Approaching our changing world from a position of strength

Annual Report & Consolidated Financial Statements for Through Transport Mutual Insurance Association Limited
For the year ended 31 December 2021

TT CLUB
IS MANAGED
BY **THOMAS MILLER**

Contents

THROUGH TRANSPORT MUTUAL INSURANCE ASSOCIATION LIMITED

Directors & Management

CHAIRMAN	
U Kranich [3, 4, 5]	Hamburg
DEPUTY CHAIRMAN	
J Küttel [4, 5]	Luzern
DIRECTORS	
A Abbott	Atlantic Container Line, New York
U Baum [1, 2, 4, 5]	Röhlig Logistics GmbH & Co KG, Bremen
G Benelli [3]	Specialist Director - Investment
H-J Bertschi (appointed 24 June 2021)	Bertschi Group, Dürrenäsch
Chang Yen-I	Evergreen Group, Taipei
Chen Xiang	COSCO Container Line, Shanghai
J Chowdhury [4]	Through Transport Mutual Services (UK) Ltd, London
M d'Orey	Orey Shipping SL, Lisbon
S Edwards (appointed 24 June 2021)	Virginia Port Authority, Norfolk
M Engelstoft	A P Møller-Maersk, Copenhagen
T Faries [4]	Appleby, Bermuda
C Fenton [4]	Through Transport Mutual Services (UK) Ltd, London
A Fullbrook [3]	OEC Group, New York
Gan Chee Yen (appointed 24 June 2021)	Pacific International Lines (Pte) Ltd, Singapore
M Hine [1, 2, 4] (appointed 1 July 2021)	Specialist Director - Finance
T Leggett (retired 24 June 2021)	Specialist Director - Finance
R Murchison	Murchison Group, Argentina
Y Narayan	DP World, Dubai
J Neal	Carrix, Seattle
J Nixon	Ocean Network Express, Singapore
R Owens (appointed 24 June 2021)	Nautilus International Holding Corporation, Long Beach
J Reinhart (retired 25 March 2021)	Virginia Port Authority, Norfolk
D Robinson MBE [1, 2, 4]	PD Ports, Middlesbrough
N Smedegaard [4]	DFDS, Copenhagen
CK Tan (retired 24 June 2021)	Pacific International Lines (Pte) Ltd, Singapore
S Trantantasin	RCL Group, Bangkok
S Vernon	Triton International Ltd, London
Registered Office	Victoria Place, 5th floor, 31 Victoria Street Hamilton HM10, Bermuda
Company Registration Number	1750
Managers	Thomas Miller (Bermuda) Ltd
Company Secretary	Thomas Miller (Bermuda) Limited Telephone +1 44 1 292 4724
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors 7 More London Riverside, London, SE1 2RT

[1] **Through Transport Mutual Insurance Association Limited (TT Bermuda) Audit & Risk Committee member**

[2] **TT Club Mutual Insurance Limited (TTI) Audit & Risk Committee member**

[3] **Investment Committee member**

[4] **Through Transport Mutual Insurance Association Limited (TT Bermuda) Management Committee member**

[5] **TTB and TTI Nominations Committee**

Financial Highlights 2021

Results for the financial year	2021 US$000s	2020 US$000s
Gross earned premiums[1]	**248,208**	220,431
Brokerage[2]	**(26,423)**	(26,680)
Gross earned premiums, net of brokerage	**221,785**	193,751
Reinsurance earned premiums ceded[3]	**(64,584)**	(55,303)
Investment income and unrealised gains and losses	**16,313**	12,770
Interest payable and financing costs	**(479)**	(442)
Exchange losses	**(1,344)**	(87)
Net claims incurred	**(121,628)**	(87,125)
Expenses, including taxation[4]	**(49,019)**	(50,022)
Overriding commission on reinsurances	**7,760**	7,975
Surplus on ordinary activities after tax	**8,804**	21,517

Summary balance sheet	2021 US$000s	2020 US$000s
Total cash and investments	**568,523**	523,495
Other assets[5]	**187,019**	161,808
Total assets	**755,542**	685,303
Gross unearned premiums and claims reserves	**(468,647)**	(405,587)
Other liabilities[6]	**(31,033)**	(32,658)
Total surplus and reserves	**255,862**	247,058

1. Gross earned premiums is calculated as the sum of Gross premiums written and Change in provision for gross unearned premiums.

2. Brokerage is shown on an earned basis.

3. Reinsurance earned premiums ceded is calculated as the sum of Reinsurance premiums ceded and Change in provision of unearned premiums, reinsurers' share.

4. Expenses, including taxation is calculated as Net operating expenses excluding Brokerage and Overriding commissions on quota share reinsurances, plus Tax on ordinary activities for the year.

5. Other assets include Land and buildings, Reinsurers' share of technical provisions, Debtors, Prepayments and accrued income, Retirement benefits and similar benefits and Other assets.

6. Other Liabilities include Creditors, Accruals and deferred income and the Equity minority interest.

Chairman's Review

I write to you following what has been another challenging year for us all, but one in which I can tell you that your Club has performed well. Generally the Club is in very good health having grown significantly over the last three years and notably, as assessed through the Customer Satisfaction Survey run in 2021, continues to deliver the industry leading product and service expected by Members.

The Club has performed well in the year, indeed the combined ratio for the 2021 policy year is 89 per cent and the result is the product of the strong policy year performance coupled with two notable factors reducing it.

Regrettably, however, Covid and lockdown measures put in place to mitigate its impact continue to be a major issue for all of us. There are signs in certain parts of the world that for vaccinated populations the latest mutation of the virus, known as Omicron, is not as impactful as feared and with this is a welcome relaxation in lockdown measures. This is not uniformly the case though and particularly in certain parts of the Asia Pacific region it remains difficult to cross international borders.

We must all be hoping that by the end of 2022 the world has come to terms with this dreadful virus and it is no longer such a major factor in all our lives. I can tell you on a more positive note that in terms of its impact on the Club, it continues to be quite limited. The Club has not seen a large number of claims from Members caused by the virus and the Club's operations continue to run effectively in spite of a large number of employees working from home for large parts of the year. As with many organisations, however, face-to-face contact with Members and brokers has been extremely limited. I expect this to improve in 2022.

Financial Performance

The Club's net result for the year is US$ 8.8 million. The Club has performed well in the year, indeed the combined ratio for the 2021 policy year is 89 per cent and the result is the product of the strong policy year performance coupled with two notable factors reducing it. First, the Board has decided to strengthen the Club's claims reserves, notably in respect of the Club's exposure to bodily injury claims. This is an important category of risk for the Club and a valuable head of cover for Members and the Club's exposure to it has increased in recent years as new Members have joined. Second, the Club is mid-way through a project to replace its suite of operating systems and as you would expect this is an expensive task. A management fee has been paid to Thomas Miller for the bulk of the cost.

Member reported volumes in the year, together with very good new business performance caused the Club's gross written premium in the year to rise to US$ 263 million. This has grown 40 per cent from 2017 when it was US$ 188 million and has been delivered largely in the Club's core Member categories. As a result of this growth and tight control of expenses the Club's expense ratio in this period has reduced from 22 per cent to 17 per cent before the additional management fee to cover the replacement of the Club's operating systems. Investment income in the year was a healthy 3.62 per cent with the Club's relatively small investment in equities delivering good returns in the year.

There are signs that the dynamics in insurance markets are now changing and competition for business is increasing. The high levels of new business in 2021 are unlikely to be seen in 2022, although the Club's very high retention rates are expected to be replicated in the year.

Chairman's Review

(continued)

Brexit

The Club's arrangements to maintain service to EEA Members and their brokers are now fully in place following the transitioning of the Club's pre 1 January 2021 claims liabilities into the Rotterdam-based subsidiary of the UK P&I Club, UK P&I Club N.V. ("UK N.V"), which the Club uses as a fronting vehicle to access EEA markets. This change occurred with effect from 31 December 2021 and follows the changes made to the issuance of new policies of insurance from UK N.V, in turn reinsured back to the Club, which started on 1 January 2021. The new arrangements have been running well and I am pleased to say that the feedback we have had is that the level of service delivered to EEA Members has not reduced. In fact, as a result of Thomas Miller establishing an office in Rotterdam with TT resource based in it, there is more resource on the ground in the EEA serving the Club's customers. I thank all those Members impacted by this change for their continuing support for the Club, and I would ask that any feedback on the arrangements be given to the Managers so that they can adapt them as required.

Upgrading IT systems

As mentioned above the Club's operating systems are being upgraded to take advantage of changes in technology and as part of positioning the Club to make the most of digital technologies. This is a major project for the Club both in terms of cost, but also risk in changing systems amongst which is the insurance company system of record. As well as strengthening the Club's in-house IT team to meet the demands of the project, it is being run with the assistance of experts engaged to ensure best practice is brought to bear in all respects.

Loss prevention

The anticipation as the world entered 2021 was that a corner had been reached and the pandemic tide would turn, inevitably leaving a changed shoreline, but returning levels of normality to interactions and service. Nevertheless, while pockets of in-person meetings have been possible, the Club's loss prevention has continued, almost exclusively in a virtual environment, to support the multiple challenges faced by supply chain stakeholders.

Multimedia delivery

The loss prevention team has embraced these new ways, continuing webinars and podcasts, amongst other online meetings. The webinars in particular have proved highly effective, drawing in expertise from the Club's network without significant impact on cost, time or environment, and delivering value to more than 2,100 attendees from 112 countries. There have been a wide range of topics covered, such as in depth consideration of the Convention on the Contract for the International Carriage of Goods by Road ("CMR") Convention available for Members, as well as debates on ship fires, risks arising from abandoned cargoes and issues of freight crime.

