AMERICAN STEAMSHIP OWNERS MARINE INSURANCE COMPANY (EUROPE) LTD.

SOLVENCY AND FINANCIAL CONDITION REPORT

31 DECEMBER 2023

Executive Summary

The Company was incorporated in 2016 as a subsidiary of the New York-based American P&I Club, conducting businesses for Class 6 under the management of Hellenic Hull Management (HMA). Within five years of operation, the client base has grown beyond all expectations to well over 3,000 vessels. On 4th February 2022 the Company, following an application to the Superintendent of Insurance of the Cypriot Republic, obtained an extension to its licence (Licence No. 180) in order to conduct insurance business for Classes 1,7,12 and 17. The extended licence resulted in American Hellenic Hull Insurance Company Ltd changing its name to American Steamship Owners Marine Insurance Company (Europe), Ltd (ASOMIC) (the "Company"), so to reflect the new array of insurance products offered.

Most of the insured vessels by the Company are managed by European managers, whilst the client base span from Asia to North America.

On 26th May 2022, American P&I Club (being the parent Company of ASOMIC) made the decision to re-strategize the direction of its European subsidiary. As part of this strategic shift, ASOMIC temporarily abstains from writing new H&M business and instead focuses on expanding its P&I line of business.

Chairman's note

The disruptive COVID world gave way to a world marred by conflict and war. The Russian invasion of Ukraine and the Hamas attack in Israel have resulted in tremendous loss of life, destruction of infrastructure, and serious disruption of International maritime trade. Expanding war zones, route deviation, and ever-increasing layers of sanctions by governments have presented many challenges for the shipping industry and its service providers, including Hull & Machinery and P&I insurance.

American Steamship Owners Marine & Insurance Company (Europe) Ltd. (ASOMIC), and its parent company, the American P&I Club (NY), continue to adapt compliance measures in response to the developing risk landscape and to dedicate additional resources to enforce sanction protocol as well as to provide its policy holders with necessary guidance prior to engaging in the transport of cargo and charterparty interaction. While warranties of legality have always formed an integral part of applicable terms and conditions of cover, added protection was implemented through a strengthened cesser clause for sanctions' violations.

Despite these challenges, 2023 saw ASOMIC maintain its course in mitigating hull & machinery risk exposure while enhancing P&I, FD&D, and Charterer's Liability cover under its expanded license, commencing on 20th February 2022. The 2023 financial results benefited from the expanded license business, with additional premium and solvency strength expected for the 2024 financial year. Portfolio investment performance also provided welcome income to help absorb operating expenses, with continued positive performance of its conservative portfolio into 2024.

ASOMIC's manager, Hellenic Hull Management (HMA) Limited, continues in its vital role of managing the American Club's European subsidiary and assisting in ASOMIC's further business expansion and financial strength while continuing to provide the high standards of service expected by its insureds from time-friendly and expertly staffed offices in Cyprus and Greece, as well as the world-wide network and resources of the American Club.

Vince Solarino

CEO's note:

Marine insurers today face the most complex and challenging landscape in memory. Considering our reliance on essential goods and energy sources, the shipping industry's pursuit of green technology, disruptions to supply chain logistics and ever-more complicated regulatory compliance, strategic decision-making is more than ever necessary in order to safely navigate an ocean of risks, both specific to the shipping industry and external in nature.

Geopolitical tensions, including but by no means limited to the Russia-Ukraine conflict, disrupt traditional trade routes and exacerbate vulnerabilities in supply chains. The sanctions often imposed in such cases further compound these risks and oblige industries to maneuver through intricate compliance frameworks, that further impacts the global economy.

Against the backdrop, the shipping sector is undergoing profound transformations, presenting marine underwriters with new challenges to address.

Despite these hurdles, I am pleased to announce that the American Steamship Owners Marine Insurance Company (ASOMIC) has proven its exceptional adaptability and resilience. Throughout 2023, marking the first year that we were able to offer P&I cover among our services, our operations remained steadfast, underlining our ability to thrive amidst change.

This flexibility is contributing to our profitability as well as enabling us to further bolster our financial strength and solvency.

Looking ahead, our diverse array of products and services and our experienced, dynamic team position us for sustained profitability and reliability in years to come. As we navigate the uncertainties of 2024, we remain steadfast in our commitment to creating value for our shareholders and ensuring peace of mind for our clients.

We are grateful for your continued support.

Ilias Tsakiris

Contents

1 Business Performance

1.1 Business

1.1.1 Name and legal form of undertaking

The Company was incorporated on April 21st, 2016, as a private limited liability company by shares in accordance with the provisions of Cyprus Companies Law, Cap. 113. The registered office of the Company is at John Kennedy Str., Iris House, 3rd Floor, 3016 Limassol, Cyprus and its headquarters at 4, Kallitheas street, Limassol, Cyprus.

On 24th June 2016 the Company obtained its licence (Licence No. 180) to conduct insurance business under non-life Class 6, in accordance with the provisions of the Insurance and Reinsurance Services and Other Related Issues Law of 2016. This authorises the company to provide insurance cover in connection with damage to or loss of ocean going vessels or lake vessels, or river or canal vessels as well as the damage to or loss of the machinery, the fittings and features or the equipment of such vessels.

In October 2021 the Company applied to the Superintendent of Insurance to extend its licence to transact business under Non-Life Insurance Classes 1 (accident including injury and occupational diseases, Class 7 (goods in transit), Class 12 (liability for ships) and Class 17 (legal expenses and costs of litigation).

On 15th November 2021 the name of the Company changed to American Steamship Owners Marine Insurance Company (Europe) Ltd (ASOMIC).

On 4th February 2022 the Company obtained its extended licence (Licence No. 180) to conduct insurance business under Classes 1,6,7,12 and 17.

1.1.2 Name and contact details of the supervisory authority

The supervisory authority of the undertaking is the Superintendent of Insurance

Address: P.O. Box 23364, 1682 Nicosia

Telephone Number: 22602990

Fax Number: 22302938

E-mail: insurance@mof.gov.cy

The group supervisory is New York Superintendent of Insurance.

1.1.3 Name and contact details of the external auditor

Moore Limassol Limited

196 Arch. Makarios Ave., Ariel Corner, 1st floor, office 102, 3030 Limassol | Cyprus

Partner, Christos Christodoulou

e-mail: c.christodoulou@moore-limassol.com.cy

tel.: +357 25 820280

Fax: +357 25 344237

1.1.4 Description of the holders of qualifying holdings in the undertaking

The sole shareholder of the Company which holds its entire issued share capital is AHHIC Inc, a United States company. AHHIC Inc is a 100% subsidiary of the American Steamship

Owners Mutual Protection and Indemnity Association, Inc. (trading as the American Club), which is the ultimate owner of the Company.

1.1.5 Details of the undertaking's position within the legal structure of the group

As mentioned above the Company is 100% subsidiary of AHHIC Inc which is a holding company and, in turn, AHHIC Inc is owned by the American Steamship Owners Mutual Protection and Indemnity Association, Inc (The American Club).

The American Club was established in New York in 1917 and is a member of the International Group of P&I Clubs, an unincorporated association of twelve independent mutual insurance associations which together provide Protection and Indemnity insurance for approximately 90% of the world's ocean-going tonnage.

1.1.6 Material lines of business and material geographical areas where the undertaking carries out business

As stated above in February 2022 the Company obtained extended licence (Licence No. 180) to conduct insurance business under Classes 1,6,7,12 and 17. The headquarters of the undertaking are situated in Limassol, Cyprus.

1.1.7 Any significant business or other events that have occurred over the reporting period that have had a material impact on the undertaking

There was no significant business nor other events that have occurred over the reporting period that have had a material impact on the undertaking.

1.2 Underwriting performance

1.2.1 Qualitative and quantitative information on the undertaking's underwriting performance, at an aggregate level

Operating performance, financial strength and security:

The decision taken from the American Club on 26th May 2022 to re-strategize the direction of ASOMIC and temporarily abstain from writing new H&M business and focus on expanding its P&I line of business led to a decline in H&M earned premiums by $8.1 million.

In 2023, the Company demonstrated commendable operating performance amidst strategic transitions and proactive risk management initiatives, maintaining a robust financial stance in between market challenges. ASOMIC achieved a Loss Ratio of 59.9% across all lines of business. As of 31st December 2023, ASOMIC's financial strength was evident, with total assets reaching $14.6 million and total equity standing at $5 million. The company's liquidity ratios remained robust, boasting current assets that surpassed current liabilities by over three times. Provisions for outstanding claims collectively safeguarded ASOMIC against potential risks.

P&I line of business:

ASOMIC's P&I line of business played a pivotal role in its marine insurance operations, showcasing resilience and efficiency in 2023. For this line of business, the fiscal year concluded with insurance profits of $281,561 including movements of technical reserves.

Reinforcing the company's financial security, ASOMIC's P&I business is reinsured by the American P&I Club under a comprehensive reinsurance arrangement, providing 100% coverage for any assumed losses under the Pooling Agreement. Additionally, the Balance Sheet was fully protected by a Quota Share Reinsurance Treaty, limiting each loss to $0.2m.

ASOMIC's participation as a Linked Association within the International Group's pooling arrangements further enhanced its financial stability.

H&M line of business:

The portfolio on risk as at 31st July 2022 (from which date ASOMIC temporarily abstains from underwriting Hull business), comprised of 191 fleets and demonstrated promising performance. The restructuring undertaken during the period 2021-2022 contributed to the emergence of this portfolio, emphasizing measures to optimize risk exposure and enhance operational efficiency.

Examining the performance of the portfolio over the period 2017-2022 provides valuable insights. The portfolio's loss ratio during this period was notably lower than the market average, as indicated by comparison to IUMI data. This divergence highlights the portfolio's ability to outperform broader industry trends, underscoring effective risk management practices and prudent underwriting decisions.

Furthermore, if underwriting had not been halted on 15th August 2022 a remarkable fleet loss ratio of 54.04% could have been attained signifying an improvement when compared to the historical loss ratio at the end of 2021 (59.74%) and of course against the market's average.

As of 31st December 2023, H&M technical reserves represent 41.5% of outstanding claims, amounting to $1.30 million out of a total of $3.17 million. Net of salvages, technical reserves account for 54.1% of outstanding claims. On average, claims experience a deterioration of 62.2% in the first reporting year following the accident year. Additionally, claims typically reach 94.8% of their eventual full value by the end of the first reporting year following the accident year. By the end of the second reporting year following the accident year, claims are typically at 98.6% of their eventual full value.

Based on the above ratios ASOMIC's managers have budgeted total claims cost (i.e., deterioration of existing claims and provision for new claims) for all risks, either expired or unexpired, as at 31st July 2022. The development of claims demonstrates that their projections are conservative and accurate, ensuring a smooth completion of the Hull portfolio run-off free from any unexpected deviations.

