims, including:

- changes in club processes that might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous financial periods;
- changes in the legal environment;
- the effects of inflation;
- changes in the mix of business;
- the impact of large losses; and
- movements in industry benchmarks.

The variety of estimation techniques assists in giving greater understanding of the trends inherent in the data being projected and in setting the range of possible outcomes. The most appropriate estimation technique is selected, taking into account the characteristics of the business class and the extent of the development of each policy year.

Large claims impacting each relevant business class are generally assessed separately, being measured and/or projected on a case-by-case basis in order to allow for the possible distortive effect of the development and incidence of these large claims.

Pollution claims and claims for occupational diseases can have a very long delay between the occurrence and notification. In estimating the cost of these claims, Standard Ireland considers the type of risks written historically by Standard Club group that may give rise to exposure to these liabilities, notifications received from policyholders, the nature and extent of the cover provided, the current legal environment, changes in the effectiveness of clean-up techniques and industry benchmarks of the typical cost of such claims.

Claims reserves are estimated on an undiscounted basis.

Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability.

Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, and are adjusted to reflect changes in the nature and extent of Standard Ireland’s reinsurance programme over time.

An assessment is also made of the recoverability of reinsurance with regard to market data on the financial strength of each of the reinsurance companies.

(i) Reinsurance premiums

Reinsurance premiums, less returns, are debited to the Statement of Comprehensive Income in the financial year as and when charged to Standard Ireland, together with a provision for any future costs of existing reinsurance policies.

(j) Investment return

Investment return comprises all investment income, realised investment gains and losses, and movements in unrealised gains and losses, net of investment expenses, charges and interest. Interest and expenses are accounted for on an accruals basis. Realised gains and losses on investments carried at market value are calculated as the difference between net sales proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the valuation at the statement of financial position date and their purchase price or, if they have been previously valued, their valuation at the last statement of financial position date, together with the reversal of unrealised gains and losses recognised in earlier financial periods in respect of investment disposals in the current financial period. The investment return is reported in the non-technical account.

(k) Financial instruments

Standard Ireland has chosen to apply the recognition and measurement provisions of IAS 39 (as adopted for use in the EU) and the disclosure requirements of FRS 102 in respect of financial instruments.

– Financial assets at fair value through income

Standard Ireland classifies its investments as financial assets at fair value through income. As a result, gains and losses are taken to the Statement of Comprehensive Income, which reflects the management of the portfolio on a fair value basis. Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors.

– Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable settlement values. Amounts due from members and reinsurers are included in this category and are measured at cost less any provision for impairment in value.

(l) Foreign currencies

Standard Ireland's financial statements are presented in US dollars which is Standard Ireland's functional currency.

Monetary assets and liabilities in foreign currencies are translated at the US dollar rate of exchange at the statement of financial position date with the resulting difference treated as an exchange gain or loss within the non-technical account.

Revenue transactions in foreign currencies are translated into US dollars at the rate applicable for the week in which the transaction takes place. Exchange differences are reported in the non-technical account.

Foreign currency contracts may be entered into in order to hedge the currency exposure of the investment portfolio. The contracts are for the forward sale of currencies, which are matched by holdings of those currencies. Open contracts are revalued at year-end rates of exchange and the potential profit or loss included in the non-technical account.

(m) General administration expenses

General administration expenses, including managers' remuneration, are included on an accruals basis.

(n) Taxation

Taxation provided is that which became chargeable during the year, based on the profit for the year and the 12.5% standard rate of corporation tax in Ireland.

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the Statement of Comprehensive Income.

Deferred tax is calculated at the rates at which it is expected that the tax will arise. Deferred tax is recognised in the Statement of Comprehensive Income for the financial period, except to the extent that it is attributable to a gain or loss that is recognised directly in the contingency reserve. Deferred tax balances are not discounted.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Assets are regarded as recoverable when it is more likely than not that there will be suitable net taxable income from which the future reversal of the underlying timing differences can be deducted.