The loss prevention podcast channel, TT Live, has proved successful and now has listeners in 75 countries. The medium continues to host TT Talk articles on a monthly basis and has been supplemented by a series focused on supply chain security. Freight crime continues to be an issue of significance in the industry, and the Club has maintained and enhanced collaboration with like-minded entities interested in exposing the extent of the problems faced, including working with law enforcement agencies. Apart from carrying on producing the annual global freight crime analysis with BSI Supply Chain Services and Solutions, the Club has also created a series of short animation clips illustrating common cargo theft methodologies.

The Club has long valued working with other associations and entities across the supply chain where there is commonality in enhancing safety and security. This value is pursued vigorously since it both enhances understanding of existing and emerging risk through the industry, as well as outworking the Club's brand and influence.

Loss prevention (continued)

Multimedia delivery (continued)

The enforced remote working practices also have led to increased innovation for the Club. Beyond the wider digital strategy, facing the fact that most 'in person' industry events were cancelled or significantly disrupted, the Club has evolved to deliver webinars on a variety of topics, both for the industry in general and specifically for the membership. The Club continues to host many of its own webinars, as well as participating in virtual events organised by third parties. Of course, the acclaimed monthly newsletter, TT Talk, has been maintained – and now enhanced by the launch of a podcast channel, TT Live, which hosts both TT Talk articles and series of interviews on topical industry issues.

In a further attempt to broaden the accessibility of key loss prevention messaging the Club also launched a new scheme of succinct and visually led risk mitigation guidance called "TT Brief", originally initiated to serve specific regional needs, but readily recognised as globally applicable. The first series to be issued focused on common issues faced by logistics operators, particularly around movement of cargo on land; further series are under production. These are aimed at operational personnel, transport managers, those with training responsibilities, designed to support social media dissemination, alongside 'tool box' safety talks. These pithy advisories are available in multiple languages to facilitate diverse audience engagement.

Collaboration

The Club has long valued working with other associations and entities across the supply chain where there is commonality in enhancing safety and security. This value is pursued vigorously since it both enhances understanding of existing and emerging risk through the industry, as well as outworking the Club's brand and influence.

During this last season the industry has experienced many innovative solutions, driven by the imperatives of improved resilience as much as opportunities emerging within digitalisation. In this context, the Club has been delighted to renew its 'Innovation in Safety Award' in collaboration with ICHCA International, and received over 30 entries covering a range of proven technical, procedural and practical safety improvement initiatives. Within the Club, the loss prevention team works closely with the newly created role of Digital Lead in identifying and monitoring change across the industry, that spans both digitalisation of processes and disruptive technologies, such as unmanned aerial drones.

Understanding all these developments allows the Club to build sustainable relationships with innovators whilst offering expert guidance and advice, positively influencing through the development stage.

The Club also works with others to augment the industry voice at a very practical level, on issues such as the long term cargo integrity campaign. The key output of 'CTU Code – a quick guide' in the second half of 2020 has now been made available in a total of seven languages in order to improve its accessibility. Work amongst the Cargo Integrity Group ("CIG") has continued through the last year, seeking to address concerns relating to prevention of the cross-border movement of invasive pests and cargo fires within containers, particularly aboard ships. The Club is delighted that the CIG partnership has been strengthened in January 2022 with the addition of International Federation of Freight Forwarders Associations ("FIATA") and Bureau International des Containers ("BIC"), both of whom are recognised and important entities for the intermodal supply chain.

Conclusion

Loss prevention in the Club primarily seeks to respond to the experience of its membership and an understanding of emergent risks. In this context, it is important to recognise that each initiative has been driven by Member and broker feedback and on-the-ground input. The Club is grateful for the level of interaction it enjoys across the industry and looks forward to further engagement in the coming year.

Chairman's Review

(continued)

The Managers have reported that the headline satisfaction score remains very high, continuing a steady upward trend begun in 2014, moving to the highest score seen to date of 8.68 out of 10.

Customer Satisfaction Survey

Many of you will recall participating in the Club's online customer satisfaction survey last summer, which was structured to benchmark Member and broker satisfaction against the 2018 position, invite comment with respect to your experience with the Club's service in light of Covid disruption, and enquire into changes in your and your brokers' needs as a result of Covid, Brexit and other transformation in your business. The Managers have reported that the headline satisfaction score remains very high, continuing a steady upward trend begun in 2014, moving to the highest score seen to date of 8.68 out of 10. The organisation that ran the Survey on the Club's behalf report that this score, as well as the "net promoter score" quantifying Member and broker loyalty and advocacy for the Club, are at the highest level seen in any business-to-business context. The responses concerning Club service and your changing needs were both gratifying in confirming that service levels remain high, and useful in providing feedback as to areas of emerging need as a result of Covid and industry changes. The strongest message received was in respect to awareness and uptake of the Club's digital service offering. The Members and brokers using the system confirmed the usefulness of the service, and appreciation for a constant development cycle delivering new functionality directed at your needs, but relatively low uptake figures have made plain that significantly higher engagement will be necessary to make the most of the system's capabilities. The Board has directed the Managers to prioritise, measure, and track Member and broker uptake and engagement, and report progress through 2022.

Environmental, social and governance ("ESG")

Your Board takes very seriously its responsibility to govern and lead the Club in a way that it is a good corporate citizen. The Club already has many attributes now being identified as necessary in this regard. It was set up by the industry with a purpose of making the industry safer and more secure. Making money has never been a factor in the way the Club was run, other than to have sufficient capital to meet regulatory and rating agency requirements. Providing the industry with the right cover for the risks it faces and helping Members handle their claims are core to what the Club does, as is sharing the risk management experience of Members so that all Members' risk management benefits. The Club Board will consider its approach to ESG at its meeting in June having identified the areas where it would be beneficial to take action. This work will be undertaken in conjunction with that of the Club's Manager, Thomas Miller which is also putting in place an ESG framework and I will say more on this in the Review for the 2022 year.

Directors and Board Committee

The Boards and Committees continued to meet to their usual schedules in 2021, albeit that many of the meetings were hybrid ones being run partly in person and partly via videoconference facilities. The Board has been closely monitoring its performance during these unusual arrangements and while it is undoubtedly the case virtual or hybrid meetings do not fully replicate the advantages of face-to-face events, they have proved effective at maintaining sound governance over the Club's affairs. It is likely that the meetings in 2022 will follow the patterns established in 2020 and 2021, with a return to pre- Covid arrangements in 2023.

Three Directors retired from the Board in the year. John Reinhart retired in March 2021 and Tan Chor Kee and Tim Leggett retired in June 2021. Mr Tan was a Director of the Club for 12 years and he represented the Singaporean and South East Asian membership very well during this time. Mr Reinhart was a Director of the Club for six years and his experience in governance in mutual insurance companies from other roles in the marine mutual sector will be missed. Mr Leggett served a full term as a Director of the TT Bermuda Board and more recently on the TTI Board too specialising in financial matters. This role, when coupled with the other two specialist director roles focusing on underwriting and investments, is an important part of the Club's governance and Mr Leggett's expertise was very beneficial to the Club. He has been replaced in the specialist role by Marcus Hine.

Chairman's Review

(continued)

Directors and Board Committee
(continued)

During the year, the Board has also welcomed Hans-Jörg Bertschi (Executive Chairman of the Bertschi Group), Stephen Edwards (CEO of Virginia Port Authority), Gan Chee Yen (Co-President and Executive Director of PIL) and Robert Owens (President and CEO of Nautilus International Holdings Corporation) and my Board colleagues and I look forward to working with them all.

There was no change to the Directors' fees paid in the year, with the next review to be carried out in early 2023 for consideration by the membership at the Annual General Meeting in June.

The Club Board was scheduled to meet in Singapore, Lisbon and Bermuda, but in fact the March and June meetings of the Board were virtual and the November meeting was hybrid with a number of Directors meeting face-to-face in Hamburg. In 2022, the plan is for the Board to meet in March in Dubai, in June in Chicago and in Bermuda in November.

The Board is extremely grateful to all Members and their brokers for their support in the year. This support is not taken for granted as I believe is evidenced by the very strong results from the Customer Satisfaction Survey. The world has changed as companies have sought to respond to both the positives and negatives in their environments over the last two years and the Club is committed to developing its product and service to meet Members' changing needs. I wish you all the best for 2022.

Before ending I should mention the extremely regrettable events in Ukraine, which at the time of writing this review are developing quickly. Like many insurers involved with transportation risks the Club provides cover for exposures incurred in the region and action has been taken to maintain the Club's cover in line with guidance from the Joint War Committee (JWC) of Lloyd's of London to update the list of excluded areas under its covers for Marine War Risks, Piracy and Strikes Riots & Terrorist Risks. In respect of Russian and Belarussian business, at its meeting on 24 March 2022 the Board of Directors of the Club decided that the Club will no longer renew existing policies or underwrite new policies going forwards. Let us all hope the situation is resolved quickly.

U. Kranich
Chairman
1 April 2022

Strategic Report

Gross earned premiums amounted to US$ 248.2 million which was 12.6% higher than 2020 due to net new business and member volume growth.

The Directors present herewith their strategic report for the year ended 31 December 2021.

Business review

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

TT Club operates in the UK, the US and through branches in Singapore, Hong Kong and Australia.

Strategy

TT Club's business is the provision of liability and asset 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 policyholder members.

Its 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 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

Gross earned premiums amounted to US$ 248.2 million which was 12.6% higher than 2020 due to net new business and member volume growth.

The Club has entered into a five year quota share reinsurance agreement with Swiss Re which covers the 2018-2022 policy years. The quota share cession for the 2021 policy year was 20%.

The forecast ultimate loss ratio for the 2021 policy year is 72% which is higher than the 2020 policy year loss ratio of 67%. Prior policy 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$ 10.6 million (2020 release of US$ 6.7 million).

