The Standard Club Ireland DAC

Annual Report and Financial Statements 2022

Standard Club

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DIRECTORS' REPORT

The directors have pleasure in presenting the audited financial statements of The Standard Club Ireland DAC ("Standard Ireland") for the financial year 20 February 2022.

Principal activities

Standard Ireland was incorporated in Ireland on 13 August 2018 as a single member designated activity company limited by shares. Standard Ireland is wholly owned by The Standard Club Ltd ("Standard Club" or "the club"), a Bermudian mutual insurance undertaking, which is the ultimate parent and ultimate controlling party in 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 ship operating members the choice of an EU insurer. It started underwriting P&I, defence, war risks and related marine insurance covers, on 20 February 2019, then 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
Chairman
Non-executive director

M Brady
Independent non-executive director
Chairman of audit committee

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

R Drummond
Managing director
(Resigned 25 November 2021)

C McGettrick
Independent non-executive director
Chairman of risk committee

W Robinson
Managing director
(Appointed 25 November 2021)

All the directors are members of the Audit Committee and the Risk Committee. The directors and secretary who held office at 20 February 2022 had no interests greater than 1% in the shares of Standard Ireland or of group companies (2021: no interest greater than 1%).

Managers

Standard Ireland is managed by Standard Club Management (Europe) Limited, which was previously known as Charles Taylor & Co. (Ireland) Limited.

Company secretary

Charles Taylor Administration Services Limited was company secretary until 21 May 2021, when Charles Taylor & Co. (Ireland) Limited was appointed. The name of that company changed to Standard Club Management (Europe) Limited on 20 August 2021.

Registered office

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Business review

Standard Ireland's gross premium written for the financial year was $148,693k (2021: $148,214k), with a net loss before tax of $55k (2021: net profit before tax of $4,843k). The breakeven result for the financial year is a good performance in what has been a challenging year, with several large claims, rising inflation and difficult government bond markets.
Standard Ireland's net assets at 20 February 2022 were $35,602k (2021: $35,665k).

Key performance indicators

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

	2022	2021
Premium $k	**148,693**	148,214
Free reserves $k[1]	**34,878**	34,941
Claims cover[2]	**3.34**	3.81
Combined ratio %[3]	**100%**	99%
Tonnage mgt	**69**	67

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.

Dividends

The directors do not propose any dividends for the financial year (2021: $nil).

Outlook

Standard Ireland's financial position means that it is well positioned to continue to offer a full range of P&I, defence, war risks, strike & delay and related marine insurance covers to its members.

The directors continue to monitor the impacts of COVID-19, both directly on Standard Ireland's business and indirectly through government policy and advice. The managers have invested significantly to support the resilience of the workforce, ensuring they can all work remotely and are able to be flexible about how, when and where they work. COVID-19 is considered in further detail in Note 3.

Strategy and business plan

Standard Ireland was established in Ireland so that the Standard Club group could continue to offer its ship operating 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 an arm's length quota share agreement with its S&P 'A' rated fellow subsidiary, Standard Reinsurance (Bermuda) Limited ('Standard Re').

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

On 20 August 2021, Standard Club completed its transition to a new operating model, with core management performed by an 'in house' manager owned by Standard Club. 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. This change has enabled Standard Club to insource and manage its day-to-day operations, while retaining the entrepreneurial and member-centric culture that has led to its success over many decades. As part of the transition the outsourcing framework under which the new operating model will be governed has been reviewed. New contractual agreements are in place with Charles Taylor with effect from August 2021 for the provision of support services including Standard Club's technology and services, investment management, internal audit and other support services under multi-year contracts.

Environmental, social and governance

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 the club 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 the club's management of these issues.

The club's sustainability team is made up of representatives from all different aspects of the business: claims, underwriting, loss prevention, risk, compliance, marketing and finance. The team reports directly to the Chief

Executive and in turn to the club board. Alongside this, Standard Club's Alternative Fuels Working Group, internal Climate Change and Ship Recycling go-to teams, and Corporate Social Responsibility employee resource group are closely linked to the sustainability team, sharing insights and working together on key topics which impact upon the club, its members and staff.