3. Management of insurance and financial risk

Standard Ireland is exposed to a range of insurance and financial risks through its operations as a protection and indemnity insurer.

This section summarises these risks and the way Standard Ireland manages those risks (in addition to the risk management policies set out in the report of the directors).

3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. This risk can be divided into premium risk (the risk that premiums charged will not be sufficient to meet all associated claims and expenses) and reserve risk (the risk that claims reserves will be inadequate to cover either known losses, and/or unknown or undeveloped losses, such as occupational diseases). These risks are managed as follows:

Premium risk

Premium risk is managed by clear underwriting controls including risk assessment tools, pricing models and clear authority levels. This risk is monitored for undue concentrations of risk and consistency with Standard Ireland's risk appetite as set by the board. The risk management process is aided by a dedicated loss prevention function, aimed at ensuring that Standard Ireland underwrites only those ship owners who operate to an acceptable standard.

Premium risk is mitigated through the acquisition of appropriate reinsurance programmes, including the International Group pooling and reinsurance programme, and also Standard Ireland's own non-Pool, retention and stop-loss reinsurances. Reinsurance strategy is set by the board in line with the board's risk appetite and is designed to mitigate the insurance risk through programmes tailored to Standard Ireland's exposures.

Reserve risk

Reserve risk is managed by the prompt reserving of potential losses, regular review of individual estimates and overall reserve adequacy, as well as regular, systematic claims audits and the monitoring of consistency of estimating approaches, and the modelling of technical provisions by Standard Ireland's actuarial function.

	Increase		Decrease	
	2023	2022	**2023**	2022
Impact on profit - gross of reinsurance	**US$000**	US$000	**US$000**	US$000
Increase/decrease in loss ratio by 5 percentage points	**(8,411)**	(7,435)	**8,411**	7,435
10% increase/decrease in claims handling expenses	**(596)**	(400)	**596**	400
10% increase/decrease in number of IBNR claims	**(2,448)**	(2,662)	**2,448**	2,662
Impact on profit - net of reinsurance				
Increase in loss ratio by 5 percentage points	**(657)**	(580)	**657**	580
10% increase/decrease in claims handling expenses	**(60)**	(40)	**60**	40
10% increase/decrease in number of IBNR claims	**(254)**	(229)	**254**	229

3.2 Financial risk

Standard Ireland is exposed to a range of financial risks through its financial assets, financial liabilities (investment contracts and borrowing), reinsurance assets and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies and investment contracts as they fall due. The most important components of this financial risk for Standard Ireland are market risk (including interest rate risk and currency risk), credit risk and liquidity risk.

Market risk

- Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities and is managed through Standard Ireland's investment strategy.

At the end of the financial period, 100% of Standard Ireland's investment portfolio was invested in US treasury bonds. The weighted duration of the investment portfolio was 0.6 years (2022: 2.9 years).

Standard Ireland has no debt liability with interest payments that vary directly with changes in interest rates.

Sensitivity analysis for interest rate risk illustrates how changes in the fair value of a financial instrument will fluctuate because of changes in market interest rates at the reporting date. An increase of 150 basis points in bond yields would result in a deficit for Standard Ireland of $334k (2022: $1,640k).

- Currency risk

Standard Ireland is exposed to currency risk in respect of liabilities under insurance policies denominated in currencies other than US dollars. The most significant currency to which Standard Ireland is exposed is the Euro. Standard Ireland seeks to manage this risk by constraining the deviation of the currencies of the assets from the estimated currencies of the liabilities. Standard Ireland may use forward currency contracts to protect currency exposures and maintain investment policy benchmarks.

