Working in partnership for a safe, secure and sustainable industry

Through Transport Mutual Insurance Association Limited
Annual Report and Consolidated Financial Statements
For the year ended 31 December 2024

TT CLUB
IS MANAGED
BY **THOMAS**
MILLER

Contents

THROUGH TRANSPORT MUTUAL INSURANCE ASSOCIATION LIMITED

Directors and Management

CHAIRMAN	
M Engelstoft [3, 4, 5, 6]	Genoa
DEPUTY CHAIRMAN	
J Küttel [3, 5]	Lucerne
DIRECTORS	
A Abbott	Atlantic Container Line, New York
K Albertsson (retd. 20 June 2024)	Samskip Group
G Benelli [6]	Specialist Director – Investment
H-J Bertschi	Bertschi Group, Dürrenäsch
M Calfas	NSW Ports, Sydney
F Calje (appt. 20 June 2024)	PD Ports, Middlesbrough
J Chambers [1, 2, 5]	Specialist Director – Insurance
Chang Yen-I	Evergreen Group, Taipei
Chen Xiang [6] (retd. 7 November 2024)	Cosco Container Line, Shanghai
W Chien (appt. 21 March 2024)	Dimerco Express Group, Taipei
J Chowdhury [5]	Through Transport Mutual Services (UK) Ltd, London
S Edwards	Virginia Port Authority, Norfolk
T Faries [5]	Bermuda
C Fenton [5]	Through Transport Mutual Services (UK) Ltd, London
A Fullbrook [6]	OEC Group, New York
M Hine [1, 2, 5]	Specialist Director – Finance
K King [5] (appt. 1 August 2024)	Through Transport Mutual Services (UK) Ltd, London
N Mbongwa (appt. 20 June 2024)	Bidvest Freight, Durban
R Murchison	Murchison Group, Argentina
Y Narayan (retd. 1 October 2024)	DP World, Dubai
J Neal	Carrix, Seattle
J Nixon [3, 5]	Ocean Network Express, Singapore
M d'Orey [1, 2, 3, 4, 5]	Orey Shipping SL, Lisbon
R Owens	Nautilus International Holdings, Long Beach
N Smedegaard [3, 4, 5]	DFDS Group, Copenhagen
K Svendsen	A P Møller-Maersk, Copenhagen
S Trantantasin	RCL Group, Bangkok

[1] Audit & Risk Committee member - Through Transport Mutual Insurance Association Limited (TTB)
[2] Audit & Risk Committee member - TT Club Mutual Insurance Limited (TTI)
[3] Nominations Committee member - TTB
[4] Nominations Committee member - TTI
[5] Management Committee member - TTB
[6] Investment Committee member - TTB

Registered Office	Victoria Place, 5th floor 31 Victoria Street Hamilton HM10 Bermuda Company Registration Number 1750
Managers	Thomas Miller (Bermuda) Limited
Company Secretary	Thomas Miller (Bermuda) Limited Telephone +1 44 1 292 4724
Independent Auditors	Deloitte LLP 1 New Street Square London EC4A 3HQ United Kingdom

Financial Highlights

Income Statement	2024 US$000s	2023 US$000s
Gross earned premiums [1]	**284,238**	284,257
Ceded earned premiums [3]	**(63,928)**	(64,617)
Net earned premiums	**220,310**	219,640
Net claims incurred	**(164,771)**	(160,579)
Gross incurred brokerage [2]	**(29,736)**	(31,102)
Commission income on reinsurances	**7,193**	11,126
Expenses [4]	**(60,668)**	(58,338)
Net operating expenses	**(83,211)**	(78,314)
Underwriting deficit	**(27,672)**	**(19,253)**
Investment return	**34,227**	35,978
Interest payable	**–**	(361)
Exchange losses	**(1,231)**	(36)
Taxation	**(549)**	(398)
Surplus on ordinary activities after tax	**4,775**	**15,930**

Balance sheet	2024 US$000s	Restated[(1)] 2023 US$000s
Cash and investments	**729,179**	673,581
Ceded technical provisions [5]	**145,411**	129,866
Other assets [6]	**89,014**	98,270
Total assets	**963,604**	901,716
Gross technical provisions [5]	**(648,425)**	(602,288)
Other liabilities [7]	**(32,976)**	(22,001)
Total liabilities	**(681,401)**	(624,289)
Total surplus and reserves	**282,203**	**277,428**

(1) Details on the restatement are disclosed in note 19.

1. Gross Earned Premiums is calculated as the sum of Gross Premiums Written and Gross Unearned Premium Reserve Movements.
2. Gross Incurred Brokerage is shown on an earned basis.
3. Ceded Earned Premiums is calculated as the sum of Ceded Written Premiums and Ceded Unearned Premium Reserve Movements.
4. Expenses is calculated as Net Operating Expenses excluding Brokerage and Commission Income on quota share reinsurances.
5. Technical Provisions include Gross and Ceded Unearned Premiums, Gross and Ceded Claims Reserves.
6. Other Assets include Debtors, Deferred Acquisition Costs, Prepayments and Accrued Income, Retirement Benefits and Obligations and Other Assets.
7. Other Liabilities include Creditors, Accruals, Deferred Income, and Equity Minority Interest.

Chairman's Report

I am delighted to tell you that the Club received outstanding satisfaction scores from Members and brokers for its service.

I write to you following my first full year as Chairman of the TT Club Board. It was another challenging year for all in the transport and logistics industry, with continued instability, conflict and a uniquely changing political landscape.

In addition to managing the Club in this volatile macro-economic background, the Board has been active in managing the Club's own exposures and as a result of this work, I write to you confident both in the Club's approach in continuing to meet Members' needs from a position of strength, and in delivering its mission to make the transport and logistics industry safer, more secure and more sustainable.

In 2024, I am delighted to tell you that the Club received outstanding satisfaction scores from Members and brokers for its service. The Board assess this every three or so years through the customer satisfaction survey and in addition to a score, the survey also yields valuable insights into how the Club can develop to better serve the needs of its Members. A plan is in place to address the feedback and you will see enhanced local engagement, more loss prevention guidance, a more streamlined digital offering from your Club and the speed of service that this should enable. Indeed, a key driver for the Club throughout 2024 has been its drive towards new technology, data and change and while it has been a focus for some time, the Club has taken further strides this year in developing this area at pace.

Financial performance

The Club's net result for 2024 is US$ 4.8 million (2023 US$ 15.9 million). The underlying performance of the Club in the year was in line with previous years, with the net result impacted by what is the final tranche of costs of implementing the project to transform the Club's underwriting system, together with strengthening of the Club's claims reserves to ensure Members' exposures to bodily injury claims in the United States are prudently managed. The wider insurance industry has been reporting for some time now the increasing exposures presented by risks from this source and the Club Board has taken action in the year to ensure the Club can manage this volatile but important risk well.

Gross earned premium for 2024 was US$ 284 million which was similar to 2023. To a large part the changes in premium between years is a function of the trading volumes that Members report to the Club and in 2024 these volumes were largely flat across the year. In addition, action was taken to ensure the Club's book of business continued to be of the highest quality.

The Club's investments performed well in the year with a return of 5.6% (2023 6.3%). The portfolio is managed to a conservative benchmark with a relatively low exposure to equities.

Bodily injury

You will have read in previous statements that bodily injury risk, especially in the US, has been a particular focus of the Club and its Managers in recent years, running across the claims, underwriting, actuarial, and loss prevention functions. Those who read the insurance industry press will have seen a trend of US bodily injury claims reserve strengthening across the industry with some of the larger global insurers impacted to a far greater degree than the Club.

In mitigating this volatility, the Club's approach is manifold: strengthen reserves, diversify risk, bolster our world-class claims teams and focus on industry leading loss prevention guidance. Human safety is now clearly established as the Club's top priority. While Members face these challenges, the Club will continue to support them. More detail on these efforts with respect to human safety, as well as security and sustainability, is provided in the loss prevention item following my report.

Chairman's Report

(continued)

The Managers continue to demonstrate their commitment to leading the Club towards a digital, data-driven and Member-led future.

Positioning the Club's systems for the future

As previously communicated, the Club has, in recent years, undertaken a large-scale project to upgrade its underwriting systems. The project has required considerable investment both of funds and the Managers' time, and indeed has faced delays that increased the expenditures of both. I am pleased to report that the system successfully launched in June 2024 and the programme is now concluding in line with timelines and budgets revised in early 2024. As with any ambitious system upgrade, there are still hurdles to clear to finetune functionality, however through the extraordinary efforts of the Managers' change team and operational staff, the "case for change" has been delivered, with benefits already clear to see and still more firmly on the horizon.

The Managers continue to demonstrate their commitment to leading the Club towards a digital, data-driven and Member-led future. The plans are ambitious and place the Club where it needs to be to serve a changing and adapting industry and membership. A key step (and learning through the project) in achieving its digital goals has been the Managers' establishment of a dedicated permanent technology and change function, which is now showing benefits in rigour and efficiency of innovation.

Brexit

You will know from previous communications that, after a period of fronting by UK P&I Club N.V. (UKNV), the Club made the decision to establish its own subsidiary in Rotterdam to insure its EEA risks. TT Club Mutual Insurance N.V. (TTNV) was established and began writing insurance risks from 1 September 2024. The project involved both commercial and technological challenges and was delivered on time and under budget with no impact on affected insureds. The Club is confident that this solution will ensure that its Members and brokers in the EEA continue to receive the highest levels of service from the Club. Of course, the Club continues to rely on its vast network of global, on-the-ground expertise from its Network Partners and Members in the EEA should see no change in this regard.

I have full confidence in the Manager's decision to strengthen reserves, despite its impact on the net result for the year, and understand it to be the right decision for the membership. There is in place a robust plan to diversify risk and build a portfolio that balances the bodily injury risks faced in the US. It acknowledges that the Club's risk appetite must remain in line with the needs of the industry, that it must be bold and address issues head on, to remain relevant for the membership it serves.

Directors and Board Committees

The Boards and Committees continued to meet according to their usual schedules in 2024, with the Board meeting in Seoul, Rome and New York. I was delighted to meet many of our Members and brokers at the events held in Seoul and New York and thank you for your commitment to the Club.

During the year we welcomed Wendy Chien, Nosiphesihle Mbongwa and Frans Calje to the Board. We also welcomed Kevin King as a Director following his appointment as the Club's CEO in August 2024, taking over from Charles Fenton. Prior to this appointment, Mr King had been Deputy CEO and COO. Previously he led the Club's Europe, Middle East and Africa regional team, and has worked for the Club's Managers, Thomas Miller, since 1996. I must also, of course, offer my sincere thanks to Mr Fenton for his steady guidance of the Club since 2009 and I am pleased to say that he continues to serve as a Director. My Board colleagues and I look forward to working with our new Directors and welcome their varied and extensive expertise.

Chairman's Report

(continued)

I am grateful for the Club's robust guiding principles and mission, which govern all that it does. It means that when we approach these challenges, we do so for the benefit of the membership and the industry as a whole.

Directors and Board Committees
(Continued)

A key consequence of such geopolitical upheaval will be adapting to new government approaches to sustainability and the climate crisis. The climate crisis is well documented and 2024, like 2023, did not fail to show us the dire consequences of inaction. It replaced 2023 as the hottest year on record and weather catastrophes dominated insured losses, with 97% of insured losses weather-related. The most destructive disasters of the year were hurricanes Helene and Milton, striking the US in quick succession in September and October respectively. Indeed, North America had an even higher proportion of losses than usual. Europe, China and the Middle East all saw cases of extreme flooding, which alongside other non-peak perils such as wildfires and severe thunderstorms, seems to be fuelling the trend of rising losses over the long term.

There has been no change to the Directors' fees paid in the year, with the next periodic review due to be carried out in 2026.

This year, the Club Board will meet in Sydney in March, Zurich in June and Bermuda in November. Member events will be held alongside these meetings and I look forward to seeing some of you there

Conclusion

2024, my first full year as the Club's Chairman, certainly presented challenges to overcome. We continue to experience turbulence since the pandemic, with inflation, climate catastrophes, cyber risk and bodily injury exposures causing headaches for most insurers. I am grateful therefore for the Club's robust guiding principles and mission, which govern all that it does. It means that when we approach these challenges, we do so for the benefit of the membership and the industry as a whole.

I would like to once again thank you, our Members and brokers, for taking the time to complete our satisfaction survey and give the Club your feedback. While it is hugely gratifying to see such positive results, it is without doubt the insight into your own challenges and concerns for the future that is most valuable in guiding the Club and its decisions.

We are approaching a new world, where disruption and volatility seem set to be the norm. It is only with agility, integrity and solidarity that we will continue to move forwards, and I say with confidence that your Club is well-positioned to continue to serve you and the industry as a whole.

M Engelstoft
Chairman
27 March 2025

Loss Prevention Report

Where a Member query falls outside of this scope, the function draws on a vast network of over 70 industry associations and experts. It is a truly best-in-class benefit that I urge all Members and brokers alike to draw on.

As noted earlier in this report, the Club received valuable feedback from its Members and their brokers through its customer satisfaction survey in 2024. Members and brokers both scored loss prevention highly, but were clear in asking for more: more visits, more risk assessments and material - more support in reducing risk. Of course, with more than 1,400 Members globally, ensuring all Members have access to world class, bespoke loss prevention support presents a challenge. However the Club's loss prevention function has continued to find novel and innovative ways to reach the Club's membership, covering a vast range of topics and regions in 2024, and has ambitious plans for 2025.

