Working in partnership for a safe, secure and sustainable industry

Through Transport Mutual Insurance Association Limited
Annual Report and Consolidated Financial Statements
For the year ended 31 December 2023

TT CLUB
IS MANAGED
BY **THOMAS MILLER**

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Directors and Management

CHAIRMAN	
M Engelstoft [3, 4, 5, 6]	Genoa
U Kranich [3, 4, 5, 6] (retd. 21 July 2023)	Hamburg
DEPUTY CHAIRMAN	
J Küttel [3, 4, 5]	Luzern
DIRECTORS	
A Abbott	Atlantic Container Line, New York
K Albertsson (appt. 2 November 2023)	Samskip, Rotterdam
U Baum [3, 4, 5] (retd. 22 June 2023)	Röhlig Logistics, Bremen
G Benelli [6]	Specialist Director - Investment
H-J Bertschi	Bertschi Group, Dürrenäsch
M Calfas (appt. 22 June 2023)	NSW Ports, Sydney
J Chambers [1, 2, 5]	Specialist Director - Insurance
YI Chang	Evergreen Group, Taipei
X Chen [6]	COSCO Container Line, Shanghai
J Chowdhury [5] (appt. 2 November 2023)	Through Transport Mutual Services (UK) Ltd, London
M d'Orey [1, 2, 5]	Orey Shipping, Lisbon
S Edwards	Virginia Port Authority, Norfolk
T Faries [5]	Appleby, Bermuda
C Fenton [5]	Through Transport Mutual Services (UK) Ltd, London
A Fullbrook [6]	OEC Group, New York
M Hine [1, 2, 5]	Specialist Director - Finance
R Murchison	Murchison Group, Buenos Aires
Y Narayan	DP World, Dubai
J Neal	Carrix, Seattle
J Nixon [3]	Ocean Network Express, Singapore
E Ong [5] (retd. 8 September 2023)	Through Transport Mutual Services (UK) Ltd, London
R Owens	Nautilus International Holding, Long Beach
D Robinson MBE [1, 2, 5] (retd. 6 December 2023)	PD Ports, Middlesbrough
N Smedegaard [5]	DFDS Group, Copenhagen
K Svendsen	A P Møller-Maersk, Copenhagen
S Trantantasin	RCL Group, Bangkok
S Vernon (retd. 2 November 2023)	Triton International, London

[1] Audit & Risk Committee member - Through Transport Mutual Insurance Association Limited (TTB)

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

[3] Nominations Committee member - TTB

[4] Nominations Committee member - TTI

[5] Management Committee member - TTB

[6] Investment Committee member - TTB

Registered Office	Victoria Place, 5th floor 31 Victoria Street Hamilton HM10 Bermuda Company Registration Number 1750
Managers	Thomas Miller (Bermuda) Limited
Company Secretary	Thomas Miller (Bermuda) Limited Telephone +1 44 1 292 4724
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside, London SE1 2RT United Kingdom

Financial Highlights

Income Statement	2023 US$000s	2022 US$000s
Gross earned premiums [1]	**284,257**	276,538
Ceded earned premiums [3]	**(64,617)**	(70,035)
Net earned premiums	**219,640**	206,503
Net claims incurred	**(160,579)**	(125,217)
Gross incurred brokerage [2]	**(31,102)**	(50,555)
Commission income on reinsurances	**11,126**	11,338
Expenses [4]	**(58,338)**	(23,780)
Net operating expenses	**(78,314)**	(62,997)
Underwriting (deficit)/surplus	**(19,253)**	18,289
Investment return gain/(loss)	**35,978**	(10,892)
Interest payable	**(361)**	(473)
Exchange (losses)/gains	**(36)**	30
Taxation	**(398)**	(1,318)
Surplus on ordinary activities after tax	**15,930**	**5,636**

Balance sheet	2023 US$000s	2022 US$000s
Cash and investments	**673,581**	587,033
Ceded technical provisions [5]	**127,583**	126,221
Other assets [6]	**98,270**	97,194
Total assets	**899,434**	810,448
Gross technical provision [5]	**(602,288)**	(532,350)
Other liabilities [7]	**(19,718)**	(16,600)
Total liabilities	**(622,006)**	(548,950)
Total surplus and reserves	**277,428**	**261,498**

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

Chairman's Report

I am pleased to write to you for the first time as Chairman of the Board having taken over from Ulrich Kranich in July 2023. I wish not only to look back on what has been a successful year for the Club but also forward to the coming years in which I hope to continue to steer the Club as well as he has done.

I am pleased to see a focus on sustainability pulled to the forefront within this document, which now reads "TT Club's mission is to make the global transport and logistics industry safer, more secure, and more sustainable".

I must start by thanking Ulrich for his dedicated leadership of the Board from 2016 until his retirement in 2023, having spent 16 years as Director. During this time, Ulrich has steadily guided the Board through a period of unprecedented instability and disruption. Ulrich presided over the Board throughout the Covid-19 pandemic, ensuring unwavering Member support and business continuation; oversaw the complex planning necessary to continue to service the Club's EEA Members after the UK left the EU; and finally, the difficult but correct decision to run off all Russian and Belarusian business following Russia's invasion of Ukraine in 2022.

During Ulrich's time as Chairman, the Club also celebrated its 50th anniversary and developed its 'Brave new world? Container transport in 2043' publication, looking ahead to the implications of four possible outcomes for the future of our industry. This forward-looking approach, initiated during Ulrich's tenure, I intend to continue during my time as Chairman and I look forward to working together with you all towards a safer, more secure, and more sustainable industry for us all.