	US$ US$000	GBP US$000	EUR US$000	Other US$000	Total US$000
As at 20 February 2023					
Total assets	**317,691**	**506**	**51,370**	**6,193**	**375,760**
Total liabilities	**285,399**	**953**	**49,077**	**6,596**	**342,025**
Net asset / (liability) position	**32,292**	**(447)**	**2,293**	**(403)**	**33,735**
As at 20 February 2022					
Total assets	236,607	182	31,849	806	269,444
Total liabilities	186,639	4,667	37,686	4,850	233,842
Net asset / (liability) position	49,968	(4,485)	(5,837)	(4,044)	35,602

At 20 February 2023, had the Euro strengthened by 10% against the US dollar with all other variables held constant, the surplus for the period would have been $229k higher (2022: $584k lower). Similarly, had the GBP strengthened by 10% against the US dollar, the surplus for the period would have been $45k lower (2022: $449k lower).

Credit risk

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

- amounts due from members
- reinsurers' share of insurance liabilities
- amounts due from reinsurers in respect of claims already paid
- counterparty risk with respect to cash and investments

The assets bearing credit risk are summarised below, together with an analysis by credit rating:

	2023	2022
	US$000	US$000
Debt securities	**37,008**	37,468
Loans and receivables	**42,748**	39,670
Amounts owed by group undertakings	**11,277**	18,156
Cash at bank and in hand	**3,434**	1,890
Reinsurers' share of claims outstanding	**276,034**	166,954
Total assets bearing credit risk	**370,501**	264,138
AAA	**37,008**	37,468
AA	**3,440**	-
A	**287,311**	187,000
Not rated	**42,742**	39,670
Total assets bearing credit risk	**370,501**	264,138

No credit limits were exceeded during the financial period. No financial assets are delayed beyond their contractual maturity or impaired at the reporting date and management expects no significant losses from non-performance by these counterparties.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. The primary liquidity risk of Standard Ireland is the obligation to pay claims to policy holders as they fall due. Standard Ireland maintains holdings in short-term deposits to ensure sufficient funds are available to cover anticipated liabilities and unexpected levels of demand.

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

	Short-term assets	**Within 1 year**	**1-2 years**	**2-5 years**	**Over 5 years**	**Total**
	US$000	**US$000**	**US$000**	**US$000**	**US$000**	**US$000**
As at 20 February 2023						
Debt securities	**37,008**	**-**	**-**	**-**	**-**	**37,008**
Cash balances	**3,434**	**-**	**-**	**-**	**-**	**3,434**
Amounts owed by group undertakings	**11,277**	**-**	**-**	**-**	**-**	**11,277**
Loans and receivables	**4,515**	**38,233**	**-**	**-**	**-**	**42,748**
Reinsurers' share of claims outstanding	**-**	**130,730**	**68,622**	**59,568**	**17,114**	**276,034**
	56,234	**168,963**	**68,622**	**59,568**	**17,114**	**370,501**
As at 20 February 2022						
Debt securities	37,468	-	-	-	-	37,468
Cash balances	1,890	-	-	-	-	1,890
Amounts owed by group undertakings	18,156	-	-	-	-	18,156
Loans and receivables	2,831	36,839	-	-	-	39,670
Reinsurers' share of claims outstanding	-	77,433	42,924	36,513	10,084	166,954
	60,345	114,272	42,924	36,513	10,084	264,138

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

	Within 1 year US$000	Within 1-2 years US$000	Within 2-5 years US$000	Over 5 years US$000	Total US$000
As at 20 February 2023					
Gross outstanding claims	**138,850**	**72,885**	**63,269**	**18,177**	**293,181**
Creditors	**47,507**	**-**	**-**	**-**	**47,507**
	186,357	**72,885**	**63,269**	**18,177**	**340,688**
As at 20 February 2022					
Gross outstanding claims	84,563	46,800	39,800	11,000	182,163
Creditors	50,267	-	-	-	50,267
	134,830	46,800	39,800	11,000	232,430

Fair value estimations

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Listed quoted prices in active markets and external broker quotes which are publicly, readily and regularly available on an active market.

Level 2 - Inputs other than quoted prices included within level 1 that are observable, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets and liabilities measured at fair value at 20 February 2023.