The technical result for 2021, after allowing for the attribution of investment income on the claims reserves, was a surplus of US$ 2.8 million (2020: surplus of US$ 16.0 million). The reduction in the technical result was mainly due to the prior year reserve strengthening in 2021. The underlying investment return, excluding currency effects, was 3.6%. The non-technical account produced a surplus of US$ 6.0 million (2020: US$ 5.5 million), resulting in an overall net surplus after tax of US$ 8.8 million (2020: US$ 21.5 million).

Strategic Report

(continued)

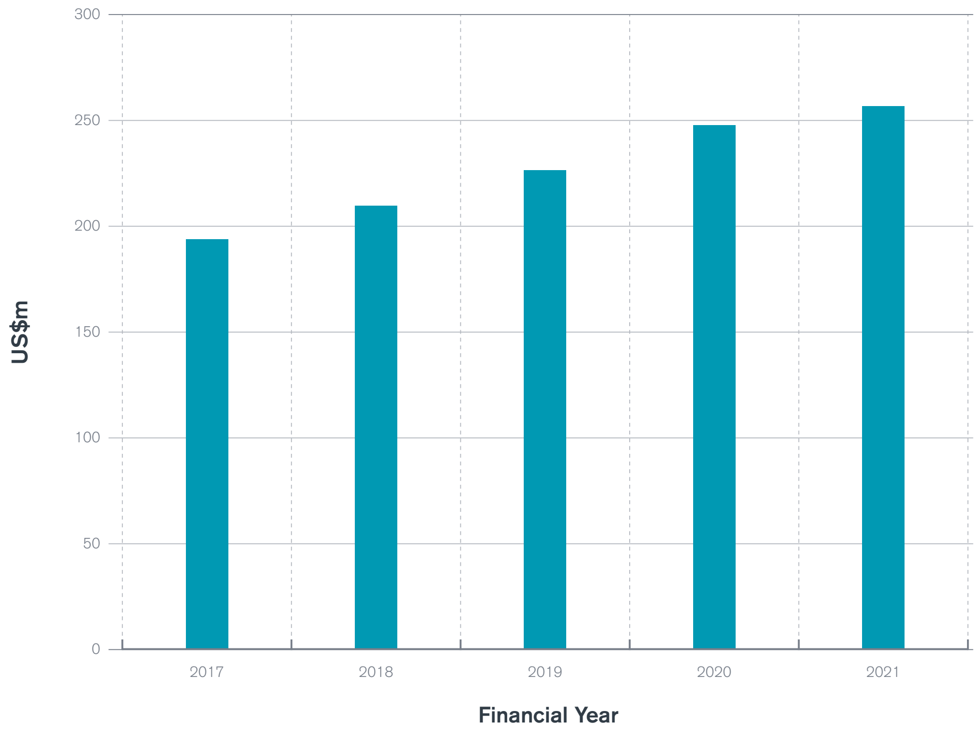
As a result TT Club's surplus, reserves now stand at US$ 255.9 million (2020: US$ 247.1 million).

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.

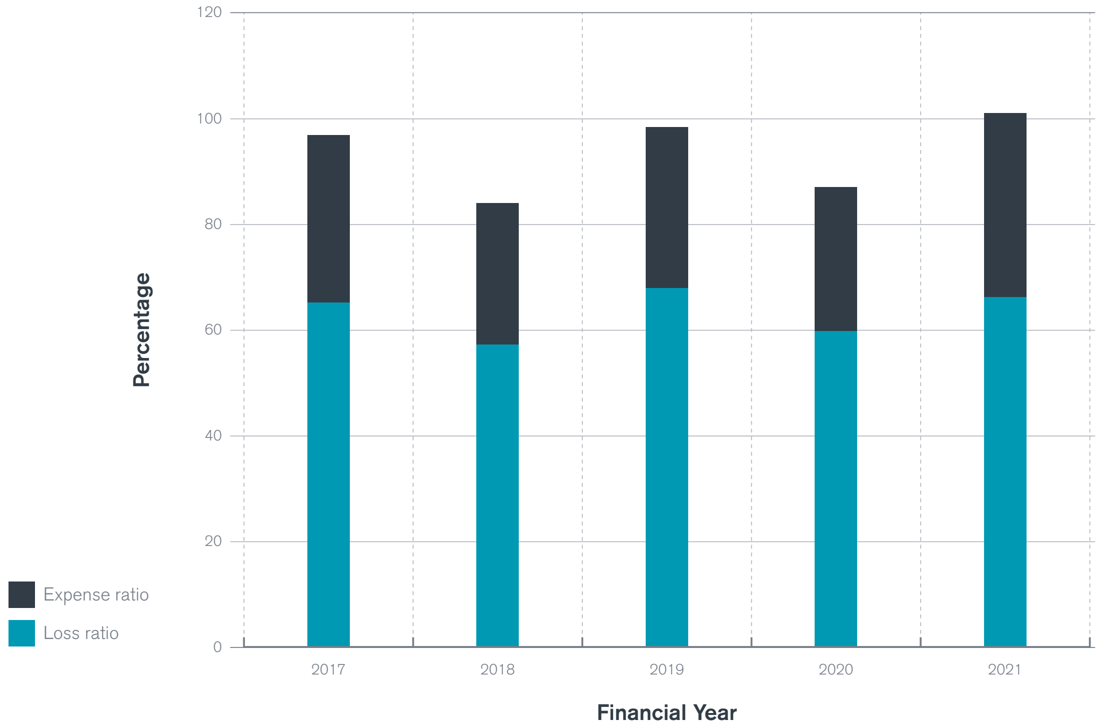
2. **Capital –** surplus and reserves



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- (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 2021.

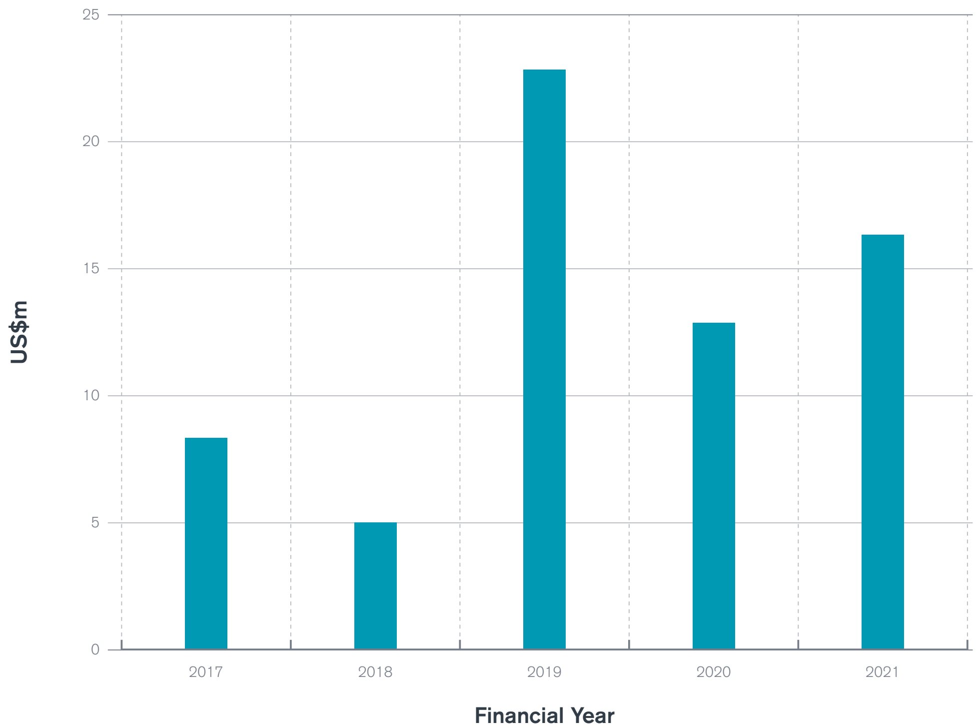
Strategic Report
(continued)

3. **Operating ratio/Net loss ratio –** expense ratio and combined ratio, excluding the effect of exchange movements on claims reserves. (For the purpose of this graph brokerage and commissions are included within expenses).



During 2021 the Club incurred exceptional costs in relation to a significant IT project. Excluding this cost the 2021 combined ratio falls from 100% to 96%.

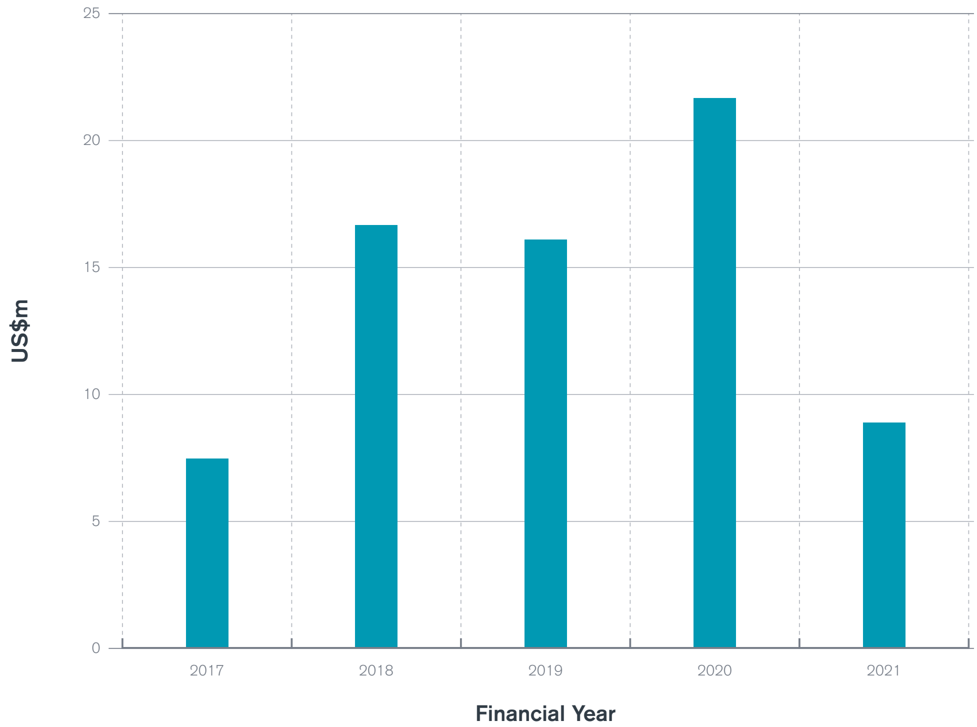
4. **Investment performance –** total investment return gross of tax and excluding exchange movements, interest payable and financing costs.