2023

2023 saw some key changes to the Club's mission statement and guiding principles. I am pleased to see a focus on sustainability pulled to the forefront within this document, which now reads "TT Club's mission is to make the global transport and logistics industry safer, more secure, and more sustainable". Similarly, the Club made a commitment to a loss prevention offering that is beyond class and incomparable to any other insurer in the Club's sector and to embed innovation and constant improvement in all that it does. I do not report in this statement on specific loss prevention activities as you will see that we have included this detail in a separate statement that follows this one.

Having spent over three decades in the industry, many at management level, I know very well the value of data and metrics in tracking performance. It is my firm belief that you cannot gauge the success of a business without measurement, and for that reason wish to oversee a commitment by the Club Board to track four key metrics that will ensure not only sustainable, consistent growth, but progressive development and bettering of the Club's service to its membership.

Financial performance

The Club's net result for 2023 is US$ 15.9 million (2022 US$ 5.6 million). The figure is higher than the Managers' forecast coming into 2023 and significantly higher than 2022 when, in line with most other insurers, the Club's investment portfolio made a negative return. The welcome boost in investment income in the final months of 2023 saw the Club's investments return 6.3% (2022 -2.1%) for the year, or US$ 36.0 million in total (2022 US$ -10.9 million loss).

Claims for the 2023 policy year remain below the Managers' expectations. However, claims from previous accident years continue to develop above expectations, particularly those in respect of US bodily injury, which has led the Board to take the prudent decision to strengthen claims reserves. While 2023 saw much disruption and destruction due to both natural and man-made disasters, such events seem to have had only a limited impact on claims for the year.

Chairman's Report

(continued)

The Managers' focus on prudent underwriting has ensured steady growth over the years, without compromising the loss ratio performance of the business.

The financial year combined ratio is 101% and the policy year combined ratio is 93%. This excludes costs in the year of the project to replace the core systems supporting the Club's operations. This is a major project for the Club and costs associated with this project sit at US$ 8 million for the year. Including the costs of this project the financial year combined ratio increases to 105% and the policy year combined ratio to 97%. I report progress later in this statement.

There was modest growth in the Club's gross written premium in the year, rising to US$ 289 million (2022 US$ 283 million). The Managers' focus on prudent underwriting has ensured steady growth over the years, without compromising the loss ratio performance of the business. Of the business lost throughout the year, the Club declined to renew a significant portion because the claims performance of that business was not in line with that expected by the Club.

As noted in last year's report, the Club saw unusually high levels of new business in 2021, which dropped in 2022 and has dropped further in 2023 as the market cycle has hardened. Competition remains strong across almost all sectors and markets, but the Club continues to grow sustainably and prove its value to its Members and the wider industry. Despite this, the Club's Member retention rate has remained high as usual, with 95% of Members renewing their policy.

Growing conflicts

It saddens me to report that conflict continues to persist both in Ukraine and now in the Middle East. The conflict between Israel and Gaza that ignited in October 2023 and shows no sign of calming, continues to cause tension in the Middle East and increasingly in the Red Sea. At the time of writing, dozens of attacks have been launched against commercial ships passing through the Red Sea, leading many firms to take the decision to reroute ships around South Africa's Cape of Good Hope. While the Club's exposure remains minimal, the potential effects of such conflicts on global trade are certainly alarming and worthy of close attention.

Conflict in Ukraine similarly seems unlikely to cease in the near future and the Club continues to support its few Members in Ukraine where possible, keeping a close eye on any developments that might affect the wider membership.

Environmental disasters

In February 2023, an earthquake hit Turkey and Syria with devastating consequences. The deadliest earthquake the region has seen in modern history, it caused, and is still causing, intense disruption to life in both countries. The Club's exposure to this catastrophic event is significant as I'm sure you will appreciate given its nature. Acknowledging the severity and widespread impact of the disaster, the Club saw it appropriate to donate to the relief efforts in addition to its usual charitable giving.

Writing to you about environmental disasters, I cannot fail to mention the impact that climate change is having on the global transport and logistics industry, after what has been another record-breaking year. Storms recorded in North America and Europe throughout 2023 were more destructive than ever before, leading to overall industry loses of more than US$ 76 billion. The Club's exposure to risks related to climate change and unprecedented weather events continues to rise, with climate a causal factor over 10% of the Club's claims in the five-year period from 2018 to 2022. 2023 was also the hottest year ever recorded, the knock-on effects of which are too numerous to note here. The Club's loss prevention team is committing more resource to supporting the membership in managing these risks and making changes to reduce their carbon emissions, about which you will read more following this statement.

Chairman's Report

(continued)

For Members, industry organisations, and the Club itself, considering the safe and sustainable transition to net zero emissions has become paramount. It is no longer a long or even mid-term goal; we must all act now.

Environmental, social, and governance (ESG)

As noted in last year's statement, the drive to develop robust environmental, social and governance (ESG) policies continues to gain pace. For Members, industry organisations, and the Club itself, considering the safe and sustainable transition to net zero emissions has become paramount. It is no longer a long or even mid-term goal; we must all act now.

In September, the Club launched its first sustainability report, in line with its requirements as signatories to the UN Principles of Sustainable Insurance. Indeed, the Club sees delivery of its mission as central to progress on ESG issues, and conversely, ESG issues as fundamental to deliver its mission. The Club must report each year on its progress in relation to sustainable practices as outlined in the report, focusing the five UN Sustainable Development Goals on which it can make a meaningful impact. Further information can be found in this report on the TT Club website.

Further to the Club's commitment to advancing its own ESG agenda, it has also committed to supporting the membership with guidance and support in such matters. I am pleased to advise of the launch of the Club's dedicated ESG toolkit, which can be found on its website. More detail about this resource will follow this statement.