Two key members of the Club's loss prevention function retired in 2024, with 40 years' dedication to the Club's risk management efforts between them. Peregrine Storrs-Fox led the Club's loss prevention function for many years and will continue to liaise with key industry stakeholders on the Club's behalf. Laurence Jones leveraged a long career in port and terminal operations to lead the Club's risk assessment activities across the globe. I would like to thank them both for their tireless efforts in driving the Club's approach to loss prevention over this period and ensuring that the Club is well-positioned to fulfil its mission of making the transport and logistics industry safer, more secure and more sustainable.

Member engagement

The loss prevention team visited many of our Members in 2024. The team also attended industry conferences and responded to bespoke Member queries, totalling 230 engagements across 30 countries. With many years of experience in transport, ports and warehousing, the function represents an on-hand risk consultancy for the Club's Members. Where a Member query falls outside of this scope, the function draws on a vast network of over 70 industry associations and experts. It is a truly best-in-class benefit that I urge all Members and brokers alike to draw on.

Throughout 2024, Members, brokers and the wider industry were invited to attend a range of webinars and seminars on topics such as safe mooring, tank container risks, temperature-controlled cargoes, inland navigation risks and climate change, as well as a range of topics pertinent to the Club's transport operator Members in Asia. Many Members have also benefitted from risk assessments, bespoke presentations and in-house training on topics of most importance to them.

While the function seeks to increase the number of visits undertaken, it also continues to ensure that the Club's claims executives, underwriters and Network Partners understand fully the risks faced by the membership. The loss prevention team ran various in-person seminars for staff throughout the year, on top of monthly virtual meetings to ensure staff remain up to date on loss prevention issues. In this way, Members and brokers will see more loss prevention in their day-to-day interactions with the Club, as its claims executives and underwriters become a conduit between loss prevention and the wider membership.

Key Themes

The Club's loss prevention function tackled a vast array of themes throughout 2024. I encourage you all to read the Club's annual publication "Loss prevention – a year in focus", which details key themes and activities for the past year, across all corners of the Club's global operations. In picking target themes, the function identifies opportunities to reduce risk and promote better practices by spotting trends in repeat losses, searching for potential to reduce frequency and severity. In doing so the function seeks to achieve marginal gains year by year to push the Club forwards in its mission, noting that even the smallest change can have a great impact.

Loss Prevention Report

(continued)

The Club's uniquely objective position within the global transport and logistics industry allows it to engage in far-reaching collaborative relationships, from government bodies to industry associations.

Key Themes (Continued)

The Club launched its ESG toolkit in January to provide Members with actionable insights, case studies and solutions to complex issues such as emissions calculation and reporting, electrification and alternative fuels. The tool has proved highly successful and I must thank the Club's Members that have contributed their own insights and success stories. It is this sharing of experience and expertise that in my mind best embodies the Club's mutual ethos.

While the industry must focus on taking steps to slow climate change, there are immediate consequences and risks that cannot be ignored. The Club's loss prevention function has therefore also worked to develop invaluable guidance around climate change adaptation, asset management and preventative measures to tackle the changing risk landscape brought on by the climate crisis.

Another key theme throughout the year has been crime and theft, particularly for the Club's transport operator Members in the Americas and Europe. The rise in theft incidents across the US in particular has been dramatic. The Club's loss prevention and claims executives continue to visit Members in the region and suggest preventative measures, alongside producing guidance throughout the year on insider risk, inventory management and due diligence. The loss prevention function also seeks to draw insight and expertise from the industry in this area to ensure Members receive the highest standard of guidance from the Club.

Of course, lithium battery and fire risk continue to present challenges across the globe. After a year that began with very few severe incidents of fire on ships, a small number of incidents occurred in quick succession over the summer, with hazardous cargo suspected in at least two of them. The Club's involvement with the Cargo Integrity Group in raising awareness of cargoes of concern and its work with Brookes Bell to develop guidance, continue to aid the membership in identifying risk areas and following best storage, packing and transportation practices.

The risk of injury and to life will always ground the Club's loss prevention efforts and, as such, accidents and incidents remain front and centre for the team as a core driver of risk guidance. As it always has been, the safety of workers in the industry will continue to be paramount for the Club. Workers should go home to their families every day unharmed and I am pleased to see this continue to be a priority for the Club.

Resources

Many of you will be aware of the many resources the Club's loss prevention function produces each year. From reports and whitepapers to posters and bulletins, the Club's loss prevention resources are varied and comprehensive in scope. Throughout 2024, 16 documents addressing topics such as flexitank risks, cargo theft in Italy, insider threat and contractual risk management were produced or revised.

In addition to its library of publications, the Club's loss prevention function has, over the last few years, sought to reach the membership in new ways, by means of a podcast. 2024 saw the Club publish eight new episodes throughout the year, which delve into a wide range of topics from both claims executives and underwriters across the Club's global operations. The Club's podcast episodes were listened to more than 45,000 times throughout 2024, a figure that has more than tripled over the past two years. The content pipeline is strong, with guests from across the Club and wider industry joining to discuss pertinent issues for the global supply chain, keeping the Club relevant and central to industry issues.

Industry collaboration

The Club's uniquely objective position within the global transport and logistics industry allows it to engage in far-reaching collaborative relationships, from government bodies to industry associations. I am pleased to report many such fruitful collaborations throughout 2024.

Loss Prevention Report

(continued)

I am hugely encouraged by the Managers' increased focus on loss prevention in recent years, and throughout 2024 in particular.

Industry collaboration (Continued)

On the topic of theft, the UK Government's Department for Transport has launched a Task and Finish Group which explores raising standards and increasing capacity of truck parking facilities across the country. The Club's Managing Director for Loss Prevention leads the workstream focused on standards at lorry parking facilities and, alongside industry stakeholders, produced an industry-led report, which advises the Government on recommendations to reduce freight crime. It is encouraging to see government bodies taking action on key concerns and loss areas for the Club's Members and to see the loss prevention function integral in supporting such initiatives. I hope to see further action replicated across the globe.

Another promising development throughout 2024 was the Club's invitation to the United Nations Commission on International Trade Law (UNCITRAL) Working Group VI, which seeks to develop an international instrument on negotiable cargo documents. Of course, while we must applaud developments to facilitate international trade, it is vital to remain cognisant of the risks to the Club's membership. I am therefore glad to see the Managers invited to this global forum, to raise awareness and provide their expertise on how such changes might impact liability insurance and existing international conventions of carriage.

As noted in last year's report, the Club's loss prevention function works closely with the International Cargo Handling Coordination Association (ICHCA) to seek and promote innovative safety solutions across the industry. The Club partners with the association to run a yearly award program, which consistently receives more than 25 entrants, all of which demonstrate valuable strides to improving safety. The two organisations then partner each year with TOC Worldwide, an events company for terminal operators, to run the "Safety Village" at their flagship conference in Rotterdam. To my knowledge, there is no other programme dedicated to seeking and drawing together the best innovative approaches to solving safety concerns and I am greatly encouraged as I see this initiative grow year on year.

Finally, on the topic of collaboration, the Club's loss prevention function continues to be heavily involved in cargo integrity matters, working in particular with the Cargo Incident Notification System (CINS) and the Cargo Integrity Group (CIG). Throughout the year the Club's loss prevention function has collaborated with these groups in raising awareness of 'cargoes of concern' including charcoal as well as calling on global governments and the International Maritime Organization to publish container inspection findings.

Conclusion

I am hugely encouraged by the Managers' increased focus on loss prevention in recent years, and throughout 2024 in particular. The work of the function has shown it has the potential to effect real, impactful change in the global transport and logistics industry at both macro and micro levels, reaching both government and the smallest of Member operations.

The pillars on which the Club's success balances are undoubtedly claims, underwriting and loss prevention. The Club's mutual ethos shines across all three, but the Club's loss prevention framework arguably shows the greatest potential for growth and improvement. While I am proud of the Club's loss prevention output thus far, I am bolstered and enthused by the many more opportunities on the horizon. Together, we can reduce loss, effect change, save lives and ensure the future of the industry, a future that is safer, more secure and more sustainable.

M Engelstoft
Chairman
27 March 2025

Strategic Report

TT Club's business strategy is to provide superior insurance products and claims handling to its policyholder Members at a competitive price, whilst maintaining excellent financial security over the long term.

Business review

The principal activities of Through Transport Mutual Insurance Association Limited ("TTB") and its subsidiaries, TT Club Mutual Insurance Limited ("TTI") and TT Club Mutual Insurance N.V. (TTNV) – trading collectively as "TT Club" or "the Club" – during the year were the provision of insurance and reinsurance in respect of the property equipment and casualty liabilities of its Members in the international transport and logistics industry.

TT Club operates in the United Kingdom, the Netherlands, the United States of America and through branches in Australia, Hong Kong and Singapore.

Strategy and values

TT Club's business is the provision of asset and liability insurances and related risk management services to the international transport and logistics industry. It consists of two mutual insurance companies with separate corporate governance arrangements but operating as a single business, and is owned by its policyholders, also known as Members.

On 1 September 2024, TTNV started to insure the Club's EEA business, previously fronted by UK P&I Club's subsidiary in the Netherlands, UK P&I Club N.V ("UKNV") and reinsured 100% to TTI. On the the same date a portfolio transfer to TTNV took effect of the back book of EEA business that UKNV had previously insured as a fronting insurer for TTI (see note 18 to the consolidated financial statements). All TTNV's business is 100% reinsured to TTI.

TT Club's business strategy is to provide superior insurance products and claims handling to its policyholder Members at a competitive price, whilst maintaining excellent financial security over the long term. Insurance is very much a cyclical business, with premium rates fluctuating in accordance with the supply of capital in the market and with the investment returns available to the owners of that capital. TT Club maintains a conservative investment policy.

TT Club's financial strategy, approved by the Board, is to maintain within the business sufficient capital to meet regulatory requirements, and to maintain an AM Best rating of A-minus (Excellent) over the insurance market cycle, with a substantial margin in each case. The Directors are satisfied that both elements of this strategy have been maintained throughout the year.

TT Club's business model is to outsource the entire management function, including that relating to investment management, to companies within the Thomas Miller Holdings Limited group of companies.

Financial performance, capital strength and solvency

The principal Key Performance Indicators ("KPIs") by which performance is monitored by the Board are set out below.

	2024	2023
AM Best rating	A- (Excellent)	A- (Excellent)
Surplus and reserves	US$ 282.2m	US$ 277.4m
Underwriting deficit	US$ (27.7)m	US$ (19.3)m
Investment return	US$ 34.2m	US$ 36.0m
Surplus after tax	US$ 4.8m	US$ 15.9m

Strategic Report
(continued)

Financial performance, capital strength and solvency (continued)

Gross earned premiums amounted to US$ 284.2 million which was slightly higher than the previous year due to Member volume growth.

The Club has entered into a three year quota share reinsurance agreement with Swiss Re which covers the 2023 to 2025 policy years with the cession being 15% for 2024 (2023: 15%)

The latest forecast ultimate loss ratio for the 2024 policy year is 77% compared with the 2023 policy year loss ratio forecast of 75% as at 31 December 2023.

Prior accident year claims development has been higher than expected, resulting in a strengthening of prior year best estimate claims reserves, excluding currency effects and before quota share reinsurance, of US$ 8.2 million (2023 strengthening of US$ 13.9 million).

The deterioration in the underwriting result was due to the higher 2024 policy year loss ratio, claims reserve strengthening and the spend on the project to modernise the Club's IT systems of US$ 12.1 million, which was higher than the previous year spend of US$7.9 million.

The underlying investment return, excluding currency effects was 5.6% (2023: 6.3% gain).

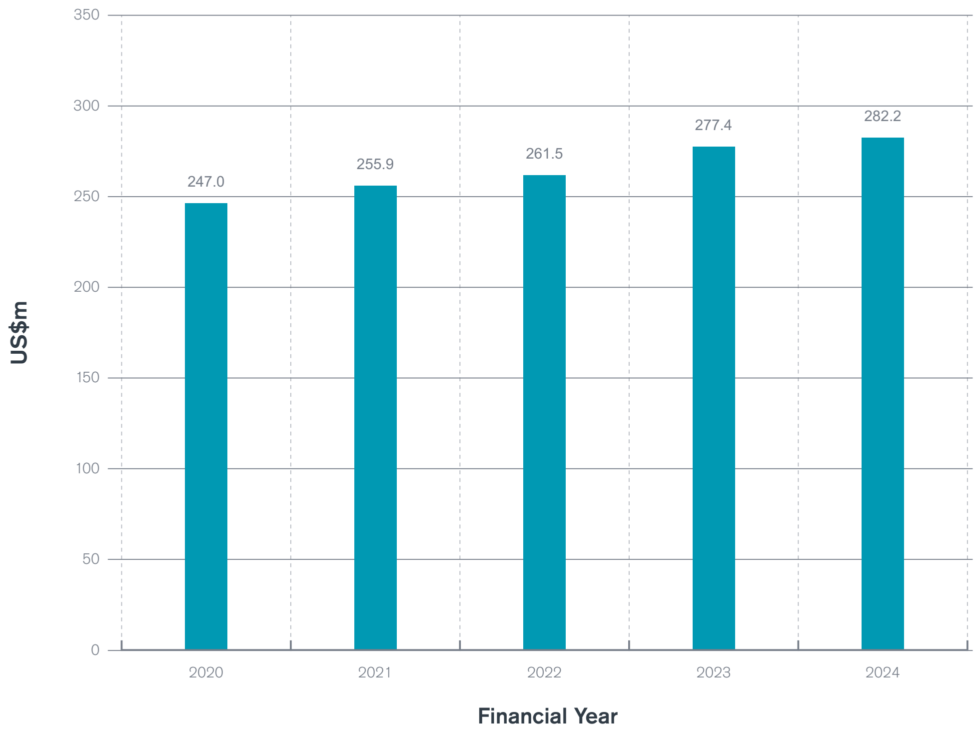
Strategic Report
(continued)

Key Performance Indicators

The principal KPIs by which performance is monitored by the Board are detailed below.