Strategic Report

(continued)

5. Surplus for the year



Principal Risks and Uncertainties

All principal risks and uncertainties have been assessed by management and details of these can be found in the Directors' report.

Brexit

With effect from 1 January 2021, i.e. following the end of the Brexit transition period, all TTI's EEA renewing and new business is now fronted by UK P&I Club's subsidiary in the Netherlands, UK P&I Club N.V ("UKNV") with this business being 100% reinsured back to TTI. During 2021 TTI also completed the Part VII process to transfer its back book of EEA business to UKNV and this took effect on 31 December 2021 (see note 18 to the consolidated financial statements).

Ukraine

The Directors have decided that in view of the situation in Ukraine the Club will no longer underwrite any Russian or Belarussian business in relation to both renewing and new policies with effect from 25 March 2022. All current and prior year Russian or Belarussian policies will continue to be serviced and will be run-off in an orderly manner.

The Directors consider that the impact of this decision as well as any claims arising from the Club's limited war risk exposures in Ukraine will not be material to the Club's financial position in 2022 and beyond.

The current sanctions situation is constantly changing and the Club continues to monitor this carefully.

Environmental, social and governance

The Directors are of the opinion that the environmental impact of the Club's activities is low, due to the small size and the nature of its business. KPIs relating to environmental matters are being developed. The business is, however, conscious of its environmental responsibility, and continues to invest in electronic claims handling and underwriting systems designed to increase efficiency and reduce reliance on paper-based records. It has also invested in website technology in order to facilitate electronic distribution of its products and information to Members, brokers, suppliers and third parties.

Environmental, social and governance (continued)

The Directors are in the process of developing an Environmental, Social and Governance ("ESG") policy for the Club. A Board workshop will take place in June 2022 to consider and develop the Club's approach to ESG.

During 2021 the Directors reviewed the impact of climate change on the Club as part of its Own Risk and Solvency Assessment process. This involved producing a scenario to model the impact of climate change on the Club's underwriting and investment performance. The scenario included an increase in the frequency of large property losses from windstorms, increased reinsurance costs and a fall in investment return. The Club continues to develop its approach to the management of climate related- financial risks.

Directors Duty to promote the Success of the Company

The Directors are fully aware of their responsibility to promote the success of the company in accordance with s172 of the United Kingdom Companies Act 2006 and have acted in accordance with these responsibilities during the year.

The Club's Business Plan approved by the Board in November 2021 states: The TT Club's mission is *"to make the global transport and logistics industry safer and more secure".*

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 that 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- (Excellent) financial strength rating by A M Best in 2021.

During 2021 the Board also received reports at its meetings on the Club's loss prevention activities which benefit the Members, providing input and direction on key initiatives - some of these are set out on page 6 of the Chairman's Review.

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 reinsurer and through its Managers the Club maintains contact and high level engagement with the senior management of its key brokers and reinsurers. The Board received updates on the Club's key broker and reinsurer relationships during 2021. At the end of 2021 the Club's general reinsurance programme was successfully renewed for 2022.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
1 April 2022

Directors' Report

The Directors present herewith their Report and the audited consolidated financial statements of TT Club.

This report is addressed to, and written for, the Members of the Company, and the Directors wish to draw attention to a number of financial and environmental uncertainties, including but not limited to the rate of claims and costs inflation, foreign exchange movements and economic growth, which mean that the actual results in the future may vary considerably from both historic and projected outcomes contained within any 'forward-looking statements'.

Future Performance

The Board will maintain the current strategy for the business in future years and anticipates future performance, in a competitive marketplace, to be in line with recent years.

Foreign Branches

TT Club Mutual Insurance Limited operates branches in Singapore, Hong Kong and Australia.

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 our 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.

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 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 claims functions
- Regular actuarial, management and Board review of claims reserves
- Management review of reinsurance adequacy and security

Financial risks

Financial risks 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, compliance and pandemic.

TT Club’s IT systems are established and stable; any development follows standard project methodologies.

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.

Directors' Report

(continued)

Streamlined Energy and Carbon reporting (SECR)

TT Club falls under the scope of the SECR requirements based on its turnover and balance sheet total. The Directors have determined that TT Club is a low energy user. As noted earlier, the Club's core management and business activities are outsourced to Thomas Miller. Thomas Miller covers this disclosure. For these reasons the Directors have not included information in relation to TT Club's energy and carbon usage.

Directors and Officers

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

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. The number of Directors present at these meetings was 22, 24 and 22 respectively.

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 the major claims paid or outstanding.

Meetings of the Directors

Reports on the results of the negotiations for the renewal of Members at the start of and during the 2021 policy year were received and the Directors reviewed the list of new entries and of those Members whose entries had terminated.

The Annual Report and Financial Statements for the year ended 31 December 2020 were approved by the Board for submission to the Members of the Club at the Annual General Meeting. The Directors confirmed their intention not to levy any supplementary premium for the 2020 policy year and in addition, closed the 2018 policy year.

Directors' Report

(continued)

Board Committees

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

The Nominations Committee ensures 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 Nominations Committee met on three occasions during 2021.

The Audit & Risk Committee assists 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 the internal and external auditors and compliance with regulatory requirements in relevant jurisdictions. The Audit & Risk Committee met on four occasions during 2021.

The 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 2021.

The 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 2021.

Statement of disclosure of information to auditors

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

1) 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 2021 of which the auditors are unaware; and

2) The 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.

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
1 April 2022

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
1 April 2022

Independent auditors' report to the members of Through Transport Mutual Insurance Association Limited

Report on the audit of the Group and Parent Company financial statements

Opinion

In our opinion, Through Transport Mutual Insurance Association Limited's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group and parent company's affairs as at December 31, 2021 and of the group surplus and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the *Annual Report and Consolidated Financial Statements* (the "Annual Report"), which comprise: the Consolidated and Parent Statement of Financial Position as at 31 December 2021; the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Parent Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit & Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group and parent company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Through Transport Mutual Insurance Association Limited

Report on the audit of the Group and Parent Company financial statements (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the *Directors' Responsibilities Statement* set out on page 18, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

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.

Based on our understanding of the company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Bermuda Monetary Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 1981 (Bermuda). We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and judgemental areas of the financial statements such as the reserving methodology and subjectivity in key reserving assumptions. Audit procedures performed included:

- Discussions with the Audit and Risk Committee, management, internal audit, and senior management involved in the Risk and Compliance functions, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of matters reported on the company's whistleblowing register and the results of management's investigation of such matters;
- Inspecting key correspondence with the Bermuda Monetary Authority in relation to compliance with laws and regulations;
- Reviewing Board meeting and Audit and Risk Committee meeting minutes;
- Reviewing the company's internal audit reports, compliance reports in so far as they related to non-compliance with laws and regulations and fraud;

Independent auditors' report to the members of Through Transport Mutual Insurance Association Limited

Report on the audit of the Group and Parent Company financial statements (continued)

- Testing the valuation of the outstanding claims reserve;
- Identifying and testing journal entries with unusual characteristics, such as journals with unusual account combinations, journals posted on behalf of senior management, and journals that appear to be inappropriately duplicated or reversed; and
- Tests which incorporated elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
4 April 2022

(a) The maintenance and integrity of the Through Transport Mutual Insurance Association Limited's website 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.

(b) Legislation in Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement

for the year ended 31 December 2021

Technical account	Note	**US$000s**	**2021 US$000s**	US$000s	2020 US$000s
Gross premiums written	8		**262,987**		224,192
Reinsurance premiums ceded			**(70,453)**		(58,545)
Premiums written, net of reinsurance			**192,534**		165,647
Change in provision for unearned premiums					
Gross	7	**(14,779)**		(3,761)	
Reinsurers' share	7	**5,869**		3,242	
			(8,910)		(519)
Earned premiums, net of reinsurance			**183,624**		165,128
Allocated investment return transferred from the non-technical account	2(j)		**7,689**		6,168
Other technical income			**–**		4
Claims paid					
Gross	5(i)	**(103,980)**		(108,744)	
Reinsurers' share	5(i)	**26,983**		24,377	
		(76,997)		(84,367)	
Change in the provision for claims					
Gross		**(54,628)**		(11,621)	
Reinsurers' share		**9,997**		8,863	
		(44,631)		(2,758)	
Claims incurred, net of reinsurance			**(121,628)**		(87,125)
Net operating expenses	9		**(66,873)**		(68,179)
Balance on the technical account			**2,812**		15,996

All activities derive from continuing operations.

Consolidated Income Statement

for the year ended 31 December 2021 (continued)

Non-technical account	Note	**2021 US$000s**	2020 US$000s
Balance on the technical account		**2,812**	15,996
Net investment income		**10,462**	12,971
Unrealised gains on investments		**7,711**	294
Unrealised losses on investments		**(1,860)**	(495)
Exchange losses		**(1,344)**	(87)
Interest payable and financing costs	10	**(479)**	(442)
		14,490	12,241
Allocated investment return transferred to the technical account	10	**(7,689)**	(6,168)
Surplus on ordinary activities before tax		**9,613**	22,069
Tax on ordinary activities	11	**(809)**	(552)
Surplus on ordinary activities after tax		**8,804**	21,517
Surplus for the year		**8,804**	21,517

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

The notes on pages 28 to 51 form an integral part of these financial statements.