Upgrading IT systems

As noted in last year's statement, a major project to upgrade the Club's operating systems has been underway to ensure the highest standard of service for both Members and brokers in an ever more digital landscape. Regrettably, the target launch date communicated last year has proved to be too ambitious. This is due in part to delays in development of the system, but also the recognition of the need for significantly more rigorous testing to ensure, beyond doubt, that the data captured and reported from the system is fit for purpose and upholds the Club's scrupulous standards.

A highly unexpected cause for delay relates to the conflict I mentioned earlier. With the service provider based in Israel, the conflict has undoubtedly impacted their operations. Despite their best efforts to draw on resource domiciled elsewhere, delays have been unavoidable. The Club's Audit & Risk Committee is closely monitoring progress and costs associated with the delay, however, the Managers remain confident that the upgrade will see an unmistakable improvement in service for Members, brokers and staff.

Brexit

As you will know, from 1 January 2021, all new and renewing EEA business has been fronted by UK P&I Club N.V. (UKNV) a business also managed by Thomas Miller. The transfer went smoothly, with no impact to the Club's servicing of its EEA Members; in fact, increased dedicated TT Club resource in Rotterdam provided enhanced on-the-ground service for the Club's EEA membership. In last year's statement, it was noted that the Managers would continue to evaluate how to structure its business within the EEA to best serve the membership. Following such evaluation, the Club has decided to establish its own subsidiary, TTNV, in Rotterdam to insure risks located in the EEA.

TTNV intends to assume all insurance obligations from UKNV and will carry out this transfer once it becomes an authorised insurer in the Netherlands subject to the prudential supervision of the De Nederlandsche Bank ("DNB") and the conduct supervision of the Autoriteit Financiële Markten ("AFM").

The Managers are confident that this route will ensure the highest standards of service, consistent across its global membership.

Chairman's Report

(continued)

Directors and Board Committees

The Boards and Committees continued to meet their usual schedules in 2023, with a return to fully in-person meetings.

Five Directors retired from the Board in the year: Ulrich Kranich, Ulrike Baum, David Robinson MBE, Simon Vernon and EeLain Ong. I would like to thank them all for their contributions during their time as Directors of the Club.

I must, in particular, single out three Directors for their contributions. Mrs Baum joined the Board in November 2016 and served as a member of the Audit & Risk Committee and Nominations Committee. Mr Robinson joined the Board in 2016 and served as Chairman of the Audit & Risk Committee from 2018 and of course my predecessor, Mr Kranich

During the year, we welcomed Marika Calfas (CEO of NSW Ports), Julian Chowdhury (Club CFO and Executive Director) and Kristinn Albertsson (CFO of Samskip Group) and my Board colleagues and I look forward to working with them.

As you will be aware from the papers circulated in preparation for the AGM, there was an increase to the fees payable to Directors in the year, following the usual two-year review. Directors are now paid US$ 3,000 per day for meetings they attend and an annual retainer of US$ 3,000.

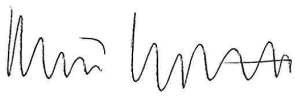
This year, the Club Board will meet in Seoul in March, Rome in June, and New York in November. Events for local Members and their brokers will be held alongside all three meetings and I look forward to seeing some of you there.

Conclusion

I would like to once again thank the Club's outgoing Chairman, Ulrich Kranich, for his dedicated service, I am grateful to take over from such capable hands. I look forward to serving the Club as Chairman over the coming years and supporting the Club's mission of making the transport and logistics industry safer, more secure, and more sustainable. It is a mission to which I am extremely proud to contribute, and I hope that my years in industry will serve as an asset to the Club in achieving it.

I would also like to remind you that the Club will be running its biannual customer satisfaction survey this year and I would urge not to miss this opportunity to give your feedback and guide the Club's direction of travel.

Lastly, I would like to thank you, our Members and brokers, for your support, feedback, and belief in the Club and its grounding principles throughout another strong year. The Club is here to serve you, the industry, and your enduring loyalty and trust is what keeps us moving forwards.



M Engelstoft
Chairman
21 March 2024

Loss Prevention Report

Through the last year Corporate Environment, Social and Governance (ESG) policies have become a staple discussion point and consideration for Members and industry organisations.

This new section to the Annual Report seeks to set out more explicitly the Club's loss prevention philosophy and activities, demonstrating the value that the Club is able to deliver not only to the membership, but also to the global supply chain industry and relevant stakeholders in governmental bodies. This should, however, also be read in conjunction with the Club's publication 'Loss Prevention 2023 – a year in focus', which reviews some of the key topics addressed during the year and initiatives that have been launched. Importantly, this publication also showcases how embedded loss prevention activities are through the entirety of the business of the Club globally.

Following the expansion in late 2022 of the Club's mutual mission to include sustainability, alongside safety and security, the Club has increased its commitment to and focus on loss prevention activities. Below are some of the highlights of the Club's loss prevention output and activity in the past year.

Industry engagement

The risks arising from lithium-ion batteries being handled, transported and stored through the global supply chain were identified as a concern to the membership and wider industry during 2022. This led to the publication of a white paper, working in collaboration with UKP&I Club and Brookes Bell, towards the end of that year. This paper considered the science behind lithium-ion batteries and way in which the associated risks can manifest, highlighting the challenges in fighting fires that involve lithium-ion batteries, particularly aboard ships, as well as concerns around the efficacy and operation of the regulatory framework. The paper also identified a number of regulatory action points, which will fuel interactions with other industry associations and regulators in seeking to improve safety of this important commodity through the supply chain and in broader societal usage.