Operating Expenses Management:

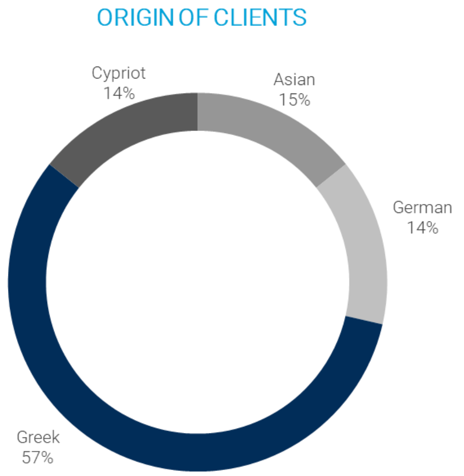
A notable achievement of the year is the complete coverage of operating costs by the returns on ASOMIC's investments, which reached 5.8%. At the same time, significant reductions in operating expenses were also achieved. Total expenses decreased by 35.30%. A detailed examination of specific expense categories reveals noteworthy trends. Head office expenses saw a sizable decline of 36%, reflecting optimization efforts within various administrative functions. Similarly, outsourced functions experienced a significant reduction of 60.41% (in 2022, outsourced functions included one-off costs related to the adoption of IFRS 17).

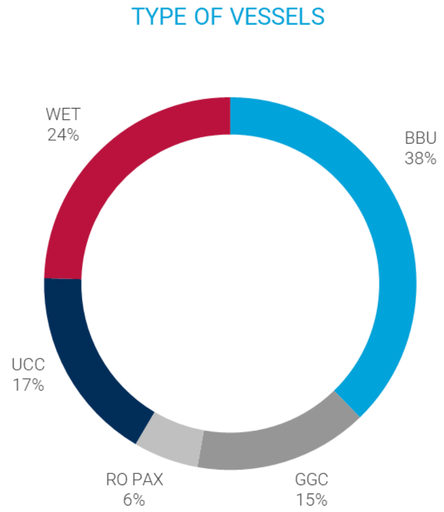
Conclusion and Performance Monitoring:

In conclusion, ASOMIC's financial performance in 2023 reflects resilience, adaptability, and strategic foresight in navigating market challenges. The company's performance is closely monitored by the management and the Board of Directors, with regular reviews conducted based on Management Accounts and Solvency Coverage Ratio reported in QRTs. Additionally, the Actuarial Function oversees business planning, stress testing, and resilience assessments, ensuring ASOMIC remains resilient under adverse scenarios while upholding its solvency position. Despite facing severe stress scenarios, ASOMIC stands resilient, positioned for sustainable growth and continued value creation for stakeholders.

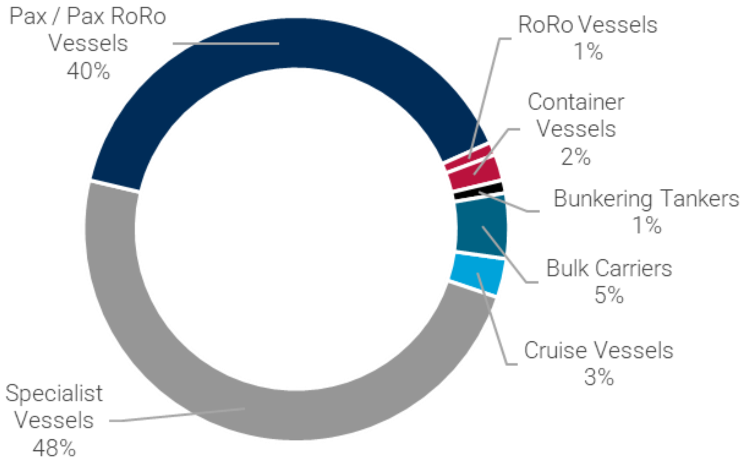
1.2.2 Qualitative and quantitative information on the undertaking's underwriting performance by material line of business

Portfolio (H&M): The reduction of the H&M exposure continued throughout 2023, with the total number of vessels covered for H&M risks as at 31st December 2023 being 53 (1,954 as at 31st December 2022) representing 7 different clients (124 as at 31st December 2022), with type of vessels and origin of clients split as follows:





Portfolio (P&I/FD&D): The portfolio of this new class of business which was introduced in February 2022, has expanded significantly in terms of number of vessels and clients during 2023, with the total number of vessels covered as at 31 December 2023 being 101 (68 as at 31 December 2022) representing 19 clients (8 as at 31 December 2022), with vessel types as follows:



Claims

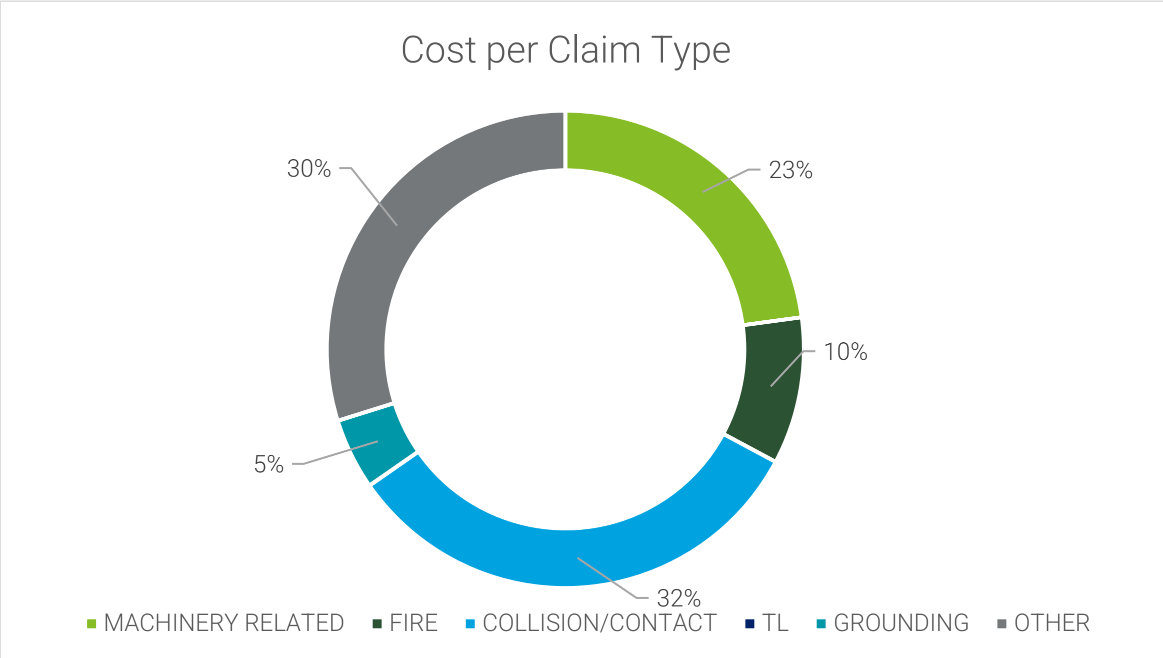
Hull & Machinery Portfolio

General:

During 2023, 122 claims were reported (decreased by 72.7% compared to those announced in 2022) with a total claim cost (excluding technical reserves and deduction of third-party recoveries) of $2,463,311 (-57% compared to 2022). These 122 claims can be split in different types as follows:

Type of Claim	No of Claims	Total Claim cost ($)
Machinery related	43	562,894
Other*	36	734,968
Fire	6	245,528
Collision/ FFO	25	800,975
Grounding	12	118,946
Total	122	2,463,311

* Heavy weather damage, anchor related machinery, stern tube leakages (non-grounding), rudder damage (non-grounding), propeller damage (non-grounding), structural damage (non-grounding)



P&I/FD&D Portfolio

General: During 2023, the second year of operation of this business line, 18 incidents were reported with a total claim cost (excluding technical reserves) of $778,672. These 18 claims can be split into two categories: 15 claims concerning P&I incidents (namely 4 cases of injury/illness, 1 case of death, 9 third party liability matters, 1 cargo claim) and 3 FDD claims (2 related with defence costs and 1 with dispute over bunkers).

Ann. Year	No of claims	Total Claim Cost ($)
2023	18	778,672
2022	20	247,740

1.3 Investment Performance

The Company takes the view that investment activities should not pose undue risks to capital. Accordingly, the company maintains at all times a well-diversified investment portfolio. Out of available funds $10,2 million, 98% was invested in US Treasury Bills with maturity of three to six months, whilst the remaining balance comprises cash and cash equivalent as at 31st December 2023.

1.3.1 Income and expenses arising from investments by asset class

According to the performance analysis of 31 December 2023 the Investment Asset had a valuation of $9,987,281 (2022: $15,195,801) giving an unrealized profit in current year of $579,975 and an impressive Rate of Return of 5.8% (2022: $182,244 and a rate of return: 1.2%). Profit on maturity of financial assets for the year 2023 amounts to $78,910 (2022: $36,047).

1.3.2 Any gains and losses recognised directly in equity

As of 31st December 2023 there were no gains or losses recognised directly in equity.

1.3.3 Any investments in securitisation

There are no investments in securitisation.

1.3.4 Performance of other activities

There are no other activities.

1.3.5 Other material income and expenses

There is no other material income and other expenses that incurred over the reporting period.

1.4 Any other information

Adoption of IFRS 17

The Company adopted new and revised International Financial Reporting Standards (IFRSs), including IFRS 17 and IFRS 9, impacting its financial reporting practices. Effective from January 1, 2023, IFRS 17 replaces IFRS 4 "Insurance Contracts," with retrospective adoption applied to all contracts and reinsurance agreements. Likewise, IFRS 9 replaced IAS 39 Financial Instruments, becoming effective from January 1, 2018, although the Company availed temporary exemption until 2023. Retrospective application of IFRS 9 commenced from January 1, 2023. In the transition, the Company meticulously recognized and measured insurance contracts, assets for acquisition cash flows, and adjusted previously reported balances, aligning with IFRS 17 requirements. Notably, no impairment assessment was conducted on assets for insurance acquisition cash flows pre-transition. The Company established loss-recovery components for reinsurance contracts held, factoring in claims expectations. Overall, the adoption of these standards underscores the Company's commitment to enhanced financial reporting transparency and compliance with evolving regulatory frameworks.

2 System of Governance

2.1 General information on the system of governance

2.1.1 The structure of the Board of Directors (BoD)

The Board of Directors of the undertaking is currently comprised of seven directors.

Currently, the Board of Directors has two committees: the Audit Committee and the Finance and Investment Committee.

The Audit Committee is consisted of three Board Members out of which the two of them (including the president of the Audit Committee) are independent non-executive Directors whereas the other member of the Audit Committee, following an approval from the Superintendent of Insurance, is the Chairman of the Board.

The Investment Committee is consisted of two Board Members and the General Manager of the undertaking.

The BoD consists of 7 non-executive members. The current Board Members of the Company are the following:

Chairman	Vincent Solarino
Secretary of the BoD	Fidentia Secretarial Ltd
Member	Joseph Edwin Morgan Hughes
Member	Dorothea Ioannou
Member	Andreas Georghadjis
Vice – Chairman	Angelos Kostakos
Member	Dimos Dimou
Member	Manolis Hadjimanolis

2.1.2 Description of the main roles and responsibilities of key functions

– ***Internal Audit Function***

The Internal Audit function of the Company is administratively independent of any functions which have operational responsibilities. The Internal Audit function reports to the BoD through the Audit Committee. The Internal Audit function does not subordinate to any other operational function of the Company however, all its reports are communicated to the Company's Management.

The Internal Audit Function is responsible for evaluating the adequacy and effectiveness of the internal control system and other elements of the system of governance. The responsibilities of this function are governed by the Internal Audit Function Manual, which is approved by the BoD and reviewed annually.

– ***Compliance Function***

The Compliance Function reports to the Board of Directors and to the CEO / General Manager. The Compliance Function is administratively independent of risk taking functions e.g. underwriting and claims. It also has a direct reporting line to the BoD, in order to ensure its operational independence and safeguard its ability to escalate important issues.