1. **Financial strength - AM Best rating**
   TT Club has had a rating of A- (Excellent) since 2006.

2. **Capital - surplus and reserves**



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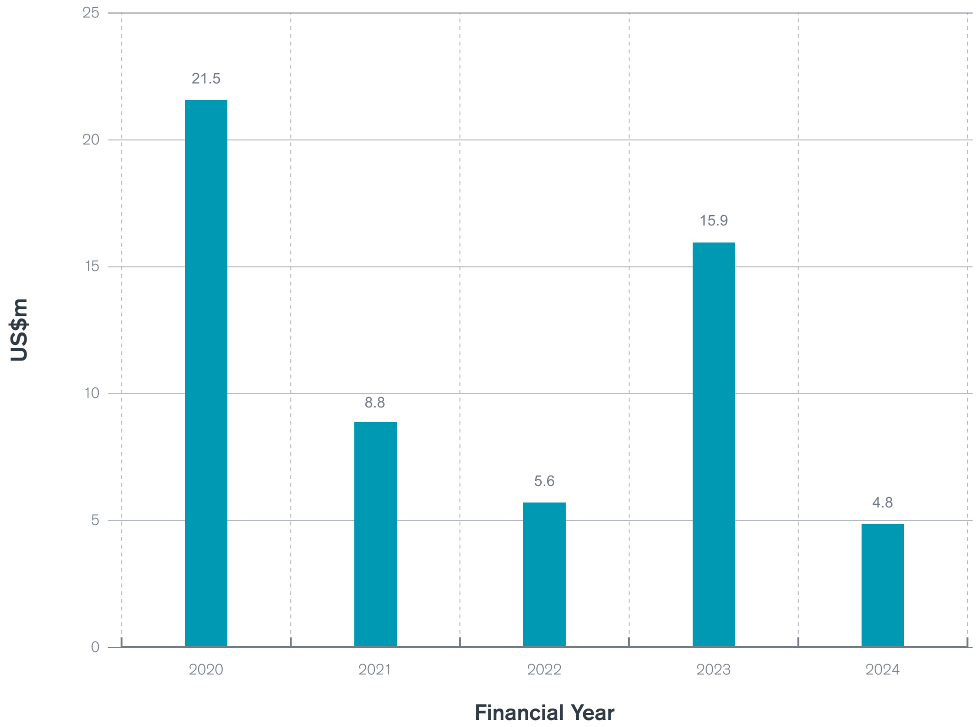
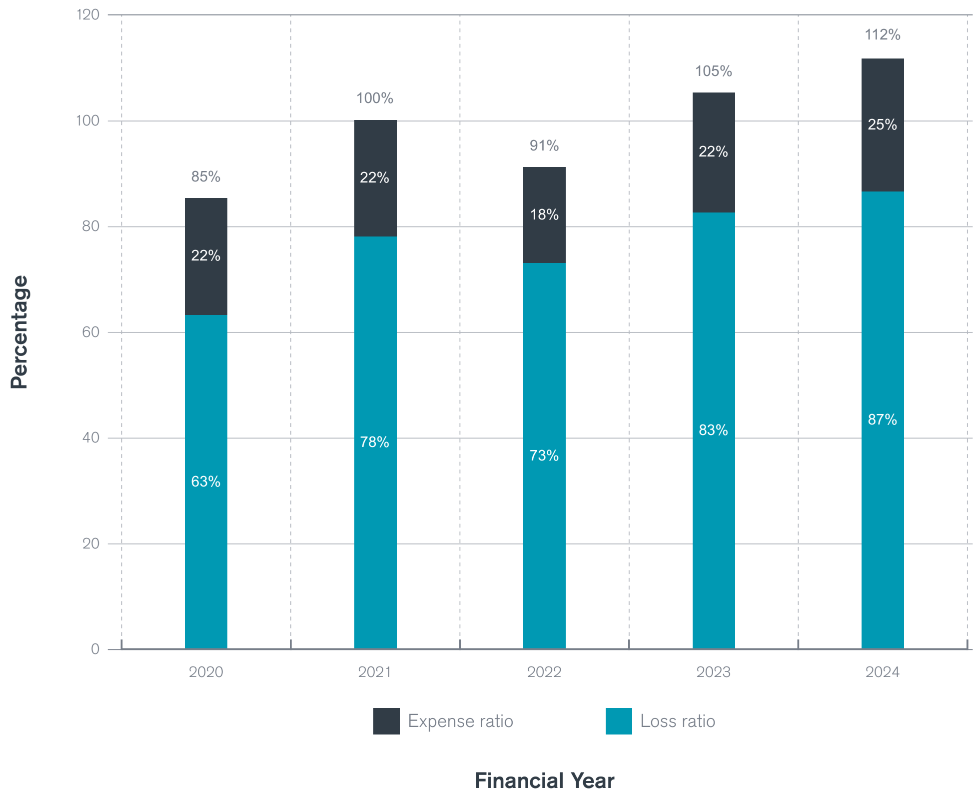
Strategic Report
(continued)

Key Performance Indicators (continued)

3. Net result - surplus/(deficit)



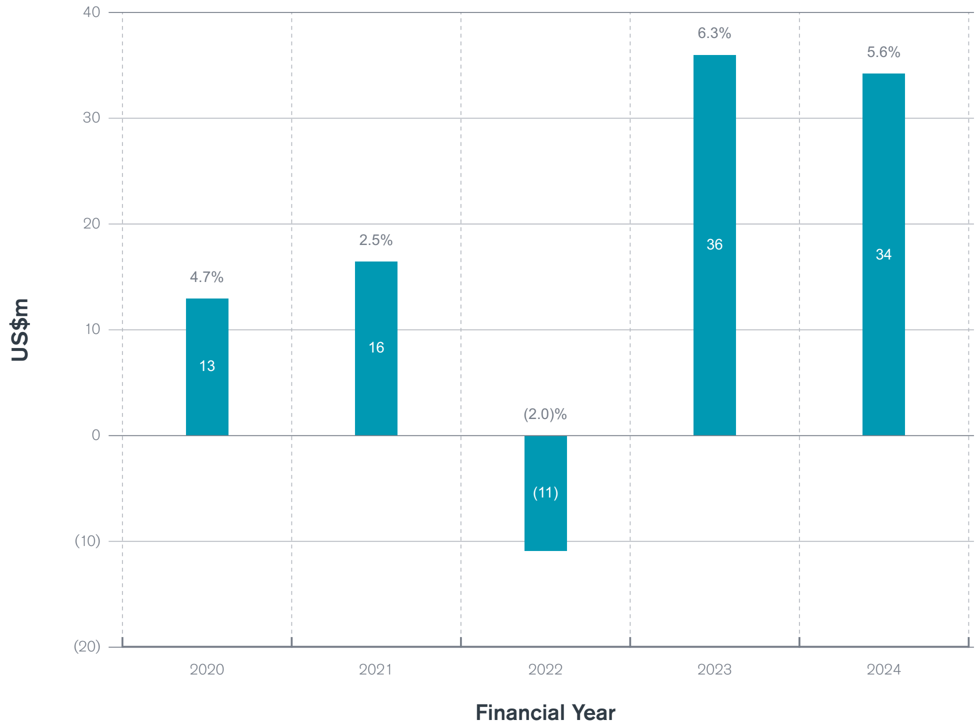
4. Combined ratios - showing loss and expense ratios (inclusive of brokerage)



Included within the Club's expenses for 2024 are US$ 12.1m (2023 : US$ 7.9m, 2022 : US$ 2.0m, 2021 : US$ 9.0m and 2020 : US$ 4.9m) of costs relate to an ongoing IT project to modernise existing systems.

Key Performance Indicators (continued)

5. Investment returns - in monetary amounts and yields.



Risks and risk management

The Board has adopted a risk management policy which is designed to protect TT Club from occurrences that hinder sustainable achievement of its objectives and financial performance and to ensure that TT Club complies with regulatory requirements in the jurisdictions in which it operates.

The following key principles outline TT Club's approach to risk management:

- The Board is responsible for risk management and internal control;
- The Board is responsible for ensuring that a framework exists which sets out risk appetite, risk management and control and business conduct standards; and
- The Board is responsible for ensuring that the Managers implement and maintain a sound system of internal control.

All types of risk facing the business are identified and analysed, and each one is rated according to its probability of occurrence and impact, being an assessment of the significance of the event if it occurs, on the basis of financial, reputational, legal/regulatory and customer measures. The rating of each risk is carried out on the basis of both inherent risk and residual risk, the latter taking account of controls that are already operating. Risks are defined as 'Red', 'Amber' or 'Green' on both inherent and residual risk bases to assist the Board with the prioritisation of the management of risks, and also to demonstrate the importance of the mitigation or control that is in place.

All risks are summarised and categorised in a Risk Log, which is monitored and re-assessed on an annual basis. The Club has established mitigation and control in order to respond to the risks that are identified and assessed as above. These response activities reflect the nature of the Club's business. The appropriateness and adequacy of mitigation and control for each risk is monitored. The Board recognises and accepts that additional action may be disproportionate or not further reduce the risk exposure.

Strategic Report
(continued)

Risks and risk management
(continued)

The principal risks and uncertainties faced by the business are summarised as follows:

Insurance risk

Insurance risk is the potential adverse financial impact on TT Club as a result of:

- Inaccurate pricing of risk when underwritten.
- Inadequate outwards reinsurance protection
- Fluctuations in the timing, frequency and severity of claims and claims settlements relative to expectations.
- Inadequate claims reserves.

Insurance risk is mitigated by means of:

- Prior approval of all quotations by a minimum of two senior underwriters.
- Underwriters' authority levels based on experience and competence.
- Technical underwriting and claims file reviews by management.
- Key performance indicators and key risk indicators relating to underwriting and claim functions.
- Regular actuarial, management and Board review of claims reserves.
- Management review of outwards reinsurance adequacy and security.

Financial risks

Financial risks are explained and analysed in further detail at Note 4 to the financial statements and consist of:

- Market risk.
- Currency risk.
- Credit risk.
- Liquidity and cash flow risk.

Operational risk

Operational risk arises from inadequately controlled internal processes or systems, human error and from external events. Operational risks include, for example, risks arising from outsourcing, conduct, information technology, information security, project management, human resources, taxation, legal, fraud and compliance.

The Club's IT systems are established and stable; any development follows standard project management methodologies. As noted in the Chairman's report the Club is undertaking a major IT project to upgrade its IT system. The risks in relation to this project are being closely managed through the engagement of a specialised project team, project board supervision, second and third line of defence reviews and close oversight by the Audit & Risk Committees and both the TTI and TTB Boards.

Appropriate operational policies and procedures covering all aspects of the business have been embedded through the organisation. Management information supports the control framework and is subject to on-going validation and enhancement to ensure that it is appropriate to business requirements.

The Directors have assessed the mitigation and controls environment relating to each of these types of insurance, financial, and operational risk and have made an assessment of the capital required to meet the residual risks faced by the business.

Charitable donations

During the year there were charitable donations of US$ 2,865 (2023: US$ 11,069) none of which were to political parties.

Strategic Report
(continued)

Club's plan and mission

The Club's 3-year Business Plan pproved by the Board in November 2024 states: The TT Club's mission is "to make the global transport and logistics industry safer, more secure and more sustainable".

To achieve this mission, the Club will be positioned as the preferred independent mutual specialist provider of insurance products and related risk management services to the industry.

A significant element of the value the Club provides to its Members is derived from the depth of expertise within the organisation. This expertise will be applied to ensure the Club is positioned to continue to meet the needs of the membership as those needs evolve.

Other than its Members who are both the mutual policyholders and owners of the Club, the Club's key stakeholders are its brokers, reinsurers, Managers (Thomas Miller) and Network Partners (who provide claims handling services to supplement those provided by its Managers).

The delivery of the Club's mission is core to maintaining the success of the company. The Board has a strategic objective of maintaining the Club's financially stable platform, from which to provide risk management and loss prevention services to the industry. This continues to be achieved and is supported by the affirmation of the Club's A-minus (Excellent) financial strength rating by A M Best in 2024.

Throughout the year, the Board continued to receive reports at its meetings on the Club's loss prevention activities which benefit the Members, providing input and direction on key initiatives.

The Club continues to utilise data it collects, particularly in relation to claims, to assist its Members, as well as other industry stakeholders, in developing good operational practices, including embracing emerging technologies in a robust and considered manner. The Club utilises the data to interact with its membership to improve individual risk profiles and with the broader industry through frequent publications, conference presentations and webinars.

The Club has strong relationships with its brokers and reinsurers and through its Managers, the Club maintains contact and high level engagement with the senior management of its key brokers and reinsurers. During the year, the Board received updates on the Club's key broker and reinsurer relationships. At the end of 2024, the Club's general excess-of-loss reinsurance programme was successfully renewed for 2025.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
27 March 2025

Directors' Report

Directors and officers

The names of the Directors of the Club who served during the year and up to the financial statement signing date are shown on page 2. All the Directors retiring at the Annual General Meeting and seeking re-election were re-elected. The Directors of TTI are shown at the front of the TTI annual report.

The Board of Directors has effected a Directors' and Officers' Liability Insurance policy to indemnify the Directors and Officers of TTB against loss arising from any claim against them jointly or severally by reason of any wrongful act in their capacity as Directors or Officers of TTB. The cost of the insurance is included in net operating expenses.

Board of directors' meetings

The Board of the Club met formally on three occasions during the year to carry out the general and specific responsibilities entrusted to it by the Members under the Bye-Laws of the Club. Amongst the matters considered, the Directors received and discussed written reports from the Managers on TT Club's financial development, with particular reference to underwriting policy, investment of its funds, insurance reserves and major claims paid or outstanding.