This white paper also has served through the last year as a platform from which a number of collaborative opportunities have emerged. The loss prevention function joined with industry organisations, including the Cargo Incident Notification System Network (CINS), as well as the International Group of P&I Club's Vehicle Carrier Safety Forum (VCSF), in delivering seminars and further guidance. Furthermore, the Club has been invited to participate in a number of industry events that have debated this topic in general and specifically emergency response capabilities in port areas. Research into and assessment of associated risks, such as toxicology and vapour cloud explosions, will continue over at least the next couple of years as safety controls advance and the regulatory environment is reviewed.

Naturally, the Club is involved with other initiatives across the industry, whether in relation to commodities that can be problematic or broader issues within the scope of TT's mission and membership activities. For example, it is pleasing to have participated, alongside ICHCA and WSC in the advances made for dangerous goods regulations for charcoal, that are expected to be reflected in Amendment 42-24 of the IMDG Code, entering transitional effect in January 2025. The loss prevention function has also valued being involved in work being driven by other important like-minded industry associations, including FIATA and IAPH.

ESG

Through the last year Corporate Environment, Social and Governance (ESG) policies have become a staple discussion point and consideration for Members and industry organisations. Consequently, the loss prevention function has led TT's development of an online ESG Toolkit, with a primary aspiration to add value for small and medium enterprise (SME) entities, affording opportunities for them to engage on a wide variety of initiatives and explore what steps may be appropriate, while learning from the experience of industry leaders. In preparing this toolkit, it has to be stated that there are many impressive and varied initiatives being embraced across the industry on a global scale.

Loss Prevention Report

(continued)

Embracing innovation is becoming an increasingly important aspect of the Club's loss prevention activity, providing opportunities for horizon scanning in the context of both emerging risks and solutions to existing problems.

TT's ESG Toolkit showcases case studies and other supporting tools, providing insight to initiatives, products and solutions that have been led by peers and innovators across the industry. The case studies in particular assist in demonstrating practical application of impactful strategies that could be adopted. Where appropriate, there will be opportunity to illustrate that not all related initiatives necessitate large upfront investment and are in fact accessible to almost all businesses, encouraging engagement.

The ESG Toolkit will continue to expand and develop in the coming years not least with the kind assistance of the Members who have been extremely accommodating and supportive to date.

Innovation

Embracing innovation is becoming an increasingly important aspect of the Club's loss prevention activity, providing opportunities for horizon scanning in the context of both emerging risks and solutions to existing problems. Engagement with innovators has enabled the loss prevention function to forge relationships with a number of businesses at the leading edge of safety, security and sustainability innovation. TT is a trusted third party thought leader; as a consequence the Club is regularly approached by innovators across a wide selection of disciplines, providing opportunity to influence the development of safety and security solutions resulting in positive transformation of risk.

In addition to the now well established Innovation in Safety Award (hosted by ICHCA), the loss prevention function launched a new initiative in 2023 within the logistics sector focused on identifying young talent and innovations in security through the global supply chain, in collaboration with TAPA EMEA.

Multimedia Library

The loss prevention content library has continued to expand through all media types. New additions have been made to the well-established Stop Loss guidance documents, including editorial and re-structuring to enhance the emphasis of key points. Alongside this type of guidance, there has been focus on enlarging the range of topics covered in the successful TT Brief series, initially launched during 2022. The original two-sided risk alerts have been joined by a poster format that can be displayed in common areas to provide guidance to the front line workforce in a visually engaging way.

TT's monthly loss prevention newsletter, TT Talk, passed the milestone of 300 editions in July – for more than 25 years this online newsletter has sought to highlight topical risks and provide practical risk mitigation advice to an audience of the Club's Members as well as the industry at large. The monthly newsletter has been delivered in writing and as podcast recordings for some years, This podcast channel, branded as 'TT Live', has been supplemented with periodic interviews and conversations, and the intention is to develop more podcast content through 2024.

The now established Loss Prevention: A Year in Focus publication, mentioned above, seeks to expand on content already delivered through the year, but also acts as a valuable digest of the Club's perspective on industry issues.

Loss Prevention Report

(continued)

Through the year, direct engagements with Members and their brokers in relation to loss prevention grew in number, providing opportunities for the Club to influence good practice through shared learning and experience.

Loss Prevention Function expansion

One obvious consequence of the strengthening of the Club's appetite in relation to loss prevention has been enlarging the resource dedicated to the function. The Club successfully recruited two individuals with extensive experience in the logistics and port and terminal sectors respectively. Josh Finch joined in May as Logistics Risk Manager and Neil Dalus in June as EMEA Risk Assessment Manager. Both bring a wealth of industry expertise to the Club and have already been carrying out risk assessments, compiling risk advice, and enhancing the depth and breadth of research into emerging issues.

Through the year, direct engagements with Members and their brokers in relation to loss prevention grew in number, providing opportunities for the Club to influence good practice through shared learning and experience. Engagement includes a variety of forms from workshops and onsite risk assessments to developing content and providing consultancy-style advice against specific risk challenges.

Conclusion

The loss prevention function continues to respond to the experience of TT's membership and develop an understanding of existing and emerging 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. Such operational interactions both inform and benefit from the Club's interactions with a wide range of like-minded industry associations, often looking to work together to influence legislative changes nationally and internationally. Consequently, the Club is privileged and grateful for the level of interaction it enjoys across the industry and looks forward to further engagement in the coming year.

Strategic Report

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

Business review

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

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

Strategy and values

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

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

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

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

Financial performance, capital strength and solvency

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

	2023	2022
AM Best rating	A- (Excellent)	A- (Excellent)
Surplus and reserves	US$ 277.4m	US$ 261.5m
Underwriting (deficit)/surplus	US$ (19.3)m	US$ 18.3m
Investment return/(loss)	US$ 36.0m	US$ (10.9)m
Surplus after tax	US$ 15.9m	US$ 5.6m

Strategic Report
(continued)

Financial performance, capital strength and solvency (continued)

Gross earned premiums amounted to US$ 284.3 million which was 2.8% higher than the previous year due to net new business and member volume growth.