The main function of the Compliance Function is the establishment and application of suitable procedures for the purpose of achieving a timely and on-going compliance of the Company with the existing legal and regulatory framework. The activities and responsibilities of the Function are governed by the Compliance Manual, which has been approved by the BoD.

The function is subject to audit by the Internal Audit Function.

– ***Actuarial Function***

The Actuarial function advises the Senior Management and the BoD of the Company on the valuation of the technical provisions, the overall underwriting policy and the reinsurance arrangements and contributes to the effective implementation of the risk-management system. Additionally, it is responsible to assist where requested in the pricing adequacy. The Actuarial Function is a measure of quality assurance with a view to safeguarding that certain control tasks of the Company are based on expert technical actuarial advice.

– ***Risk Management Function (RMF)***

The RMF aims at facilitating the implementation of the Risk Management System of the Company. The mission of the RMF is the efficient and effective management of risks in accordance with the risk appetite of the Company, as stipulated in its Risk Appetite and Tolerance Statement.

In order to achieve its mission, the RMF designs and implements strategies, processes and reporting procedures necessary to identify, measure, monitor and report the risks on an individual and on an aggregate level.

2.1.3 Material changes in the system of governance over the reporting period

There were no material changes in the system of governance over the reporting period.

2.2 Remuneration policy and practices for the BoD and employees

– ***Principles of the remuneration policy, with an explanation of the relative importance of the fixed and variable components of remuneration***

Board of Directors: The remuneration of non-executives Board Members takes into account other factors, such as their regular attendance to the Board and Committee meetings and their responsibilities.

Non-executive Members of the Board receive an agreed annual fee which has been approved during company's first meeting of the Board of Directors which took place on 8th September, 2016.

The Company has outsourced all management and administration affairs to Hellenic Hull Management (HMA) Limited, which is remunerated according to the provisions of a Management Agreement which has been ratified during company's second Board of Directors, on 6th December, 2016 and as amended on 31st March 2018 and on 1st January 2021.

<u>For the P&I line of business</u>

The Company has outsourced claims handling and administration of claims as well as the underwriting in relation to the Marine Protection and Indemnity insurance as well as any related or ancillary insurances to Shipowners Claims Bureau Inc. Shipowners Claims Bureau

Inc. will be remunerated in accordance with the relevant provision of the management agreement between the said company and American P&I Club.

– ***Information on the individual and collective performance criteria on which any entitlement to share options, shares or variable components of remuneration is based***

There is no provision of any entitlement to share options, shares or variable components of remuneration to the members of the Board of Directors.

With regards to remuneration of the company's managers, Hellenic Hull Management (HMA) Limited, there are provisions for an annual fee and profit commission. The exact provisions are described in detail in section 7 of the management agreement described above.

– ***A description of the main characteristics of supplementary pension or early retirement schemes for the members of the BoD and other key function holders***

There is no provision for supplementary pension or early retirement schemes for the members of the BoD and other key function holders.

2.3 Information about material transactions during the reporting period with:

– ***Shareholders***

There were no material transactions with Shareholders during the reporting period.

– ***Persons who exercise a significant influence on the undertaking***

There were no material transactions with persons who exercise a significant influence on the undertaking during the reporting period.

– ***Members of the BoD***

There were no material transactions with Members of the BoD during the reporting period.

2.4 Fit and proper requirements

All members of the Board of Directors and people who effectively run the business or have other key functions have professional skills, expertise and knowledge in accordance with the requirements of Article 44 of the Insurance and Reinsurance Activities and other Related Matters Law of 2016 (Law 38(I) / 2016) (as amended) and applicable regulations. The Members of the Board have been approved, at the time of their appointment, by the Superintendent of Insurance.

2.4.1 Description of the specific requirements concerning skills, knowledge and expertise

The fit and proper requirements are set out in section 8 of the Governance Manual of the undertaking.

2.4.2 Description of the undertaking's process for assessing the fitness and the propriety

The undertakings' process for assessing the fitness and the propriety is set out in section 8 of the Governance Manual of the undertaking.

2.5 Risk management system including the own risk and solvency assessment

2.5.1 *Description of the undertaking's risk management system and how it is able to effectively identify, measure, monitor, manage and report, on a continuous basis*

2.5.1.1 Principles

The Risk Management System is governed by the Risk Principles defined by the BoD. The main principles adopted by the Company regarding the management of risk are listed below:

- The Company aims to create and promote a strong risk culture that is embedded in all aspects of the Company's activities.
- The BoD in carrying out both its management and supervisory functions has collectively a full understanding of the nature of the business and its associated risks.
- The BoD is responsible for setting ASOMIC's risk appetite and risk tolerance at a level which is commensurate with its sound operation and the strategic goals of the Company.
- The Company has an established, comprehensive and independent from risk taking activities RMF.
- The Company applies high standards of transparency with regards to the performance of its operations and communicates all the information it considers necessary to the interested and affected parties.
- New products, markets, and business strategies are analysed carefully and the Company makes sure that it possesses adequate internal tools and expertise to understand and monitor the risks associated with them
- The risk management framework is subject to an independent review by the Internal Audit Function.

2.5.1.2 Risk Appetite

In line with its overall strategy, the Company's appetite is for underwriting risk and specifically related to Marine Hull and Marine Protection and Indemnity. Hence, non-life underwriting risk accounts for the most significant portion of the Company's risk portfolio.

Nonetheless, the Company accepts that underwriting inevitably gives rise to other risk exposures, such as the counterparty default risk that arises from the agreements with reinsurers and from the delays in the collection of premiums from brokers, as well as operational risk. The Company acknowledges that these risks are unavoidable and seeks to reduce these risks to a reasonable and practicable extent.

Moreover, like any other insurance company, the Company has a capital base, the investment of which introduces some investment risk. The Company has a very low appetite for investment risk and hence it invests its portfolio of assets in a manner that ensures security of investments, adequate diversification as well as sufficient liquidity to meet liabilities as they fall due.

2.5.1.3 Risk Management Cycle

The Company's Risk Management System encompasses a number of key processes and procedures which address the Company's key risks. These steps are summarised below:

a. ***Risk identification*** - Risks are identified and documented in the Risk Register. Risk and control owners are assigned to each risk to ensure accountability for managing all material risks and the related controls.

b. ***Risk assessment*** - The risk exposures are then assessed qualitatively on a gross basis (inherent risk) and on a net basis (residual risk) on established criteria for frequency and severity for risks not covered by capital, and using the Value at Risk (VaR) measure for risks covered by capital.

c. ***Risk control and mitigation*** - The Company designs and implements controls to prevent or detect the occurrence of an identified risk event or to mitigate its severity. The Company's control activities are documented in the Risk Register.

d. ***Risk monitoring*** - At least once a year, net risks are compared to the stated risk tolerance levels and the Risk Register is formally reviewed by the RMF. Moreover, the RMF, together with the Actuarial Function, runs the stress and scenario tests as specified in the Board policies. A set of Key Risk Indicators has been developed to be used for a more frequent assessment of the risk exposures of the Company.

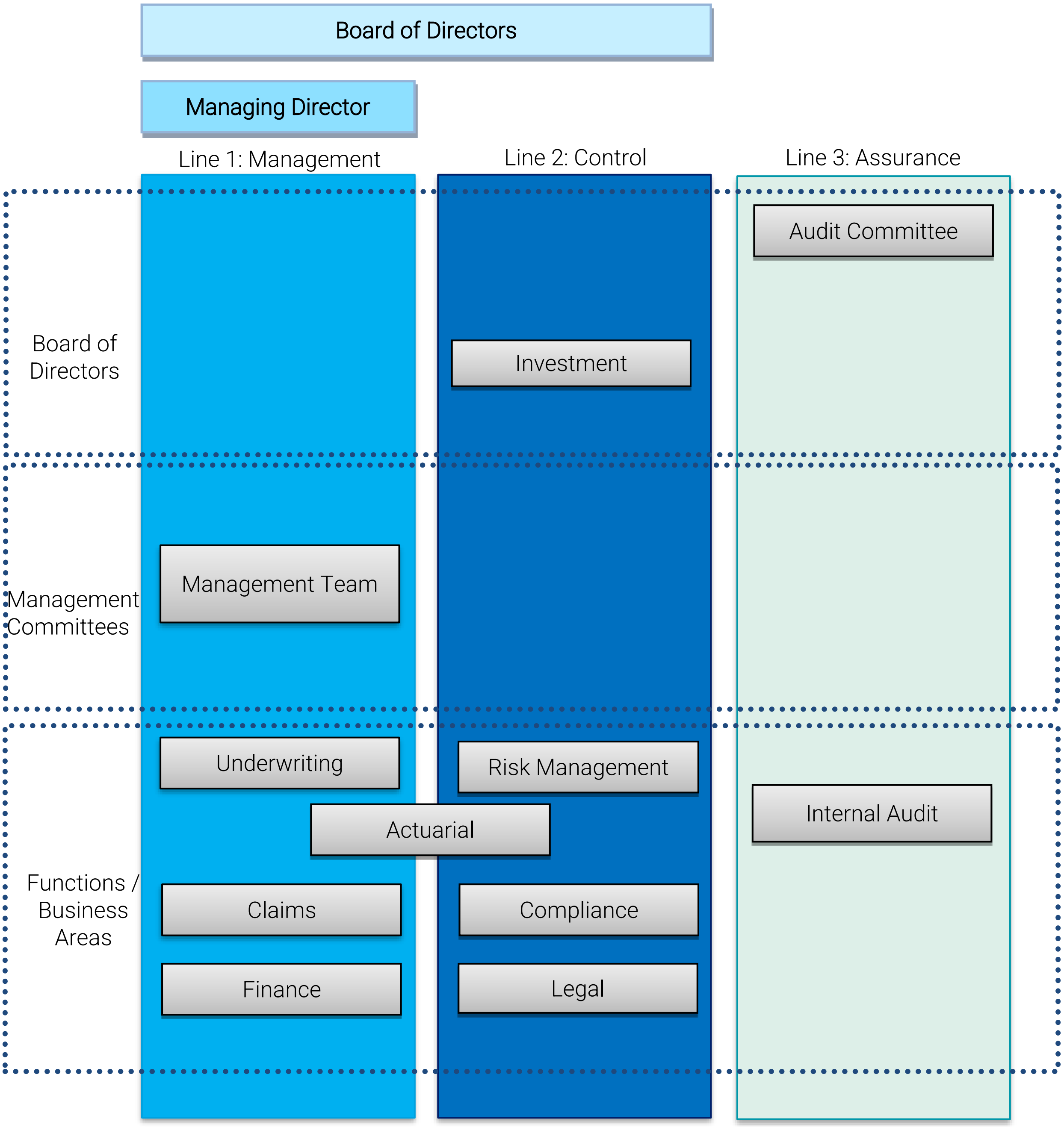
2.5.1.4 Risk Reporting

The RMF reports to the BoD at least annually on its assessment of material risks and the management thereof, in particular the actions being taken to mitigate or control key risk exposures. It is also obliged to report the following to the BoD, without delay:

- Any significant changes to the overall risk profile of the Company
- Any deviations from the risk management strategy or risk appetite
- Any risk management matters in relation to strategic affairs, such as major projects and investments
- Any significant internal control deficiencies

2.5.2 Description of how the risk management system (including the RMF) are implemented and integrated into the organisational structure and decision-making processes of the undertaking

In implementing its risk management strategy, the Company operates the 'Three Line of Defence Model' to manage its risk and control its activities. This ensures the establishment of clear responsibility boundaries, the proper segregation of duties and the avoidance of conflicts of interest at all levels, including the BoD, Senior Management, RMF and Business Units.