Reports on the results of the negotiations for the renewal of Members at the start of and during the current policy year were received and the Directors reviewed the list of new entries and of those Members whose entries had terminated. The Directors confirmed their intention not to levy any supplementary premium on the 2023 policy year and in addition, close the 2021 policy year.

Board committees

The Boards of TTB and TTI have jointly delegated specific authority to a number of committees. The TTI Board is appraised as to the main issues discussed and all minutes of meetings of the committees are distributed to the TTB Board.

The TTB and TTI Nominations Committees ensure that the Board is appropriately skilled to direct a mutual insurance company, that the Directors are appropriately senior and representative of the membership, and that there is a proper balance of Directors taking account of the different categories of Member, different sizes of businesses insured and different locations of Members' businesses. The TTB and TTI Nominations Committees met on three occasions during 2024.

The TTB and TTI Audit & Risk Committees assist the Board in discharging its responsibilities for the integrity of TT Club's financial statements, the assessment of the effectiveness of the systems of internal control, monitoring the effectiveness and objectivity of internal and external auditors, and compliance with regulatory requirements in relevant jurisdictions. The TTB and TTI Audit & Risk Committees met on seven occasions during 2024.

The TTB Management Committee was formed in June 2020 in order to comply with economic substance requirements in Bermuda. The role of the committee is to oversee the Club's quota share reinsurance agreement with TTI and to consider and approve where appropriate, the business strategy, the business plan and the Group Own Risk and Solvency Assessment. The Committee met on one occasion during 2024.

The TTB Investment Committee makes recommendations to the Board in respect of investment policy and reviews in detail the performance of TT Club's investments. The Investment Committee met on three occasions during 2024.

Directors' Report
(continued)

Independent Auditors

Following an audit tender process, Deloitte LLP were appointed on 1 July 2024 as auditors in accordance with s485 of the Companies Act 2006. PricewaterhouseCoopers LLP resigned as auditors following the completion of the 2023 year-end audit.

Approval of 2023 Annual Report and Financial Statements

The Annual Report and Financial Statements for the year ended 31 December 2023 were laid and approved by the Members of the Club at the Annual General Meeting in June 2024.

Statement of disclosure of information to auditors

Each person who is a Director at the date of this report confirms that:

- So far as each of them is aware, there is no information relevant to the audit of the Club's financial statements for the year ended 31 December 2024 of which the auditors are unaware; and
- Each Director has taken all steps that he/she ought to have taken in his/her duty as a Director in order to make him/herself aware of any relevant audit information and to establish that the Club's auditors are aware of that information.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
27 March 2025

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable laws and regulations in Bermuda.

The directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards. The financial statements are required to give a true and fair view of the state of affairs of TT Club and Parent Company and of the profit or loss of TT Club and Parent Company for that year.

In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that TT Club and Parent Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of TT Club and Parent Company and to enable them to ensure that the financial statements comply with applicable law and United Kingdom Accounting Standards. They are also responsible for safeguarding the assets of the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Through Transport Mutual Insurance Association website, www.ttclub.com, is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
27 March 2025

Independent Auditors' Report to the Members of Through Transport Mutual Insurance Association Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Through Transport Mutual Insurance Association Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Bermuda Companies Act 1981.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated and parent statements of financial position;
- the consolidated statement of changes in surplus and reserves
- the parent statement of changes in surplus and reserves;
- the consolidated statement of cash flows; and
- the related notes 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of Through Transport Mutual Insurance Association Limited

Report on the audit of the financial statements (continued)

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

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

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

Independent Auditors' Report to the Members of Through Transport Mutual Insurance Association Limited

Report on the audit of the financial statements (continued)

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Bermuda Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included regulatory solvency requirements in Bermuda and in the UK, Hong Kong, Australia, Singapore and the Netherlands, including Solvency II, environmental regulations, data protection, regulatory compliance, the UK Bribery Act and the Financial Services and Markets Act 2000.

We discussed among the audit engagement team and relevant internal specialists such as actuarial and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the valuation of gross technical provisions and in particular the valuation of claims incurred but not reported and the margin applied within the actuarial best estimate. Our procedures performed to address it are described below:

- Gaining a detailed understanding of the end-to-end claims and reserving process and obtained an understanding of relevant controls;
- Testing the data reconciliation controls and re-performing reconciliations on the actuarial data back to the financial ledger and source systems which have been audited;
- Engaging with our actuarial specialists to:
  - Inspect and challenge the reserving process undertaken through inspecting relevant documentation and meetings with management;
  - Perform an independent estimate of reserves using our in-house software; and
  - Where relevant, to support our independent estimates, inspect and challenge management's methodology in determining the valuation of the gross technical provisions
- Performing independent analysis on reserves to provide a distribution of reserves and using this to calculate an independent estimate of the margin. Then, comparing our result with management's calculation and inspecting and challenging management's methodology and key assumptions when setting the margin, including examining the underlying documentation prepared by management as part of their calculation.

We have concluded that the valuation of gross technical provisions is reasonable.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

Independent Auditors’ Report to the Members of Through Transport Mutual Insurance Association Limited

Report on the audit of the financial statements (continued)

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and those charged with governance concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing internal audit reports, and reviewing correspondence with all relevant regulators.

Use of this report

This report is made solely to the company’s members, as a body, in accordance with Section 90 of the Bermuda Act 1981. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Deloitte LLP
Statutory Auditor
London, United Kingdom
27 March 2025

Consolidated Income Statement

for the year ended 31 December 2024

Technical account	Note	**2024 US$000s**	Restated[1] 2023 US$000s
Gross premiums written	8	**283,050**	289,201
Reinsurance premiums ceded		**(65,129)**	(67,909)
Net premiums written		**217,921**	221,292
Change in provision for unearned premiums			
Gross	7	**1,188**	(4,944)
Reinsurers' share	7	**1,201**	3,292
		2,389	(1,652)
Net earned premiums		**220,310**	219,640
Allocated investment return transferred from the non-technical account		**19,733**	20,717
Total Income		**240,043**	**240,357**
Claims paid			
Gross	5(b)	**(150,958)**	(121,141)
Reinsurers' share	5(b)	**30,524**	23,670
		(120,434)	(97,471)
Change in the provision for claims			
Gross		**(58,776)**	(61,951)
Reinsurers' share		**14,439**	(1,157)
		(44,337)	(63,108)
Net claims incurred		**(164,771)**	(160,579)
Net operating expenses	9	**(83,211)**	(78,314)
Total Expenses		**(247,982)**	**(238,893)**
Balance on the technical account		**(7,939)**	**1,464**

[1] Details on the restatement are disclosed in note 19.

Consolidated Income Statement

for the year ended 31 December 2024 (continued)

Non-technical account	Note	**2024 US$000s**	2023 US$000s
Balance on the technical account		**(7,939)**	1,464
Net investment returns			
Investment income		**22,052**	16,146
Realised gains on investments		**13,197**	3,045
Unrealised (losses)/gains on investments		**(1,022)**	16,787
	10	**34,227**	35,978
Allocated investment return transferred to the technical account	10	**(19,733)**	(20,717)
		14,494	15,261
Interest payable and financing costs		**–**	(361)
Exchange losses		**(1,231)**	(36)
Surplus on ordinary activities before tax		**5,324**	16,328
Tax on ordinary activities	11	**(549)**	(398)
Surplus for the year		**4,775**	15,930

All activities derive from continuing operations and are attributable to members.

The notes on pages 30 to 50 form an integral part of these financial statements.

Consolidated and Parent Statement of Financial Position

as at 31 December 2024

Assets	Note	Consolidated **2024** **US$000s**	Consolidated Restated[1] 2023 US$000s	Parent Company **2024** **US$000s**	Parent Company Restated[1] 2023 US$000s
Investments					
Land and buildings		**–**	51	**–**	–
Shares in subsidiary undertakings	12	**–**	–	**12**	12
Other financial investments	13	**635,263**	611,394	**509,180**	379,139
Derivative financial instruments	14	**–**	245	**–**	245
		635,263	611,690	**509,192**	379,396
Reinsurers' share of technical provisions					
Provision for unearned premiums	7	**26,319**	25,118	**4,343**	2,898
Claims outstanding	5(b),5(d)	**119,092**	104,748	**11,019**	7,056
		145,411	129,866	**15,362**	9,954
Debtors					
Arising out of direct insurance operations		**67,279**	72,276	**8,721**	7,563
Arising out of reinsurance operations		**3,027**	6,748	**56,570**	57,990
Amounts due from group undertakings		**–**	–	**44,660**	155,730
Other debtors		**2,449**	2,970	**155**	387
		72,755	81,994	**110,106**	221,670
Other assets					
Cash at bank		**93,916**	61,891	**11,363**	3,109
Retirement benefits and similar obligations	17	**45**	56	**–**	–
		93,961	61,947	**11,363**	3,109
Prepayments and accrued income					
Accrued interest		**4,681**	3,555	**3,052**	2,145
Deferred acquisition costs	6	**11,322**	11,400	**1,502**	1,449
Prepayments		**211**	1,265	**91**	410
		16,214	16,220	**4,645**	4,004
Total assets	4(b),4(c),4(d)	**963,604**	**901,717**	**650,668**	**618,134**

[1] Details on the restatement are disclosed in note 19.

Consolidated and Parent Statement of Financial Position

as at 31 December 2024 (continued)

Liabilities and reserves	Note	Consolidated 2024 US$000s	Consolidated Restated[1] 2023 US$000s	Parent Company 2024 US$000s	Parent Company Restated[1] 2023 US$000s
Reserves					
Statutory reserve		**240**	240	**240**	240
Surplus and reserves		**281,963**	277,188	**169,205**	183,247
	4(b)	**282,203**	277,428	**169,445**	183,487
Gross technical provisions					
Provision for unearned premiums	7	**109,879**	111,066	**72,046**	72,165
Claims outstanding	5(b),5(d)	**538,546**	491,222	**393,251**	357,985
		648,425	602,288	**465,297**	430,150
Creditors					
Arising out of reinsurance operations	19	**9,377**	8,961	**1,737**	23
Derivative financial instruments		**188**	–	**181**	–
Other creditors including taxation and social security		**18,499**	2,340	**12,955**	288
		28,064	11,301	**14,873**	311
Other liabilities					
Accruals and deferred income		**4,944**	10,732	**1,053**	4,186
Equity minority interest		**(32)**	(32)	**–**	–
		4,912	10,700	**1,053**	4,186
Total liabilities and reserves		**963,604**	**901,717**	**650,668**	**618,134**

[1] Details on the restatement are disclosed in note 19.

The notes on pages 30 to 50 form an integral part of these financial statements.

The financial statements on pages 24 to 29 were approved by the Board of Directors and authorised for issue on 27 March 2025. These were signed on its behalf by the Directors.

The Club has taken exemption under Section 408 of the Companies Act from preparing a Parent Company Statement of Income and Expenditure.

DIRECTORS

M Engelstoft **J Küttel**

Company Registered Number: 1750

Consolidated Statement of Changes in Surplus and Reserves

for the year ended 31 December 2024

	Statutory reserve US$000s	Surplus and reserves US$000s	Total US$000s
At 1 January 2023	**240**	**261,258**	**261,498**
Surplus for the year	–	15,930	15,930
At 31 December 2023	**240**	**277,188**	**277,428**
Surplus for the year	–	4,775	4,775
At 31 December 2024	**240**	**281,963**	**282,203**

Parent Statement of Changes in Surplus and Reserves

for the year ended 31 December 2024

	Statutory reserve US$000s	Surplus and reserves US$000s	Total US$000s
At 1 January 2023	**240**	**199,496**	**199,736**
Surplus for the year	–	8,751	8,751
Contribution of surplus to subsidiary company	–	(25,000)	(25,000)
At 31 December 2023	**240**	**183,247**	**183,487**
Surplus for the year	–	958	958
Contribution of surplus to subsidiary company	–	(15,000)	(15,000)
At 31 December 2024	**240**	**169,205**	**169,445**

Consolidated Statement of Cash Flows

for the year ended 31 December 2024

	Note	**2024 US$000s**	2023 US$000s
Cash flows from operating activities			
Premiums received, net of brokerage paid		**244,831**	261,539
Reinsurance premiums ceded paid		**(66,535)**	(70,219)
Claims paid		**(148,096)**	(126,744)
Reinsurance recoveries on claims		**50,054**	30,096
Management fees paid		**(59,556)**	(44,948)
Expenses paid		**(6,881)**	(1,802)
Overriding commission income on quota share reinsurance		**6,681**	11,569
Investment income		**34,116**	20,639
Other operating cash movements		**(477)**	(20,914)
Taxation paid		**(336)**	(582)
Net cash generated from operating activities		**53,801**	58,634
Cash flows from investment activities			
Net cash flows used in purchases of investments		**(914,271)**	(673,004)
Net cash flows from sales of investments		**884,436**	637,721
Net cash flows utilised in investing activities		**(29,835)**	(35,283)
Cash flows from financing activities			
Interest paid		**–**	(361)
Net cash flows utilised in financing activities		**–**	(361)
Cash and cash equivalents at the start of the year		**93,277**	69,198
Net increase in cash and cash equivalents		**23,966**	22,990
Effect of exchange rate fluctuations on cash and cash equivalents		**(7,055)**	1,089
Cash and cash equivalents at the end of the year	4(d)	**110,188**	**93,277**
(UCITS and cash at bank and in hand)			

	Note	**2024 US$000s**	2023 US$000s
Cash and cash equivalents at the end of the year consist of:			
Cash at bank		**93,916**	61,891
UCITS (included within Other Financial Investments in the Consolidated Statement of Financial Position)		**16,272**	31,386
Cash and cash equivalents at the end of the year	4(d)	**110,188**	**93,277**
(UCITS and cash at bank and in hand)			

Notes to the Consolidated Financial Statements

Note 1: Constitution and ownership

The Club was incorporated in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton, HM 10 as Through Transport Mutual Insurance Association Limited ("TTB") under the Through Transport Mutual Insurance Association Limited Consolidation and Amendment Act 1993 as an exempted company.