In 2021, the club conducted an internal materiality assessment to understand the full impact of any environmental, social and governance issues which might affect the organisation, while highlighting any areas for potential meaningful change moving forward.

This assessment has enabled the club's management team to identify the sustainability topics which are most material to the club's operations and its long-term success. The intention being to ensure that trends are identified which might affect the club's ability to provide P&I covers which represent excellent and sustainable value; enhance business strategy using materiality inputs to reflect new business risks and opportunities; prioritise the club's resources to address sustainability issues that matter most to members and other stakeholders; and to identify areas of interest to the club's key stakeholders.

Standard Club's first sustainability report will be published later this year, outlining the findings from this initial assessment and the club's coordinated and strategic approach to managing sustainability issues in the future.

One of the most complex and significant sustainability challenges facing all members is that of decarbonisation. 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 experts from across the industry to help the Group with wider concerns.

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 is due to be published in the summer of 2022.

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

The shift to agile working, with staff working a number of days per week from home, has cut commuting emissions and business travel emissions compared with pre-Covid levels. With the restrictions around travel being 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.

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

Accounting records

The directors believe they have complied with the requirements of sections 261 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

On 24 February 2022, Russia launched an attack on Ukraine, marking a sudden escalation of the conflict between the two countries. As a result, significant sanctions have been placed on Russia by countries such as the United States of America, the United Kingdom and members of the European Union. Standard Ireland does not believe the impact of the war in Ukraine will adversely affect its ability to operate as a going concern.

On 14 March 2022 it was announced that North and Standard Club have entered formal discussions for a proposed merger to create a new global marine insurer and one of the largest providers of mutual cover in the maritime industries. The proposed merger remains subject to the approval of the full mutual membership of both clubs and of all the appropriate regulatory authorities. Member voting procedures are anticipated to conclude by the end of May 2022. If approved, the formal merger of both clubs is expected to complete by 20th February 2023. There is no impact of these discussions on 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.

Detailed risk disclosures are set out in detail in note 3 to the financial statements, starting on page 23.

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 of its requirements during the financial year. Standard Ireland is not required to comply with the additional requirements for major institutions.

At the request of the Central Bank of Ireland, a third-party governance review of Standard Ireland's board and board sub-committee operational effectiveness was carried out. Standard Ireland commissioned PwC to carry out the review. PwC's work included review of board and sub-committee materials and interviews with a number of directors and managers. The results were presented to the board at its meeting in January 2022 and subsequently submitted to the Central Bank of Ireland. Overall, the review did not identify any material issues, and noted many good practices being used by Standard Ireland. The report contained minor observations and recommendations in order to assist the board and sub-committees discharge their duties appropriately. The recommendations are in the process of being implemented.

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.

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**	24 May 2022
Director	Director	

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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 2022, 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 2022 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 2022 $182.2m (2021: $142.2m). Net Technical provisions were $15.2m (2021: $12.7m).

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

Key audit matter	How our audit addressed the key audit matter	Conclusion of findings
• 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.	• 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; • 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 $2.97m, which represents approximately 1% and 8% 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 ($185k) 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 8, 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_ auditors_responsiblities_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 three years, covering the financial years ended 20 February 2020 to 20 February 2022.

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.

24 May 2022

Stephen McCallion
for and on behalf of
BDO
Statutory Audit Firm

Date

Dublin
AI223876

STATEMENT OF COMPREHENSIVE INCOME

for the financial year 20 February 2022

	Note	**2022 US$000**	2021 US$000
Technical account for non-life insurance business			
Gross premiums earned, including calls	5	**148,693**	148,214
Outward reinsurance premiums	6	**(137,095)**	(135,769)
Earned premiums, net of reinsurance		**11,598**	12,445
Expenditure			
Gross claims paid	7	**77,971**	51,714
Reinsurers' share	8	**(70,195)**	(46,543)
Net claims paid		**7,776**	5,171
Change in provision for gross claims		**39,353**	62,380
Reinsurers' share		**(36,738)**	(57,541)
Change in net provision for claims		**2,615**	4,839
Claims incurred, net of reinsurance		**10,391**	10,010
Net operating expenses	9	**1,393**	1,129
Total expenditure		**11,784**	11,139
Balance on the technical account for non-life insurance business		**(186)**	1,306
Non-technical account			
Balance on the technical account for non-life insurance business		**(186)**	1,306
Investment return net of expenses and charges	10	**2**	3,156
Profit on foreign exchange		**129**	381
Profit/(loss) on ordinary activities before taxation		**(55)**	4,843
Tax on ordinary activities	11	**(8)**	(560)
Profit/(loss) for the financial year		**(63)**	4,283

