THE SHIPOWNERS' MUTUAL STRIKE INSURANCE ASSOCIATION EUROPE

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L-2146 Luxembourg
R.C.S. Luxembourg B 50.025

Financial statements
20 February 2021
and
Independent auditor's report

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The Shipowners' Mutual Strike Insurance Association Europe

Registered Office: 74, RUE DE MERL, L-2146 LUXEMBOURG

Directors' Report for the year ended 20 February 2021

To the Members of The Shipowners' Mutual Strike Insurance Association Europe

In accordance with our duties as Directors of The Shipowners' Mutual Strike Insurance Association Europe ("Strike Insurance Europe"), we hereby present the statutory accounts for the year ended 20 February 2021.

The technical account shows a profit of $99.898, with an overall profit of $13.579, compared with the period ended 2020 which produced a technical loss of $1.727.742, with an overall loss of $1.775.484. Gross calls, before reinsurance, decreased from $21.048.177 in 2020 to $586.321 in 2021 and gross claims paid decreased from $22.978.970 in 2020 to $5.532.952 in 2021. Gross provision for claims decreased from $8.465.403 in 2020 to $1.975.343 in 2021. Net of reinsurance, the claims in the technical account were a net credit of $59.375 in 2021, compared with a net cost of $1,082,639 in 2020.

Strike Insurance Europe's activity during the period was in conformity with its statutes. Strike Insurance Europe remained invested cautiously and no derivative products were bought. Strike Insurance Europe does not face abnormal price, credit, liquidity or treasury risks and did not incur any research and development expenses. Strike Insurance Europe has a UK branch office in The Minster Building, 21 Mincing Lane, London, EC3R 7AG.

Over the last few years, the board and managers continued the transformation of underwriting, business development and operational structure to deliver greater efficiency to members. Strike Insurance Europe became part of the Standard Club group with effect from 1 February 2019 following approval by Strike Insurance Europe members in general meeting on 8 November 2018. Strike Insurance Europe ceased underwriting on 20 February 2020 and from 21 February 2020 the former Strike Insurance Europe members have been able to buy strike & delay and war risks insurances from other insurers in the Standard Club group. Strike insurance Europe continues to meet its obligations to members insured for the 2019/20 and earlier policy years, with Standard Reinsurance (Bermuda) Ltd supporting it as quota share reinsurer.

One further efficiency improvement would be for Strike Insurance Europe to seek approval from the Luxembourg and Irish insurance regulators to transfer its insurance obligations to Dublin-based The Standard Club Ireland DAC which now insures strike & delay and war risks and which, like Standard Reinsurance (Bermuda) Ltd, has a published "A" financial strength rating from the financial rating agency Standard & Poor's. Strike Insurance Europe is discussing this plan with the Luxembourg and Irish insurance regulators with a view to trying to complete a portfolio transfer before February 2022 and, given the plan to close Strike Insurance Europe, the financial statements for the year ended 20 February 2021 have therefore been prepared on a non-going concern basis of accounting.

The directors have been monitoring the development of the impact of Covid-19 both directly on the club's affairs and indirectly through the development of government policy and advice. The Association insures only limited aspects of the effects of Covid-19. In addition, by taking the decision to cease underwriting all policy coverage ended on or before 20 February 2020, before most countries saw major disruption. Up to 20 February 2021, only three valid Covid-19 claims were notified to the Association, with an aggregate estimated cost of USD 0.2m. At 20 February 2021 and 20 February 2020, the Association held no investments other than cash at bank, so it did not suffer from investment market volatility.

We propose that you approve the balance sheet and the statement of profit and loss as presented to you.

The Board of Directors

Director
The Shipowners' Mutual Strike Insurance Association Europe

Director
The Shipowners' Mutual Strike Insurance Association Europe

Director
S.C. Management (Luxembourg) SA
Managers

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Boîte Postale 351
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To the Members of
The Shipowners' Mutual Strike Insurance Association Europe

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Shipowners' Mutual Strike Insurance Association Europe (the "Association"), which comprise the balance sheet as at 20 February 2021, and the profit and loss account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Association as at 20 February 2021, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Notes 1 and 19 of these financial statements, which indicate that the Association having ceased underwriting on 20 February 2020, the intention of the Board of Directors is to close the Association after the completion of the portfolio transfer being discussed with the Luxembourg and Irish Insurance regulators and expected to be finalized before February 2022. These financial statements have therefore been prepared using a non-going concern basis of accounting. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the 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.

