

**THE SHIOWNERS' MUTUAL STRIKE
INSURANCE ASSOCIATION EUROPE**

74, rue de Merl
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Financial statements
20 February 2022
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 2022

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" or the "Association"), we hereby present the statutory accounts for the year ended 20 February 2022.

Over the last few years, Strike Insurance Europe 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, former Strike Insurance Europe members have been able to buy strike & delay and war risks insurances from other insurers in the Standard Club group.

This year, on 25 January 2022, there was a portfolio transfer of Strike Insurance Europe's remaining insurance obligations to Dublin-based The Standard Club Ireland Designated Activity Company (DAC) ("Standard Ireland").

Until the 25 January 2022 portfolio transfer to Standard Ireland, Strike Insurance Europe continued 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. Until the 25 January 2022 portfolio transfer, Strike Insurance Europe operated a UK branch office in The Minster Building, 21 Mincing Lane, London, EC3R 7AG. On 15 March 2022, the Commissariat Aux Assurances cancelled Strike Insurance Europe's insurance licence.

Strike Insurance Europe now plans to put itself into liquidation. as resolved during the Board of Directors meeting held on 21 February 2022 to propose to the Members of the Association putting the Association into voluntary liquidation. Therefore, the financial statements for the year ended 20 February 2022 have been prepared on a non-going concern basis of accounting.

Strike Insurance Europe's activity during the year 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.

Covid had only a minimal impact on Strike Insurance Europe because it insured only limited aspects of Covid's effects and, 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 the 25 January 2022 portfolio transfer, only three valid Covid-19 claims were notified to the Association, with an aggregate estimated cost of USD 0.2m. At 20 February 2022, the Association held no investments other than cash at bank, so it did not suffer from investment market volatility.

Following a preliminary assessment of the potential impact of the Ukraine war, the managers have determined that the Association has no exposure in terms of risks underwritten (following the 25 January 2022 portfolio transfer), investments or membership.

The technical account shows a loss before tax of \$243.132, with an overall loss of \$301.272, compared with the year ended 2021 which produced a technical profit of \$99.898, with an overall profit of \$13.579. Gross calls, before reinsurance, decreased from \$586.321 in 2021 to \$165.677 in 2022 and gross claims paid decreased from \$5.532.952 in 2021 to \$1.123.930 in 2022. Gross provision for claims decreased from \$1.975.343 in 2021 to \$nil in 2022. Net of reinsurance, the claims in the technical account were a net debit of \$24.743 in 2022, compared with a net credit of \$59.375 in 2021.

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

The Board of Directors

Director
The Shipowners' Mutual Strike Insurance Association Europe

Director
The Shipowners' Mutual Strike Insurance Association Europe

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 2022, 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 2022, 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 20 of these financial statements which indicate that the Association, having ceased underwriting on 21 February 2020 and transferred its portfolio to Standard Ireland on 25 January 2022, has obtained on 15 March 2022 the waiver of its insurance licence from the Commissariat aux Assurances. On 21 February 2022, the Board of Directors resolves to liquidate the Association and to propose to the members of the Association to put the Association into voluntary liquidation. 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 judgement, 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.

Portfolio transfer: Valuation of the technical provisions and of the reinsurers' share of technical provisions in the balance sheet of the Association as at the date of transfer.

Description

As described in the Note 17 of the financial statements, the application seeking the Commissariat aux Assurances ("CAA")'s approval to the portfolio transfer from the Association to Standard Club Ireland DAC was approved on 18 January 2022. The approval of the portfolio transfer by the CAA was published in the Luxembourg Memorial on 25 January 2022 ("date of transfer").

As a result, at 20 February 2022, the Association's balance sheet holds no longer technical provisions, insurance or reinsurance debtors or creditors. The portfolio transfer therefore impacts the change in the provision for claims which include technical provisions and reinsurers' share of technical provisions in the profit and loss account of the Association for the financial year ended 20 February 2022 for respectively EUR 386.188 and EUR 369.169 (see Note 17).

The overriding risk around the portfolio transfer is the valuation of the technical provisions and of the reinsurers' share of technical provisions in the balance sheet of the Association as at the date of transfer. The valuation of these is considered to be a significant risk in the context of the portfolio transfer due to high level of judgements and assumptions used:

Case reserves are inherently uncertain and rely on:

- i) The expertise of the claims handlers and their experience of assessing claims in different jurisdictions and of different types; and
- ii) Correct and timely entry of claims information onto the claims system.