Responsibility for the management of individual risks (first line of defence) vests with the function identified as the risk (and control) owner. Each risk owner is accountable for all the RMS processes and procedures outlined above in relation to the owned risks.

The RMF acts as a second line of defence by assisting and supporting such processes and procedures, reporting risks in a timely manner and ensuring an aggregated and consistent approach towards risk management. The tasks of the risk management function are outsourced to Deloitte.

The role of the RMF is to:

- Support the BoD in the determination and implementation of the risk strategy and capital planning
- Coordinate the implementation of the risk management framework
- Be the main unit for risk management responsibilities

- Report to the Senior Management
- Risk management training to the BoD, Committees, Senior Management and risk-taking functions directly involved in the management and oversight of risk, on the contents of, and for providing guidance on their application
- Monitor the risk profile of the Company against the company's risk appetite
- Develop internal risk methodologies and models
- Bring to the attention of the BoD any breaches of the Risk Management Policy

The RMF is assisted by the Actuarial Function on the technical aspects of risk management and modelling.

The third line of defence which comprises of the Internal Audit Function undertakes independent reviews and testing of the risk management framework or of specific components of the framework and reports the results to the Audit Committee.

The Company embeds the risk management system into the organisational structure and supports it by appropriate internal controls and by information systems that provide relevant, accurate and reliable information. The risk management system then provides information that is fed into the decision-making processes by assessing the risk exposure of alternative strategies that the company is considering with respect to risk mitigation, business volumes and investments.

2.5.3 Description of the risks on an individual and aggregated level, to which the undertaking is or could be exposed

The primary risk exposure of the Company arises from its underwriting activities. This is consistent with the risk appetite of the ASOMIC. Premium and reserve risks are the main drivers of the exposure to underwriting risk, as catastrophe risk is completely ceded through the reinsurance contracts in force. ASOMIC is fully aware of the disastrous effect a catastrophe event could have on its solvency and financial position, and hence it chooses to mitigate that risk through a number of reinsurance agreements.

By entering into reinsurance arrangements, the Company exposes itself to counterparty default risk. In order to minimise this risk, all risk mitigation is placed through at least BBB-rated reinsurers.

Another element introducing counterparty default risk as at year-end 2023 was the premium receivables. As the Company is following leaders, it is obliged to also follow the credit periods they offer. At year-end 2023, the majority of these amounts relate to future instalments and only a small proportion of the amounts was overdue.

The Company's exposure to market risk is minimal and aligned with its risk appetite. This was achieved through investments in high-graded Treasury bills and Treasury Notes.

2.5.4 Process adopted to fulfil the obligation to conduct an ORSA

2.5.4.1 Description of the process undertaken by the undertaking to fulfil its obligation to conduct an ORSA as part of its risk management system

In line with the Company's ORSA policy, ORSA can be defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks the Company faces or may face and to determine the own funds necessary to ensure that the Company's overall solvency needs are met at all times.

ASOMIC follows the steps below to implement its ORSA:

a. ***Identify and classify risks*** - The Company identifies the material risks it faces at a particular point in time. This includes risks considered in the SCR standard formula, as well as risks not included in the standard formula such as liquidity, strategic and business risks.

b. ***Assessment and measurement of risks*** - the Company collects data, quantifies and aggregates risks using different approaches such as Value at Risk and stress testing. The assessment is done using predefined risk metrics.

c. ***Capital Allocation*** – According to its risk profile, the Company determines the necessary risk capital required at that point in time.

d. ***Capital planning*** – The Company projects its risk profile based on its business plan and prepares a capital plan over the business planning horizon. The capital plan depends on its strategic objectives and financial projections and assumptions on future economic conditions.

e. ***Stress testing*** - The Company applies stress and scenario testing to the forward-looking capital plan and develops actions that can be taken in unforeseen circumstances in the future.

f. ***Communicate and document the results*** – The Company presents the results of the process to senior management and the Board of Directors and prepares the ORSA report.

2.5.4.2 How the ORSA is integrated into the organisational structure and decision- making processes of the undertaking

ORSA covers all the operations of the organisation and all business units of the Company. The BoD is the body that bears ultimate responsibility for the ORSA, its application and embedment within the Company's day to day procedures. The roles and responsibilities for the ORSA for each body and function of the company (BoD, Senior Management, RMF, Actuarial Function, Compliance Function, Finance Function, Internal Audit Function, Risk Taking Departments) are defined in the ORSA policy of ASOMIC.

The ORSA process is not independent from the "business as usual' process of the Company. As a result, the RMF reports the Company's risks and stress tests and the BoD and Management make decisions upon the results of these procedures. In addition, the Company considers the impact on its capital in its financial projections. Strategic decisions are assessed and evaluated in the light of their effect on the Company's risk situation and risk-bearing capacity over the business planning horizon. Such strategic decisions include but are not limited to:

- Introduction of new products
- Utilisation of additional distribution channels
- Target business volumes
- Reinsurance arrangements
- Investment decisions

2.5.4.3 A statement detailing how often the ORSA is reviewed and approved by the BoD

The Company currently performs the ORSA annually. The assessment will be repeated immediately following any significant changes to the internal or external environment that the Company operates.

2.5.4.4 A statement explaining:

– ***how the undertaking has determined its own solvency needs given its risk profile***

The Company determined that the Solvency II standard formula would be used to calculate the required solvency capital and to assess the overall solvency needs. The standard formula is widely used internally as it represents the main metric for the ongoing management of risk and capital. Given the characteristics of ASOMIC's portfolio, ASOMIC is confident that the risk capital as calculated by the standard formula is generally at least equal to the actual underlying risk of the Company. Furthermore, we observe that the ranking of risks as quantified by the standard formula represents the expectations of the management which provides additional comfort about the merits in adopting this approach.

– ***how its capital management activities and its risk management system interact with each other***

A three-year base case projection of the Solvency II Balance Sheets and Solvency Capital Requirements ('SCR') is produced using the standard formula. The results are subjected to a range of scenario testing that is reviewed by management and challenged by the BoD and, where appropriate, potential management actions are noted and conclusions drawn. Based on the scenarios presented to the BoD, it is assessed whether the Company is adequately capitalised and if not, what options are available.

2.6 Internal control system

2.6.1 Description of the undertaking's internal control system

Every member of the Company has a role in the system of internal control. Internal control is people-dependent and its strength depends on people's attitude toward internal control and their attention to it:

- The BoD is responsible for setting the strategy, tone, culture and values of the Company
- Business Management, Risk Management, Compliance and Actuarial function design policies and procedures to ensure that an effective internal control system is established within the Company
- The Internal Audit function monitors the effectiveness of the internal control system

In accordance with the standardized framework for internal control used by COSO, there are five interrelated components of effective internal control, which are discussed in the following sections:

- Control Environment
- Risk Assessment
- Control Activities
- Reporting
- Monitoring

The Company has established the necessary assessment criteria for evaluating its internal control system.

2.6.2 Description of how the compliance function is implemented

Compliance is a responsibility shared by all staff. Regardless of their position within the Company, all individual employees, including the ones within Company Management, share the responsibility of compliance with applicable laws, regulations and business standards. To this effect, Senior Management ensures that all staff in their respective departments have knowledge of applicable compliance policies, and understand the regulations, standards and best practices associated with the discharge of their respective duties, as well as the compliance risks involved and managing of such risks.

ASOMIC adopts the following principles with respect to the operations of the Compliance Function:

(a) The operation of the Compliance Function is assigned to a person/function who/which is independent from other significant functions of the Company where there might be possible conflicts of interest

(b) The Compliance Function has a formal status within the Company to give it appropriate standing and authority

(c) The Compliance Function reports to the BoD and to the General Manager of the Company

(d) The Compliance Function carries out its responsibilities on its own initiative in all areas of the Company in which compliance risk exists and report any irregularities or possible breaches without fear of retaliation or dissatisfaction from Management

(e) The Compliance Function should be undertaken by persons that have the necessary qualifications, experience and professional qualities to carry out its duties.

The responsibility of the Compliance Function is to assist the General Manager and the BoD in managing effectively the compliance risks faced by the Company.

2.7 Internal audit function

2.7.1 Description of how the undertaking's internal audit function is implemented

Internal audit execution, including development of the audit programs for each respective area to be audited, is performed after approval of the annual Internal Audit Plan.

During the internal audit execution process the following activities are conducted:

- Business Process Analysis
- Creation of Internal Audit Programs
- Execution of the Programs
- Documentation of Evidence and Report Issues

The activities performed during internal audit execution may allow the IAF to identify operational weaknesses and produce relevant recommendations which are important to adding value to the Company.

Internal Audit may also provide consultancy services to the Company for any specific internal control issues, best practise recommendations, review of the ad-hoc requests subject to BoD/ Audit Committee enquiries and other services.

2.7.1.1 Audit preparation

Information for the audit is gathered during the preparation stage, from information available from previous audits (as applicable), procedures manuals, as well as information gathered on site and through discussions with Management.

The scope of the on-site visit is to obtain a full understanding of the audited cycle of operations, to perform business process analysis and to define the specific risk factors.

By reviewing all information gathered, internal auditors can identify manual and automated controls, establish the time period for the audit, necessary evidence, and any necessary special knowledge and auditing tools needed. Objectives are identified during the planning phase in order for the auditor to focus on the required audit work for each case.

2.7.1.2 Preparation of Internal Audit Programmes

Audit programmes are developed and are also enhanced based on the information gained during the audit preparation. Audit programmes for each audited area are completed during the Internal Audit visits.

2.7.1.3 Documentation of Evidence

During the course of the Internal Audit visits, the evidence gathered from testing is documented in the working papers. Each test procedure should link back to the specific scope of the internal audit project. Upon completion of the test / audit work, the audit program is referenced to the relevant working papers.

During the work, identification of additional internal control issues that require resolution but are not specifically within the scope of the internal audit project may be identified.

2.7.1.4 Summarize Findings/ Performance Improvement Observations (PIOs)

A finding is noted when the results of internal control testing denotes that the control is either missing or is not working as expected and could be documented in the Summary of Findings. All findings included in the internal audit report should tie back to the Summary of Findings, which in turn should tie directly back to the supporting test documentation or other relevant working papers.

Additionally, performance improvement observations (PIO) may be defined. Based on the results of the internal audit procedures, the auditor will document the following information for both findings and PIOs:

- Basis for observation
- Associated risks
- Recommended actions
- Timeframe for implementation of recommended actions and role responsible for the implementation
- Management responses

2.7.1.5 Dispute / Disagreement Resolution

There are certain cases where there will be disagreement between the audited party and the Internal Audit. Where agreement cannot be reached, the audited party has the opportunity to have its written comments included in the report. The comments will be recorded in the management response portion of the internal audit report. Management's views should clearly identify:

- The reasons for disagreement with the recommendations
- The alternative course of action that management plans to follow (if any)
- Justification for preferring the alternative course of action.

2.7.2 Description of how the undertaking's internal audit function maintains its independence and objectivity from the activities it reviews

The tasks of the Internal Audit Function are outsourced to KPMG Limited. The Internal Audit Function is objective and independent from any operational functions, in accordance with Article 47 of the Solvency II Directive. The Internal Audit is independent from the organisational activities audited and carries out its assignments with impartiality. The principle of independence entails that the Internal Audit Function only operates under the oversight of the administrative, management or supervisory body, reporting to the Audit Committee. At the same time, it is ensured that the Internal Audit Function is not subject to instructions of the administrative, management or supervisory body when performing the audit and when evaluating and reporting the audit results.