Financial assets at fair value through the Statement of Comprehensive Income:

	Level 1 US$000	Level 2 US$000	Level 3 US$000	Total US$000
As at 20 February 2023				
Debt securities and other fixed income securities	**37,008**	-	-	**37,008**
	37,008	-	-	**37,008**
As at 20 February 2022				
Debt securities and other fixed income securities	37,468	-	-	37,468
	37,468	-	-	37,468

Capital management

Standard Ireland maintains an efficient capital structure using members' funds (reserves) and the ability to make unbudgeted calls, if required, in addition to traditional capital, consistent with Standard Ireland's risk profile and the regulatory and market requirements of its business.

Standard Ireland's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to satisfy the requirements of its members and meet regulatory requirements
- to maintain an 'A' rating with Standard and Poor's
- to manage exposures to movement in exchange rates
- to retain financial flexibility by maintaining strong liquidity

Standard Ireland is subject to Solvency II regulations, requiring it to maintain the Minimum Capital Requirement (“MCR”) and the Solvency Capital Requirement (“SCR”) at all times. The capital requirements are calculated by reference to the standard formula as defined in Solvency II, to ensure Standard Ireland has adequate capital and financial resources to fulfil its obligations. The MCR is the level of capital below which Standard Ireland would be deemed insolvent for regulatory purposes. If Standard Ireland were to fall below the SCR threshold, the Central Bank of Ireland could take action to restore the financial position of Standard Ireland. At 20 February 2023, Standard Ireland was in full compliance with these requirements.

4. Segmental analysis by class

The segmental results of the classes of Standard Ireland are set out as follows:

4.1 Statement of comprehensive income

As at 20 February 2023	Note	Total US$000	Class 1 P&I US$000	Class 2 Defence US$000	Class 3 Coastal & Inland US$000	Class 4 War US$000	Class 5 Strike & Delay US$000
Technical account for non-life insurance business							
Gross premiums earned, including calls	5	**168,228**	**131,274**	**5,599**	**16,417**	**68**	**14,870**
Outward reinsurance premiums	6	**(155,092)**	**(121,318)**	**(5,039)**	**(15,105)**	**(25)**	**(13,605)**
Earned premiums, net of reinsurance		**13,136**	**9,956**	**560**	**1,312**	**43**	**1,265**
Expenditure							
Gross claims paid		**121,749**	**97,622**	**4,716**	**8,052**	**-**	**11,359**
Reinsurers' share		**(110,093)**	**(88,250)**	**(4,244)**	**(7,249)**	**-**	**(10,350)**
Net claims paid		**11,656**	**9,372**	**472**	**803**	**-**	**1,009**
Change in net provision for claims		**2,037**	**1,430**	**(13)**	**519**	**-**	**101**
Net operating expenses	9	**1,373**	**1,063**	**47**	**116**	**50**	**97**
Total expenditure		**15,066**	**11,865**	**506**	**1,438**	**50**	**1,207**
Balance on the technical account for non-life business		**(1,930)**	**(1,909)**	**54**	**(126)**	**(7)**	**58**
Non-technical account							
Balance on the technical account for non-life insurance business		**(1,930)**	**(1,909)**	**54**	**(126)**	**(7)**	**58**
Investment return net of expenses and charges	10	**(626)**	**(623)**	**-**	**-**	**-**	**(3)**
Profit/(loss) on foreign exchange		**469**	**511**	**1**	**(88)**	**-**	**45**
Profit/(loss) on ordinary activities before taxation		**(2,087)**	**(2,021)**	**55**	**(214)**	**(7)**	**100**
Tax on profit/(loss) on ordinary activities	11	**220**	**220**	**-**	**-**	**-**	**-**
Profit/(loss) for the financial year		**(1,867)**	**(1,801)**	**55**	**(214)**	**(7)**	**100**