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

The latest forecast ultimate loss ratio for the 2023 policy year is 75% compared with the 2022 policy year loss ratio forecast of 67% as at 31 December 2022.

Prior accident year claims development has been higher than expected, resulting in a strengthening of prior year best estimate claims reserves, excluding currency effects and before quota share reinsurance, of US$ 13.9 million (2022 strengthening of US$ 11.4 million).

The deterioration in the underwriting result is due to the higher 2023 policy year loss ratio, prior year strengthening and the spend on the project to modernise the Club's IT systems of US$ 8 million which was higher than the previous year spend of US$ 2 million.

The underlying investment return, excluding currency effects was 6.3% (2022: -2.1% loss).

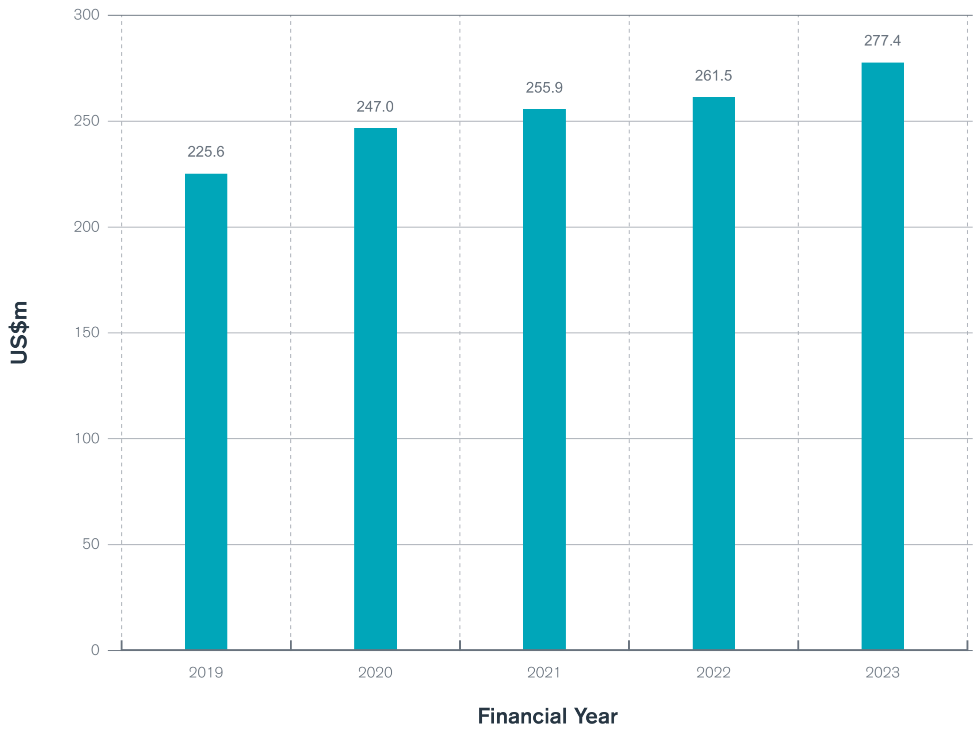
Strategic Report
(continued)

Key Performance Indicators

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

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

2. **Capital - surplus and reserves**



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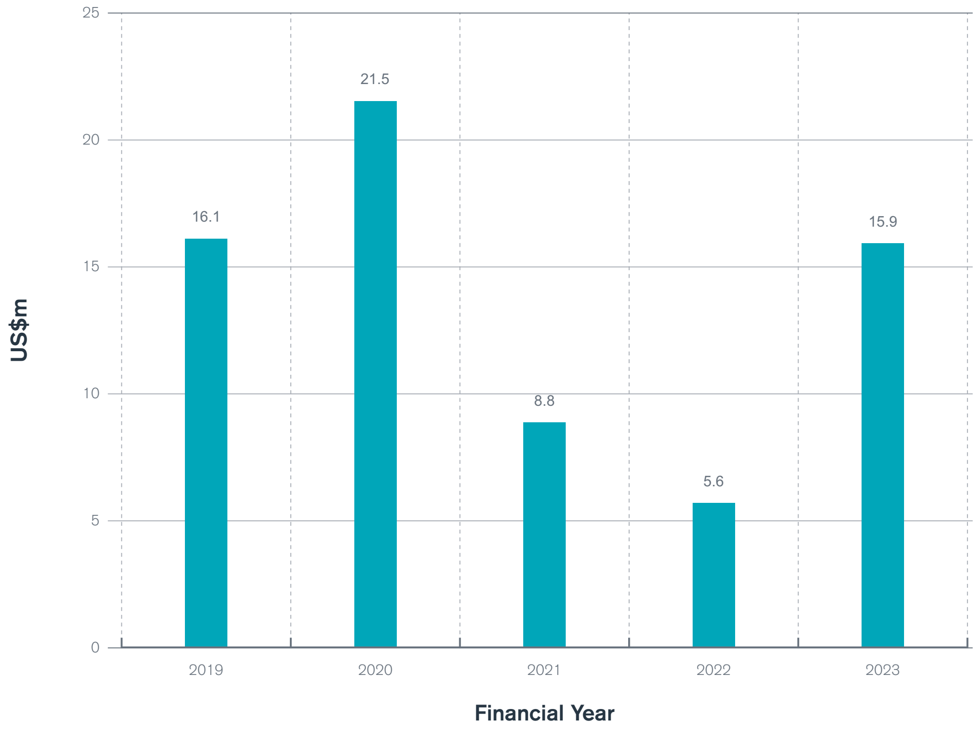
Strategic Report