Audit area independence is defined by many factors, such as the objective of work, categorisation and interdependence of procedures and associated risks. This facilitates the execution, to the extent possible, of completed audits, which with their completion will provide a general assessment on the quality and the operation of the internal control system for the audited area.

Therefore, it is possible that a Department / Service or Unit of the Company, or a procedure, information system, or a cycle of operations, is defined as an audit area, depending on the degree of completion and independence of its operations, which is possible to be extended in more than one Department or Service.

2.8 Actuarial Function

2.8.1 Description of how the undertaking's actuarial function is implemented

ASOMIC's actuarial function is the responsibility of the key function holder, who reports to the Senior Management and the BoD. The tasks of the actuarial function are outsourced to Deloitte.

The actuarial function provides an independent assessment of the technical provisions, suitability and execution of the underwriting policy, and adequacy of the reinsurance arrangements. Based on this assessment, an actuarial function report is provided to the BoD of the Company.

The actuarial function advises on improvements in design, implementation and execution of the calculation of Technical Provisions.

The actuarial function cooperates mostly with Finance, Risk and internal control in order to further enhance the internal control requirements.

The responsibilities of the actuarial function include:

- Coordinate the calculation of technical provisions
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assess the sufficiency and quality of the data used in the calculation of technical provisions
- Compare best estimates against experience

- Inform the Senior Management and the BoD of the reliability and adequacy of the calculation of technical provisions
- Oversee the calculation of technical provisions in cases where approximations are used in the calculation of the best estimate
- Express an opinion on the overall underwriting policy
- Express an opinion on the adequacy of reinsurance arrangements
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the Own Risk and Solvency Assessment (ORSA)
- Assist where requested in the pricing adequacy

Each of these activities is undertaken on an at least annual basis and the outcome reported to the Senior Management and the Board in an internal actuarial function report. Both the calculation of technical reserves and the risk modelling underlying the calculation of the solvency capital requirements are performed on a quarterly basis.

2.9 Outsourcing

2.9.1 Description of the outsourcing policy

The Outsourcing Policy is maintained and updated by the Compliance Function and reviewed and accepted by the Board of Directors. The Compliance Function assesses and updates the Policy at least on an annual basis (if needed), in order to take account of the market and Company developments and to ensure that the policies for outsourcing continue to be in compliance with the latest requirements and regulations in force.

Each department of the management company is responsible for ensuring that the staff under their control complies with the Policy's provisions and standards. A deliberate or serious breach of this Policy may render an employee liable to action under ASOMIC's disciplinary procedures up to, and including, termination of employment.

2.9.2 List of any critical or important operational functions or activities that are outsources and the jurisdiction in which the service providers of such functions or activities are located

Critical or important outsourced functions of the Company are included in the following table:

Function/ Activity	Description of outsourced service	Critical or Important [Y/N]	Service Provider
Risk Management Function	The carrying out of the risk management function reporting to the Board of Directors of the Company	Y	Deloitte Limited
Internal Audit	The carrying out of the internal audit function reporting to the Audit Committee of the Company.	Y	KPMG Ltd
Actuarial Function	The carrying out of the actuarial function reporting to the Board of Directors of the Company	Y	Deloitte Limited
Compliance Function		Y	Andreas Georghadjis LLC
Claims Handling		Y	Hellenic Hull Management (HMA) Ltd
Underwriting		Y	Hellenic Hull Management (HMA) Ltd
Accounting		Y	Hellenic Hull Management (HMA) Ltd
Claims Handling in relation to the Marine Protection and Indemnity Insurance and ancillary services		Y	Shipowners Claims Bureau Inc
Underwriting in relation to the Marine Protection and Indemnity Insurance and ancillary services		Y	Shipowners Claims Bureau Inc

2.10 Adequacy of the system of governance

To ensure that the outsourcing of any critical or important functions or activities does not lead to a material impairment of the quality of ASOMIC's governance system:

- Taking into consideration the Services to be provided and the size of the Service Provider, the Company shall implement the principle of proportionality, and accordingly ensure that the Service Provider has in place an adequate risk management and internal control system
- The outsourced activities are adequately included in ASOMIC's risk management and internal control system

- ASOMIC establishes a contractual right to information about the outsourced activities and a contractual right to issue general guidelines concerning the outsourced activities
- The Company is responsible for ensuring that the outsourced functions and activities are satisfactorily performed.

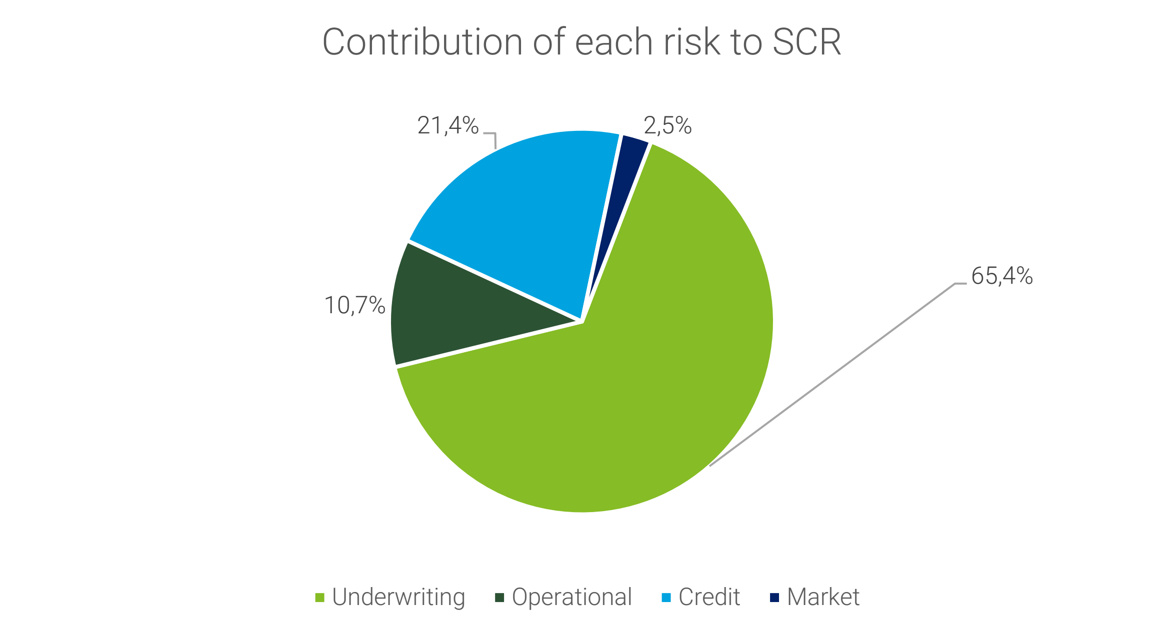
In the event that the outsourced activity is sub-outsourced, the Company retains its responsibility for ensuring the outsourced activity is satisfactorily performed.

2.11 Any other information

There is no further information related to ASOMIC's system of governance.

3 Risk Profile

American Steamship Owners Marine Insurance Company (ASOMIC) strives to safeguard its clients' needs as a robust, resilient and multifunctional partner. Business operations are designed and implemented through the company's effective risk management system, underpinned by innovation, sustainability strategies, monitoring processes and transparent reporting. The company carefully reviews and applies risk management procedures to new products, market business and renewal terms.



The Company's risk profile is mainly driven by its insurance operations. Underwriting risk forms around 65.4% of the total risk portfolio of ASOMIC. The rest of the risk exposure arises from operational risk, credit risk in relation to premium receivables from brokers, reinsurance recoveries, cash at bank and market risk, albeit minimal.

The MCR as at YE2023 is $4.244m which is greater than the SCR ($2.044m), therefore the MCR is set as the capital requirement for ASOMIC. The rest of section 3 describes the risk profile of ASOMIC based on the components of the SCR. This is due to the fact that the MCR is a fixed amount set by EIOPA and cannot be broken down into components that reflect the risk profile.

3.1 Underwriting Risk

3.1.1 *Description of the risk*

For ASOMIC, the underwriting risk reflects the risk arising from insurance obligations, in relation to Protection and Indemnity, Marine Hull and the processes used in conducting the business. This risk refers to the uncertainty in the results of the Company related to the existing insurance obligations as well as to the new business expected to be written over the following 12 months and arises mainly due to the uncertainty around the frequency, timing and amount of claims.

The underwriting performance remains the most material source of risk for the Company and which necessitates close monitoring of the performance.

In February 2022, the Superintendent of Insurance approved the application of ASOMIC to begin writing Protection and Indemnity (P&I) business. Following this development, an injection of $7m in the form of new share capital took place in March 2022 to accommodate and strengthen Company's capital position.

During 2023 ASOMIC's portfolio has shifted from H&M to P&I business. As a result of this transition and due to the reinsurance arrangement of the P&I business, underwriting risk has exhibited a material reduction.

The introduction of the Protection and Indemnity line of business has increased the underwriting risk but not to a large extent as the P&I business is heavily reinsured with a 90% quota share agreement (capped in $0.2m).

3.1.2 Description of the measures used to assess the risk

ASOMIC measures its Underwriting risk using the standard formula. The measurement is done in three parts:

- Premium & Reserve Risk;
- Lapse Risk; and
- Catastrophe risk.

The main exposure to underwriting risk arises from Premium & Reserve risk, the measurement of which depends on premium and reserve volumes.

3.1.3 Risk Concentration

Underwriting risk is concentrated to the following line of businesses: Marine Hull and Machinery and Marine Protection and Indemnity due to the business strategy and focus of the Company. Within these lines of businesses, the Company diversifies the risk by type of vessel from bulk carriers to tankers, geographical location, broker and fleet.

3.1.4 Risk Mitigation

Underwriting risk is to a great extent mitigated through reinsurance. This reduces the volatility in financial results due to potential claims and also protects the Company from extreme losses due to catastrophic events.

For the Hull and Machinery business, the BOD Company has taken a strategic decision to temporarily abstain from writing new H&M business. Facultative reinsurance protection remains in place for the remaining duration of the portfolio.

For the Protection and Indemnity business, there is a 90% quota share arrangement with the American P&I Club with the maximum possible loss per event being capped at $200,000. Thus, the residual underwriting risk for the Company is at very low levels and well within the Company's tolerances.

3.1.5 Risk Sensitivity

3.1.5.1 Methods used, Assumptions made and Outcome of stress testing and sensitivity testing

The Company has carried out stress testing based on its latest projections which included underwriting risks such as higher loss ratio, lower/higher future premium volumes, adverse development of claims within next year and increase of bad premium debts. In all scenarios Company remained solvent. The stress scenarios are indicative of the resilience of ASOMIC to deterioration of forecasted performance and help identify the events representing a material threat to solvency and financial condition, thus necessitating the increase of capital upon their occurrence.

3.2 Market risk

3.2.1 Description of the risk

Market risk reflects the risk arising out of the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities of the Company. Market risk forms 2.5% of the total SCR which is not material.