As at 20 February 2022	Note	Total US$000	Class 1 P&I US$000	Class 2 Defence US$000	Class 3 Coastal & Inland US$000	Class 4 War US$000	Class 5 Strike & Delay US$000
Technical account for non-life insurance business							
Gross premiums earned, including calls	5	148,693	109,639	5,559	19,424	121	13,950
Outward reinsurance premiums	6	(137,095)	(101,634)	(5,003)	(17,847)	110	(12,721)
Earned premiums, net of reinsurance		11,598	8,005	556	1,577	231	1,229
Expenditure							
Gross claims paid		77,971	55,362	4,680	7,897	-	10,032
Reinsurers' share		(70,195)	(49,826)	(4,212)	(7,109)	-	(9,048)
Net claims paid		7,776	5,536	468	788	-	984
Change in net provision for claims		2,615	2,363	(2)	262	-	(8)
Net operating expenses	9	1,393	1,066	51	126	51	95
Total expenditure		11,784	8,965	517	1,176	5	1,075
Balance on the technical account for non-life business		(186)	(960)	39	401	180	154
Non-technical account							
Balance on the technical account for non-life insurance business		(186)	(960)	39	401	180	154
Investment return net of expenses and charges	10	2	7	(2)	-	-	(3)
Profit/(loss) on foreign exchange		129	229	(1)	(48)	-	(51)
Profit/(loss) on ordinary activities before taxation		(55)	(724)	36	353	180	100
Tax on (profit)/loss on ordinary activities	11	(8)	(8)	-	-	-	-
Profit/(loss) for the financial year		(63)	(732)	36	353	180	100

4.2 Statement of financial position

As at 20 February 2023	Total US$000	Class 1 P&I US$000	Class 2 Defence US$000	Class 3 Coastal & Inland US$000	Class 4 War US$000	Class 5 Strike & Delay US$000
Assets						
Investments	**37,008**	**37,008**	**-**	**-**	**-**	**-**
Reinsurers' share of technical provisions	**276,034**	**247,523**	**3,371**	**20,307**	**-**	**4,833**
Debtors	**54,025**	**41,082**	**5,166**	**5,443**	**149**	**2,185**
Other assets	**3,434**	**3,434**	**-**	**-**	**-**	**-**
Prepayments and accrued income	**5,259**	**1,723**	**154**	**86**	**(34)**	**3,330**
Total assets	**375,760**	**330,770**	**8,691**	**25,836**	**115**	**10,348**
Liabilities						
Reserves	**33,735**	**31,760**	**365**	**560**	**797**	**253**
Technical provisions	**293,181**	**261,645**	**3,746**	**22,563**	**-**	**5,227**
Creditors	**47,507**	**36,189**	**4,577**	**2,713**	**(783)**	**4,811**
Accruals and deferred income	**1,337**	**1,176**	**3**	**-**	**101**	**57**
Total liabilities	**375,760**	**330,770**	**8,691**	**25,836**	**115**	**10,348**

As at 20 February 2022	Total US$000	Class 1 P&I US$000	Class 2 Defence US$000	Class 3 Coastal & Inland US$000	Class 4 War US$000	Class 5 Strike & Delay US$000
Assets						
Investments	37,468	37,468	-	-	-	-
Reinsurers' share of technical provisions	166,954	142,781	3,491	16,520	-	4,162
Debtors	57,826	34,600	6,965	11,807	878	3,576
Other assets	1,890	1,890	-	-	-	-
Prepayments and accrued income	5,306	1,272	-	542	133	3,359
Total assets	269,444	218,011	10,456	28,869	1,011	11,097
Liabilities						
Reserves	35,602	33,561	310	774	804	153
Technical provisions	182,163	155,473	3,879	18,356	-	4,455
Creditors	50,267	28,076	6,252	9,725	(97)	6,311
Accruals and deferred income	1,412	901	15	14	304	178
Total liabilities	269,444	218,011	10,456	28,869	1,011	11,097

5. Gross premiums earned including calls

	2023 US$000	2022 US$000
Estimated total premium, other premiums and releases for policy year 2022/23 (2021/22)	**169,585**	150,148
Adjustment for previous policy years	**(1,357)**	(1,455)
Total calls and premiums	**168,228**	148,693