The liability of Members is limited to the supplementary premiums set by the Directors. Under TTB's Byelaws, in the event of its liquidation, any net assets of the Club (including the Statutory Reserve of US$ 240,000) are to be distributed equitably to those Members insured by it during its final underwriting year. There is no ultimate parent company or controlling party.

Note 2: Accounting policies

(a) Basis of preparation and statement of compliance

These Group financial statements which consolidate the financial statements of the Club and its subsidiary undertakings have been prepared under the Bermuda Companies Act 1981. The Club and its subsidiary undertakings have applied uniform accounting policies and on consolidation all intra-group transactions, profits, and losses have been eliminated.

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103") and United Kingdom Companies Act 2006 and where appropriate, the provisions of Schedule 3 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (The Regulations) relating to insurance companies.

The Club has taken exemption from presenting a Parent Company income and expenditure statement under section 408 of Companies Act 2006.

The Club has taken exemption from presenting a Parent Company Statement of Cash Flows under section 1.12(b) of FRS 102.

The Financial Statements have been prepared on the going concern basis. The Directors consider it appropriate to adopt the going concern basis of accounting in the preparation of these Financial Statements and are not aware of any material uncertainties to Group's ability to continue to do so for at least 12 months from the date of authorisation of these Financial Statements.

The preparation of financial statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The functional currency of the Club is considered to be United States Dollar ("US$") because that is the currency of the primary economic environment in which the Club operates. The consolidated financial statements are also presented in United States Dollars. Foreign operations are included in accordance with the policies set out below.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Premiums

Premiums written relate to business incepted during the year, together with any differences between booked premiums for prior years and those previously accrued, and include estimates of provisions for anticipated adjustment premiums.

Premiums are stated before the deduction of commissions and brokerage but net of taxes and duties levied.

(c) Unearned premiums

Premiums written during the financial year are earned as revenue on a daily pro-rata basis over the period of cover provided, in line with the incidence of risk. For cargo insurance, premiums are recognised 100% on the voyage date. Although these policies are recognised as 1 day, the shipping duration may extend beyond this period, necessitating a different approach to recognising the earnings of premiums.

Note 2: Accounting policies (continued)

(d) Claims

Provision is made for all claims incurred during the year – whether paid, estimated, or unreported, claims management costs, and adjustments to claims provisions brought forward from previous years. In addition, claims management costs include an allowance for estimated costs expected to be incurred in the future in the management of claims.

Estimated claims stated in currencies other than the functional currency are converted at year-end rates of exchange and any exchange difference is included within claims incurred in the Income Statement.

The provision for claims outstanding includes both estimates for known outstanding loss reserves ("OSLR") and for claims incurred but not reported ("IBNR"). The estimates for OSLR are based on the best estimate and judgement of the likely final cost of each individual claim based on current information. The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of cost of settling OSLR already notified to the Club, where more information is generally available.

The Club takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures.

The best estimate of unreported claims on each policy year and the eventual outcome may vary from the original assessment. As a result of this inherent uncertainty, sophisticated estimation techniques are required to determine an appropriate provision. The estimate is made using a range of standard actuarial projection techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. Such methods extrapolate the development of claims for each policy year, based on the claims patterns of earlier years and the expected loss ratios. The main assumption underlying these techniques is that past claims development experience can be used to project ultimate claims costs. Judgement is used to assess the extent to which past trends may not apply in future and alternative approaches are applied as appropriate.

An estimate for Members and general reinsurance in relation to the provision for unreported claims has been made by reference to the relationship between gross and net claims on current and prior policy years and having due regard to recoverability.

(e) Unexpired risk reserve

Full provision is made for unexpired risks when it is anticipated that unearned premiums, net of associated acquisition costs, will be insufficient to meet the expected claims and expenses of business as at the Statement of Financial Position date, after taking account of future investment income.

Unexpired risk surpluses and deficits are offset where business classes are managed together and provision is made if a deficit arises.

(f) Reinsurance premiums

Contracts entered into by the Club with reinsurers, under which the Club is compensated for losses on one or more contracts issued by the Club and that meet the classification requirements for insurance contracts are classified as reinsurance contracts. Insurance contracts entered into by the Club under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts, provided there is significant transfer of insurance risk.

Reinsurance premiums are recognised in the Income Statement in the financial year as and when charged to the Club, together with a provision for any future costs of existing reinsurance policies. Reinsurance purchased during the financial year is recognised as being earned as time elapses during the underlying policy period.

Note 2: Accounting policies (continued)

(g) Reinsurance claim recoveries

The liabilities of the Club are reinsured above certain levels and for certain specific risks.

Claim recoveries recognised in the Income Statement includes receipts and amounts due to be recovered on claims already paid, together with changes in the amount of recoveries to be made on outstanding claims. An assessment is also made of the recoverability of reinsurance recoveries having regard to market data on the financial strength of each of the reinsurance companies.

Claim recoveries on known outstanding loss reserves ("OSLR") are estimated based upon the gross claims provisions, having due regard to collectability. Claim recoveries in respect of claims incurred but not reported ("IBNR") are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of the reinsurance programme over time.

The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each of the reinsurance companies. The reinsurers' share of claims incurred, in the Statement of Income, reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the period. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the statement of income as 'Outward reinsurance premiums' when due.

(h) Acquisition costs

Brokerage, commission payments, and other direct costs incurred in relation to securing new contracts and re-writing existing contracts are deferred to the extent that these are attributable to premiums unearned at the year end date and are shown as assets in the Statement of Financial Position. Amounts deferred are amortised over the life of the associated insurance contract.

(i) Commission income

Commission income is earned on the Club's outward reinsurance programmes and on outward reinsurances arranged by the Club on behalf of Members and others. Overriding commission on outward quota share reinsurances is recognised in the Statement of Income on an earned basis and shown as a reduction to net operating expenses.

(j) Management fee

The Club's business model is to outsource the entire management function to companies within the Thomas Miller Holding Limited group of companies. The managers of TTB are Thomas Miller (Bermuda) Limited and the managers of TTI are Through Transport Mutual (Services) UK Limited. The management fee (which includes an element in relation to claims handling) payable to the managers is agreed on an annual basis and covers the cost of managing the Club.

In addition to this the managers receive a performance related fee. The management fee (excluding the claims handling element) and performance related fee are included within net operating expenses. The claims handling element of the management fee is included within paid claims. All fees payable to the managers are charged to the Income Statement in the period they relate to.

(k) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated in the Statement of Financial Position at fair value, with unrealized gains and losses arising from changes in fair value recognised in the Statement of Income and Retained Earnings for the period in which they arise. Fair value is determined based on the net asset value at the reporting date.

Notes to the Consolidated Financial Statements (continued)

Note 2: Accounting policies (continued)

(l) Financial assets

The Club has applied the requirements of FRS 102 sections 11 and 12 to the measurement, presentation, and disclosure of its financial assets and financial liabilities. Financial assets are classified between the following categories: financial assets at fair value through profit or loss, loans and receivables, derivative financial instruments, and cash and cash equivalents. The classification depends on the purpose for which the assets were acquired and is determined at initial recognition. This is re-evaluated at every reporting date.

Fair value through profit and loss

Assets, including all investments of the Club, are classified as fair value through profit and loss and are designated as such by management to minimise any measurement or recognition inconsistency with the associated liabilities.

Investments are included in the Statement of Financial Position at market value translated at year-end rates of exchange. Fair values of investments traded in active markets are measured at bid price. Where there is no active market, fair value is measured by reference to other factors such as independent valuation reports.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

The costs of investments denominated in currencies other than the US dollars are translated into US dollars on the date of purchase. Any subsequent changes in value, whether arising from market value or exchange rate movements, are charged or credited to the Income Statement. The movement in unrealised investment gains and losses includes the reversal of previously recognised unrealised gains and losses on investments disposed of in the current period.

Net gains or losses arising from changes in fair value of financial assets at fair value through profit or loss are presented in the Income Statement within 'Unrealised gains/(losses) on investments' in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. Receivables arising from insurance contracts are also classified in this category and are reviewed for impairment as part of the impairment review of loans and receivables. A provision is created against any balance that may be impaired. Commission payable to intermediaries is netted off against debtors arising from insurance operations. This netting off is permitted as there are legally enforceable netting agreements in place.

Derivative financial instruments

The Club designates derivatives as either: hedges of a firm commitment or of a highly probable forecast transactions; or non-hedge derivatives.

Non-Hedge Derivative Financial Instruments

Non-hedge derivative financial instruments include open foreign currency contracts. They are designated as fair value through profit and loss. They are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in fair value are charged or credited to the Income Statement. Fair values are obtained from quoted market prices in active markets. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge Derivative Financial Instruments

The Club documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The fair values of various derivative instruments used for hedging purposes are disclosed the notes.

The changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Income Statement. The cumulative hedging gain or loss on the unrecognised firm commitment is recognised as an asset or liability with a corresponding gain or loss recognised in the Income Statement.

Notes to the Consolidated Financial Statements (continued)

Note 2: Accounting policies (continued)

(l) Financial assets (continued)

UCITS

The UCITS are Undertakings for Collective Investments of Transferable Securities, and are used as an alternative to short term cash deposits. These are short-term, highly liquid investments that can be readily converted to cash, with original maturities of three months or less. UCITS are treated as cash equivalents for the purpose of the Cash Flow Statement.

Cash at bank

Cash at bank includes cash in hand and deposits held at call with banks.

(m) Investment return

Investment return comprises dividend income from equities, income on fixed interest securities, interest on deposits and cash, and realised and unrealised gains and losses on investments.

Dividends are recognised as income on the date the relevant securities are marked ex-dividend. Other investment income is recognised on an accruals basis. Investment income accrued but not received at the year end is held as accrued income in the Statement of Financial Position.

The movement in unrealised gains and losses on investments represents the difference between the fair value at the Statement of Financial Position date and their purchase price (if purchased in the financial year) or the fair value at the last Statement of Financial Position date, together with a reversal of previously recognised unrealised gains and losses on investments disposed of in the current period.

The Club allocates a proportion of its actual investment return to the technical account based on the average ratio of outstanding claims to funds available to meet outstanding claims.

(n) Foreign currencies

Revenue transactions are translated into US Dollars at the rate applicable for the month in which the transaction took place. Monetary assets and liabilities have been translated at the closing US Dollar exchange rate. The resulting differences are shown separately in the Income Statement. Non-monetary assets and liabilities are carried at the exchange rate prevailing at the date of the transaction.

Exchange gains or losses arising on non-US dollar cash holdings are treated as realised and are included in the Income Statement.

(o) Policy year accounting

When considering the results of individual policy years for the purposes of membership accounting - premiums, reinsurance premiums payable, claims, reinsurance recoveries, brokerage commission costs and overriding commission income are allocated to the policy years to which they relate based on the period of cover of each insurance policy. The fixed portion of the management fee is charged to the current policy year while any performance related management fee is allocated to the closed policy years (also known as the Reserve Fund). Net operating expenses are charged against the current policy year.

Investment return and exchange gains or losses are allocated proportionately to the average balance on each open policy year and the aggregate of all closed policy years (also known as the Reserve Fund). UK taxation, which is based on investment return, is allocated proportionately between the open policy years and the closed policy years (also known as the Reserve Fund). Other taxation is allocated entirely to the policy years to which it relates.

Notes to the Consolidated Financial Statements (continued)

Note 2: Accounting policies (continued)

(p) Closure of policy years

On formal closure of a policy year, usually 36 months from inception, the cumulative surplus or deficit on that closed year is transferred from the open years' surplus and reserves, to the closed years' surplus and reserves (also known as the Reserve Fund).

For closed policy years, the surplus and reserves held (also known as the Reserve Fund) is used to meet the estimated net outstanding claims ("OSLR") and claims incurred but not reported ("IBNR") obligations on all closed years. Future adjustments to these claim obligations will result in changes to the Reserve Fund.

All investment returns attributable to closed policy years will also result in changes to the Reserve Fund.

(q) Taxation

Current Tax

Current tax is the amount of income and corporation tax payable in respect of the taxable profit for the current year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

As a mutual, the Club operates as a mutual in the United Kingdom and is exempt from UK corporation tax on its underwriting activities, although 10% of the Club's total investment returns are taxed at prevailing rates. For all other jurisdictions in which the Club operates, corporation tax is paid fully at the prevailing rates.

Deferred tax

Deferred taxation is provided in full on timing differences that result in an obligation at the Statement of Financial Position to pay more tax, or a right to pay less tax, at a future date. The rates used in these calculations are those which are expected to apply when the timing differences crystallise, based on current tax rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that these will be recovered. Deferred tax balances are not discounted.

(r) Related parties

The Club has no share capital and is controlled by its members who are also the insureds. The insurance transactions are deemed to be related party transactions but these are the only transactions between the Club and its members.

The Club also discloses transactions with other related parties. Further details can be found in the notes.

Note 3: Accounting estimates and judgements and estimation uncertainty

The Club makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

There are no significant accounting judgements in the application of the Club's accounting policies.

(a) Ultimate claims liability

The estimation of the ultimate liability arising from claims made under insurance contracts is the Club's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that TTI will ultimately pay for such claims. Estimates are made for the expected ultimate cost of claims, whether reported or unreported, at the end of the reporting period.