Consolidated and Parent Statement of Financial Position

as at 31 December 2021

		Consolidated		Parent Company	
Assets	Note	**2021 US$000s**	2020 US$000s	**2021 US$000s**	2020 US$000s
Investments					
Land and buildings		**54**	54	**–**	–
Shares in subsidiary undertakings	12	**–**	–	**12**	12
Other financial investments	13	**516,466**	462,157	**353,092**	348,236
Derivative financial instruments		**4**	–	**4**	–
Reinsurers' share of technical provisions					
Provision for unearned premiums		**27,427**	21,558	**2,468**	–
Claims outstanding		**80,257**	70,309	**3,643**	3,375
		107,684	91,867	**6,111**	3,375
Debtors					
Arising out of direct insurance operations - policyholders		**64,505**	51,223	**5,145**	4,500
Arising out of reinsurance operations		**3,941**	6,850	**50,733**	43,736
Amounts due from group undertakings		**–**	–	**87,292**	58,276
Other debtors		**398**	715	**27**	–
		68,844	58,788	**143,197**	106,512
Cash at bank		**52,053**	61,338	**15,810**	7,130
Other assets		**–**	148	**–**	148
Retirement benefits and similar obligations	17	**49**	24	**–**	–
Prepayments and accrued income					
Accrued interest		**507**	1,259	**312**	834
Deferred acquisition costs		**9,274**	8,574	**1,133**	1,026
Prepayments		**607**	1,094	**165**	101
		10,388	10,927	**1,610**	1,961
Total assets		**755,542**	685,303	**519,836**	467,374

Consolidated and Parent Statement of Financial Position

as at 31 December 2021 (continued)

		Consolidated		Parent Company	
Liabilities and reserves	Note	**2021 US$000s**	2020 US$000s	**2021 US$000s**	2020 US$000s
Reserves					
Statutory reserve		**240**	240	**240**	240
Surplus and reserves		**255,622**	246,818	**189,197**	177,501
		255,862	247,058	**189,437**	177,741
Technical provisions					
Provision for unearned premiums - gross		**99,317**	84,538	**60,750**	50,471
Claims outstanding – gross		**369,330**	321,049	**264,546**	230,134
		468,647	405,587	**325,296**	280,605
Creditors					
Arising out of reinsurance operations		**21,109**	17,012	**131**	718
Derivative financial instruments	14	**144**	223	**144**	223
Other creditors including taxation and social security		**2,227**	2,586	**568**	276
		23,480	19,821	**843**	1,217
Accruals and deferred income		**7,585**	12,869	**4,260**	7,811
		31,065	32,690	**5,103**	9,028
Equity minority interest		**(32)**	(32)	**–**	–
Total liabilities and reserves		**755,542**	685,303	**519,836**	467,374

The notes on pages 28 to 51 form an integral part of these financial statements.

The financial statements on pages 22 to 51 were approved by the Board of Directors and authorised for issue on 1 April 2022..

They were signed on its behalf by:

DIRECTORS

U Kranich

J Küttel

Company Registered Number: 1750

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Statutory Reserve US$000s	Surplus and reserves US$000s	Total US$000s
At 31 December 2019	**240**	**225,301**	**225,541**
Surplus for the year	–	21,517	21,517
At 31 December 2020	**240**	**246,818**	**247,058**
Surplus for the year	–	8,804	8,804
At 31 December 2021	**240**	**255,622**	**255,862**

Parent Statement of Changes in Equity

for the year ended 31 December 2021

	Statutory Reserve US$000s	Surplus and reserves US$000s	Total US$000s
At 31 December 2019	**240**	**159,901**	**160,141**
Surplus for the year	–	17,600	17,600
At 31 December 2020	**240**	**177,501**	**177,741**
Surplus for the year	–	11,696	11,696
At 31 December 2021	**240**	**189,197**	**189,437**

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Note	**2021 US$000s**	2020 US$000s
Cash flows from operating activities			
Premiums, net of brokerage, received from policyholders		**239,442**	196,569
Reinsurance premiums ceded paid		**(72,868)**	(56,790)
Claims paid		**(104,864)**	(108,779)
Reinsurance receipts in respect of claims		**20,203**	21,664
Investment income		**9,251**	12,099
Management fee paid		**(47,884)**	(43,677)
Expenses paid		**(5,150)**	(2,178)
Other operating cash movements		**(1,602)**	2,375
Overriding commissions on quota share reinsurance		**8,226**	7,968
Taxation paid		**(492)**	(126)
Net cash generated from operating activities		**44,262**	29,125
Cash flows from investment activities			
Net cash flows from purchases of investments		**(980,031)**	(739,296)
Net cash flows from sales of investments		**906,204**	744,125
Net cash flows from investing activities		**(73,827)**	4,829
Cash flows from financing activities			
Interest paid		**(479)**	(442)
Net cash flows used in financing activities		**(479)**	(442)
Net (decrease)/increase in cash and cash equivalents		**(30,044)**	33,512
Cash and cash equivalents at the start of the year		**93,172**	57,633
Effect of exchange rate fluctuations on cash and cash equivalents		**(2,439)**	2,027
Cash and cash equivalents at the end of the year (UCITS and cash at bank and in hand)	4(d)	**60,689**	93,172

	Note	**2021 US$000s**	2020 US$000s
Cash and cash equivalents at the end of the year is comprised of:			
Cash at bank		**52,053**	61,338
UCITS (included within Other financial investments in the Consolidated Statement of Financial Position)		**8,636**	31,834
Cash and cash equivalents at the end of the year (UCITS and cash at bank and in hand)		**60,689**	93,172

Notes to the Consolidated Financial Statements

Note 1:

Constitution and ownership

The Club is incorporated in Bermuda 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 and, 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. TT Club financial statements have been prepared in compliance with the provisions of the United Kingdom Large and Medium-sized Companies and Group (Accounts and Reports) Regulations relating to insurance groups. 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 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, less an allowance for cancellations.

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. Amounts relating to periods after the year end are treated as unearned and included within liabilities on the statement of financial position.

Note 2:

Accounting policies (continued)

(d) Commission income

Commission income is earned on TT Club's general reinsurance programme and on insurance arranged by TT Club on behalf of Members and others. Overriding commission on quota share premiums is shown as a reduction of net operating expenses.

(e) 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 claims and for claims incurred but not reported ("IBNR"). The estimates for known outstanding claims 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 claims 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 Bornheutter-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.

(f) Reinsurance recoveries

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

The figure credited to the income statement for reinsurance recoveries 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.

(g) 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 they are attributable to premiums unearned at the statement of financial position date and are shown as assets in the statement of financial position. Amounts deferred are amortised over the life of the associated insurance contract.

Notes to the Consolidated Financial Statements (continued)

Note 2:

Accounting policies (continued)

(h) Management Fee

TT 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 the Association 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 an annual basis and covers the cost of managing the TT 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.

(i) 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 TT 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 Consolidated 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.

Note 2:

Accounting policies (continued)

(i) Financial assets (continued)

Derivative financial instruments

TT Club designates derivatives as either: hedges of a firm commitment or 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 Consolidated 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

TT 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 in Note 14.

The changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Consolidated 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 Consolidated Income Statement.

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 include cash in hand and deposits held at call with banks.

(j) 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.

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.

TT 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.

(k) 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 Consolidated 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 statement of comprehensive income.

Note 2:

Accounting policies (continued)

(l) Policy year accounting

When considering the results of individual policy years for the purposes of membership accounting, premiums, reinsurance premiums payable, claims, and reinsurance recoveries 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 Reserve Fund. General administration expenses are charged against the current policy year.

Investment income and exchange gains or losses are allocated proportionately to the average balance on each open policy year and the Reserve Fund. UK taxation, which is based on investment income, is allocated proportionately between the open policy years and the Reserve Fund. Other taxation is allocated entirely to the policy years to which it relates.

(m) Closure of policy years

On formal closure of a policy year, a sum equivalent to the anticipated future investment income on the balance on that year is transferred from the Reserve Fund to the credit of the closing year. Thereafter, any income derived from such funds is credited to the Reserve Fund, thereby offsetting the amount originally debited.

For closed policy years, TT Club retains a balance sufficient to meet the estimated net outstanding claims and claims incurred but not reported on that year. Future adjustments to these amounts as well as differences between the estimates and the ultimate payments will be met by transfers to or from the Reserve Fund.

(n) 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 year-end 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.

(o) Reinsurance

Contracts entered into by TT Club with reinsurers, under which TT Club is compensated for losses on one or more contracts issued by TT Club and that meet the classification requirements for insurance contracts, are classified as reinsurance contracts. Insurance contracts entered into by TT Club under which the contract holder is another insurer (inwards reinsurance) are included within insurance contracts, provided there is significant transfer of insurance risk. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. Reinsurance recoveries in respect of estimated claims incurred but not reported are assumed to be consistent with the historical pattern of such recoveries, adjusted to reflect changes in the nature and extent of TT Club's 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 Consolidated Income Statement, 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 profit and loss account as 'Outward reinsurance premiums' when due.

Note 2:

Accounting policies (continued)

(p) Taxation

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 they will be recovered. Deferred tax balances are not discounted.

Current Tax

Current tax is the amount of income/corporation tax payable in respect of the taxable profit for the 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.

TT Club incurs current tax in the United Kingdom on 10% of the total of its investment income and net gains (less net losses) on its investments.

(q) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less impairment. The Club reviews the carrying value of its parent company subsidiaries at each statement of financial position date where there has been an indication that impairment has occurred. If the carrying value of a subsidiary undertaking is impaired, the carrying value is reduced through a charge to the income statement.

(r) Related parties

TT Club discloses transactions with related parties which are not wholly owned within the same Group. Further details can be found in note 16.