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

- i) Up to date and relevant claims data being input correctly into actuarial models;
- ii) Selection of appropriate actuarial methodologies;
- iii) The application of appropriate subjective assumptions supported by relevant documentation; and
- iv) Appropriate allocation to each entity of the Standard Club Group to which the Association belongs.

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 reserves as at the date of transfer:
 - 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. Valuation of IBNR as at the date of transfer
 - 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;
 - We have inspected the basis of allocation of IBNR to the Association and assessed its appropriateness; and
 - We have reconciled the key actuarial data to accounting records.
- iii. Reinsurers' share of technical Provisions as at the date of the transfer:
 - We performed a recalculation of quota share recoveries; and
 - 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.

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 judgement and maintain professional scepticism 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 5 August 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is three 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, 9 August 2022

BDO Audit
Cabinet de révision agréé
represented by



Jessica Ott

The Shipowners' Mutual Strike Insurance Association Europe
Société Anonyme

Balance sheet
20 February 2022
(expressed in USD)

<u>ASSETS</u>	2022	2021
Reinsurers' share of technical provisions (Note 2)		
Provision for claims	---	1,814,159
Debtors (Notes 2 and 3)		
Debtors arising out of direct insurance operations	---	1,157,838
Debtors arising out of reinsurance operations	---	5,237,166
	-----	-----
	---	6,395,004
Other debtors (Note 3)	8,261,020	28,080
Other assets		
Cash at bank and in hand	230,821	5,600,580
Prepayments and accrued income		
Other prepayments and accrued income (Note 4)	---	1,673
	-----	-----
	---	1,673
	-----	-----
	8,491,841	13,839,496
	=====	=====

The accompanying notes form an integral part of these financial statements

The Shipowners' Mutual Strike Insurance Association Europe
Société Anonyme

Balance sheet
20 February 2022
(expressed in USD)

<u>LIABILITIES</u>	2022	2021
Members' equity		
Surplus brought forward	7.735.579	7.722.000
Profit / (Loss) for the financial year	(301.272)	13.579
	-----	-----
	7.434.307	7.735.579
Subordinated liabilities (Note 5)	1.000.000	1.000.000
Technical provisions		
Provision for claims	---	1.975.343
	-----	-----
	---	1.975.343
Creditors (Note 6)		
Creditors arising out of direct insurance operations	---	1.588.327
Creditors arising out of reinsurance operations	---	1.283.419
Other creditors, including tax and social security	57.534	86.319
	-----	-----
	57.534	2.958.065
Accruals and deferred income (Note 7)	---	170.509
	-----	-----
	8.491.841	13.839.496
	=====	=====

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 year ended 20 February 2022
(expressed in USD)

	2022	2021
Technical account for non-life insurance business		
Earned calls and releases, net of reinsurance		
Calls and releases, gross (Note 8)	165,677	586,321
Outward reinsurance premiums	(169,122)	(318,109)
	-----	-----
	(3,445)	268,212
Allocated investment return transferred from the non-technical account (Note 9)	(46,873)	33,713
Claims incurred, net of reinsurance		
Claims paid		
Gross amount	(1,123,930)	(5,532,952)
Reinsurers' share	938,003	4,989,341
	-----	-----
	(185,927)	(543,611)
Change in the provision for claims (Note 17)		
Gross amount	1,975,343	6,490,060
Reinsurers' share	(1,814,159)	(5,887,074)
	-----	-----
	161,184	602,986
	-----	-----
	(24,743)	59,375
Net operating expenses		
Acquisition costs (Note 10)	(24,663)	(12,716)
Administrative expenses (Note 12)	(143,408)	(248,686)
	-----	-----
	(168,071)	(261,402)
	-----	-----
Balance on the technical account for non-life insurance	(243,132)	99,898

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 year ended 20 February 2022
(expressed in USD)

	2022	2021
Non-technical account		
Balance on the technical account for non-life insurance business	(243.132)	99.898
Investment income		
Income from other investments	154	40.074
Investment charges		
Investment management charges, including interest	(47.027)	(6.361)
Allocated investment return transferred to the non-life insurance technical account (Note 9)	46.873	(33.713)
	-----	-----
Profit/ (Loss) before tax	(243.132)	99.898
Tax on profit or loss on ordinary activities	(58.140)	(86.319)
	-----	-----
Profit / (Loss) for the financial year	(301.272)	13.579
	=====	=====

The accompanying notes form an integral part of these financial statements

The Shipowners' Mutual Strike Insurance Association Europe

Notes on the financial statements

20 February 2022

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.