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

The notes on pages 19 to 37 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 20 February 2022

	Note	2022 US$000	2021 US$000
ASSETS			
Investments			
Other financial investments	12	**37,468**	37,628
Reinsurers' share of technical provisions			
Claims outstanding	13	**166,954**	129,481
Debtors			
Debtors arising out of direct insurance operations	14	**37,288**	34,605
Amounts owed by group undertakings		**18,156**	17,295
Other debtors		**2,382**	725
		57,826	52,625
Other assets			
Cash at bank and in hand		**1,890**	3,215
Prepayments and accrued income		**5,306**	4,415
Total assets		**269,444**	227,364
EQUITY			
Capital and reserves			
Called up share capital presented as equity	17	**724**	724
Contingency reserve		**34,878**	34,941
Shareholders' funds attributable to equity interests		**35,602**	35,665
LIABILITIES			
Technical provisions			
Gross claims outstanding	13	**182,163**	142,169
Creditors			
Creditors arising out of direct insurance operations	15	**12,999**	8,349
Amounts owed to group undertakings		**35,051**	38,418
Other creditors including taxation and social security		**2,217**	1,277
		50,267	48,044
Accruals and deferred income		**1,412**	1,486
Total equity and liabilities		**269,444**	227,364

The notes on pages 19 to 37 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

24 May 2022

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 20 February 2022

	Note	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 2020		724	30,000	658	31,382
Excess/(shortfall) of income over expenditure for the period		-		4,283	4,283
Balance as at 20 February 2021		724	30,000	4,941	35,665
Balance as at 20 February 2021		**724**	**30,000**	**4,941**	**35,665**
Excess/(shortfall) of income over expenditure for the period		**-**		**(63)**	**(63)**
Balance as at 20 February 2022		**724**	**30,000**	**4,878**	**35,602**

The notes on pages 19 to 37 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 20 February 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 the Republic of 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 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's 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 apart from occupational disease claims. Due to the very long delay between the inception date of the policy and the final settlement of a claim which has arisen due an occupational disease, such occupational disease claims provisions and IBNR thereon are discounted to take account of the expected investment income receivable between the statement of financial position date and settlement on the assets held to cover these provisions.

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. Dividends are recorded on the date on which the shares are quoted ex-dividend and include the imputed tax credits. 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.

- Derivative financial investments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Standard Ireland does not engage in hedge accounting and changes in the fair value of all derivative investments are recognised immediately in the Statement of Comprehensive Income.

- 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	
	2022	2021	**2022**	2021
Impact on profit - gross of reinsurance	**US$000**	US$000	**US$000**	US$000
Increase/decrease in loss ratio by 5 percentage points	**(7,435)**	(7,411)	**7,435**	7,411
10% increase/decrease in claims handling expenses	**(400)**	(276)	**400**	276
10% increase/decrease in number of IBNR claims	**(2,662)**	(2,587)	**2,662**	2,587
Impact on profit - net of reinsurance				
Increase in loss ratio by 5 percentage points	**(580)**	(622)	**580**	622
10% increase/decrease in claims handling expenses	**(40)**	(6)	**40**	6
10% increase/decrease in number of IBNR claims	**(229)**	(209)	**229**	209

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 are market risk (including interest rate risk, equity price 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 2.9 years (2021: 3.6 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 $1.64m (2021: $2.03m).