Valuation and cut off of provisions for claims and reinsurer's share of provision for claims

Description

The valuation of provision for claims both reported and not reported 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 the provisions for claims.

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

Gross provision for claims at 20 February 2021 was $1.9m (2020: $8.5m). Net provision for claims at 20 February 2021 was $0.2m (2020: $0.8m)

Case reserves are inherently uncertain and rely on:

- The expertise of the claims handlers and their experience in 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 the actuarial models;
- Selection of appropriate actuarial methodologies; and
- The application of appropriate actuarial techniques, judgement and assumptions.

The Association is primarily covered by Standard Club Group's quota share reinsurance arrangements, and also has excess of loss reinsurance arrangements with external reinsurers. Reinsurer's share of provision for claims is dependent on the correct valuation of gross reserves and the appropriate application of the reinsurance agreements in place.

How our audit addressed the key audit matter

We have performed the following:

i. Valuation of Case Estimates:

   - We have substantively tested a sample of claims estimates including those above our selected level of performance materiality and agreed amounts to supporting documentation, such as legal correspondence, as to assess whether the case estimates are valued appropriately.

ii. Cut-off of Case Reserves:

- We agreed a sample of claim adjustments including those above performance materiality and payments around the year end to supporting documentation and bank statements, to assess whether the adjustments and payments were accounted for in the correct period.

iii. Valuation of IBNR:

- We reconciled the key actuarial inputs used in the actuarial models to accounting records;
- We engaged actuarial experts from BDO network to assist us in assessing the appropriateness of the methodologies employed by the Association when setting technical provisions.

iv. Valuation of Reinsurer's Share of provision for claims:

- We performed a recalculation of quota share recoveries;
- We assessed whether the excess of loss reinsurance recoveries had been correctly recorded;
- We performed a recalculation of the external reinsurer's share of technical provisions, validating the calculation used to the reinsurance contracts for the respective policy years; and
- Actuarial experts from BDO network have assisted us to consider the application of the external reinsurance program in the net reserves calculated by the Standard Club's internal actuarial team.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the financial statements and our report of the "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and Those Charged With Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors determines 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 Board of Directors is responsible for assessing the Association's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Association's financial reporting process.

Responsibilities of the "*réviseur d'entreprises agréé*" for the audit of the financial statements

The objectives of our audit 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 a report of "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N°537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Report on Other Legal and Regulatory Requirements

We have been appointed as "*réviseur d'entreprises agréé*" by the General Meeting of Members of the Association held on 18 August 2020 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The Directors' report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in the EU Regulation No 537/2014 were not provided and that we remained independent of the Association in conducting the audit.

Luxembourg, 28 May 2021

BDO Audit
Cabinet de révision agréé
represented by

Jessica Ott

The Shipowners' Mutual Strike Insurance Association Europe
Société Anonyme

Balance sheet
20 February 2021 and 20 February 2020
(expressed in USD)

A S S E T S	**2021**	**2020**
Reinsurers' share of technical provisions (Note 2)		
Provision for claims	1.814.159	7.701.233
Debtors (Notes 2 and 3)		
Debtors arising out of direct insurance operations	1.157.838	2.246.941
Debtors arising out of reinsurance operations	5.237.166	8.526.868
	6.395.004	10.773.809
Other debtors	28.080	---
Other assets		
Cash at bank and in hand	5.600.580	626.137
Prepayments and accrued income		
Other prepayments and accrued income (Note 4)	1.673	3.205.619
	1.673	3.205.619
	13.839.496	22.306.798

The accompanying notes form an integral part of these financial statements

The Shipowners' Mutual Strike Insurance Association Europe
Société Anonyme

Balance sheet
20 February 2021 and 20 February 2020
(expressed in USD)