On 1 February 2019, following approval by members in general meetings, the Association and The Shipowners' Mutual Strike Association (Bermuda) Limited became part of the Standard Club group, rated 'A' by Standard & Poor's, with free reserves of more than \$300m.

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 has been in run-off, dealing with adjustment and collection of premiums, and the administration and payment of claims. Then, on 25 January 2022, there was a portfolio transfer of Strike Insurance Europe's remaining insurance obligations to Dublin-based The Standard Club Ireland DAC ("Standard Ireland").

Until the 25 January 2022 portfolio transfer to Standard Ireland, Strike Insurance Europe continued 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. Until the 25 January 2022 portfolio transfer, Strike Insurance Europe operated a UK branch office in The Minster Building, 21 Mincing Lane, London, EC3R 7AG.

Strike Insurance Europe now plans to put itself into liquidation and so the financial statements for the year ended 20 February 2022 as it has been resolved during the Board of Directors meeting held as 21 February 2022 to liquidate the Association and to propose to the Members of the Association to put the Association into voluntary liquidation. The financial statements 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 include a provision for closure costs of USD 97.000 at 25 January 2022, which has been transferred to Standard Ireland within the portfolio transfer) (20 February 2021: USD 97.000 within Strike Insurance Europe) which was included in the caption "Accruals and deferred income" in the Balance Sheet – Liabilities at year end 20 February 2021.

Notes on the financial statements

20 February 2022

Note 1 - General - continued

Historically, the Association had a quota share reinsurance agreement which reinsured a percentage of its insurance liability for strike & delay 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%. Standard Reinsurance (Bermuda) Limited continued to support the Association as its 90% quota share reinsurer of these risks in 2020/21 until the portfolio transfer.

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

Translation of currencies

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

Currency transactions are translated into United States 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 United States 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".

Notes on the financial statements

20 February 2022

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 year 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 year 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.

The Shipowners' Mutual Strike Insurance Association Europe

Notes on the financial statements

20 February 2022

Note 3 - Debtors

	2022 USD	2021 USD
Debtors arising out of direct insurance operations		
• Amounts owed by insureds and brokers	-	1.157.838
Debtors arising out of reinsurance operations		
• Amounts owed by market reinsurers	-	-
• Associated undertakings	-	5.237.166
Other debtors		
• Associated undertakings	8.211.383	-
• Others	49.637	28.080
	-----	-----
	8.261.020	6.423.084
	=====	=====

All debtors are due within one year.

The amount booked in the "Other debtors – from associated undertakings", i.e. with Standard Reinsurance (Bermuda) Ltd, is mainly made up of a cash amount initially due on claim payments of the past and never settled in cash. Following the transfer of portfolio, this residual amount is reclassified as an intercompany balance not related to reinsurance operations.

Note 4 - Other prepayments and accrued income

	2022 USD	2021 USD
Prepaid charges	-	1.673
	=====	=====

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 2022, the contribution continues as a subordinated loan of USD 1.000.000 (2021: USD 1.000.000) carrying no interest. The loan is repayable upon demand, subject to repayment of all other debts of the Association.

The Shipowners' Mutual Strike Insurance Association Europe

Notes on the financial statements

20 February 2022

Note 6 - Creditors

	2022 USD	2021 USD
Amounts payable to insureds (including USD nil of cash receipts not yet allocated at 20 February 2022 (2021: USD 643.393))	-	1.588.327
Amounts payable to associated undertakings	-	1.283.419
Other creditors including tax and social security	57.534	86.319
	-----	-----
	57.534	2.958.065
	=====	=====

Note 7 - Accruals and deferred income

	2022 USD	2021 USD
Amount payable in respect of commissions	-	170.509
	=====	=====

Note 8 - Calls and releases, gross

	2022 USD	2021 USD
Estimated total premiums	24.274	170.589
Closing calls and release calls	141.403	415.732
	-----	-----
	165.677	586.321
	=====	=====
In Member States of the European Union other than Grand Duchy of Luxembourg	47.093	166.667
In the United Kingdom	-	2.601
In other States	118.584	417.053
	-----	-----
	165.677	586.321
	=====	=====

Notes on the financial statements

20 February 2022

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, from the non-technical account to the non-life insurance technical accounts.

For the year ending 20 February 2021, the net investment income/loss was allocated pro rata between members' equity and provisions for claims.

Note 10 - Acquisition costs

During the financial year ended 20 February 2022, the commissions charged in the profit and loss account were USD 24.663 (2021: USD 12.716).