The estimate of claims incurred but not reported ("IBNR") is generally subject to a greater degree of uncertainty than that for known outstanding loss reserves ("OSLR"). In calculating the estimated liability, TTI uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. Normal inflation is imputed within the estimates, whilst excess inflation is an explicit load, both of which are subject to uncertainties. Further explanation of uncertainties are contained in notes 2(d) and 5(d).

Note 4: Management of Financial Risk

Financial Risk Management Objectives

TT Club manages financial risk on a group basis only, to reflect the structure of the club, with TTB taking a 90% quota share of TTI and TTNV. For this reason, the club has presented its management of financial risk disclosures on a consolidated basis only, unless otherwise explained below.

The Club is exposed to financial risk primarily through its financial investments, reinsurance assets, and liabilities to policyholders. In particular, the key financial risk is that the proceeds from financial investments are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are market risk or investment risk (comprised of interest rate risk, equity price risk and currency risk) together with credit risk and liquidity risk.

The Club manages these risks using a risk governance structure incorporating the Managers' Risk Committee and the Audit and Risk Committee. Further details are set out in the Directors' Report.

The Boards of the Club are responsible, and advised by the Chief Executive working with the Investment Manager, for setting investment policy and the appropriate level of market or investment risk. This is set with reference to the overall risks faced by the Club which are analysed as part of the Own Risk and Solvency Assessment ("ORSA") process.

The processes used to manage risks within the Club are unchanged from the previous period and are set out in the Directors' Report.

Note 4: Management of Financial Risk (continued)

(a) Market risk

(i) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities. In addition, to the extent that claims inflation is correlated to interest rates, liabilities to policyholders are exposed to interest rate risk.

TT Club's investment policy is set to ensure that the duration of the investment portfolio is appropriately matched to the duration of the policyholder liabilities. Interest rate risk is then monitored by comparing the mean duration of the investment portfolio against the mean duration of policyholder liabilities. The mean duration is an indicator of the sensitivity of the assets and liabilities to changes in current interest rates. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

Results of the sensitivity testing are set out below, showing the impact on the market value of investments. The impact of a change in a single factor is shown as a 100 basis points increase or decrease in interest rates, with other assumptions unchanged.

	2024 US$000s	2023 US$000s
100 basis points increase in interest rates will decrease market value of investments by	**(10,056)**	(7,995)
100 basis points decrease in interest rates will increase market value of investments by	**10,056**	7,995

(ii) Investment price risk

TT Club is exposed to price risk as a result of its equity investments. TT Club's investment policy sets limits on TT Club's exposure to equities.

(b) Currency risk

The Club is exposed to currency risk in respect of liabilities under policies of insurance denominated in currencies other than US dollar. The most significant currencies to which the Club is exposed to are GBP and EUR, which are translated into the functional currency of USD. From time to time the Club uses forward currency contracts or options to protect against adverse in year exchange movements.

The table on the following page shows the Club's assets and liabilities by currency. The Club seeks to mitigate such currency risk by matching the currency denominations of financial investments against the estimated foreign currency denominations of liabilities.

Note 4: Management of Financial Risk (continued)

(b) Currency risk (continued)

2024	USD US$000s	GBP US$000s	EUR US$000s	Other US$000s	Total US$000s
Debt securities	488,140	45,977	16,217	–	550,334
Equity shares	39,725	14,878	14,054	–	68,657
UCITS	7,695	1,406	7,171	–	16,272
Derivative financial instruments	–	–	–	–	–
Assets arising from reinsurance contracts held	140,443	622	869	6,504	148,438
Debtors arising from insurance contracts	48,416	4,672	9,289	4,902	67,279
Other debtors	2,340	287	181	(359)	2,449
Cash at bank	31,685	909	10,486	50,836	93,916
Other	14,255	699	28	1,277	16,260
Total assets	**772,699**	**69,450**	**58,295**	**63,160**	**963,604**
Total liabilities	(535,462)	(15,622)	(60,103)	(70,214)	(681,401)
Net assets/(liabilities)	**237,237**	**53,828**	**(1,808)**	**(7,054)**	**282,203**

2023 Restated[1]	USD US$000s	GBP US$000s	EUR US$000s	Other US$000s	Total US$000s
Debt securities	489,925	20,364	10,505	–	520,794
Equity shares	32,131	14,110	12,973	–	59,214
UCITS	14,467	14,104	2,815	–	31,386
Derivative financial instruments	245	–	–	–	245
Assets arising from reinsurance contracts held	133,093	670	1,509	1,342	136,614
Debtors arising from insurance contracts	51,712	3,715	11,283	5,566	72,276
Other debtors	2,214	167	557	32	2,970
Cash at bank	9,391	2,960	2,985	46,555	61,891
Other	14,216	446	151	1,514	16,327
Total assets	**747,394**	**56,536**	**42,778**	**55,009**	**901,717**
Total liabilities	(489,323)	(4,962)	(61,329)	(68,675)	(624,289)
Net assets/(liabilities)	**258,071**	**51,574**	**(18,551)**	**(13,666)**	**277,428**

[1] Details on the restatement are disclosed in note 19.

As at year end, the currency split of TT Club's claims estimates was as follows: US$ 413.2 million in USD and currencies pegged to the USD (2023: US$ 371.5 million), US$ 18.9 million in GBP (2023: US$ 11.4 million), US$ 58.4 million in EUR (2023: US$ 60.8 million) and US$ 48.0 million in other currencies (2023: US$ 47.5 million).

Results of the sensitivity testing are set out below, showing the impact on surplus and reserves before tax. The impact of a change in a single factor is shown as a 5% weakening or strengthening in GBP and EUR against USD, with other assumptions unchanged.

	2024 US$000s	2023 US$000s
5% weakening of USD against GBP will increase surplus and reserves before tax by	**2,563**	2,456
5% strengthening of USD against GBP will decrease surplus and reserves before tax by	**(2,563)**	(2,456)
5% weakening of USD against EUR will decrease surplus and reserves before tax by	**(86)**	(883)
5% strengthening of USD against EUR will increase surplus and reserves before tax by	**86**	883

Note 4: Management of Financial Risk (continued)

(c) Credit risk

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

- Amounts due from policyholders;
- Amounts due from insurance intermediaries;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from reinsurers in respect of claim estimates not yet paid;
- Amounts due from corporate bond issuers; and
- Counterparty risk with respect to derivative transactions.

Reinsurance is used to manage insurance risk. This does not, however, discharge TT Club's liability as primary insurer. If a reinsurer fails to pay a claim, TT Club remains liable for the payment to the policyholder. The creditworthiness of a reinsurer is considered before it is used and strict criteria are applied (including the financial strength of the reinsurer) before a reinsurer is approved.

Counterparty limits based on credit ratings are also in place in relation to amounts due from bond issuers and cash and bank deposits.

The following tables provide information regarding aggregated credit risk exposure, for financial assets with external credit ratings. The credit ratings are sourced from independent ratings agencies.

2024	AAA US$000s	AA US$000s	A US$000s	BBB+ and lower or unrated US$000s	Total US$000s
Debt securities	53,732	468,436	28,166	–	550,334
Equity shares	–	–	–	68,657	68,657
UCITS	16,272	–	0	–	16,272
Derivative financial instruments	–	–	–	–	–
Assets arising from reinsurance contracts held	–	119,121	6,787	22,530	148,438
Debtors arising from insurance contracts	–	–	–	67,279	67,279
Other debtors	–	–	–	2,449	2,449
Cash at bank	–	57,221	36,695	–	93,916
Other	–	–	–	16,259	16,259
Total assets bearing risk	**70,005**	**644,778**	**71,648**	**177,174**	**963,603**

2023 Restated[1]	AAA US$000s	AA US$000s	A US$000s	BBB+ and lower or unrated US$000s	Total US$000s
Debt securities	41,008	462,993	15,638	1,155	520,794
Equity shares	–	–	–	59,214	59,214
UCITS	–	–	31,386	–	31,386
Derivative financial instruments	–	–	–	245	245
Assets arising from reinsurance contracts held	–	112,547	4,210	19,857	136,614
Debtors arising from insurance contracts	–	–	–	72,276	72,276
Other debtors	–	–	–	2,970	2,970
Cash at bank	–	39,518	22,373	0	61,891
Other	–	–	–	16,327	16,327
Total assets bearing risk	**41,008**	**615,058**	**73,607**	**172,044**	**901,717**

[1] Details on the restatement are disclosed in note 19.

Note 4: Management of Financial Risk (continued)

(c) Credit risk (continued)

TThe Club's policy is to make a full provision against all reinsurance debts with an age in excess of two years and a 50% provision for reinsurance debts between one and two years old. The Club also provides against all amounts due from policyholders and insurance intermediaries that are more than nine months overdue.

After assessing all other financial assets at the end of the year, no objective evidence was found to suggest that any were impaired (2023: no impairments).

(d) Liquidity and cash flow risk

Liquidity and cash flow risk is the risk that cash may not be available to pay obligations as they fall due at a reasonable cost.

TT Club maintains holdings in short term deposits to ensure there are sufficient funds available to cover anticipated liabilities and unexpected levels of demand. At year end, TT Club's short term deposits (comprising cash and UCITS) amounted to US$ 110.2 million (2023: US$ 93.3 million).

The tables below provide an overdue and impaired analysis of TT Club's risk-bearing assets.

		Past due but not impaired					
2024	**Neither past due nor impaired US$000s**	**0 to 3 months US$000s**	**3 to 6 months US$000s**	**6 months to 1 year US$000s**	**1 year or greater US$000s**	**Impaired US$000s**	**Carrying value in the balance sheet US$000s**
Debt securities	550,334	–	–	–	–	–	550,334
Equity shares	68,657	–	–	–	–	–	68,657
UCITS	16,272	–	–	–	–	–	16,272
Derivative financial instruments	–	–	–	–	–	–	–
Assets arising from reinsurance contracts held	148,438	–	–	–	–	–	148,438
Debtors arising from insurance contracts	55,883	8,357	2,928	111	–	–	67,279
Other debtors	2,449	–	–	–	–	–	2,449
Cash at bank	93,916	–	–	–	–	–	93,916
Other	16,259	–	–	–	–	–	16,259
Total assets bearing risk	**952,208**	**8,357**	**2,928**	**111**	**–**	**–**	**963,604**

		Past due but not impaired					
2023 Restated[(1)]	**Neither past due nor impaired US$000s**	**0 to 3 months US$000s**	**3 to 6 months US$000s**	**6 months to 1 year US$000s**	**1 year or greater US$000s**	**Impaired US$000s**	**Carrying value in the balance sheet US$000s**
Debt securities	520,794	–	–	–	–	–	520,794
Equity shares	59,214	–	–	–	–	–	59,214
UCITS	31,386	–	–	–	–	–	31,386
Derivative financial instruments	245	–	–	–	–	–	245
Assets arising from reinsurance contracts held	136,614	–	–	–	–	–	136,614
Debtors arising from insurance contracts	59,804	10,497	1,854	121	–	–	72,276
Other debtors	2,970	–	–	–	–	–	2,970
Cash at bank	61,891	–	–	–	–	–	61,891
Other	16,327	–	–	–	–	–	16,327
Total assets bearing risk	**889,245**	**10,497**	**1,854**	**121**	**–**	**–**	**901,717**

(1) Details on the restatement are disclosed in note 19.

Note 4: Management of Financial Risk (continued)

(d) Liquidity and cash flow risk (continued)

The table below provides a maturity analysis of the Club's financial assets and liabilities:

2024	**Under 6 months or on demand US$000s**	**Between 6 months and 1 year US$000s**	**Between 1 and 2 years US$000s**	**Between 2 and 5 years US$000s**	**5 years or greater US$000s**	**Total US$000s**
Debt securities	205,257	23,393	77,534	194,818	49,332	550,334
Equity shares	68,657	–	–	–	–	68,657
UCITS	16,272	–	–	–	–	16,272
Derivative financial instruments	–	–	–	–	–	–
Reinsurers' share of claims outstanding	21,645	21,645	27,624	36,518	11,660	119,092
Assets arising from reinsurance contracts held	5,334	5,334	6,807	8,998	2,873	29,346
Debtors arising from insurance contracts	67,279	–	–	–	–	67,279
Other debtors	2,449	–	–	–	–	2,449
Cash at bank	93,916	–	–	–	–	93,916
Other	16,259	–	–	–	–	16,259
Total financial assets	**497,068**	**50,372**	**111,965**	**240,334**	**63,865**	**963,604**
Creditors	(142,855)	–	–	–	–	(142,855)
Claims outstanding	(97,882)	(97,882)	(124,919)	(165,135)	(52,728)	(538,546)
Total financial liabilities	(240,737)	(97,882)	(124,919)	(165,135)	(52,728)	(681,401)
Net financial assets/(liabilities)	**256,331**	**(47,510)**	**(12,954)**	**75,199**	**11,137**	**282,203**

2023 Restated[1]	**Under 6 months or on demand US$000s**	**Between 6 months and 1 year US$000s**	**Between 1 and 2 years US$000s**	**Between 2 and 5 years US$000s**	**5 years or greater US$000s**	**Total US$000s**
Debt securities	240,039	58,665	41,640	154,965	25,485	520,794
Equity shares	59,214	–	–	–	–	59,214
UCITS	31,386	–	–	–	–	31,386
Derivative financial instruments	245	–	–	–	–	245
Reinsurers' share of claims outstanding	19,235	19,235	23,682	31,760	10,835	104,747
Assets arising from reinsurance contracts held	5,852	5,852	7,205	9,662	3,296	31,867
Debtors arising from insurance contracts	72,276	–	–	–	–	72,276
Other debtors	2,970	–	–	–	–	2,970
Cash at bank	61,891	–	–	–	–	61,891
Other	16,327	–	–	–	–	16,327
Total financial assets	**509,435**	**83,752**	**72,527**	**196,387**	**39,616**	**901,717**
Creditors	(133,067)	–	–	–	–	(133,067)
Claims outstanding	(90,205)	(90,205)	(111,059)	(148,940)	(50,813)	(491,222)
Total financial liabilities	(223,272)	(90,205)	(111,059)	(148,940)	(50,813)	(624,289)
Net financial assets/(liabilities)	**286,164**	**(6,453)**	**(38,532)**	**47,447**	**(11,196)**	**277,428**

[1] Details on the restatement are disclosed in note 19.