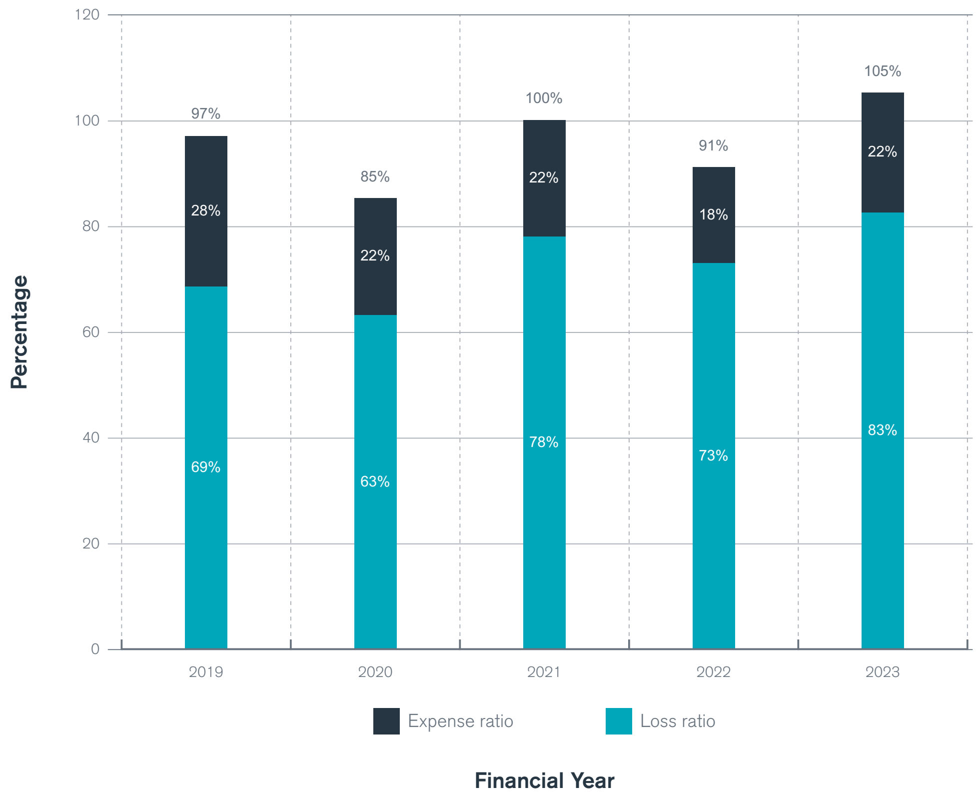
(continued)

Key Performance Indicators (continued)

3. Net result - surplus/(deficit)



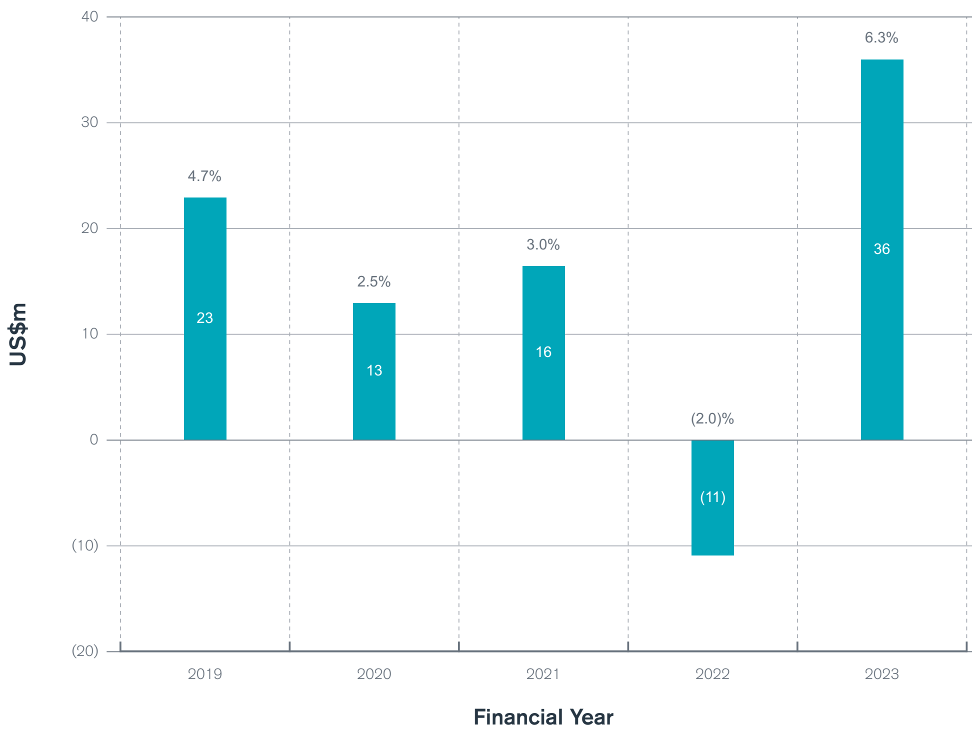
4. Combined ratios - showing loss and expense ratios (inclusive of brokerage)



Included within the Club's expenses for 2023 are US$ 7.9m (2022 : US$ 2.0m) of costs relate to an ongoing IT project to modernise existing systems.

Key Performance Indicators (continued)

5. Investment returns - in monetary amounts and yields.



Club's plan and mission

The Club's 3-year Business Plan approved by the Board in November 2023 states: The TT Club's mission is "to make the global transport and logistics industry safer, more secure and more sustainable".

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

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

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

The delivery of the Club's mission is core to maintaining the success of the company. The Board has a strategic objective of maintaining the Club's financially stable platform, from which to provide risk management and loss prevention services to the industry. This continues to be achieved and is supported by the affirmation of the Club's A-minus (Excellent) financial strength rating by A M Best in 2023.