Note 11 - Results from non-life operations

For the years ended 20 February 2022 and 20 February 2021, 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:

The Shipowners' Mutual Strike Insurance Association Europe

Notes on the financial statements

20 February 2022

Note 11 - Results from non-life operations - continued

	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 2022						
Class 6 – Marine, aviation and transport insurance	19.021	19.021	-306.179	19.296	376.992	-71.088
Class 16 – Miscellaneous financial loss	146.656	146.656	-545.234	148.775	668.286	-125.171
Total	165.677	165.677	-851.413	168.071	1.045.278	-196.259
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

Note 12 - Administrative expenses

During the financial year ended 20 February 2022, administrative expenses include fees of USD 7.500 charged by the managers of the Association to cover the cost of providing offices, staff and administration (2021: USD 35,000).

Note 13 - Reinsurance balance

The reinsurance balance amounts to USD -1.045.278 at 20 February 2022 (2021: USD 1.215.842).

The Shipowners' Mutual Strike Insurance Association Europe

Notes on the financial statements

20 February 2022

Note 14 - Staff

The Association did not employ any personnel during the year (2021: 0).

Note 15 - Directors' emoluments

The members of the Board of Directors of the Association received emoluments for a total amount of USD 7.500 (including withholding tax of 20%), i.e. net amount of USD 6.000, for the financial year ended 20 February 2022 (2021: USD 4,000 net).

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

Note 16 - Fees charged by the audit firm

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

	2022	2021
	USD	USD
Statutory audit of the financial statements	78.695	45.177
Other assurance services	-	2.000

Note 17 - Portfolio transfer to The Standard Club Ireland DAC

As at 25 January 2022, the Association agreed a loss portfolio transfer of Strike Insurance Europe's remaining insurance obligations to The Standard Club Ireland DAC ("Standard Ireland"), an insurance company located in Dublin (Ireland).

This loss portfolio transfer was subject to the prior agreement of the Commissariat aux Assurances, which was given on 18 January 2022 and recorded in the Luxembourg Memorial on 25 January 2022.

The Shipowners' Mutual Strike Insurance Association Europe

Notes on the financial statements

20 February 2022

Note 17 - Portfolio transfer to The Standard Club Ireland DAC - continued

The assets and liabilities transferred were recorded as follows:

Assets:

Reinsurers' share of technical provisions	369.169
Debtors arising out of direct insurance operations	212.321
Other debtors	2.825.218

Liabilities:

Technical provisions – provision for claims	386.188
Creditors arising out of direct insurance operations	762.951
Creditors arising out of reinsurance operations	494.732
Creditors -amount owed to associated undertakings	1.593.505
Accruals and deferred income	169.332

Until the 25 January 2022 portfolio transfer to Standard Ireland, the Company continued 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. Until the 25 January 2022 portfolio transfer, the Company operated a UK branch office in The Minster Building, 21 Mincing Lane, London, EC3R 7AG.

Note 18 - COVID-19

COVID-19 had little impact on the Association, with the main issues 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.

Notes on the financial statements

20 February 2022

Note 18 - COVID-19 - continued

Risks underwritten

The Association insured 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 25 January 2022 portfolio transfer, 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 2022, the Association held no investments other than cash at bank, so it did not suffer from investment market volatility.

Note 19 - Ukraine war

Following a preliminary assessment of the potential impact of the Ukraine war, the managers have determined that the Company has no exposure in terms of risks underwritten (following the 25 January 2022 portfolio transfer), investments or membership.

Note 20 - Post balance sheet events

Subsequent to the balance sheet date, the Company obtained on 15 March 2022 the waiver of its insurance licence from the Commissariat aux Assurances. The Association plans to put itself into liquidation in the near future and so the financial statements for the year ended 20 February 2022 have been prepared on a non-going concern basis of accounting.

During the Board of Directors meeting held on 21 February 2022, it was resolved in due course:

- to liquidate the Association;
- to propose to the Members of the Association to put the Association into voluntary liquidation;
- to convene any necessary meeting of the Members of the Association in front of a Luxembourg notary to resolve on the liquidation and appoint a liquidator; and
- to acknowledge, authorise, approve, and to the extent necessary, ratify any and all steps, actions and documents that may be appropriate, necessary, desirable or expedient in connection with the liquidation.

At the date of this report, such a Members' meeting has not been held, but the Board of Directors do intend to convene such a Members' meeting in the near future, after the auditors have completed their work on this report.