An analysis of gross premiums earned including calls by reference to the location of the risk insured by the ceding company is provided below:

	2023 US$000	2022 US$000
Risks located in the EEA	**163,275**	143,781
Risks located in other countries	**4,953**	4,912
Total calls and premiums	**168,288**	148,693

6. Outward reinsurance premiums

	2023 US$000	2022 US$000
Quota share reinsurance premium payable	**117,736**	102,284
Market reinsurance premiums	**37,356**	34,811
Reinsurance premiums paid	**155,092**	137,095

7. Claims paid

	2023 US$000	2022 US$000
Members’ claims paid	**95,917**	77,337
Other P&I clubs' pool claims	**25,832**	634
Total claims paid	**121,749**	77,971

8. Reinsurers’ share of claims paid

	2023 US$000	2022 US$000
Claims recoverable from market reinsurance	**(3,925)**	(8)
Quota share claims recoverable	**(106,168)**	(70,187)
Reinsurers' share of claims paid	**(110,093)**	(70,195)

9. Net operating expenses

	2023 US$000	2022 US$000
Acquisition costs		
Management costs	**5,785**	6,233
General expenses	**604**	114
Administrative expenses		
Management costs	**5,785**	6,183
General expenses	**566**	378
Other operating income	**115**	151
Directors' fees	**143**	149
Auditors' remuneration - audit of the financial statements	**224**	219
Auditors' remuneration - other audit services	**48**	41
Net operating expenses (before ceding commission)	**13,270**	13,468
Ceding commission	**(11,897)**	(12,075)
Net operating expenses (after ceding commission)	**1,373**	1,393

Total directors' remuneration during the financial period was $143k (2022: $149k). During the financial year, two directors of Standard Ireland were also directors of the parent undertaking from whom they received remuneration for their services. Standard Ireland has no employees and therefore employs no key management personnel.

Fees payable to Standard Ireland's auditors for the audit of the financial statements were $224k (2022: $219k). The auditors' remuneration for other services of $48k (2022: $41k) is for the Solvency II audit.

10. Investment return net of expenses and charges

	2023 US$000	2022 US$000
Investment income		
Debt securities and other fixed income securities	**342**	642
Deposit interest	**119**	(10)
Gains arising on realisation of investments	**74**	1,852
	535	2,484
Investment expenses and charges		
Investment management expenses	**(98)**	(80)
Losses on realisation of investments	**(1,576)**	(9)
	(1,674)	(89)
Movement in unrealised gains and losses on investments	**513**	(2,393)
Total investment return	**(626)**	2

11. Tax on ordinary activities

	2023 US$000	2022 US$000
Analysis of charge in the period		
Current tax on income for the period	-	-
Adjustments in respect of prior period	-	12
Total current tax	-	12
Deferred tax		
Origination and reversal of timing differences	(220)	(4)
Adjustments in respect of prior period	-	-
Total deferred tax	(220)	(4)
Tax on excess of income over expenditure	(220)	8

Factors affecting tax charge for the year

The tax charge for the year is lower than the standard rate of corporation tax in Ireland of 12.5% (2022: 12.5%). The differences are explained below:

	2023 US$000	2022 US$000
Profit/(loss) on ordinary activities before taxation	(2,087)	(55)
Tax at 12.5% (2022: 12.5%)	(261)	(7)
Effects of:		
Income/(expenses) not relevant for tax purposes or taxed at different rates	261	7
Adjustments in respect of prior period	-	12
Total current tax	-	12

12. Other financial investments

	2023 US$000	2022 US$000
Financial assets at fair value through the Statement of Comprehensive Income		
Total financial assets at market value	37,008	37,468
Total financial assets at cost	37,208	38,181
Included in the carrying values above are amounts in respect of listed investments as follows:		
- Debt securities and other fixed income securities at market value	37,008	37,468

13. Claims outstanding

The board closed the 2020/21 policy year at its meeting on 19 May 2023. The table below provides the position after closure.