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

Strategic Report
(continued)

Key Performance Indicators (continued)

Club's plan and mission (continued)

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

The Club has strong relationships with its brokers and reinsurers and through its Managers, the Club maintains contact and high level engagement with the senior management of its key brokers and reinsurers. Throughout the year, the Board received updates on the Club's key broker and reinsurer relationships. At the end of 2023, the Club's general excess-of-loss reinsurance programme was successfully renewed for 2024.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
21 March 2024

Directors' Report

Directors and officers

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

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

Board of directors' meetings

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

Reports on the results of the negotiations for the renewal of Members at the start of and during the current policy year were received and the Directors reviewed the list of new entries and of those Members whose entries had terminated. The Directors confirmed their intention not to levy any supplementary premium on the 2022 policy year and in addition, close the 2020 policy year.

Board committees

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

The TTB and TTI Nominations Committees ensure that the Board is appropriately skilled to direct a mutual insurance company, that the Directors are appropriately senior and representative of the membership, and that there is a proper balance of Directors taking account of the different categories of Member, different sizes of businesses insured and different locations of Members' businesses. The Nominations Committee met on four occasions during 2023.

The TTB and TTI Audit & Risk Committees assist the Board in discharging its responsibilities for the integrity of TT Club's financial statements, the assessment of the effectiveness of the systems of internal control, monitoring the effectiveness and objectivity of internal and external auditors, and compliance with regulatory requirements in relevant jurisdictions. The Audit & Risk Committee met on six occasions during 2023.

The TTB Management Committee was formed in June 2020 in order to comply with economic substance requirements in Bermuda. The role of the committee is to oversee the Club's quota share reinsurance agreement with TTI and to consider and approve where appropriate, the business strategy, the business plan and the Group Own Risk and Solvency Assessment. The Committee met on one occasion during 2023.

The TTB Investment Committee makes recommendations to the Board in respect of investment policy and reviews in detail the performance of TT Club's investments. The Investment Committee met on three occasions during 2023.

Directors' Report
(continued)

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.

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

Insurance risk

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

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

Insurance risk is mitigated by means of:

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

Financial risks

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

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

Directors' Report

(continued)

Risks and risk management
(continued)

Operational risk

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

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

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

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

Independent Auditors

Following an audit tender process, Deloitte LLP will be appointed as auditors in accordance with s485 of the Companies Act 2006. PricewaterhouseCoopers LLP will resign as auditors following the completion of the 2023 year-end audit.

Approval of 2022 Annual Report and Financial Statements

The Annual Report and Financial Statements for the year ended 31 December 2022 were laid and approved by the Members of the Club at the Annual General Meeting in June 2023.

Statement of disclosure of information to auditors

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

- So far as each of them is aware, there is no information relevant to the audit of the Club's financial statements for the year ended 31 December 2023 of which the auditors are unaware; and
- Each Director has taken all steps that he/she ought to have taken in his/her duty as a Director in order to make him/herself aware of any relevant audit information and to establish that the Club's auditors are aware of that information.

By approval of the Board.

Thomas Miller (Bermuda) Limited
Company Secretary
21 March 2024

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.

Charles Fenton

Thomas Miller (Bermuda) Limited
Company Secretary
21 March 2024

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

Report on the audit of the group and parent 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 31 December 31 2023 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 2023; the Consolidated Income Statement, the Consolidated Statement of Changes in Surplus and Reserves, the Parent Statement of Changes in Surplus and Reserves, the Consolidated Statement of Cash Flows for the year then ended; and the notes to the Consolidated 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 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 20, 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 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;
- Testing the valuation of the outstanding claims reserve;

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

Report on the audit of the group and parent financial statements (continued)

- 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

21 March 2024

(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 2023

Technical account	Note	**2023 US$000s**	2022 US$000s
Gross premiums written	8	**289,201**	283,343
Reinsurance premiums ceded		**(67,148)**	(62,912)
Net premiums written		**222,053**	220,431
Change in provision for unearned premiums			
Gross	7	**(4,944)**	(6,805)
Reinsurers' share	7	**2,531**	(7,123)
		(2,413)	(13,928)
Net earned premiums		**219,640**	206,503
Claims paid			
Gross	5(b)	**(121,141)**	(115,004)
Reinsurers' share	5(b)	**23,670**	29,138
		(97,471)	(85,866)
Change in the provision for claims			
Gross		**(61,951)**	(65,107)
Reinsurers' share		**(1,157)**	25,756
		(63,108)	(39,351)
Net claims incurred		**(160,579)**	(125,217)
Net operating expenses	9	**(78,314)**	(62,997)
Underwriting result		**(19,253)**	**18,289**
Allocated investment return transferred from the non-technical account		**20,717**	(6,244)
Balance on the technical account		**1,464**	**12,045**

Consolidated Income Statement

for the year ended 31 December 2023 (continued)

Non-technical account	Note	**2023 US$000s**	2022 US$000s
Balance on the technical account		**1,464**	12,045
Net investment returns			
Investment income		**16,146**	5,231
Realised gains on investments		**3,045**	2,787
Unrealised gains/(losses) on investments		**16,787**	(18,910)
	10	**35,978**	(10,892)
Allocated investment return transferred to the technical account	10	**(20,717)**	6,244
		15,261	(4,648)
Interest payable and financing costs		**(361)**	(473)
Exchange (losses)/gains		**(36)**	30
Surplus on ordinary activities before tax		**16,328**	6,954
Tax on ordinary activities	11	**(398)**	(1,318)
Surplus for the year		**15,930**	**5,636**

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

The notes on pages 30 to 53 form an integral part of these financial statements.