- 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 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 position	**49,968**	**(4,485)**	**(5,837)**	**(4,044)**	**35,602**
As at 20 February 2021					
Total assets	198,607	159	27,827	771	227,364
Total liabilities	147,226	3,220	31,227	10,026	191,699
Net asset position	51,381	(3,061)	(3,400)	(9,255)	35,665

At 20 February 2022, had the Euro strengthened by 10% against the US dollar with all other variables held constant, the surplus for the period would have been $584k lower (2021: $340k lower). Similarly, had the GBP strengthened by 10% against the US dollar, the surplus for the period would have been $449k lower (2021: $306k 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:

	2022	2021
	US$000	US$000
Debt securities	**37,468**	37,628
Loans and receivables	**39,670**	35,330
Amounts owed by group undertakings	**18,156**	17,295
Cash at bank and in hand	**1,890**	3,215
Reinsurers' share of claims outstanding	**166,954**	129,481
Total assets bearing credit risk	**264,138**	222,949
AAA	**37,468**	37,628
AA	**-**	3,215
A	**187,000**	146,776
Not rated	**39,670**	35,330
Total assets bearing credit risk	**264,138**	222,949

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 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**
As at 20 February 2021						
Debt securities	37,628	-	-	-	-	37,628
Cash balances	3,215	-	-	-	-	3,215
Amounts owed by group undertakings	17,295	-	-	-	-	17,295
Loans and receivables	1,070	34,260	-	-	-	35,330
Reinsurers' share of claims outstanding	-	51,844	31,606	33,639	12,392	129,481
	59,208	86,104	31,606	33,639	12,392	222,949

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 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**
As at 20 February 2021					
Gross outstanding claims	56,969	34,700	36,900	13,600	142,169
Creditors	48,044	-	-	-	48,044
	105,013	34,700	36,900	13,600	190,213

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 2022.

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 2022				
Debt securities and other fixed income securities	**37,468**	-	-	**37,468**
	37,468	-	-	**37,468**
As at 20 February 2021				
Debt securities and other fixed income securities	37,628	-	-	37,628
	37,628	-	-	37,628

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 2022, Standard Ireland is in full compliance with these requirements.

COVID-19

As set out in the Directors’ Report, the directors have been monitoring the development of the impact of COVID-19, directly on Standard Ireland’s business, and indirectly through the development of government policy and advice. Standard Club continues to carry out detailed risk assessments which confirm that COVID-19 does not threaten the group’s going concern. The main issues are as follows.

Operational
Standard Ireland’ has activated full business continuity contingency plans and shown it can continue to operate in the event of a serious prolonged incident. Business records and documentation are stored electronically, are regularly backed-up and are accessible remotely from anywhere in the world.

Risks underwritten
Standard Ireland insures only limited aspects of the effects of COVID-19. The marine protection and indemnity (P&I) policies which form the majority of the club’s book provide cover for crew illness and death, crew repatriation and substitution, passenger illness and death, broader liabilities to passengers arising out threats to life, health or safety on board, third-party illness and death and additional quarantine expenses. Standard Ireland also provides legal expenses cover for members (Defence), and cover for COVID-19 related delays. The aggregate of COVID-19 claims notified up to 30 April 2022 across all classes of business amounted to $19m ($1.9m net of reinsurance).

Policyholders
Early in the pandemic, there was a concern that a major downturn in economic conditions would materially affect Standard Ireland’s members and business partners. In fact, the impact on members has not made a material difference to premium, and also premium and net claims impacts have been protected by Standard Ireland’s reinsurance contracts, including the quota share with Standard Re, so the overall impact on Standard Ireland’s financial performance has been modest.

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 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**	**99**
Total expenditure		**11,784**	**8,965**	**517**	**1,176**	**51**	**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**