LIABILITIES	**2021**	**2020**
Members' equity		
Surplus brought forward	7.722.000	9.497.484
Profit / (Loss) for the financial year	13.579	(1.775.484)
	--------------------	--------------------
	7.735.579	7.722.000
Subordinated liabilities (Note 5)	1.000.000	1.000.000
Technical provisions		
Provision for claims	1.975.343	8.465.403
	--------------------	--------------------
	1.975.343	8.465.403
Creditors (Note 6)		
Creditors arising out of direct insurance operations	1.588.327	913.516
Creditors arising out of reinsurance operations	1.283.419	3.080.567
Other creditors, including tax and social security	86.319	169.794
	--------------------	--------------------
	2.958.065	4.163.877
Accruals and deferred income (Note 7)	170.509	955.518
	--------------------	--------------------
	13.839.496	22.306.798
	==========	==========

The accompanying notes form an integral part of these financial statements

The Shipowners' Mutual Strike Insurance Association Europe
Société Anonyme

Profit and loss account

For the financial period from 21 February 2020 to 20 February 2021
and the financial period from 1 February 2019 to 20 February 2020
(expressed in USD)

	2021	2020
Technical account for non-life insurance business		
Earned calls and releases, net of reinsurance		
Calls and releases, gross (Note 8)	586.321	21.048.177
Outward reinsurance premiums	(318.109)	(20.167.132)
Change in the gross provision for unearned premiums	---	1.137.945
	268.212	2.018.990
Allocated investment return transferred from the non-technical account (Note 9)	33.713	(39.621)
Claims incurred, net of reinsurance		
Claims paid		
Gross amount	(5.532.952)	(22.978.970)
Reinsurers' share	4.989.341	20.950.120
	(543.611)	(2.028.850)
Change in the provision for claims (Note 18)		
Gross amount	6.490.060	16.865.170
Reinsurers' share	(5.887.074)	(16.101.959)
	602.986	763.211
	59.375	(1.265.639)
Change in other technical provision, net of reinsurance (Note 10)	---	183.000
Net operating expenses		
Acquisition costs (Note 11)	(12.716)	(1.965.749)
Change in deferred acquisition costs	---	(150.903)
Administrative expenses (Note 13)	(248.686)	(507.820)
	(261.402)	(2.624.472)
Balance on the technical account for non-life insurance	99.898	(1.727.742)

The accompanying notes form an integral part of these financial statements

The Shipowners' Mutual Strike Insurance Association Europe
Société Anonyme

Profit and loss account - continued
For the financial period from 21 February 2020 to 20 February 2021
and the financial period from 1 February 2019 to 20 February 2020
(expressed in USD)

	2021	2020
Non-technical account		
Balance on the technical account for non-life insurance business	99.898	(1.727.742)
Investment income		
Income from other investments	40.074	73.956
Investment charges		
Investment management charges, including interest	(6.361)	(149.718)
Allocated investment return transferred to the non-life insurance technical account (Note 9)	(33.713)	39.621
Profit/ (Loss) before tax	99.898	(1.763.883)
Tax on profit or loss on ordinary activities	(86.319)	(11.601)
Profit / (Loss) for the financial year	13.579	(1.775.484)

The accompanying notes form an integral part of these financial statements

Notes on the financial statements
20 February 2021

Note 1 - General

The Shipowners' Mutual Strike Insurance Association Europe ("the Association or Strike Insurance Europe"), was incorporated on 9 January 1995 as a mutual insurance association under Luxembourg law.

The Association's 2019/20 policy period ran for an extended period, from 1 February 2019 to 20 February 2020, so that the period end date coincided with the traditional P&I renewal date. In the 2019 Annual General Meeting, members approved changing the financial period end to 20 February 2020, to line up with the rest of the Standard Club group.

On 1 February 2019, the first day of the prior extended financial reporting period, and following approval by members in general meetings, the Association and The Shipowners' Mutual Strike Association (Bermuda) Limited became part of the Standard Club group, which has free reserves of more than $300m and is rated A by Standard & Poor's.