Note 4: Management of Financial Risk (continued)

(e) Capital management

TT Club's capital is made up of policyholders' funds (surplus and reserves). TT Club's strategy is to maintain sufficient capital to meet regulatory requirements and to maintain an AM Best financial strength rating of A-minus (Excellent) over the insurance market cycle, with a substantial reserve margin in each case. This is consistent with the Club's risk profile and the regulatory requirements of the business.

TT Club continues to be regulated in the United Kingdom by the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"). Throughout the current year, TT Club complied with Solvency II regulations. The Club assesses and maintains the amount of capital in excess of the amount required to meet the risks that it faces based on a 99.5 per cent confidence level of solvency.

At year end, the Club's surplus and reserves on a GAAP basis US$ 282.0 million (2023: US$ 277.2 million). TT Club makes adjustments to the reserves on a GAAP basis to calculate the regulatory capital available, with adjustments typically leading to the regulatory capital being in excess of the reserves on a GAAP basis.

At year end, TT Club received letters of credit totalling US$ 18.2 million from its reinsurers (2023: US$ 8.1 million). In the event of reinsurer failure, TT Club can draw upon these sums as cash to support its capital requirements.

(f) Fair value estimations

As a financial institution, TT Club applies the requirements of paragraph 34.22 of FRS 102. This requires financial instruments that held at fair value in the balance sheet to be disclosed according to the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1. Prices of recent transactions for identical instruments
- Level 3 – Valuation techniques using observable and unobservable market data

All of TT Club's financial assets that are measured at fair value at the year end fall into Level 1, with the exception of Derivative financial instruments which fall into Level 2.

Consolidated	**Level 1 US$000s**	**Level 2 US$000s**	**2024 Total US$000s**	Level 1 US$000s	Level 2 US$000s	2023 Total US$000s
Debt securities	**550,334**	**–**	**550,334**	520,794	–	520,794
Equity shares	**68,657**	**–**	**68,657**	59,214	–	59,214
UCITS	**16,272**	**–**	**16,272**	31,386	–	31,386
Derivative financial instruments	**–**	**–**	**–**	–	245	245
Financial assets held at fair value through profit and loss	**635,263**	**–**	**635,263**	611,394	245	611,639

Parent	**Level 1 US$000s**	**Level 2 US$000s**	**2024 Total US$000s**	Level 1 US$000s	Level 2 US$000s	2023 Total US$000s
Debt securities	**427,528**	**–**	**427,528**	305,727	–	305,727
Equity shares	**68,657**	**–**	**68,657**	59,214	–	59,214
UCITS	**12,995**	**–**	**12,995**	14,198	–	14,198
Derivative financial instruments	**–**	**–**	**–**	–	245	245
Financial assets held at fair value through profit and loss	**509,180**	**–**	**509,180**	379,139	245	379,384

Note 4: Management of Financial Risk (continued)

(g) Insurance risk

TT Club's exposure to insurance risk is initiated by the underwriting process and incorporates the possibility that an insured event occurs, leading to a claim on TT Club from a policyholder. The risk is managed through the underwriting process, the purchase of reinsurance cover, the management of claims costs and the reserving process.

Results of sensitivity testing are set out below, showing the impact on surplus before tax. The impact of a change in a single factor is shown as a 1% increase or decrease in net claims reserves, with other assumptions unchanged.

	2024 US$000s	2023 US$000s
1% increase in net claims reserves will reduce surplus before tax by	**(4,195)**	(3,865)
1% decrease in net claims reserves will increase surplus before tax by	**4,195**	3,865

(i) Underwriting process

Underwriting authority is delegated to specific individuals who operate under set underwriting instructions and parameters with the on-going guidance and review of senior management. These parameters cover areas such as pricing, categories of business, limits of cover and new business risks to ensure that they fall within TT Club's guidelines for acceptable risk.

(ii) Reinsurance

The establishment of TT Club's reinsurance programme is driven by the Board's objective to manage risk to an acceptable level and to optimise TT Club's capital position. The programme comprises facultative reinsurance to protect against specific risks, whole account excess of loss reinsurance cover to protect against individual large losses, whole account quota share reinsurance to protect against an accumulation of retained claims and to help manage TT Club's solvency.

(iii) Management of claims cost

Claims performance is monitored by senior management on a weekly basis through the use of management information and exception reports. Movements in notified claims costs are also monitored on a monthly basis with comparisons made against actuarial expected development. Half yearly claims developments are actuarially reviewed and approved by the reserving committee and the boards.

(iv) Reserving process

TT Club establishes provisions for unpaid claims, both known outstanding loss reserves ("OSLR") and estimates of claims incurred but not reported ("IBNR"), plus related loss adjustment expenses ("LAE") to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions as set out in note 5(d) as directed and reviewed by the Boards. In order to minimise the risk of understating these provisions, the assumptions made and actuarial techniques employed are reviewed in detail by senior management, then approved by the reserving committee and the boards.

TT Club considers that the liability for insurance claims recognised in the Statement of Financial Position is adequate. However, actual experience will differ from the expected outcome.

Note 5: Claims

(a) Claims paid

Claims paid include claims handling charges paid to the Managers totalling US$ 13.9 million (2023: US$ 10.5 million).

(b) Claims incurred

Consolidated	2024 Gross US$000s	2024 Ceded US$000s	2024 Net US$000s	2023 Gross US$000s	2023 Ceded US$000s	2023 Net US$000s
Claims outstanding at beginning of the year	**491,222**	**(104,748)**	**386,475**	426,228	(105,917)	320,311
Claims (paid)/received	**(150,958)**	**30,524**	**(120,434)**	(121,141)	23,670	(97,471)
Claims incurred/(recovered)	**209,733**	**(44,963)**	**164,770**	183,092	(22,513)	160,579
Exchange differences	**(11,451)**	**95**	**(11,357)**	3,043	12	3,055
Claims outstanding at end of the year	**538,546**	**(119,092)**	**419,454**	491,222	(104,748)	386,475

Parent Company	2024 Gross US$000s	2024 Ceded US$000s	2024 Net US$000s	2023 Gross US$000s	2023 Ceded US$000s	2023 Net US$000s
Claims outstanding at beginning of the year	**357,985**	**(7,056)**	**350,929**	292,969	(3,773)	289,196
Claims (paid)/received	**(112,486)**	**2,789**	**(109,697)**	(89,237)	890	(88,347)
Claims incurred/(recovered)	**158,024**	**(6,799)**	**151,225**	151,574	(4,271)	147,302
Exchange differences	**(10,272)**	**47**	**(10,225)**	2,680	98	2,778
Claims outstanding at end of the year	**393,251**	**(11,019)**	**382,232**	357,985	(7,056)	350,929

(c) Movement in prior year's provision for claims outstanding

There was a prior year reserves release of US$ 3.4 million during the year (2023: strengthening of US$ 13.9 million).

(d) Claims development tables

The development of insurance liabilities provides a measure of TT Club's ability to estimate the ultimate value of claims. The top half of each table below illustrates how TT Club's estimate of total claims outstanding for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount shown in the Statement of Financial Position.

(i) Assumptions underlying insurance balances

The risks associated with insurance contracts are complex and subject to a number of variables. The Club's claims reserving process uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost and ultimate claim numbers. The key methods used by the Club in estimating claim liabilities are as follows and there have been no changes in these methods since the previous year end:

- Chain ladder.
- Bornhuetter-Ferguson.
- Other statistical and benchmarking techniques.

Significant delays are experienced in the notification and settlement of certain types of insurance claims, the ultimate cost of which may vary from the original assessment. Adjustments to claims provisions established in previous years are reflected in the financial statements for the period in which the adjustments are made.

Note 5: Claims paid (continued)

(d) Claims development tables (continued)

(ii) Insurance claims - gross

Estimates of ultimate claims costs by policy years.

	2015 US$000s	2016 US$000s	2017 US$000s	2018 US$000s	2019 US$000s	2020 US$000s	2021 US$000s	2022 US$000s	2023 US$000s	2024 US$000s
End of reporting year	140,464	123,738	132,620	138,946	138,942	138,586	159,049	169,405	188,430	214,310
1 year later	123,738	119,149	114,054	122,196	123,550	132,531	159,285	191,057	182,165	–
2 years later	122,370	117,031	109,590	122,042	121,562	132,755	145,400	202,300	–	–
3 years later	116,116	112,326	110,068	125,970	121,136	134,908	145,623	–	–	–
4 years later	113,221	110,458	108,293	132,004	117,635	131,789	–	–	–	–
5 years later	113,264	112,375	105,497	130,364	117,672	–	–	–	–	–
6 years later	112,872	109,766	103,759	125,885	–	–	–	–	–	–
7 years later	117,575	109,141	102,611	–	–	–	–	–	–	–
8 years later	115,668	108,007	–	–	–	–	–	–	–	–
9 years later	115,297	–	–	–	–	–	–	–	–	–
Ultimate claim estimates	115,297	108,007	102,611	125,885	117,672	131,789	145,623	202,300	182,165	214,310
Payments to date	112,464	105,444	98,116	111,827	103,226	96,104	97,330	105,814	63,607	18,961
Claim liabilities on SOFP	2,833	2,563	4,495	14,058	14,446	35,685	48,293	96,486	118,558	195,349
Total claim liabilities on the past ten years										532,766
Other claims liabilities on the prior years										5,780
Total claims outstanding included in Statement of Financial Position										538,546

(iii) Insurance claims - net

Estimates of ultimate claims costs by policy years.

	2015 US$000s	2016 US$000s	2017 US$000s	2018 US$000s	2019 US$000s	2020 US$000s	2021 US$000s	2022 US$000s	2023 US$000s	2024 US$000s
End of reporting year	107,724	105,471	118,540	103,469	105,075	106,121	123,747	124,461	154,413	165,378
1 year later	102,382	98,323	101,968	91,910	92,742	104,899	119,815	147,883	148,360	–
2 years later	101,992	91,623	97,422	92,546	90,272	104,528	110,056	152,922	–	–
3 years later	96,631	92,844	96,215	93,756	88,151	105,793	109,479	–	–	–
4 years later	93,823	91,232	94,272	97,512	86,792	103,240	–	–	–	–
5 years later	93,618	90,892	91,196	96,518	86,703	–	–	–	–	–
6 years later	93,320	89,444	90,233	93,412	–	–	–	–	–	–
7 years later	95,855	89,249	88,883	–	–	–	–	–	–	–
8 years later	94,010	88,164	–	–	–	–	–	–	–	–
9 years later	93,678	–	–	–	–	–	–	–	–	–
Ultimate claim estimates	93,678	88,164	88,883	93,412	86,703	103,240	109,479	152,922	148,360	165,378
Payments to date	91,188	85,968	85,308	82,859	75,965	74,520	73,857	77,998	53,091	15,944
Claim liabilities on SOFP	2,490	2,196	3,575	10,553	10,738	28,720	35,622	74,924	95,270	149,434
Total claim liabilities on the past ten years										413,522
Other claims liabilities on the prior years										5,932
Total claims outstanding included in Statement of Financial Position										419,454

Note 6: Deferred acquisition costs

Consolidated	Gross 2024 US$000s	Gross 2023 US$000s
At beginning of the year	**11,400**	11,766
Acquisition costs of insurance contracts (incurred)/deferred	**(78)**	(366)
At end of the year	**11,322**	11,400

Parent Company	Gross 2024 US$000s	Gross 2023 US$000s
At beginning of the year	**1,449**	1,903
Acquisition costs of insurance contracts (incurred)/deferred	**53**	(454)
At end of the year	**1,502**	1,449

Note 7: Provision for unearned premium

	Gross		Reinsurers' share	
Consolidated	**2024 US$000s**	Restated[1] 2023 US$000s	**2024 US$000s**	Restated[1] 2023 US$000s
At beginning of the year	**111,066**	106,122	**25,118**	21,826
Premiums on in/reinsurance contracts deferred/(earned)	**(1,188)**	4,944	**1,201**	3,292
At end of the year	**109,878**	111,066	**26,319**	25,118

	Gross		Reinsurers' share	
Parent Company	**2024 US$000s**	Restated[1] 2023 US$000s	**2024 US$000s**	Restated[1] 2023 US$000s
At beginning of the year	**72,165**	73,297	**2,898**	2,277
Premiums on in/reinsurance contracts deferred/(earned)	**(119)**	(1,132)	**1,445**	621
At end of the year	**72,046**	72,165	**4,343**	2,898

[1] Details on the restatement are disclosed in note 19.

Note 8: Regional information

TThe Club writes only marine and transport business.