Note 3:

Critical accounting estimates and judgments and estimation uncertainty

TT Club makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and 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 critical accounting judgments.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is TT Club's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimate of the liability that TT Club 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 IBNR is generally subject to a greater degree of uncertainty than that for reported claims. In calculating the estimated liability, TT Club uses a variety of estimation techniques based upon statistical analyses of historical experience which assumes past trends can be used to project future developments. This is further explained in note 2 (e).

(a) Pipeline premiums

TT Club makes an estimate of premiums written during the year that have not been notified in the financial year ('pipeline premiums') as detailed in note 2 (b). 2021: US$ 4.1 million (2020: US$ 1.7 million). Given the size of the amount the estimated uncertainty is limited.

Note 4:

Management of Financial Risk

Financial Risk Management Objectives

TT 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.

TT Club manages these risks using a risk governance structure incorporating the Managers' Risk Committee and the Audit & Risk Committee. Further details are set out in the Directors' Report on pages 14 - 17.

The Boards of TT Club are responsible, 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 TT Club which are analysed as part of the Own Risk and Solvency Assessment ("ORSA") process.

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

(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 and that of the 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.

An increase of 100 basis points in interest rates at the year-end date, with all other factors unchanged would result in a US$ 5.3 million decrease in market value of TT Club's investments (2020: US$ 3.73 million decrease). A decrease in 100 basis points in interest rates would result in a US$ 5.3 million increase in the market value of TT Club's investments (2020: US$ 3.73 million increase).

(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

TT 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 TT Club is exposed to are Pounds Sterling and the Euro. From time to time TT Club uses forward currency contracts or options to protect against adverse in year exchange movements.

The table on the following page shows TT Club's assets by currency. TT Club seeks to mitigate such currency risk by matching the estimated foreign currency denominated liabilities with financial investments denominated in the same currency.

Note 4:

Management of Financial Risk (continued)

(b) Currency risk (continued)

2021	USD US$000s	GBP US$000s	EUR US$000s	Other US$000s	Total US$000s
Debt securities	381,650	9,250	50,759	–	441,659
Equity shares	39,478	13,455	13,238	–	66,171
Derivative financial instruments	4	–	–	–	4
UCITS	8,636	–	–	–	8,636
Assets arising from reinsurance contracts held	108,728	–	660	2,237	111,625
Debtors arising from insurance contracts	53,104	943	6,160	4,298	64,505
Other debtors	87	124	127	109	447
Cash at bank	26,560	2,021	649	22,823	52,053
Other	9,327	247	79	789	10,442
Total assets	**627,574**	**26,040**	**71,672**	**30,256**	**755,542**
Liabilities	(401,503)	(8,239)	(51,175)	(38,763)	(499,680)
Net assets	**226,071**	**17,801**	**20,497**	**(8,507)**	**255,862**

2020	USD US$000s	GBP US$000s	EUR US$000s	Other US$000s	Total US$000s
Debt securities	361,636	12,628	5,597	–	379,861
Equity shares	29,434	11,247	9,781	–	50,462
Derivative financial instruments	–	–	–	–	–
UCITS	31,834	–	–	–	31,834
Assets arising from reinsurance contracts held	95,075	–	659	2,983	98,717
Debtors arising from insurance contracts	40,960	3,170	5,495	1,598	51,223
Other debtors	607	–	132	–	739
Cash at bank	27,365	2,614	1,820	29,539	61,338
Other	10,286	284	69	490	11,129
Total assets	**597,197**	**29,943**	**23,553**	**34,610**	**685,303**
Liabilities	(374,120)	(11,957)	(14,050)	(38,118)	(438,245)
Net assets	**223,077**	**17,986**	**9,503**	**(3,508)**	**247,058**

As at 31 December 2021 the currency split of TT Club's claims estimates was as follows: US$ 271.1 million in US dollars and currencies pegged to the US dollar (2020: US$ 232.7 million), US$ 10.4 million in Pounds Sterling (2020: US$ 6.9 million), US$ 50.9 million in Euros (2020: US$ 47.9 million) and US$ 36.9 million in other currencies (2020: US$ 33.4 million).

At 31 December 2021, if the US dollar weakened by 5% against Sterling, with all other factors unchanged, Surplus and reserves would have increased by US$ 0.85 million (2020: US$ 0.87 million increase). If the US dollar strengthened by 5% against Sterling, with all other factors unchanged, Surplus and reserves would have decreased by US$ 0.85 million (2020: US$ 0.87 million decrease).

At 31 December 2021, if the US dollar weakened by 5% against the Euro, with all other factors unchanged, Surplus and reserves would have increased by US$ 1.0 million (2020: US$ 1.0 million decrease). If the US dollar strengthened by 5% against the Euro, with all other factors unchanged, Surplus and reserves would have decreased by US$ 1.0 million (2020: US$ 1.0 million increase).

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:

- Reinsurers' shares of insurance liabilities;
- Amounts due from reinsurers in respect of claims already paid;
- Amounts due from policyholders;
- Amounts due from insurance intermediaries;
- 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.

The following tables provide information regarding aggregated credit risk exposure, for financial assets with external credit ratings, as at 31 December 2021. The credit rating bands are provided by independent ratings agencies:

2021	AAA US$000s	AA US$000s	A US$000s	BBB+ or less or unrated US$000s	Total US$000s
Debt securities	62,702	292,271	25,515	61,171	441,659
Equity shares	–	–	–	66,171	66,171
Derivative financial instruments	–	–	–	4	4
UCITS	–	–	8,636	–	8,636
Assets arising from reinsurance contracts held	–	74,056	27,898	9,671	111,625
Debtors arising from insurance contracts	–	–	–	64,505	64,505
Other debtors	–	–	–	447	447
Cash at bank	–	28,283	23,700	70	52,053
Other	–	–	–	10,442	10,442
Total	**62,702**	**394,610**	**85,749**	**212,481**	**755,542**

2020	AAA US$000s	AA US$000s	A US$000s	BBB+ or less or unrated US$000s	Total US$000s
Debt securities	24,601	333,548	21,712	–	379,861
Equity shares	–	–	–	50,462	50,462
Derivative financial instruments	–	–	–	–	–
UCITS	–	–	31,834	–	31,834
Assets arising from reinsurance contracts held	–	18,726	69,202	10,789	98,717
Debtors arising from insurance contracts	–	–	–	51,223	51,223
Other debtors	–	–	–	739	739
Cash at bank	5,581	–	55,650	107	61,338
Other	–	–	–	11,129	11,129
Total	**30,182**	**352,274**	**178,398**	**124,449**	**685,303**

Note 4:

Management of Financial Risk (continued)

(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. As at 31 December 2021 TT Club's short term deposits (including cash and UCITs) amounted to US$ 60.8 million (2020: US$ 93.2 million).

The tables below provide a maturity analysis of TT Club's financial assets:

		Past due but not impaired					
2021	**Neither past due nor impaired US$000s**	**0 – 3 months US$000s**	**3 – 6 months US$000s**	**6 months – 1 year US$000s**	**> 1 year US$000s**	**Financial assets that have been impaired US$000s**	**Carrying value in the balance sheet US$000s**
Debt securities	441,659	–	–	–	–	–	441,659
Equity shares	66,171	–	–	–	–	–	66,171
UCITS	8,636	–	–	–	–	–	8,636
Derivative financial instruments	4	–	–	–	–	–	4
Assets arising from reinsurance contracts held	111,625	–	–	–	–	–	111,625
Debtors arising from direct insurance	54,866	6,616	3,023	–	–	–	64,505
Other debtors	447	–	–	–	–	–	447
Cash at bank	52,053	–	–	–	–	–	52,053
Other	10,442	–	–	–	–	–	10,442
Total	**745,903**	**6,616**	**3,023**	**–**	**–**	**–**	**755,542**

		Past due but not impaired					
2020	**Neither past due nor impaired US$000s**	**0 – 3 months US$000s**	**3 – 6 months US$000s**	**6 months – 1 year US$000s**	**> 1 year US$000s**	**Financial assets that have been impaired US$000s**	**Carrying value in the balance sheet US$000s**
Debt securities	379,861	–	–	–	–	–	379,861
Equity's shares	50,462	–	–	–	–	–	50,462
Derivative financial instruments	–	–	–	–	–	–	–
UCITS	31,834	–	–	–	–	–	31,834
Assets arising from reinsurance contracts held	98,717	–	–	–	–	–	98,717
Debtors arising from direct insurance	36,268	11,089	3,866	–	–	–	51,223
Other debtors	739	–	–	–	–	–	739
Cash at bank	61,338	–	–	–	–	–	61,338
Other	11,129	–	–	–	–	–	11,129
Total	**670,348**	**11,089**	**3,866**	**–**	**–**	**–**	**685,303**

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:

2021	< 6 months or on demand US$000s	6 months – 1 year US$000s	1 – 2 years US$000s	2 – 5 years US$000s	> 5 years US$000s	Total US$000s
Debt securities	106,377	1,688	298,715	34,879	–	441,659
Equity shares	66,171	–	–	–	–	66,171
UCITS	8,636	–	–	–	–	8,636
Derivative financial instruments	4	–	–	–	–	4
Assets arising from reinsurance contracts held	5,655	5,655	6,891	9,737	3,430	31,368
Reinsurers' share of claims outstanding	14,470	14,470	17,632	24,912	8,773	80,257
Debtors arising from insurance contracts	64,505	–	–	–	–	64,505
Other debtors	447	–	–	–	–	447
Cash at bank	52,053	–	–	–	–	52,053
Other	10,442	–	–	–	–	10,442
Total assets	**328,760**	**21,813**	**323,238**	**69,528**	**12,203**	**755,542**
Creditors	(130,349)	–	–	–	–	(130,349)
Claims outstanding	(66,587)	(66,587)	(81,140)	(114,641)	(40,376)	(369,331)
Net assets	**131,824**	**(44,774)**	**242,098**	**(45,113)**	**(28,173)**	**255,862**