Until 20 February 2020, the Association carried on active insurance of marine strike and delay risks. From 2015 until 2018, the Association also underwrote marine loss of hire insurance and from 2015 until 2019, the Association underwrote marine war risks insurance. From 21 February 2020 strike and delay risks, and from 1 February 2019 war risks, have been underwritten by other insurers in the Standard Club group (see below).

Since 21 February 2020, the Association is now in run-off, dealing with adjustment and collection of premiums, and the administration and payment of claims. One further efficiency improvement would be for Strike Insurance Europe to seek approval from the Luxembourg and Irish insurance regulators to transfer its insurance obligations to Dublin-based The Standard Club Ireland DAC which now insures strike & delay and war risks and which, like Standard Reinsurance (Bermuda) Ltd, has a published "A" financial strength rating from the financial rating agency Standard & Poor's. Strike Insurance Europe is discussing this plan with the Luxembourg and Irish insurance regulators with a view to trying to complete a portfolio transfer before February 2022 and, given the plan to close Strike Insurance Europe, the financial statements for the year ended 20 February 2021 have been prepared on a non-going concern basis of accounting.

The presentation of the annual accounts on a non-going concern basis of accounting instead of on a going concern basis has no material impact on the principal accounting policies because all amounts are already accounted for and presented at their realisable or recoverable value. The financial statements do now include a provision for closure costs of KUSD 97 at 20 February 2021 (2020: USD nil) being including in the caption "Accruals and deferred income" in the Balance Sheet – Liabilities.

Note 1 – General - continued

Historically. the Association entered into a quota share reinsurance agreement whereby it reinsured a percentage of its insurance liability for Strike & dealy and loss of hire risks with The Shipowners' Mutual Strike Association (Bermuda) Limited. On 10 September 2019, The Shipowners' Mutual Strike Association (Bermuda) Limited, was merged into another and much larger Standard Club group company, Standard Reinsurance (Bermuda) Limited. In 2019/20 the reinsured percentage was 90% And Standard Reinsurance (Bermuda) Limited continues to support the Association as its 90% quota share reinsurer of these risks in 2020/21 and going forward.

The Association's financial results and balance sheet are included in the published consolidated financial statements of Standard Club, which are available from www.standard-club.com.

Note 2 - Principal accounting policies

General principles

The financial statements are prepared in accordance with the legal requirements in force and the accounting principles generally accepted for insurance companies in Luxembourg.

The current financial reporting year started on 21 February 2020 and ended on 20 February 2021. The prior financial reporting period started on 1 February 2019 and ended on 20 February 2020.

Translation of currencies

The Association maintains its accounting records in U.S. Dollars and its financial statements are expressed in the same currency.

Currency transactions are translated into U.S. Dollars at the rates of exchange in force at the dates of the transactions.

At the closing date, assets and liabilities in foreign currencies, including technical provisions, are translated into U.S. Dollars at rates of exchange in force at that date.

The exchange differences resulting from the application of these principles are included in the profit and loss account within "Income from other investments".

Note 2 - Principal accounting policies - continued

Debtors

Debtors are shown at their nominal value, that is their recoverable amounts. Value adjustments are made for debtors when the realisable value is uncertain.

Calls and releases

Strike and delay calls include estimated total premiums, any applicable closing calls and release calls, net of any bad debts. Closing calls are credited to the profit and loss account in the current financial period if those calls are notified to members before the approval of the financial statements. Returns are debited to the profit and loss account in the accounting period to which they relate. Calls accrued but not debited at the balance sheet date are included in ‘Other prepayments and accrued income’.

Provision for claims

The provision for claims is equal to the total estimated cost of settling all claims occurring up to the end of the financial year, whether declared or not, with a deduction being made for amounts already paid in respect of such claims.

Full provision is made in the financial statements for all claims and related expenses reported but not paid at the balance sheet date as well as incurred but not reported claims.

The amount relating to reinsurance, if any, is recorded separately under assets.

Tax

Provision for Luxembourg taxation has been made in accordance with the regime currently applying to marine mutuals in Luxembourg.