As at 31st December 2023, ASOMIC's investment assets are held in cash in both Cyprus and USA based bank accounts and in US Treasury bills and notes. Investments are subject to credit risk (including default risk, spread risk and concentration risk) which is dealt with in the respective section below. In addition to credit risk, investment risk arises from the US Treasury bills and notes which introduce interest rate risk. However, this exposure is minimal due to the short duration of the assets. Moreover, interest rate risk arising from investments is partly offset by the impact of changes in interest rates on the value of the best estimate liabilities.

ASOMIC has also exposure to currency risk due to operating accounts cash balances in EUR and GBP.

ASOMIC has no exposure to equity, property or derivatives.

The overall market risk exposure is considered to be minimal.

3.2.2 Description of the measures used to assess the risk

ASOMIC measures its market risk using the standard formula. The measurement is done in separately for Interest rate risk, Equity risk, Property risk, Spread risk, Currency risk and Concentration risk. Then the aggregate marker risk measure allows for diversification between its components.

3.2.3 Risk Concentration

The Company's investments are concentrated to just two asset classes. This however is in line with having very limited appetite for market risk.

3.2.4 Risk Mitigation

Market risk is mitigated through the investment policy adopted by ASOMIC which safeguards limited exposure to risky asset classes and minimum diversification limits.

3.2.5 Risk Sensitivity

Due to the low exposure to market risk, ASOMIC does not perform any sensitivity or stress testing.

3.2.6 Prudent Person Principle

The short-term high-quality liquid investment holdings are a consequence of the investment assets being prudently invested, taking into account the liquidity requirements of the business and the nature and timing of the insurance liabilities.

ASOMIC regularly reviews the financial condition of its investment counterparties and ensures that the currency, nature and duration of assets is appropriate to the characteristics of its liabilities, avoiding excessive reliance on any one counterparty or asset class or geographical location.

Prior to any material investment an SCR impact is generated that helps the management understand the marginal impact on the SCR and the solvency coverage ratio of the proposed investment.

There are no investments in derivative instruments.

3.3 Credit risk

3.3.1 Description of the risk

Credit risk refers to the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of counterparties. ASOMIC is exposed to credit risk rising from the following exposures:

- Cash at bank (local and US banks)
- Reinsurance recoverables
- Premium receivables

Credit risk, as measured through the SCR, is entirely composed of counterparty default risk as there is no exposure to concentration risk or spread risk in relations to the investments.

The proportional reinsurance agreement with the American Club for the P&I line represents a significant counterparty exposure and material sensitivity to changes in the credit rating of that reinsurer. For this reason, Counterparty Default Risk is classified as Medium. This is considered within the Company's risk appetite in order to ensure the smooth continuity of its operations.

3.3.2 Description of the measures used to assess the risk

ASOMIC measures its credit risk using the standard formula. With respect to exposures to banks and reinsurers the assessment depends highly on the credit rating of the counterparties which defines the probability of default. On the other hand, for premium receivables the assessment is based on how long overdue these are and the probability of default is determined based on that.

3.3.3 Risk Concentration

Risk concentration is limited through the diversification of the asset portfolio.

3.3.4 Risk Mitigation

For the H&M portfolio, there is a diversified panel of reinsurers in the excess of loss treaty which reduces single name exposure. A further mitigation of credit risk is that reinsurance counterparties are large, well established multinational reinsurers and selected such that the credit rating is at minimum of A. Credit ratings of reinsurance counterparties are reviewed every quarter.

For P&I business, reinsurance is exclusively placed with the Club and the International Group of P&I Clubs. Considering that the Club is the exclusive shareholder of ASOMIC, there are no ultimate counterparty risks at either entity or group level.

Similarly, to mitigate the risk of banking counterparty default, banks are chosen following a thorough diligence exercise to select only highly reputable and creditworthy banks. Nonetheless, for operational efficiencies an amount is kept at local banks.

3.3.5 Risk Sensitivity

3.3.5.1 Methods used, Assumptions made and Outcome of stress testing and sensitivity testing

The sensitivity of the solvency ratio to a credit rating downgrade of ASOMPIA, which is ASOMIC's largest reinsurer, was assessed. The result was a reduction of 18% to the SCR ratio when the credit quality deteriorated by one step.

The sensitivity of the solvency ratio to a credit rating downgrade of all the reinsurers that ASOMIC is exposed to, was assessed. The result was a reduction of 22% to the SCR ratio when the credit quality deteriorated by one step.

However, the MCR has been greater than the SCR for the last 12 months therefore the MCR as the capital requirement for ASOMIC and the MCR ratio is not affected by the sensitivities above.

3.4 Liquidity risk

3.4.1 Description of the risk

Liquidity risk refers to the risk that ASOMIC will be unable to realise investments and other assets in order to settle their financial obligations when they fall due. Given that all investment assets of ASOMIC are highly realisable due to either being liquid (cash at bank) or due to being highly tradable (US Treasury Bills), the Company's exposure to liquidity risk is considered very low.

3.4.2 Description of the measures used to assess the risk

ASOMIC's liquidity requirements are assessed monthly in order to meet the Company's stated liquidity objectives. A projection is performed each month from the accounts department to assess whether all obligations due will be met by the expected cash inflows mainly from premiums due.

3.4.3 Risk Concentration

Sources of cash in and cash out flows (brokers' receivables, claims, expenses etc.) are diversified and to a certain extent independent.

3.4.4 Risk Mitigation

The Company maintains a pool of liquid assets which exceed its short-term liquidity demands. Moreover, ASOMIC continues to have in place a contingency liquidity plan to manage and co-ordinate the actions required to mitigate the effects of a liquidity problem across ASOMIC.

3.4.5 Risk Sensitivity

3.4.5.1 Methods used, Assumptions made, Outcome of stress testing and sensitivity testing

Given that liquidity is not a material risk for the Company, no specific risk sensitivity is performed.

3.4.6 Expected profit in future premiums

No allowance is made in the best estimate liabilities for expected profit in future premiums as these are outside contract boundaries.

3.5 Operational risk

3.5.1 Description of the risk

Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Measuring operational risk is to a large extent professional judgment. ASOMIC has a control in place based on a cycle of risk management system. Monitoring operational risk is an important aspect within this system.

During the latest ORSA performed, the following sources of operation risk were identified as the most material following any risk mitigation actions:

Risk Class	Risk
Information Technology	Error in historical claims records.
Underwriting	Uncertainty around the frequency, timing and cost of claims. Inadequacy of underwriting model.
Cyber Risk	Phishing emails, Security breach.
Data Protection	Loss or Damage of data due to negligence or theft.
Claims	Poor administration of claim payments in claims payments leading to reputational risk.
Compliance	Lack of appropriate compliance procedures (breaches of laws/regulations including adherence to regulatory reporting timeframes).
Internal Processes	Inadequate internal processes when an employee is absent.

3.5.2 Description of the measures used to assess the risk

The following measures are used to assess operational risks:

- Risk and control assessments – A qualitative assessment of operational risks is performed at least once a year during which potential sources of risk are identified, then a frequency severity measurement is performed both before and after any risk mitigation/control actions taken.
- The SCR standard formula includes an assessment and quantification of the operational risk exposure.

3.5.3 Risk Concentration

The operations of ASOMIC are managed through one main service provider, Hellenic Hull Management.

3.5.4 Risk Mitigation

Since its inception, the Company has in place its Business Continuity plan, which captures a number of operational risks it is exposed to. In addition to that, a number of controls are enforced which mitigate the operation risk exposure, some examples of which are listed below:

- Effective oversight of management at BOD level
- Application of the four-eyes-principle in all activities
- Set up of a compliance function, an internal audit function and a risk management function
- Documented policies and procedures
- Introduction of a number of controls within the IT systems
- Training of employees to ensure that each task can be performed by more than one person

3.5.5 Risk Sensitivity

3.5.5.1 Methods used, Assumptions made and Outcome of stress testing and sensitivity testing

Operational risk makes up 10.7% of the standard formula SCR as at 31st December 2023.

ASOMIC perceives reputation damage as one of the primary loss that could be incurred by the crystallisation of an operational risk event. A stress test has been performed under which reputational damage is represented by a 15% decrease in business volumes over the next three-year business planning horizon. Under this scenario, the Company remained adequately capitalised in all years.

3.6 Any other material information

3.6.1 Environmental, Social & Governance Risks

The insurance industry plays an important role in promoting Environmental, Social and Governance (ESG) issues, which pose a shared risk to marine insurers and the shipping community. ESG risks are arising out of climate change, violation of human rights, pollution, together with risks related to health and safety of the onshore and offshore employees in the shipping industry.

ASOMIC aims to integrate Environment, Social and Governance issues into risk management, underwriting and capital adequacy decision – making processes. Unsustainable practices come at a serious cost to all insurance companies. Insurance capacity is not limitless and comes at a considerable price both for the insurance industry and the end-users of insurance products. In order to implement sustainability strategies and pioneer in new business models that embrace ESG risks, ASOMIC has invested in partnerships towards this direction.

Thus, the Company is the sole marine underwriter to enter into the United Nations family, as a member and signatory company of United Nations Environment Programme (UNEPFI) Principles for Sustainable Insurance initiative, United Nations Global Compact Initiative and UNEPFI Sustainable Blue Economy Finance Initiative.

With regards to environmental risks, the Company following EIOPA's Opinion on the supervision of the use of climate change risk scenarios in ORSA has started identifying, monitoring and evaluate qualitatively risks related to climate change so as to be in a position to collect information that can assist with forecasting future situations.

4 Valuation for solvency purposes

4.1 Assets

Financial assets are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.1.1 Value of assets

Other receivables: Other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest over the relevant period.

Financial assets: The Company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss and
- loans and receivables.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Cash and cash equivalents: For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. In the IFRS, cash and cash equivalents are presented at the notional amount. In the Solvency II, are presented at market value. There are no significant valuation differences between the two.

4.1.2 Description of bases, methods and main assumption used for valuation for solvency purposes

Bases, methods and main assumption used for valuation for solvency purposes is analysed in detail in section 4.2.2.

4.1.3 IFRS 17 vs Solvency II

– ***Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS.***

Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS 17 as per section 4.2.2.

4.2 Technical Provisions

4.2.1 Value of Technical Provisions (Amount of Best Estimate and Risk Margin)

The table below shows the value of technical provisions of ASOMIC as at 31st December 2023 both gross and net of reinsurance (RI) recoverables:

$'000s	CLAIMS PROVISION	PREMIUM PROVISION	RISK MARGIN	TECHNICAL PROVISIONS
Gross	7.379	-278	212	7.313
RI Recoverables	3.025	-350	0	2.674
Net	**4.355**	**72**	**212**	**4.639**

4.2.2 Description of the bases, methods and main assumptions used

4.2.2.1 Claims provision

The provision for claims outstanding relates to claim events that have already occurred, regardless of whether the claims arising from those events have been reported or not. Thus, the components of the Claims Provision are the Outstanding Case Estimates, the Incurred But Not Reported (IBNR), the Incurred But Not Enough Reported (IBNER), the Unallocated Loss Adjustment Expenses (ULAE) and an allowance for Events Not in Data (ENID). Under Solvency II, the reserves are discounted to allow for the time value of money.

For the Hull and Machinery Line due to scarcity of data, a credibility approach was followed in previous years whereby some weight was placed on the claims development experience of the Hellenic Hull Mutual. Following assessment on the credibility of data performed last year, this approach was reconsidered and the data of the current business were at a sufficient level. Hence the development factors have been solely based on the actual ASOMIC's portfolio.

For the Protection and Indemnity line due to the low volumes of claims, the calculation of the IBNR was based on the expected loss ratio method, using the loss ratio as per the business plan and the ORSA report.