As at 20 February 2021	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	148,214	111,425	5,794	19,135	1,190	10,670
Outward reinsurance premiums	6	(135,769)	(102,620)	(5,215)	(17,513)	(646)	(9,775)
Earned premiums, net of reinsurance		12,445	8,805	579	1,622	544	895
Expenditure							
Gross claims paid		51,714	35,730	2,579	7,485	-	5,920
Reinsurers' share		(46,543)	(32,157)	(2,321)	(6,737)	-	(5,328)
Net claims paid		5,171	3,573	258	748	-	592
Change in net provision for claims		4,839	3,527	179	848	-	285
Net operating expenses	9	1,129	789	61	89	51	139
Total expenditure		11,139	7,889	498	1,685	51	1,016
Balance on the technical account for non-life business		1,306	916	81	(63)	493	(121)
Non-technical account							
Balance on the technical account for non-life insurance business		1,306	916	81	(63)	493	(121)
Investment return net of expenses and charges	10	3,156	3,162	(3)	-	-	(3)
Profit/(loss) on foreign exchange		381	52	7	135	7	180
Profit/(loss) on ordinary activities before taxation		4,843	4,130	85	72	500	56
Tax on (profit)/loss on ordinary activities	11	(560)	(483)	(11)	-	(63)	(3)
Profit/(loss) for the financial year		4,283	3,647	74	72	437	53

4.2 Statement of financial position

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**

As at 20 February 2021	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	37,628	37,628	-	-	-	-
Reinsurers' share of technical provisions	129,481	107,715	3,510	15,172	-	3,084
Debtors	52,625	30,131	7,530	10,761	1,189	3,014
Other assets	3,215	1,439	471	882	160	263
Prepayments and accrued income	4,415	2,410	245	3	613	1,144
Total assets	227,364	179,323	11,756	26,818	1,962	7,505
Liabilities						
Reserves	35,665	34,293	274	421	624	53
Technical provisions	142,169	118,044	3,900	16,857	-	3,368
Creditors	48,044	26,186	7,569	9,527	686	4,076
Accruals and deferred income	1,486	800	13	13	652	8
Total liabilities	227,364	179,323	11,756	26,818	1,962	7,505

5. Gross premiums earned including calls

	2022	2021
	US$000	US$000
Estimated total premium, other premiums and releases for policy year 2021/22	**150,148**	148,906
Adjustment for previous policy years	**(1,455)**	(692)
Total calls and premiums	**148,693**	148,214

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

	2022 **US$000**	2021 US$000
Risks located in the EEA	**143,781**	**143,588**
Risks located in other countries	**4,912**	**4,626**
Total calls and premiums	**148,693**	**148,214**

6. Outward reinsurance premiums

	2022	2021
	US$000	US$000
Quota share reinsurance premium payable to Standard Re	**102,284**	107,114
Market reinsurance premiums	**34,811**	28,655
Reinsurance premiums paid	**137,095**	135,769

7. Claims paid

	2022	2021
	US$000	US$000
Members' claims paid	**77,337**	51,714
Other P&I clubs' pool claims	**634**	-
Total claims paid	**77,971**	51,714

8. Reinsurers' share of claims paid

	2022	2021
	US$000	US$000
Claims recoverable from market reinsurance	**(8)**	-
Quota share claims recoverable from Standard Re	**(70,187)**	(46,543)
Reinsurers' share of claims paid	**(70,195)**	(46,543)

9. Net operating expenses

	2022 US$000	2021 US$000
Acquisition costs		
Management costs	**6,233**	5,040
General expenses	**114**	65
Administrative expenses		
Management costs	**6,183**	5,002
General expenses	**378**	367
Other operating income	**151**	43
Directors' fees	**149**	118
Auditors' remuneration - audit of the financial statements	**219**	159
Auditors' remuneration - other audit services	**41**	40
Net operating expenses (before ceding commission)	**13,468**	10,834
Ceding commission	**(12,075)**	(9,705)
Net operating expenses (after ceding commission)	**1,393**	1,129

Two directors of Standard Ireland are also directors of the ultimate parent undertaking from whom they receive remuneration for their services. Total directors' remuneration during the financial period was $149k (2021: $118k). Standard Ireland has no employees.

Fees payable to Standard Ireland's auditors for the audit of the financial statements was $219k (2021: $159k). The auditors' remuneration for other services of $41k (2021: $40k) is for the Solvency II audit.