	2023	2022
	US$000	US$000
Open years		
Claims	**226,283**	145,879
Reinsurance recoveries	**(214,253)**	(133,949)
Net claims provision for open years included in the Statement of Financial Position	**12,030**	11,930
Closed years		
Claims	**66,898**	36,284
Reinsurance recoveries	**(61,781)**	(33,005)
Net claims provision for closed year	**5,117**	3,279
Total		
Claims	**293,181**	182,163
Reinsurance recoveries	**(276,034)**	(166,954)
Net claims provision	**17,147**	15,209

Claims outstanding includes provision for IBNR claims which is set by reference to, amongst other factors, standard actuarial techniques and projections. Also included in the provision is an estimate for the internal and external costs of handling outstanding claims.

13.1 Movement in insurance and reinsurance contracts

	2023	2022
	US$000	US$000
Claims outstanding		
As at the start of the year	**182,163**	142,169
Claims paid in the year	**(121,749)**	(77,971)
Exchange (losses)/gains	**(2,872)**	641
Claims incurred during the year	**235,639**	117,324
As at 20 February	**293,181**	182,163
Reinsurers' share of claims outstanding		
As at the start of the year	**(166,954)**	(129,481)
Reinsurance recoveries made in the year	**110,093**	70,195
Exchange losses/(gains)	**2,773**	(735)
Reinsurance recoverable on claims incurred during the year	**(221,946)**	(106,933)
As at 20 February	**(276,034)**	(166,954)
Net technical provisions included in the Statement of Financial Position	**17,147**	15,209

13.2. Claims development tables

Claims (gross)					
Policy year	2019/20	2020/21	2021/22	2022/23	Total
	US$000	US$000	US$000	US$000	US$000
Estimate of ultimate claims costs:					
- at end of policy year	110,406	114,743	136,391	103,810	
- one year later	109,046	108,280	252,025		
- two years later	94,368	112,813			
- three years later	100,012				
Current estimate of ultimate claims costs	100,012	112,813	252,025	103,810	568,660
Cumulative payments to date	(76,748)	(72,403)	(97,299)	(35,615)	(282,065)
Liability recognised in the balance sheet	23,264	40,410	154,726	68,195	286,595
Provision in respect of prior years					174
Provision for claims handling costs					5,965
Provision in respect of portfolio transfer*					447
Total provision included in the Statement of Financial Position					293,181

Claims (net)					
Policy year	2019/20	2020/21	2021/22	2022/23	Total
	US$000	US$000	US$000	US$000	US$000
Estimate of ultimate claims costs:					
- at end of policy year	10,699	10,885	12,203	9,371	
- one year later	9,658	9,666	15,038		
- two years later	9,019	10,356			
- three years later	9,154				
Current estimate of ultimate claims costs	9,154	10,356	15,038	9,371	43,919
Cumulative payments to date	(7,674)	(7,184)	(9,263)	(3,540)	(27,661)
Liability recognised in the balance sheet	1,480	3,172	5,775	5,831	16,258
Provision in respect of prior years					271
Provision for claims handling costs					596
Provision in respect of portfolio transfer*					22
Total provision included in the Statement of Financial Position					17,147

*The provision in respect of the portfolio transfer relates to the transfer of insurance business from The Shipowners' Mutual Strike Insurance Association Europe on 25 January 2022.

14. Debtors arising out of direct insurance operations

	2023	2022
	US$000	US$000
Members	38,232	36,841
Intermediaries	532	447
Reinsurers	741	-
Debtors arising out of direct insurance operations	39,505	37,288

15. Creditors arising out of direct insurance operations

	2023	2022
	US$000	US$000
Members	5,293	6,292
Intermediaries	5,208	6,113
Reinsurers	365	594
Creditors arising out of direct insurance operations	10,866	12,999

16. Rates of exchange

	2023	2022
The year-end rates of exchange for US$ were:		
Australian dollar	1.46	1.40
Canadian dollar	1.35	1.27
Euro	0.94	0.88
Japanese yen	134.42	115.40
Singapore dollar	1.34	1.35
Swiss franc	0.93	0.92
UK pound	0.83	0.74

17. Share capital

	2023	2022
	US$000	US$000
Authorised: 635,000 ordinary common shares of €1 each	724	724
Issued and paid up	724	724

Standard Ireland has one class of ordinary shares which carry no right to fixed income. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up. Standard Ireland's sole shareholder is its parent, Standard Club.