Note 3 - Debtors

	2021 USD	2020 USD
Debtors arising out of direct insurance operations		
• Amounts owed by insureds incl. brokers	1.157.838	2.246.941
Debtors arising out of reinsurance operations		
• Amounts owed by market reinsurers	-	8.526.868
• Associated undertakings	5.237.166	-
Other debtors	28.080	-
	6.423.084	10.773.809

All debtors are due within one year.

Note 4 - Other prepayments and accrued income

	2021 USD	2020 USD
Amount receivable in respect of insurance and reinsurance	-	3.162.450
Prepaid charges	1.673	17.910
Recoverable VAT	-	25.259
	1.673	3.205.619

Note 5 - Subordinated liabilities

In 1995, the initial funding of the Association consisted of a subordinated loan of USD 1.000.000 from an associated undertaking. At 20 February 2021, the contribution continues as a subordinated loan of USD 1.000.000 (2020: USD 1.000.000) carrying no interest. The loan is repayable upon demand, subject to repayment of all other debts of the Association.

Note 6 - Creditors

	2021 USD	**2020 USD**
Amounts payable to insureds (including USD 643.393 of cash receipts not yet allocated at 20 February 2021 (2020: USD 396.172)	1.588.327	913.516
Amounts payable to associated undertakings	1.283.419	3.080.567
Other creditors including tax and social security	86.319	169.794
	2.958.065	4.163.877
	========	========

Note 7 - Accruals and deferred income

	2021 USD	**2020 USD**
Amount payable in respect of insurance and reinsurance	-	657.079
Provisions for commissions	170.509	298.439
	170.509	955.518
	========	========

Note 8 - Calls and releases, gross

	2021 USD	**2020 USD**
Estimated total premiums	170.589	19.927.330
Closing calls and release calls	415.762	1.120.847
	586.321	21.048.177
	=========	=========
In Member States of the European Union other than Grand Duchy of Luxembourg and UK	166.667	5.983.108
In the United Kingdom	2.601	93.388
In other States	417.053	14.971.681
	586.321	21.048.177
	=========	=========

Note 9 - Allocated investment return transferred from the non-technical account

In accordance with Article 55 of the modified Law of December 8, 1994 on the accounts of insurance and reinsurance undertakings, the Association has transferred the whole investment income, net of corresponding charges, to the non-life insurance technical accounts.

For the year ending 20 February 2020, the net investment income/loss was allococted pro rata between members'equity and provisions for claims.

Note 10 – Change in other technical provisions, net of reinsurance

The loss of hire business experienced a few large claims in early 2018, leading to actuarial projections that further losses could emerge and thus a requirement to create a reserve for unexpired risks at 31 January 2018 and at 31 January 2019.

All of the Association's business is now in run-off, with all ships now off risk, so no such reserve for unexpired risks is needed at 20 February 2020 or at 20 February 2021.

Note 11 - Acquisition costs

During the financial period ended 20 February 2021, the commissions charged in the profit and loss account were USD 12.716 by way of commissions (2020: USD 1.965.749).

Note 12 – Results from non-life operations

For the period ended 20 February 2021 and 20 February 2020, the analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses, reinsurance balance and net technical account before allocated investment return was as follows:

	Gross premiums written	Gross premiums earned	Gross claims incurred	Gross operating expenses	Reinsurance balance	Net technical account before allocated investment return
	---USD---					
Direct insurance 20 February 2021						
Class 6 – Marine, aviation and transport insurance	51.348	51.348	301.005	22.893	-404.221	131.672
Class 16 – Miscellaneous financial loss	534.973	534.973	-1.258.113	238.509	1.620.063	-65.487
Total	***586.321***	***586.321***	***-957.108***	***261.402***	***1.215.842***	***66.185***
Direct insurance 20 February 2020						
Class 6 – Marine, aviation and transport insurance	839.865	1.977.810	-4.778.302	230.972	6.542.750	-17.610
Class 16 – Miscellaneous financial loss	20.208.312	20.208.312	10.709.102	2.393.500	8.776.221	-1.670.511
Total	***21.048.177***	***22.186.122***	***5.930.800***	***2.624.472***	***15.318.971***	***-1.688.121***

Note 13 - Administrative expenses

During the financial period ended 20 February 2021, administrative expenses include fees of USD 35.000 charged by the managers of the Association to cover the cost of providing offices, staff and administration (2020: USD 33.310).