2020	< 6 months or on demand US$000s	6 months – 1 year US$000s	1 – 2 years US$000s	2 – 5 years US$000s	> 5 years US$000s	Total US$000s
Debt securities	157,143	124,402	68,048	24,184	6,084	379,861
Equity shares	50,462	–	–	–	–	50,462
Derivative financial instruments	–	–	–	–	–	–
UCITS	31,834	–	–	–	–	31,834
Assets arising from reinsurance contracts held	6,503	6,503	8,114	11,940	4,255	37,315
Reinsurers' share of claims outstanding	10,699	10,699	13,352	19,648	7,004	61,402
Debtors arising from insurance contracts	51,223	–	–	–	–	51,223
Other debtors	739	–	–	–	–	739
Cash at bank	61,338	–	–	–	–	61,338
Other	11,129	–	–	–	–	11,129
Total assets	**381,070**	**141,604**	**89,514**	**55,772**	**17,343**	**685,303**
Creditors	(117,196)	–	–	–	–	(117,196)
Claims outstanding	(55,943)	(55,943)	(69,813)	(102,732)	(36,618)	(321,049)
Net assets	**207,931**	**85,661**	**19,701**	**(46,960)**	**(19,275)**	**247,058**

Notes to the Consolidated Financial Statements (continued)

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- (Excellent) over the insurance market cycle, with a substantial margin in each case.

TT Club continues to be regulated in the United Kingdom by the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA"). During the year to 31 December 2021 TT Club complied with Solvency II regulation. 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.

As at 31 December 2021 TT Club's total regulatory capital available amounted to US$ 255.9 million (2020: US$ 247.0 million). As at 31 December 2021, TT Club held deposits and letters of credit totalling US$ 64.7 million to meet overseas regulatory requirements (2020: US$ 68.1 million). This includes collateralised letters of credit amounting to US$ 24.5 million (2020: US$ 24.5 million) in relation to Hong Kong and a trust fund deposit of US$ 40.2 million (2020: US$ 43.6 million) in relation to the US.

(f) Fair value estimations

In accordance with section 34 of FRS 102, as a financial institution, TT Club applies the requirements of paragraph 11.27 of FRS 102. This requires, for financial instruments held at fair value in the balance sheet, disclosure of fair value measurements by level of 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 both 31 December 2021 and 31 December 2020 fall into the Level 2 category with the exception of the equity securities, which fall into Level 2.

Consolidated	**2021 Level 1 US$000s**	**2021 Level 2 US$000s**	**2021 Total US$000s**	2020 Level 1 US$000s	2020 Level 2 US$000s	2020 Total US$000s
Debt securities	**–**	**441,659**	**441,659**	–	379,861	379,861
Equity shares	**66,171**	**–**	**66,171**	50,462	–	50,462
Derivative financial instruments	**–**	**4**	**4**	–	–	–
UCITS	**8,636**	**–**	**8,636**	31,834	–	31,834
Financial assets held at fair value through profit and loss	**74,807**	**441,663**	**516,470**	82,296	379,861	462,157

Parent	**2021 Level 1 US$000s**	**2021 Level 2 US$000s**	**2021 Total US$000s**	2020 Level 1 US$000s	2020 Level 2 US$000s	2020 Total US$000s
Debt securities	**–**	**280,933**	**280,933**	–	278,743	278,743
Equity shares	**66,171**	**–**	**66,171**	50,462	–	50,462
Derivative financial instruments	**–**	**4**	**4**	–	–	–
UCITS	**6,000**	**–**	**6,000**	19,031	–	19,031
Financial assets held at fair value through profit and loss	**72,171**	**280,937**	**353,108**	69,493	278,743	348,236

Notes to the Consolidated Financial Statements (continued)

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.

Sensitivity to insurance risk

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

	2021 US$000s	2020 US$000s
1% increase in net reserves reduces surplus before tax and equity by:	**2,891**	2,507

A 1% decrease in net reserves would have an equal and opposite effect

(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 excess of loss reinsurance cover to protect against individual large losses, facultative reinsurance to protect against specific risks and 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 comparison made against actuarial expected development. Quarterly claims developments are reviewed by the reserving committee and the Boards.

(iv) Reserving process

TT Club establishes provisions for unpaid claims, both reported and unreported, and related expenses to cover its expected ultimate liability. These provisions are established through the application of actuarial techniques and assumptions as set out in Note 2 of the financial statements 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.

TT Club considers that the liability for insurance claims recognised in the consolidated statement of financial position is adequate. However, actual experience will differ from the expected outcome.

Note 5:

Claims paid

(i) Claims paid

Claims paid include claims handling charges paid to the Managers totalling US$ 10.8 million (2020: US$ 9.6 million).

	2021 Gross US$000s	**2021 RI US$000s**	**2021 Net US$000s**	2020 Gross US$000s	2020 RI US$000s	2020 Net US$000s
Technical provisions at the beginning of the year	**321,049**	**(70,309)**	**250,740**	301,472	(61,403)	240,069
Claims (paid)/recovered	**(103,980)**	**26,983**	**(76,997)**	(108,744)	24,377	(84,367)
Claims incurred	**158,608**	**(36,980)**	**121,628**	120,365	(33,240)	87,125
Exchange differences	**(6,347)**	**49**	**(6,298)**	7,956	(43)	7,913
Technical provisions at the end of the year	**369,330**	**(80,257)**	**289,073**	321,049	(70,309)	250,740

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 consolidated statement of financial position.

Movement in prior year's provision for claims outstanding

Net prior year reserves and total margin strengthening during the year amounted to US$ 10.4 million (2020: release of US$ 5.1 million).

Assumptions underlying insurance balances

Reserving process

The risks associated with insurance contracts are complex and subject to a number of variables. The Club uses several statistical and actuarial techniques based on past claims development experience. This includes indications such as average claims cost and ultimate claims numbers. The key methods used by the Club in estimating liabilities are:

- 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 consolidated financial statements for the period in which the adjustments are made.

There have been no changes in these methods since the previous year end.

Notes to the Consolidated Financial Statements (continued)

Note 5:

Claims paid (continued)

(i) Claims paid (continued)

Insurance claims – gross

Estimate of ultimate claims costs attributable to policy years

	2012 US$000s	2013 US$000s	2014 US$000s	2015 US$000s	2016 US$000s	2017 US$000s	2018 US$000s	2019 US$000s	2020 US$000s	2021 US$000s
At end of reporting year	155,471	138,007	104,326	140,464	123,738	132,620	138,946	138,942	138,586	159,049
1 year later	140,720	118,652	119,166	123,738	119,149	114,054	122,196	123,550	132,531	
2 years later	138,007	104,326	103,435	122,370	117,031	109,590	122,042	121,562		
3 years later	127,693	94,008	98,057	116,116	112,326	110,068	125,970			
4 years later	129,305	91,789	100,776	113,221	110,458	108,293				
5 years later	125,939	90,422	99,670	113,264	112,375					
6 years later	125,877	85,614	101,126	112,872						
7 years later	122,442	86,967	100,698							
8 years later	126,937	86,759								
9 years later	125,041									
Estimate of ultimate claims	**125,041**	**86,759**	**100,698**	**112,872**	**112,375**	**108,293**	**125,970**	**121,562**	**132,531**	**159,049**
Cumulative payments to date	**119,576**	**81,713**	**96,187**	**104,256**	**102,334**	**91,497**	**93,712**	**73,057**	**44,928**	**18,386**
Liability recognised on SOFP	**5,465**	**5,046**	**4,511**	**8,616**	**10,041**	**16,796**	**32,258**	**48,505**	**87,603**	**140,663**
Total liability relating to the past nine years										**359,504**
Other claims liabilities for prior years										**9,826**
Total technical provisions included in statement of financial position										**369,330**

Insurance claims – net

	2012 US$000s	2013 US$000s	2014 US$000s	2015 US$000s	2016 US$000s	2017 US$000s	2018 US$000s	2019 US$000s	2020 US$000s	2021 US$000s
At end of reporting year	117,771	102,412	105,157	107,724	105,471	118,540	103,469	105,075	106,121	123,747
1 year later	114,259	91,986	91,383	102,382	98,323	101,968	91,910	92,742	104,899	
2 years later	106,541	83,527	85,457	101,992	91,623	97,422	92,546	90,272		
3 years later	99,846	80,218	87,672	96,631	92,844	96,215	93,756			
4 years later	98,030	79,129	86,377	93,823	91,232	94,272				
5 years later	96,743	75,918	85,662	93,618	90,892					
6 years later	95,384	74,919	87,868	93,320						
7 years later	97,558	76,078	87,180							
8 years later	99,044	75,568								
9 years later	96,909									
Estimate of ultimate claims	**96,909**	**75,568**	**87,180**	**93,320**	**90,892**	**94,272**	**93,756**	**90,272**	**104,899**	**123,747**
Cumulative payments to date	**94,027**	**71,160**	**83,283**	**85,885**	**83,342**	**79,251**	**69,821**	**54,155**	**35,193**	**14,687**
Liability recognised on SOFP	**2,882**	**4,408**	**3,897**	**7,435**	**7,550**	**15,021**	**23,935**	**36,117**	**69,706**	**109,060**
Total liability relating to the past nine years										**280,012**
Other claims liabilities for prior years										**9,061**
Total technical provisions included in statement of financial position										**289,073**

Note 6:

Deferred acquisition costs

	2021 US$000s	2020 US$000s
On insurance contracts	**9,274**	8,574

The reconciliation of opening and closing deferred acquisition costs is as follows:

	2021 US$000s	2020 US$000s
At 1 January	**8,574**	8,156
Expenses for the acquisition of insurance contracts deferred during the year	**700**	418
At 31 December	**9,274**	8,574

Note 7:

Provision for unearned premium

	Gross		Reinsurers' share	
	2021 US$000s	2020 US$000s	**2021 US$000s**	2020 US$000s
At 1 January	**84,538**	80,777	**21,558**	18,316
Increase/(decrease) in provision	**14,779**	3,761	**5,869**	3,242
At 31 December	**99,317**	84,538	**27,428**	21,558

Notes to the Consolidated Financial Statements (continued)

Note 8:

Segmental information

Gross premiums written	**2021 US$000s**	2020 US$000s
– policyholders/members located in EU states	**42,458**	34,200
– policyholders/members located in UK	**11,766**	10,718
– policyholders/members located elsewhere	**208,763**	179,274
	262,987	224,192

The Club writes only marine, aviation, and transport business.