Standard Ireland is part of a mutual insurance group that is non-profitmaking and so describes its retained profit and losses as contingency reserves.

18. Capital contribution

During the financial year to 20 February 2023, Standard Ireland received no capital contributions (2022: $nil).

19. Dividends

The directors did not pay a dividend during the financial year ended 20 February 2023 (2022: $nil) and are not proposing a final dividend (2022: $nil).

20. Ultimate parent undertaking

The directors previously regarded The Standard Club Ltd ("Standard Club"), a company registered in Bermuda, as the immediate and ultimate parent undertaking and ultimate controlling party. Copies of the consolidated financial statements of Standard Club can be obtained from its registered office: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda or can be downloaded from www.north-standard.com.

Following the 20 February 2023 merger, the directors regard NorthStandard Limited as the ultimate parent undertaking and ultimate controlling party. Copies of its financial statements can be obtained from its registered office: 100, The Quayside, Newcastle upon Tyne NE1 3DU, United Kingdom, or can be downloaded from www.north-standard.com.

21. Capital and other commitments

Standard Ireland had no capital or other commitments or contingent liabilities at 20 February 2023.

22. Related parties

Related parties as defined in FRS 102 are persons and entities that Standard Ireland has the ability to control or on which it can exercise significant influence, or persons and entities that have the ability to control or exercise significant influence on Standard Ireland, or that are influenced by another related party of Standard Ireland.

Standard Ireland is subject to the ultimate control of the corporate members of NorthStandard Limited who include insureds of Standard Ireland. These transactions are with related parties. The aggregate of these transactions is disclosed in these financial statements.

One of the five directors at the end of the financial period is a representative of insureds of Standard Ireland and corporate members of NorthStandard Limited. That director and three others are non-executive directors, two of whom are independent. The fifth, the Managing Director, is a senior employee of the group. Other than the insurance and membership interest of the member director's companies, the directors have no financial interests in Standard Ireland.

23. Events after the reporting date

Going concern

At the date of signing these financial statements, the directors' forecasts for the following 12 months indicate that Standard Ireland will be able to maintain liquidity and a surplus over its Solvency Capital requirement and will be able to continue to trade as a going concern. Even in severely stressed scenarios, the conservative investment portfolio held by Standard Ireland and the comprehensive reinsurance arrangements in place will limit the extent of any downside risk. The directors continue to monitor the position in case any stressed scenarios become more likely than is judged to be the case currently.

In the event that Standard Ireland's goes into run-off at some point after 20 February 2024 (if Standard Ireland's business renews into North EU), it has sufficient levels of surplus capital over its regulatory capital requirements to remain a going concern over the period of run off. It also holds a claims handling provision to cover the residual costs of running off historical claims after passing 90% of claims handling and operational costs to its quota share reinsurer.

Standard Ireland does not believe the impact of the war in Ukraine will adversely affect its ability to operate as a going concern.

Merger and change of control

As disclosed in the directors report and note 20, immediately after the year end the Standard Club group and North group merged and formed the NorthStandard group. The merger was concluded by the North of England Protecting and Indemnity Association Limited ('NEPIA', the parent company of the North group) becoming the sole member of The Standard Club Limited (the parent company of Standard Ireland), and the former members of Standard Club becoming members of NEPIA. NEPIA changed its name to NorthStandard Limited with effect from 20 February 2023, and is now the ultimate parent undertaking of Standard Ireland. The merger does not impact the carrying value of the assets and liabilities reported in these financial statements.

24. Approval of the financial statements

The directors approved the financial statements on 19 May 2023.

Standard Club
Part of **NorthStandard**

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