Note 14 - Reinsurance balance

The reinsurance balance amounts to USD 1.215.842 at 20 February 2021 (2020: USD 15.318.971).

Note 15 - Staff

The Association did not employ any personnel during the period (2020: 0).

Note 16 - Directors' emoluments

The members of the Board of Directors of the Association received emoluments for a total amount of USD 4.000 for the financial period ended 20 February 2021 (2020: USD 31.500).

No commitment has been entered into in respect of retirement pensions for former members of the Board.

Note 17 - Fees charged by the audit firm

Category of fees related to the period of account (excluding TVA) :

	2021 **USD**	**2020** **USD**
Statutory audit of the financial statements	45.177	74.136
Other assurance services	2.000	2.000

Note 18 - Covid-19

Both during the financial period and after the balance sheet date, the directors have been monitoring the development of the impact of Covid-19, directly on the Association's business, and indirectly through the development of government policy and advice. Standard Club has carried out a detailed risk assessment which confirms that Covid-19 has no specific impact on the major accounting estimates of the Association. The main issues are as follows.

Operational
The Association's managers have activated full business continuity contingency plans and shown the Association can continue to operate in the event of a serious prolonged incident, such as the present pandemic. Business records and documentation are stored electronically, are regularly backed-up and are accessible remotely from anywhere in the world. Personnel in each of the managers' global offices have successfully transitioned to working from home and the Association has been able to continue to provide the same level of service to its members.

Risks underwritten
The Association insures only limited aspects of the effects of Covid-19. In addition, by taking the decision to cease underwriting all policy coverage ended on or before 20 February 2020, so before most countries saw major disruption. Up to 20 February 2021, only three valid claims linked to the effects of Covid-19 were notified to the Association, with a total cost of USD 0.2 m.

Investments
At 20 February 2021 and 20 February 2020 the Association held no investments other than cash at bank, so it did not suffer from investment market volatility.

Policyholders
Despite the major downturn in economic conditions, most insureds and other business partners of the Association have not been materially affected. The managers maintain close links with insureds and brokers and have made appropriate provision for bad debts where amounts seem unlikely to be recovered.

Regulators and forecasts
The managers continue to model stressed future scenarios, including assessments of the solvency of reinsurers, to assess the Association's compliance with regulatory capital requirements in the context of the risk appetite determined by the Board.

Note 19 - Portfolio transfer and subsequent closure

Over the last few years, the board and managers continued the transformation of underwriting, business development and operational structure to deliver greater efficiency to members.

Strike Insurance Europe became part of the Standard Club group with effect from 1 February 2019 following approval by Strike Insurance Europe members in general meeting on 8 November 2018. Strike Insurance Europe ceased underwriting on 20 February 2020 and from 21 February 2020 the former Strike Insurance Europe members have been able to buy strike & delay and war risks insurances from other insurers in the Standard Club group.

Strike insurance Europe continues to meet its obligations to members insured for the 2019/20 and earlier policy years, with Standard Reinsurance (Bermuda) Ltd supporting it as quota share reinsurer.

One further efficiency improvement would be for Strike Insurance Europe to seek approval from the Luxembourg and Irish insurance regulators to transfer its insurance obligations to Dublin-based The Standard Club Ireland DAC which now insures strike & delay and war risks and which, like Standard Reinsurance (Bermuda) Ltd, has a published “A” financial strength rating from the financial rating agency Standard & Poor’s. Strike Insurance Europe is discussing this plan with the Luxembourg and Irish insurance regulators with a view to trying to complete a portfolio transfer before February 2022 and, given the plan to close Strike Insurance Europe, the financial statements for the year ended 20 February 2021 have been prepared on a non-going concern basis of accounting.