Gross premiums written – 2021	**Policyholders /members located in EU states US$000s**	**Policyholders /members located in UK US$000s**	**Policyholders /members located elsewhere US$000s**	**Total US$000s**
Cargo	**2,456**	**443**	**8,021**	**10,920**
Containers and Chassis	**11,528**	**1,609**	**36,991**	**50,128**
Logistics	**11,346**	**4,622**	**79,516**	**95,484**
Ports & Terminals	**14,041**	**2,654**	**46,272**	**62,967**
Property	**2,781**	**2,209**	**27,317**	**32,307**
Other	**306**	**229**	**10,646**	**11,181**
	42,458	**11,766**	**208,763**	**262,987**

Gross premiums written – 2020	Policyholders /members located in EU states US$000s	Policyholders /members located in UK US$000s	Policyholders /members located elsewhere US$000s	Total US$000s
Cargo	2,400	484	7,238	10,122
Containers and Chassis	7,376	1,613	33,906	42,895
Logistics	10,003	4,126	62,633	76,762
Ports & Terminals	11,931	2,678	45,844	60,453
Property	2,423	1,681	22,886	26,990
Other	67	136	6,767	6,970
	34,200	10,718	179,274	224,192

Notes to the Consolidated Financial Statements (continued)

Note 9:

Net operating expenses

	2021 US$000s	2020 US$000s
Acquisition costs		
Brokerage and commission	**27,590**	27,098
Management fee in respect of underwriting	**20,528**	16,904
Change in deferred acquisition costs	**(700)**	(418)
	47,418	43,584
Management fee in respect of management and performance related fee	**21,908**	26,765
General expenses	**4,176**	4,391
Directors' fee	**760**	717
Directors' travelling costs	**46**	27
Auditors' remuneration		
Parent company audit	**175**	146
Subsidiary company audit	**411**	305
Non-audit services		
Other services pursuant to legislation, including audit of regulatory returns	**205**	212
Total operating expenses before commission on reinsurance contracts	**27,681**	32,563
	75,099	76,147
Commission on reinsurance contracts	**(8,226)**	(7,968)
	66,873	68,179

Included within the management fee for 2021 is an additional fee paid to the Thomas Miller Holdings Limited group of companies ("Thomas Miller") of US$ 9.2 million in relation to a project to modernise the Club's IT systems (2020: US$ 4.9 million).

Notes to the Consolidated Financial Statements (continued)

Note 10:

Investment return

	2021 US$000s	2020 US$000s
Investment income		
Income from financial assets held at fair value through profit or loss	**4,560**	6,461
Net gains on the realisation of investments	**7,347**	7,848
Net gains/(losses) on investments	**5,851**	(200)
	17,758	14,109
Investment expenses and charges		
Interest payable	**(479)**	(442)
Other investment management expenses	**(1,445)**	(1,339)
Foreign exchange losses	**(1,344)**	(87)
	(3,268)	(1,868)
Total investment return	**14,490**	12,241

Investment return is analysed between:		
Allocated investment return transferred to the technical business account	**7,689**	6,168
Net investment return included in the non-technical account	**6,801**	6,073
Total investment return	**14,490**	12,241

Notes to the Consolidated Financial Statements (continued)

Note 11:

Tax on ordinary activities

	2021 US$000s	2020 US$000s
(i) Analysis of tax charge on ordinary activities		
UK tax for the current period	**(308)**	(243)
Foreign tax for the current period	**(500)**	(340)
Adjustments in respect of prior periods	**(1)**	31
	(809)	(552)

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in Bermuda: 0% (2020: 0%) – the differences are explained below:

	2021 US$000s	2020 US$000s
Surplus on ordinary activities before tax	**9,613**	22,069
Tax at 0% thereon	**–**	–
Effects of:		
Tax levied outside Bermuda:		
United Kingdom	**(308)**	(243)
US	**(500)**	–
Italy	**–**	(340)
Adjustments in respect of prior periods		
United Kingdom	**(1)**	(4)
Italy	**–**	–
Australia	**–**	35
Total tax charge for year	**(809)**	(552)

The taxation charge comprises a charge for UK taxation based at a rate of 19% based on 10% of TT Club's investment return excluding that taxed within an overseas branch. The overseas tax charges relate to overseas income taxed at the prevailing rate in the respective jurisdictions.

Future tax charges are dependent on future investment return and prevailing tax rates. Currently the UK government is planning to increase the corporate tax rate to 25% in 2023.

Notes to the Consolidated Financial Statements (continued)

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	75% of Members' votes
TT (Bermuda) Services Limited (incorporated 30 January 1998)	Bermuda	Ordinary	Holding company	90%

The opening and closing value of the investments is $12,000 at the statement of financial position date 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 considered to be required.

Note 13:

Other financial investments

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

Consolidated	Carrying value 2021 US$000s	Carrying value 2020 US$000s	Purchase price 2021 US$000s	Purchase price 2020 US$000s
Held at fair value through profit and loss:				
- debt securities	**441,659**	379,861	**440,307**	376,624
- equities	**66,171**	50,462	**52,341**	44,195
- UCITS	**8,636**	31,834	**8,636**	31,834
Financial assets held at fair value through profit and loss	**516,466**	462,157	**501,284**	452,653

Parent Company	Carrying value 2021 US$000s	Carrying value 2020 US$000s	Purchase price 2021 US$000s	Purchase price 2020 US$000s
Held at fair value through profit and loss:				
- debt securities	**280,921**	278,743	**279,709**	277,032
- equities	**66,171**	50,462	**52,341**	44,195
- UCITS	**6,000**	19,031	**6,000**	19,031
Financial assets held at fair value through profit and loss	**353,092**	348,236	**338,050**	340,258

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

The debt securities with a maturity of less than one year total US$ 108.1 million (2020: US$ 281.5 million) with the remainder recoverable after more than one year.

As described in note 2(h), the investments of US$ 516.5 million (2020: US$ 462.2 million) are valued in the financial statements at market value.

Note 14:

Derivative financial instruments

(a) Fair value hedge

The Club uses forward currency contracts to hedge the foreign exchange risks that it is exposed to as a result of future committed management fee payable in sterling.

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 gain or loss shown in the income statement.

(b) Non hedge 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 rates of exchange. The profit or loss on exchange on these contracts is included within exchange gains and losses. These are economic hedges, but do not meet the hedge accounting criteria.

2021	**Contract/ notional amount US$000s**	**Fair value asset US$000s**	**Fair value liability US$000s**	**Fair value per accounts US$000s**
Non hedge derivatives	**8,383**	**–**	**4**	**4**
Fair value hedge	**68,928**	**(3,310)**	**3,165**	**(144)**
Total	**77,311**	**(3,310)**	**3,169**	**(140)**

2020	Contract/ notional amount US$000s	Fair value asset US$000s	Fair value liability US$000s	Fair value per accounts US$000s
Non hedge derivatives	4,205	–	(223)	(223)
Fair value hedge	69,535	(4,428)	4,576	148
Total	73,740	(4,428)	4,353	(75)

Note 15:

Guarantees and commitments

Investments to the value of US$ 40.2 million (2020: US$ 40.2 million) have been charged as collateral in respect of letters of credit as security for holders of insurance policies in Canada and for regulatory purposes in Hong Kong.

The Club has issued a guarantee, not to exceed US$ 2.5 million, to 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 as 31 December 2021 amounted to nil (2020: nil).

Notes to the Consolidated Financial Statements (continued)

Note 16:

Related party transactions

The Club reinsures its subsidiary, TT Club Mutual Insurance Limited, under a 90% whole account quota share agreement. All operations and transactions of TT Club Mutual Insurance Limited ("TTB") are included within the consolidated financial statements. The premiums written on this agreement amounted to US$ 136.4 million (2020: US$ 115.2 million). The recoveries on paid claims was US$ 62.3 million (2020: US$ 73.6 million). A total of US$ 29.2 million was paid to TTI from TTB in relation to commission on the quota share contract.

Reinsurers' share of the provision for unearned premiums includes US$ 50.3 million (2020: US$ 43.5 million) in relation to the quota share with the parent company. Reinsurers' share of the provision for outstanding claims includes US$ 253.5 million (2020: US$ 215.8 million) in relation to the quota share with the parent company.

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 notes 5 and 9. At 31 December 2021 the outstanding amount payable by the Club amounted to US$ 3.8 million (2020: US$ 7.6 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.

Note 18:

Insurance business transfer

During 2021 an "Insurance Business Transfer Scheme" or "Part VII transfer" of TTI's EEA business to UK P&I Club's 100% owned subsidiary in the Netherlands, UK P&I Club NV ("UKNV"), was completed and took effect on 31 December 2021. The transferred business in turn was reinsured 100% back to TTI . The Part VII transfer was undertaken in order to facilitate the continuity of services provided in respect of policies written by TTI in relation to risks located in the EEA following the UK's exit from the European Union. The insurance liabilities transferred amounted to US$ 55.2 million. The liabilities for this business remain on the Club balance sheet as reinsured liabilities from UKNV.

ttclub.com