10. Investment return net of expenses and charges

	2022 US$000	2021 US$000
Investment income		
Debt securities and other fixed income securities	**642**	555
Deposit interest	**(10)**	7
Gains arising on realisation of investments	**1,852**	1,825
	2,484	2,387
Investment expenses and charges		
Investment management expenses	**(80)**	(42)
Losses on realisation of investments	**(9)**	-
	(89)	(42)
Movement in unrealised gains and losses on investments	**(2,393)**	811
Total investment return	**2**	3,156

11. Tax on ordinary activities

	2022 US$000	2021 US$000
Analysis of charge in the period		
Current tax on income for the period	**-**	597
Adjustments in respect of prior period	**12**	(37)
Total current tax	**12**	560
Deferred tax		
Origination and reversal of timing differences	**(4)**	-
Adjustments in respect of prior period	**-**	-
Total deferred tax	**(4)**	-
Tax on excess of income over expenditure	**8**	560

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% (2021: 12.5%). The differences are explained below:

	2022 US$000	2021 US$000
Profit/(loss) on ordinary activities before taxation	**(55)**	4,843
Tax at 12.5% (2021: 12.5%)	**(7)**	605
Effects of:		
Income/(expenses) not relevant for tax purposes or taxed at different rates	**3**	(8)
Adjustments in respect of prior period	**12**	(37)
Total tax charge for the year	**8**	560

12. Other financial investments

	2022 US$000	2021 US$000
Financial assets at fair value through the Statement of Comprehensive Income		
Total financial assets at market value	**37,468**	37,628
Total financial assets at cost	**38,181**	35,948
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	**37,468**	37,628

13. Claims outstanding

	2022	2021
	US$000	US$000
Open years		
Claims	**145,879**	142,169
Reinsurance recoveries	**(133,949)**	(129,481)
Net claims provision for open years included in the Statement of Financial Position	**11,930**	12,688
Closed year (policy year 2019/20)		
Claims	**36,284**	-
Reinsurance recoveries	**(33,005)**	-
Net claims provision for closed year	**3,279**	-
Total		
Claims	**182,163**	142,169
Reinsurance recoveries	**(166,954)**	(129,481)
Net claims provision	**15,209**	12,688

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

	2022	2021
	US$000	US$000
Claims outstanding		
As at the start of the year	**142,169**	80,691
Claims paid in the year	**(77,971)**	(51,714)
Exchange gains	**641**	(902)
Claims incurred during the year	**117,324**	114,094
As at 20 February	**182,163**	142,169
Reinsurers' share of claims outstanding		
As at the start of the year	**(129,481)**	(72,964)
Reinsurance recoveries made in the year	**70,195**	46,543
Exchange losses	**(735)**	1,024
Reinsurance recoverable on claims incurred during the year	**(106,933)**	(104,084)
As at 20 February	**(166,954)**	(129,481)
Net technical provisions included in the Statement of Financial Position	**15,209**	12,688

13.2. Claims development tables

Claims (gross)				
Policy year	2019/20 US$000	2020/21 US$000	2021/22 US$000	Total US$000
Estimate of ultimate claims costs:				
- at end of policy year	110,406	114,743	136,391	
- one year later	109,046	108,280		
- two years later	94,368			
Current estimate of ultimate claims costs	94,368	108,280	136,391	339,038
Cumulative payments to date	(62,464)	(56,678)	(42,115)	(161,256)
Liability recognised in the balance sheet	31,904	51,602	94,276	177,782
Provision for claims handling costs				3.999
Provision in respect of portfolio transfer				382
Total provision included in the Statement of Financial Position				**182,163**

Claims (net)				
Policy year	2019/20 US$000	2020/21 US$000	2021/22 US$000	Total US$000
Estimate of ultimate claims costs:				
- at end of policy year	10,699	10,885	12,203	
- at end of policy year	9,658	9,666		
- at end of policy year	9,019			
Current estimate of ultimate claims costs	9,019	9,666	12,203	30,888
Cumulative payments to date	(6,246)	(5,654)	(4,210)	(16,110)
Liability recognised in the balance sheet	2,773	4,012	7,993	14,778
Provision for claims handling costs				400
Provision in respect of portfolio transfer				31
Total provision included in the Statement of Financial Position				**15,209**

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, as referred to in Note 23.