(a) Gross premiums written by registered country of primary assured

	2024 US$000s	2023 US$000s
Policyholders/members located in the UK	**13,753**	14,376
Policyholders/members located in the EEA	**51,082**	52,235
Policyholders/members located in the USA	**108,968**	107,033
Policyholders/members located elsewhere	**109,247**	115,557
	283,050	289,201

(b) Gross premiums written by registered country of primary assured and category of business

2024	**Policyholders located in the UK US$000s**	**Policyholders located in the EEA US$000s**	**Policyholders located in the USA US$000s**	**Policyholders located elsewhere US$000s**	**Total US$000s**
Cargo	**418**	**2,271**	**5,590**	**113**	**8,392**
Containers and Chassis	**1,672**	**14,210**	**15,955**	**26,784**	**58,621**
Logistics	**5,290**	**15,481**	**47,354**	**32,708**	**100,833**
Ports and Terminals	**2,697**	**14,899**	**21,629**	**33,858**	**73,083**
Property	**3,267**	**4,014**	**18,376**	**8,598**	**34,255**
Other	**409**	**207**	**64**	**7,186**	**7,866**
	13,753	**51,082**	**108,968**	**109,247**	**283,050**

2023	Policyholders located in the UK US$000s	Policyholders located in the EEA US$000s	Policyholders located in the USA US$000s	Policyholders located elsewhere US$000s	Total US$000s
Cargo	350	1,900	5,402	378	8,030
Containers and Chassis	1,794	13,252	16,614	24,768	56,428
Logistics	5,774	16,256	48,427	35,509	105,966
Ports and Terminals	3,077	17,516	18,137	37,603	76,333
Property	3,039	2,988	18,397	9,437	33,861
Other	342	323	56	7,862	8,583
	14,376	52,235	107,033	115,557	289,201

Notes to the Consolidated Financial Statements (continued)

Note 9: Net operating expenses

	2024 US$000s	2023 US$000s
Acquisition costs		
Brokerage and commission		
Direct	**17,619**	18,445
Indirect	**12,038**	12,291
Change in deferred acquisition costs (refer note 6)	**78**	366
Management fee in respect of underwriting	**24,543**	21,370
	54,279	52,472
Administrative expenses		
Management fee in respect of administration and performance related	**29,244**	27,990
General expenses	**4,346**	6,183
Directors' fee	**944**	863
Directors' travelling costs	**656**	782
Auditors' remuneration		
Parent company audit	**180**	197
Subsidiary company audit	**334**	614
Audit related assurance services, audit of regulatory returns	**408**	330
Non-audit services pursuant to legislation, audit of regulatory returns	**14**	9
	36,125	36,968
Commission income		
Commission on reinsurance contracts	**(7,193)**	(11,126)
Net operating expenses	**83,211**	78,314

Included within the current year's management fee is an additional fee paid to the Thomas Miller Holdings Limited group of companies ("Thomas Miller") of US$ 12.1 million in relation to a project to modernise TT Club's IT systems (2023: US$ 7.9 million).

The Club had no employees during the year (2023: none).

Note 10: Investment return

	2024 US$000s	2023 US$000s
Investment income		
Income from financial assets held at fair value through profit or loss	**23,868**	17,729
Unrealised (losses)/gains on market value movements	**(1,022)**	16,787
Realised gains on sales	**13,197**	3,045
	36,043	37,561
Investment expenses		
Investment management expenses	**(1,816)**	(1,583)
Investment return	**34,227**	35,978
Investment return is analysed between:		
Investment return allocated to the technical account	**19,733**	20,717
Investment return allocated to the non-technical account	**114,494**	15,261
	34,227	35,978

Note 11: Tax on ordinary activities

(a) Analysis of tax charge on ordinary activities

	2024 US$000s	2023 US$000s
UK tax for the current period	**(790)**	(822)
Foreign tax for the current period	**(119)**	(362)
Adjustments in respect of prior periods	**360**	786
	(549)	(398)

(b) Reconciliation from statutory to effective tax rate

	2024 US$000s	2023 US$000s
Surplus on ordinary activities before tax	**5,324**	16,328
Tax at the Bermuda statutory rate of 0% (2023: 0%)	**–**	–
Tax levied outside Bermuda:		
United Kingdom	**(790)**	(822)
United States of America	**–**	(350)
Australia	**–**	–
Hong Kong	**–**	–
Singapore	**–**	(12)
Netherlands	**(119)**	–
	(909)	(1,185)
Adjustments in respect of prior periods:		
United Kingdom	**10**	237
United States of America	**350**	683
Australia	**–**	(106)
Hong Kong	**–**	–
Singapore	**–**	(28)
	360	786
Tax charge for the year	**(549)**	(398)

The taxation charge comprises a charge for UK taxation at 25.0% (2023: 23.5%) based on 10% of TT Club's investment return. The increase in the UK tax rate from 23.5% to 25.0% reflects changes in the statutory tax rates from 1st April 2023. The investment return subject to UK taxation excludes the element of Through Transport Mutual Insurance Association Limited's investment return already taxed in the United States of America, where taxation is levied at the prevailing statutory tax rate.

Note 12: Shares in subsidiary undertakings

Name of subsidiary	Country of incorporation	Class of shares held	Principal activity	Proportion of shares held and voting rights
TT Club Mutual Insurance Limited	United Kingdom	N/A	General insurance and reinsurance	100%
TT Club Mutual Insurance N.V.	The Netherlands	Ordinary	General insurance and reinsurance	100%*
TT (Bermuda) Services Limited	Bermuda	Ordinary	Intermediate holding company	90%

* Held by TT Club Mutual Insurance Limited

The opening and closing value of the investment in TT (Bermuda) Services Limited is US$ 12,000 (2023: US$ 12,000) in the Statement of Financial Position at year end, and as recorded in the parent company accounts.

The Directors consider the value of these investments to be supported by their underlying assets. No impairment is required.

Note 13: Other financial investments

The Club's financial investments are summarised below by measurement category:

	Carrying value		Purchase price	
Consolidated	**2024 US$000s**	2023 US$000s	**2024 US$000s**	2023 US$000s
Held at fair value through profit and loss:				
Debt securities	**550,334**	520,794	**549,113**	517,897
Equity shares	**68,657**	59,214	**58,637**	49,691
UCITS	**16,272**	31,386	**16,272**	31,386
Financial assets held at fair value through profit and loss	**635,263**	611,394	**624,022**	598,974

	Carrying value		Purchase price	
Parent Company	**2024 US$000s**	2023 US$000s	**2024 US$000s**	2023 US$000s
Held at fair value through profit and loss:				
Debt securities	**427,528**	305,727	**427,360**	304,175
Equity shares	**68,657**	59,214	**58,637**	49,691
UCITS	**12,995**	14,198	**12,995**	14,198
Financial assets held at fair value through profit and loss	**509,180**	379,139	**498,992**	368,064

The UCITS are Undertakings for Collective Investments of Transferable Securities, and are used as an alternative to short term cash deposits. UCITS are classified as cash equivalents as these are short term, highly liquid investments that can be readily converted into cash.

The debt securities with a maturity of less than one year total US$ 228.6 million (2023: US$ 298.7 million) with the remainder recoverable within one year or more.

Note 14: Derivative financial instruments

(a) Hedged fair value derivatives

The Club uses forward currency contracts to hedge the foreign exchange risks of converting USD to GBP that it is exposed to on future management fees payable in GBP.

The forward currency contracts taken out to hedge against the future management fee payments have been designated as fair value hedges. As a result, both the fair value of the contracts and the hedged item are shown on the Statement of Financial Position, with the mark-to-market gain or loss shown in the Income Statement.

(b) Unhedged derivatives

Forward currency contracts are entered into in order to manage the currency exposure of the investment portfolio. The contracts are for the forward sale of currencies which are matched by holdings of those currencies. The open contracts have been re-valued at year-end exchange rates. The profit or loss arising on marking-to-market the valuation of these contracts is included within exchange gains and losses. These are economic hedges which do not meet the hedge accounting criteria.

Consolidated - 2024	**Contract/ notional amount US$000s**	**Fair value asset US$000s**	**Fair value liability US$000s**	**Fair value per accounts US$000s**
Unhedged derivatives	**15,514**	**–**	**(101)**	**(101)**
Hedged fair value derivatives	**61,280**	**32**	**(119)**	**(87)**
Total derivatives	**76,794**	**32**	**(220)**	**(188)**

Consolidated - 2023	Contract/ notional amount US$000s	Fair value asset US$000s	Fair value liability US$000s	Fair value per accounts US$000s
Unhedged derivatives	310	40	–	40
Hedged fair value derivatives	67,089	623	(418)	205
Total derivatives	67,399	663	(418)	245

Parent Company - 2024	**Contract/ notional amount US$000s**	**Fair value asset US$000s**	**Fair value liability US$000s**	**Fair value per accounts US$000s**
Unhedged derivatives	**15,514**	**–**	**(94)**	**(94)**
Hedged fair value derivatives	**61,280**	**32**	**(119)**	**(87)**
Total derivatives	**76,794**	**32**	**(213)**	**(181)**

Parent Company - 2023	Contract/ notional amount US$000s	Fair value asset US$000s	Fair value liability US$000s	Fair value per accounts US$000s
Unhedged derivatives	310	40	–	40
Hedged fair value derivatives	67,089	623	(418)	205
Total derivatives	67,399	663	(418)	245

Note 15: Guarantees and commitments

At the year end, TT Club issued letters of credit totalling US$ 35.4 million for the benefit of regulators, policyholders and cedants (2023: US$ 33.8 million). Collateral pledged to support the letters of credits issued to regulators, policyholders and cedants amount to US$ 50.7 million (2023: US$ 48.1 million).

The Club has issued a parental guarantee, not to exceed US$ 2.5 million (2023: US$ 2.5 million), to its wholly-owned subsidiary, TT Club Mutual Insurance Limited to enable it to comply with the solvency margin requirements of the Financial Services and Markets Act 2000. The amount withdrawn at year end amounted to US$ nil (2023: US$ nil).

Note 16: Related party transactions

(a) TT Club Mutual Insurance Limited ("TTI")

The Club reinsures its subsidiary, TT Club Mutual Insurance Limited ("TTI"), located at 90 Fenchurch Street, United Kingdom, under a 90% whole account quota share agreement. All transactions and balances of TT Club Mutual Insurance Limited ("TTB") are included within the consolidated financial statements. TT Club Mutual Insurance N.V ("TTNV"), located at Wilhelminakade 953A, Rotterdam, 3072 AP, Netherlands is a 100% owned subsidiary of TT Club Mutual Insurance Limited ("TTI").

Transactions and balances on the quota share agreement

Income Statement	**2024 US$000s**	2023 US$000s
Written premiums ceded by TTI to TTB	**150,364**	148,509
Recoveries on paid claims received by TTI from TTB	**79,775**	82,123
Commissions received by TTI from TTB	**41,104**	31,596

Statement of Financial Position		
Reinsurers' share of provision for unearned premiums ceded by TTI to TTB	**61,484**	60,629
Reinsurers' share of provision for outstanding claims recovered by TTI from TTB	**334,988**	319,900

During the year TTB made a US$ 15 million (2023: US$ 25 million) contribution of surplus to TTI in order to strengthen TTI's capital and solvency position.

(b) Thomas Miller (Bermuda) Limited

Through Transport Mutual Insurance Association Limited is managed by Thomas Miller (Bermuda) Limited. Under this arrangement, all day-to-day operations of the Club are outsourced to Thomas Miller (Bermuda) Limited. Total fees paid to Thomas Miller (Bermuda) Limited and related companies are disclosed in note 9.

At the year end, the outstanding management fees payable to Thomas Miller (Bermuda) Limited amounted to US$ 2.0 million (2023: US$ 6.8 million). Other than the management fees disclosed, no further payments were made to Thomas Miller (Bermuda) Limited, its related companies, or its Directors.

Note 17: Retirement benefits and similar obligations

TT Club Mutual Insurance Limited manages a defined benefit pension scheme which was taken over following the acquisition of Scottish Boatowners in 2017. The fair value of plan assets at the year end are US$ 190,365 (2023: US$ 217,991) and the defined benefit obligation is US$ 145,086 (2023: US$ 161,900) and all movements in the year are immaterial for further disclosure.

Notes to the Consolidated Financial Statements (continued)

Note 18: Insurance business transfer

During 2024 an "Insurance Business Transfer Scheme" of the TTI's EEA business fronted by UK P&I Club's 100% owned subsidiary in the Netherlands, UK P&I Club NV ("UKNV"), to TT Club Mutual Insurance N.V ("TTNV") was completed and took effect on 1 September 2024. The transferred business in turn was reinsured 100% back to TTI. The assets transferred amounted to US$ 31.6 million and liabilities amounted to US$ 31.5 million.

Note 19: Restatement of prior year

The Statement of Income and Retained Earnings and Statement of Financial Position for 2023 have been restated to reflect the total premium on two multi-year reinsurance contracts based on the inception date and contractual terms. The restatement has no impact on the "Surplus for the year" in the Income Statement or the "Surplus and reserves" in the Statement of Financial Position.

The tables below shows the impact of the restatement on the Statement of Income and Retained Earnings and on the Statement of Financial Position.

Consolidated **Changes to statement of income and retained earnings**	**31 December 2023 As reported US$000s**	**Adjustment US$000s**	**31 December 2023 Restated US$000s**
Reinsurance premiums ceded	(67,148)	(761)	(67,909)
Change in provision for unearned premiums - Reinsurers' share	2,531	761	3,292
	(64,617)	–	(64,617)

Changes to statement of financial position	**31 December 2023 As reported US$000s**	**Adjustment US$000s**	**31 December 2023 Restated US$000s**
Reinsurers' share of technical provisions - provision of unearned premium	22,835	2,283	25,118
Creditors arising out of reinsurance operations	6,678	2,283	8,961
	16,157	–	16,157

Parent company **Changes to statement of financial position**	**31 December 2023 As reported US$000s**	**Adjustment US$000s**	**31 December 2023 Restated US$000s**
Debtors arising out of reinsurance operations	60,044	(2,054)	57,990
Provision for gross unearned premiums	74,219	(2,054)	72,165
	(14,175)	–	(14,175)

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