4.2.2.2 Premium provision

The calculation of the best estimate of the premium provision relates to all future cashflows arising from future events, over the remaining duration of unexpired policies. Such cashflows mostly relate to future premium, claims, administration expenses and reinsurance cost.

Company's experience has seen some improvements over the years. This is primarily a result of the growth and diversification of the portfolio which is now more balanced between vessel types and geographical areas. This results in a blended gross loss ratio assumption for unexpired policies equal to 67,5% for the Hull and Machinery line.

Regardless the limited volume of own experience data on the development of claims for the Protection and Indemnity, the recent experience shows a favourable trend. Thus a loss ratio of 30% was considered adequate. Same loss ratio applied also in business plan.

The expense ratio for all policies was set equal to 6%.

It should be noted that the unexpired risk of the Company as at 31st December 2023 is very low with only a total c$0.02m UPR remaining.

4.2.2.3 Recoverables

The reinsurer's share on the outstanding reserve was determined according to the reinsurance arrangements that relate to each claim. The calculations for the reinsurance share of IBNR and IBNER by accident year was based on the proportional allocation of claims under each reinsurance arrangement. Since the proportional reinsurance arrangements are determined by underwriting year, it was required to calculate the durations of all the policies in the claims dataset to specify the company's average exposure by underwriting year.

In order to estimate the gross reserves, we ignore any cashflows related to the existence of reinsurance. In order to estimate the net reserves, the projections allow also for any cashflows related to reinsurance. A reduction of reinsurance recoverables has been made to allow for expected losses due to the default of a counterparty. The probability of default is derived from that used in the counterparty default risk under the standard formula depending on the credit quality of each reinsurer.

4.2.2.4 Risk Margin

The Risk Margin is designed to ensure that the value of technical provisions is equivalent to the amount that a third undertaking would be expected to require in order to take over and meet the Company's insurance obligations. The risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the Company's reinsurance obligations over their lifetime thereof. This rate, called the Cost-of-Capital, is prescribed at 6%.

4.2.2.5 Discounting

The USD risk free curve (with no volatility adjustment) as at the valuation date, published by EIOPA as at valuation date, has been used for discounting.

4.2.3 Description of the level of uncertainty associated with the value of technical provisions

Uncertainty relates primarily to how future actual experience will differ from the best estimate assumptions used to calculate the technical provisions. The key assumptions are development factors, loss ratios and expense ratios. A robust assumption setting process is followed in order to ensure the uncertainty is well understood and minimised.

As at 31st December 2023, a source of uncertainty arises from the limited volume of own experience data on the development of claims for the Protection and Indemnity line. However the claim experience of the P&I line in the first 2 years of operation has been favourable and together with the fact that the line is heavily reinsured provides comfort that the technical provisions are not understated.

4.2.4 Quantitative and qualitative explanation of any material differences between the bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS 17.

The table below are presented the main differences between the Net Technical Provisions under solvency II and IFRS 17 valuation.

$'000s	Solvency II Valuation			
	Net Claims Provision	Net Premium Provision	Risk Margin	Net Technical Provisions
Marine, aviation and transport insurance	4,355	72	212	**4,639**

$'000s	IFRS 17 Valuation				
	LRC	ARC	LIC	AIC	Net Technical Provisions
Marine, aviation and transport insurance	780	812	6,977	3,120	**3,825**

The difference between the net Premium Provision and the net remaining coverage (LRC - ARC) is the result of the following (partly) offsetting effects:

1. Under IFRS 17 the liability for remaining coverage includes deferred acquisitions costs of c$0.101m.
2. Under Solvency II, we allow for future profits where we expect these to emerge. This leads to the net Premium Provision being higher than the net LRC (IFRS 17) by c$0.023m.
3. Under Solvency II, we allow for future premium payments by instalment (c$0.155m) whereas under IFRS these are held separately on the asset side as premiums receivable.
4. Under Solvency II, we allow for commissions payable (c$0.135) whereas under IFRS these are held separately on the liability side as insurance & intermediaries payables.

In addition, there is a small difference in the discounting of the liability for incurred claims under IFRS 17 where the discount rate is equal to the risk-free rate plus volatility adjustment. Under Solvency II the Net Claims Provisions is discounted using the risk free rates only.

Furthermore, the IFRS balance sheet includes the Deferred Acquisition Cost of c$0.101m which is not admissible in the Solvency II balance sheet.

Finally, the Solvency II Technical Provisions include the Risk Margin, whereas under IFRS 17 the liability for Incurred claims includes the Risk Adjustment.

4.2.5 Statement on whether the volatility adjustment referred to in Article 77d of Directive 2009/138/EC is used

4.2.6 Statement on whether the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is applied

4.2.7 Statement on whether the transitional deduction referred to in Article 308d of Directive 2009/138/EC is applied

ASOMIC has not used any of the following:

- The volatility adjustment referred to in Article 77d of Directive 2009/138/EC
- The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC
- The transitional deduction referred to in Article 308d of Directive 2009/138/EC

4.2.8 Material assumption changes

There have been no material assumption changes.

4.3 Valuation of other liabilities

Financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

4.3.1 Value of other liabilities

Borrowings: Borrowings are recorded initially at the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables: Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

4.3.2 Description of the bases, methods and main assumptions used for their valuation for solvency purposes

Bases, methods and main assumption used for valuation for solvency purposes is analysed in detail in section 4.2.2.

4.3.3 Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS

Quantitative and qualitative explanation of any material differences with the valuation bases, methods and main assumptions used for the valuation for solvency purposes and for IFRS as per section 4.2.2.

4.4 Any other information

4.4.1 Valuation under IFRS 17

IFRS 17 is an accounting Standard issued in May 2017 which sets out the requirements that the Company should apply in accounting for insurance contracts it issues and reinsurance contracts it holds. IFRS 17 had an effective date of 1st January 2023.

During IFRS 17 Implementation there were not identified any significant risk or point of concern related to our Company's readiness to apply the new IFRS 17 Standard.

5 Capital Management

5.1 Own Funds

5.1.1 Objectives, policies and processes employed for managing its own funds

The objective of capital management is to maintain, at all times, sufficient own funds to cover the SCR and MCR with an appropriate buffer. These should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation. The Company holds regular meetings of senior management and BoD, in which the ratio of eligible own funds over SCR and MCR are reviewed. As part of own funds management, the Company prepares annual solvency projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

5.1.2 Information on the structure, amount and quality of own funds at the end of the reporting period and at the end of the previous reporting period

The following table shows the structure of own funds as at 31st December 2023 as well as at the end of the previous reporting period.

OWN FUNDS ($'000s)	DECEMBER 2023	DECEMBER 2022
Ordinary share capital	13,550	13,550
Share premium account related to ordinary share capital	10,450	10,450
Net deferred tax assets	0	0
Reconciliation reserve	-19,115	-17,697
TOTAL BASIC OWN FUNDS	4,885	6,303

The current structure of own funds as shown above is composed entirely of capital classified as Tier 1 – Unrestricted.

5.1.3 Eligible amount of own funds to cover SCR (by tier)

The Company's own funds are available to cover the SCR.

5.1.4 Eligible amount of own funds to cover MCR (by tier)

All own fund items are eligible to cover the MCR as they are tier 1.

5.1.5 IFRS Equity vs Own Funds

The following summary table shows the comparisons and movement in the IFRS 17 and Solvency II valuation of assets, liabilities and Own Funds.

	IFRS 17 $'000s	SOLVENCY II $'000s	MOVEMENT $'000s
Total Assets	14,610	15,462	-853
Total Liabilities	9,610	10,577	-968
Total Own Funds	5,000	4,885	115
Ordinary Share Capital (incl. share premium account)	24,000	24,000	0
Retained Earnings	-19,000	0	-19,000
Net deferred tax assets	0	0	0
Reconciliation Reserve	0	-19,115	19,115

The movement in the valuation of assets and liabilities arises from the differences in the valuation of IFRS and Solvency II standards, below:

- Deferred Acquisition Cost (DAC) is not included under Solvency II
- Differences in gross technical provisions and reinsurance recoverables (as explained in section 4.2.4)

5.2 Solvency Capital Requirement and Minimum Capital Requirement

5.2.1 Amounts of SCR and MCR

As at 31st December 2023 the SCR of ASOMIC was calculated at $2.089m and the MCR at $4.248m. This means that the MCR (being greater than the SCR) is used as the capital requirement for the company and also used to calculate the solvency ratio.

5.2.2 Amount of SCR split by risk modules

The following table shows the SCR split by risk modules:

SOLVENCY CAPITAL REQUIREMENT	$'000s
Market risk	59
Counterparty default risk	498
Non-Life underwriting risk	1,521
Life Underwriting risks	0
Health underwriting risk	0
Sum of risk components	**2,078**
Diversification effects	*-239*
Diversified risk	**1,839**
Intangible asset risk	0
Basic SCR	1,839
Operational risk	250
Adjustments	0
SCR	2,089

5.2.3 Simplifications

No simplifications have been used for any of the modules or sub-modules of the SCR.

5.2.4 Undertaking-specific parameters

ASOMIC has not used undertaking-specific parameters for any of the parameters of the standard formula.

5.2.5 Information on the inputs used to calculate the MCR

The inputs used in the calculation of the MCR are listed below:

- Absolute floor of €4m (converted to USD; $4.248m)
- SCR of $2.089m

Since the SCR has fallen below the absolute floor, there is no need for a calculation of the MCR and the absolute floor is taken to be the MCR.

5.2.6 Material changes in the SCR and MCR compared to the previous reporting period

For the last 12 months the MCR has been greater than the SCR hence the MCR is used to calculate the capital requirement ratio.

5.3 Non-compliance with the MCR and non-compliance with the SCR

5.3.1 Non-compliance with the MCR

5.3.1.1 The period and maximum amount of each non-compliance during the reporting period, an explanation of its origin and consequences, any remedial measures taken and an explanation of the effects of such remedial measures

ASOMIC was compliant with the MCR throughout the reporting period.

5.3.2 Non-compliance with SCR

5.3.2.1 The period and maximum amount of each significant non-compliance during the reporting period, an explanation of its origin and consequences and any remedial measures taken and an explanation of the effects of such remedial measures

ASOMIC was compliant with the SCR throughout the reporting period.