14. Debtors arising out of direct insurance operations

	2022 **US$000**	2021 US$000
Members	**36,841**	34,548
Intermediaries	**447**	57
Debtors arising out of direct insurance operations	**37,288**	34,605

15. Creditors arising out of direct insurance operations

	2022	2021
	US$000	US$000
Members	6,292	3,842
Intermediaries	6,113	4,483
Reinsurers	594	24
Creditors arising out of direct insurance operations	**12,999**	8,349

16. Rates of exchange

	2022	2021
The following rates of exchange were applicable to US$1 at 20 February		
Australian dollar	1.40	1.29
Bermudian dollar	1.00	1.00
Canadian dollar	1.27	1.27
Euro	0.88	0.82
Japanese yen	115.40	105.06
Singapore dollar	1.35	1.32
Swiss franc	0.92	0.89
UK pound	0.74	0.72

17. Share capital

	2022	2021
	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.

18. Capital contribution

During the financial year to 20 February 2022, Standard Ireland received no capital contributions from its parent, Standard Club (2021: $nil).

19. Dividends

The directors did not pay a dividend during the financial year ended 20 February 2022 (2021: $nil) and are not proposing a final dividend (2021: $nil).

20. Ultimate parent undertaking

The directors regard 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: Swan Building, 26 Victoria Street, Hamilton HM 12, Bermuda or can be downloaded from www.standardclub.com.

21. Capital and other commitments

Standard Ireland had no capital or other commitments or contingent liabilities at 20 February 2022.

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 controlled by the members who are also its insureds. All members enter into insurance contracts negotiated with the managers on arm's length terms. 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 a member. 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 Standard Club group. Other than the insurance and membership interest of the member director's companies, the directors have no financial interests in Standard Ireland.

23. Portfolio transfer

On 25 January 2022, following approvals from both the Central Bank of Ireland and the Commissariat Aux Assurances, there was a cross-border portfolio transfer into Standard Ireland of all the insurance obligations of Luxembourg-based The Shipowners' Mutual Strike Insurance Association Europe ("SIE"). The background to this is that SIE became part of the Standard Club group with effect from 1 February 2019, following approval by SIE's members in general meeting. SIE ceased underwriting on 20 February 2020 and from 21 February 2020, former SIE's EU-based members have been able to buy strike & delay and war risks insurances from Standard Ireland. The portfolio transfer at 25 January 2022 was at fair value and included gross outstanding claims totalling $386k ($17k net of reinsurance, including a 90% quota share reinsurance with Standard Re). At 20 February 2022, the values were $382k gross ($31k net of reinsurance).

24. Events after the reporting date

Going concern

At the date of signing these financial statements, the directors' forecasts up to 20 February 2024 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.

War in Ukraine

On 24 February 2022, Russia launched an attack on Ukraine, marking a sudden escalation of the conflict between the two countries. As a result, significant sanctions have been placed on Russia by countries such as the United States of America, the United Kingdom and members of the European Union.

Standard Club established an internal working group to consider and monitor the impact on our business and members of the evolving situation in Ukraine. The team has representatives from Legal, Claims, Underwriting, Reinsurance, Risk, Compliance, Actuarial, Loss Prevention, the Sanctions Team, and Finance (including investments). The working group convenes at least twice weekly to assess the position and provide guidance to staff and members on related developments.

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

Claim estimate increase

A claim relating to an incident taking place just before the year end has on a gross basis deteriorated by $35m since the year end. With the comprehensive reinsurance in place, the net impact on Standard Ireland will be approximately $1m, well within the level of prudence held in Standard Ireland's claims reserves.

Merger proposal

On 14 March 2022 it was announced that North and Standard Club have entered formal discussions for a proposed merger to create a new global marine insurer and one of the largest providers of mutual cover in the maritime industries. The proposed merger remains subject to the approval of the full mutual membership of both clubs and of all the appropriate regulatory authorities. Member voting procedures are anticipated to conclude by the end of May 2022. If approved, the formal merger of both clubs is expected to complete by 20th February 2023. There is no impact of these discussions on the carrying value of the assets and liabilities reported in these financial statements.

25. Approval of the financial statements

The directors approved the financial statements on 24 May 2022.

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June 2022