6 Annexes

Annex I
S.02.01.02
Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	9.987
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities - listed	R0110	0
Equities - unlisted	R0120	0
Bonds	R0130	9.987
Government Bonds	R0140	9.987
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	0
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	0
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	2.674
Non-life and health similar to non-life	R0280	2.674
Non-life excluding health	R0290	2.674
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	0
Health similar to life	R0320	0
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	0
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	974
Reinsurance receivables	R0370	1.388
Receivables (trade, not insurance)	R0380	232
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	207
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	15.462

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	7.313
Technical provisions – non-life (excluding health)	R0520	7.313
TP calculated as a whole	R0530	0
Best Estimate	R0540	7.101
Risk margin	R0550	212
Technical provisions - health (similar to non-life)	R0560	0
TP calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions - life (excluding index-linked and unit-linked)	R0600	0
Technical provisions - health (similar to life)	R0610	0
TP calculated as a whole	R0620	0
Best Estimate	R0630	0
Risk margin	R0640	0
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	0
TP calculated as a whole	R0700	0
Best Estimate	R0710	0
Risk margin	R0720	0
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	0
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	2.525
Reinsurance payables	R0830	608
Payables (trade, not insurance)	R0840	131
Subordinated liabilities	R0850	0
Subordinated liabilities not in Basic Own Funds	R0860	0
Subordinated liabilities in Basic Own Funds	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	10.577
Excess of assets over liabilities	R1000	4.885

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Annex I
S.05.01.02
Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of Business for:accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	0	0	0	0	0	5.839	0	0	0	0	0	0					5.839
Gross - Proportional reinsurance accepted	R0120	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0130													0	0	0	0	0
Reinsurers' share	R0140	0	0	0	0	0	4.363	0	0	0	0	0	0	0	0	0	0	4.363
Net	R0200	0	0	0	0	0	1.476	0	0	0	0	0	0	0	0	0	0	1.476
Premiums earned																		
Gross - Direct Business	R0210	0	0	0	0	0	8.323	0	0	0	0	0	0					8.323
Gross - Proportional reinsurance accepted	R0220	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0230													0	0	0	0	0
Reinsurers' share	R0240	0	0	0	0	0	5.623	0	0	0	0	0	0	0	0	0	0	5.623
Net	R0300	0	0	0	0	0	2.699	0	0	0	0	0	0	0	0	0	0	2.699
Claims incurred																		
Gross - Direct Business	R0310	0	0	0	0	0	4.982	0	0	0	0	0	0					4.982
Gross - Proportional reinsurance accepted	R0320	0	0	0	0	0	0	0	0	0	0	0	0					0
Gross - Non-proportional reinsurance accepted	R0330													0	0	0	0	0
Reinsurers' share	R0340	0	0	0	0	0	1.810	0	0	0	0	0	0	0	0	0	0	1.810
Net	R0400	0	0	0	0	0	3.172	0	0	0	0	0	0	0	0	0	0	3.172
Expenses incurred	R0550	0	0	0	0	0	1.466	0	0	0	0	0	0	0	0	0	0	1.466
Balance - other technical expenses/income	R1210																	0
Total technical expenses	R1300																	1.466

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Annex I
S.17.01.02
Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross	R0060	0	0	0	0	0	-278	0	0	0	0	0	0	0	0	0	0	-278
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	0	0	0	0	0	-350	0	0	0	0	0	0	0	0	0	0	-350
Net Best Estimate of Premium Provisions	R0150	0	0	0	0	0	72	0	0	0	0	0	0	0	0	0	0	72
Claims provisions																		
Gross	R0160	0	0	0	0	0	7.379	0	0	0	0	0	0	0	0	0	0	7.379
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	0	0	0	0	0	3.025	0	0	0	0	0	0	0	0	0	0	3.025
Net Best Estimate of Claims Provisions	R0250	0	0	0	0	0	4.355	0	0	0	0	0	0	0	0	0	0	4.355
Total Best estimate - gross	R0260	0	0	0	0	0	7.101	0	0	0	0	0	0	0	0	0	0	7.101
Total Best estimate - net	R0270	0	0	0	0	0	4.427	0	0	0	0	0	0	0	0	0	0	4.427
Risk margin	R0280	0	0	0	0	0	212	0	0	0	0	0	0	0	0	0	0	212
Technical provisions - total																		
Technical provisions - total	R0320	0	0	0	0	0	7.313	0	0	0	0	0	0	0	0	0	0	7.313
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	0	0	0	0	0	2.674	0	0	0	0	0	0	0	0	0	0	2.674
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	0	0	0	0	0	4.639	0	0	0	0	0	0	0	0	0	0	4.639

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Annex I
S.19.01.21
Non-life Insurance Claims Information

Total Non-Life Business

Z0020	Accident year / Underwriting year	**Z0020**	Accident year [AY]

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
R0100	Prior											0	0	0
R0160	N-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	N-8	0	0	0	0	0	0	0	0	0			0	0
R0180	N-7	267	1.874	253	84	15	17	6	-14				-14	2.502
R0190	N-6	2.047	2.972	1.047	76	39	7	10					10	6.198
R0200	N-5	4.031	6.753	1.358	34	471	480						480	13.127
R0210	N-4	2.505	8.023	3.238	719	100							100	14.585
R0220	N-3	2.860	10.368	2.370	598								598	16.196
R0230	N-2	3.291	7.353	1.583									1.583	12.227
R0240	N-1	2.008	4.368										4.368	6.376
R0250	N	1.285											1.285	1.285
R0260												Total	8.410	72.497

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
R0100	Prior											0	0
R0160	N-9	0	0	0	0	0	0	0	0	0	0		0
R0170	N-8	0	0	0	0	0	0	0	0	0			0
R0180	N-7	2.453	713	43	27	46	-10	-23	0				0
R0190	N-6	4.153	1.637	264	272	245	150	47					44
R0200	N-5	4.590	1.879	579	721	560	102						97
R0210	N-4	4.926	4.286	573	97	-244							-231
R0220	N-3	5.443	1.884	1.084	510								484
R0230	N-2	4.235	2.237	692									657
R0240	N-1	7.393	3.713										3.526
R0250	N	2.952											2.803
R0260												Total	7.379

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Annex I
S.23.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of						
Ordinary share capital (gross of own shares)	R0010	13.550	13.550		0	
Share premium account related to ordinary share capital	R0030	10.450	10.450		0	
Iinitial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	-19.000	-19.000			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	-115	-115			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	4.885	4.885	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	0
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	4.885	4.885	0	0	0
Total available own funds to meet the MCR	R0510	4.885	4.885	0	0	
Total eligible own funds to meet the SCR	R0540	4.885	4.885	0	0	0
Total eligible own funds to meet the MCR	R0550	4.885	4.885	0	0	
SCR	R0580	2.089				
MCR	R0600	4.248				
Ratio of Eligible own funds to SCR	R0620	2,3388				
Ratio of Eligible own funds to MCR	R0640	1,1501				

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	4.885
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	5.000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	-115
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	0
Expected profits included in future premiums (EPIFP) - Non- life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	0

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Annex I
S.25.01.21
Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
Market risk	R0010	59		
Counterparty default risk	R0020	498		
Life underwriting risk	R0030	0		
Health underwriting risk	R0040	0		
Non-life underwriting risk	R0050	1.521		
Diversification	R0060	-239		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	1.839		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	250
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	0
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency capital requirement excluding capital add-on	R0200	2.089
Capital add-on already set	R0210	0
of which, capital add-ons already set - Article 37 (1) Type a	R0211	0
of which, capital add-ons already set - Article 37 (1) Type b	R0212	0
of which, capital add-ons already set - Article 37 (1) Type c	R0213	0
of which, capital add-ons already set - Article 37 (1) Type d	R0214	0
Solvency capital requirement	R0220	2.089
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirement for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

		Yes/No
Approach to tax rate		C0109
Approach based on average tax rate	R0590	3 - Not applicable as LAC DT is not used (in this case R0600 to R0690 are not applicable)

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
DTA	R0600	
DTA carry forward	R0610	
DTA due to deductible temporary differences	R0620	
DTL	R0630	
LAC DT	R0640	0
LAC DT justified by reversion of deferred tax liabilities	R0650	0
LAC DT justified by reference to probable future taxable economic profit	R0660	0
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	0

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Annex I
S.28.01.01
Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	663

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expenses insurance and proportional reinsurance	R0020	0	0
Income protection insurance and proportional reinsurance	R0030	0	0
Workers' compensation insurance and proportional reinsurance	R0040	0	0
Motor vehicle liability insurance and proportional reinsurance	R0050	0	0
Other motor insurance and proportional reinsurance	R0060	0	0
Marine, aviation and transport insurance and proportional reinsurance	R0070	4.427	1.476
Fire and other damage to property insurance and proportional reinsurance	R0080	0	0
General liability insurance and proportional reinsurance	R0090	0	0
Credit and suretyship insurance and proportional reinsurance	R0100	0	0
Legal expenses insurance and proportional reinsurance	R0110	0	0
Assistance and proportional reinsurance	R0120	0	0
Miscellaneous financial loss insurance and proportional reinsurance	R0130	0	0
Non-proportional health reinsurance	R0140	0	0
Non-proportional casualty reinsurance	R0150	0	0
Non-proportional marine, aviation and transport reinsurance	R0160	0	0
Non-proportional property reinsurance	R0170	0	0

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0	
Obligations with profit participation - future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	0	
Other life (re)insurance and health (re)insurance obligations	R0240	0	
Total capital at risk for all life (re)insurance obligations	R0250		0

Overall MCR calculation		C0070
Linear MCR	R0300	663
SCR	R0310	2.089
MCR cap	R0320	940
MCR floor	R0330	522
Combined MCR	R0340	663
Absolute floor of the MCR	R0350	4.248

		C0070
Minimum Capital Requirement	R0400	4.248

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Independent Auditor's Report

To: The Board of Directors of American Steamship Owners Marine Insurance Company (Europe) Ltd

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

We have audited the following Solvency II Quantitative Reporting Templates ("QRTs") contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023, of American Steamship Owners Marine Insurance Company (Europe) Ltd (the "Company"), prepared as at 4 April 2024.

- S.02.01.02 - Balance sheet
- S.17.01.02 – Non-Life Technical Provisions
- S.23.01.01 – Own funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

The above QRTs are collectively referred to for the remainder of this report as "the relevant QRTs of the Solvency and Financial Condition Report".

In our opinion, the information in the relevant QRTs of the Solvency and Financial Condition Report as at *31 December 2023* is prepared, in all material respects, in accordance with the Insurance and Reinsurance Services and other Related Issues Law of 2016 as amended, the Commission Delegated Regulation (EU) 2015/35 as amended, the relevant EU Commission's Implementing Regulations and the relevant Orders of the Superintendent of Insurance (collectively "the Framework").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the relevant QRTs of the Solvency and Financial Condition Report in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 the 'Valuation for solvency purposes' and 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of preparation. The Solvency and Financial Condition Report is prepared in compliance with the Framework, and therefore in accordance with a special purpose financial reporting framework. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The Board of Directors is responsible for the Other information. The Other information comprises certain narrative sections and certain QRTs of the Solvency and Financial Condition Report as listed below:

Narrative sections:

- Business and performance
- Valuation for solvency purposes
- Capital management

QRTs (contained in Annex I to Commission Implementing Regulation (EU) No 2023/895 of 4 April 2023):

- S.05.01.02 - Premiums, claims and expenses by line of business
- S.19.01.21 - Non-Life insurance claims

Our opinion on the relevant QRTs of the Solvency and Financial Condition Report does not cover the Other information listed above and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, 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 that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Solvency and Financial Condition Report

The Board of Directors is responsible for the preparation of the Solvency and Financial Condition Report in accordance with the Framework.

The Board of Directors is also responsible for such internal control as the Board of Directors determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Board of Directors is 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the relevant QRTs of the Solvency and Financial Condition Report.

Our objectives are to obtain reasonable assurance about whether the relevant QRTs of the Solvency and Financial Condition Report 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 it is not a guarantee that an audit conducted in accordance with ISAs 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 the Solvency and Financial Condition Report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the relevant QRTs of the Solvency and Financial Condition Report, 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 Company's internal control.

- Evaluate the appropriateness of the basis of preparation used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Solvency and Financial Condition Report 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors 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.

Other Matter

Our report is intended solely for the Board of Directors of the Company and should not be used by any other parties. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Moore Limassol Ltd

Moore Limassol Limited
Certified Public Accountants and Registered Auditors

Limassol, 4 April 2024