Consolidated and Parent Statement of Financial Position

as at 31 December 2023

		Consolidated		Parent Company	
Assets	Note	**2023 US$000s**	2022 US$000s	**2023 US$000s**	2022 US$000s
Investments					
Land and buildings		**51**	48	**–**	–
Shares in subsidiary undertakings	12	**–**	–	**12**	12
Other financial investments	13	**611,394**	526,963	**379,139**	339,421
Derivative financial instruments	14	**245**	1,248	**245**	1,248
		611,690	528,259	**379,396**	340,681
Reinsurers' share of technical provisions					
Provision for unearned premiums	7	**22,835**	20,304	**2,898**	2,277
Claims outstanding	5(b),5(d)	**104,748**	105,917	**7,056**	3,773
		127,583	126,221	**9,954**	6,050
Debtors					
Arising out of direct insurance operations		**72,276**	72,389	**7,563**	9,304
Arising out of reinsurance operations		**6,748**	9,914	**60,044**	57,565
Amounts due from group undertakings		**–**	–	**155,730**	144,370
Other debtors		**2,970**	411	**387**	141
		81,994	82,714	**223,724**	211,380
Other assets					
Cash at bank		**61,891**	58,774	**3,109**	6,665
Retirement benefits and similar obligations	17	**56**	57	**–**	–
		61,947	58,831	**3,109**	6,665
Prepayments and accrued income					
Accrued interest		**3,555**	1,960	**2,145**	1,179
Deferred acquisition costs	6	**11,400**	11,766	**1,449**	1,903
Prepayments		**1,265**	697	**410**	121
		16,220	14,423	**4,004**	3,203
Total assets	4(b),4(c),4(d)	**899,434**	**810,448**	**620,187**	**567,979**

Consolidated and Parent Statement of Financial Position

as at 31 December 2023 (continued)

Liabilities and reserves	Note	Consolidated **2023 US$000s**	Consolidated 2022 US$000s	Parent Company **2023 US$000s**	Parent Company 2022 US$000s
Reserves					
Statutory reserve		**240**	240	**240**	240
Surplus and reserves		**277,188**	261,258	**183,247**	199,496
	4(b)	**277,428**	261,498	**183,487**	199,736
Gross technical provisions					
Provision for unearned premiums	7	**111,066**	106,122	**74,219**	71,928
Claims outstanding	5(b),5(d)	**491,222**	426,228	**357,985**	292,969
		602,288	532,350	**432,204**	364,897
Creditors					
Arising out of reinsurance operations		**6,678**	5,510	**23**	27
Derivative financial instruments		**–**	–	**–**	–
Other creditors including taxation and social security		**2,340**	4,713	**288**	331
		9,018	10,223	**311**	358
Other liabilities					
Accruals and deferred income		**10,732**	6,409	**4,186**	2,988
Equity minority interest		**(32)**	(32)	**–**	–
		10,700	6,377	**4,186**	2,988
Total liabilities and reserves		**899,434**	**810,448**	**620,187**	**567,979**

The notes on pages 30 to 53 form an integral part of these financial statements.

The financial statements on pages 24 to 29 were approved by the Board of Directors and authorised for issue on 21 March 2024. These were signed on its behalf by the Directors.

DIRECTORS

M Engelstoft **J Küttel**

Company Registered Number: 1750

Consolidated Statement of Changes in Surplus and Reserves

for the year ended 31 December 2023

	Statutory reserve US$000s	Surplus and reserves US$000s	Total US$000s
At 1 January 2022	**240**	**255,622**	**255,862**
Surplus for the year	–	5,636	5,636
At 31 December 2022	**240**	**261,258**	**261,498**
Surplus for the year	–	15,930	15,930
At 31 December 2023	**240**	**277,188**	**277,428**

Parent Statement of Changes in Surplus and Reserves

for the year ended 31 December 2023

	Statutory reserve US$000s	Surplus and reserves US$000s	Total US$000s
At 1 January 2022	**240**	**189,197**	**189,437**
Surplus for the year	–	10,299	10,299
At 31 December 2022	**240**	**199,496**	**199,736**
Surplus for the year	–	8,751	8,751
Contribution of surplus to subsidiary company	–	(25,000)	(25,000)
At 31 December 2023	**240**	**183,247**	**183,487**

Consolidated Statement of Cash Flows

for the year ended 31 December 2023

	Note	**2023 US$000s**	2022 US$000s
Cash flows from operating activities			
Premiums received, net of brokerage paid		**261,539**	250,709
Reinsurance premiums ceded paid		**(70,219)**	(65,194)
Claims paid		**(126,744)**	(112,664)
Reinsurance recoveries on claims		**30,096**	3,623
Management fees paid		**(44,948)**	(36,908)
Expenses paid		**(1,802)**	(5,204)
Overriding commission income on quota share reinsurance		**11,569**	10,600
Investment income		**20,639**	9,373
Other operating cash movements		**(20,914)**	(808)
Taxation paid		**(582)**	(1,204)
Net cash generated from operating activities		**58,634**	52,323
Cash flows from investment activities			
Net cash flows used in purchases of investments		**(673,004)**	(898,227)
Net cash flows from sales of investments		**637,721**	856,611
Net cash flows utilised in investing activities		**(35,283)**	(41,616)
Cash flows from financing activities			
Interest paid		**(361)**	(473)
Net cash flows utilised in financing activities		**(361)**	(473)
Cash and cash equivalents at the start of the year		**69,198**	60,689
Net increase in cash and cash equivalents		**22,990**	10,234
Effect of exchange rate fluctuations on cash and cash equivalents		**1,089**	(1,725)
Cash and cash equivalents at the end of the year	4(d)	**93,277**	**69,198**
(UCITS and cash at bank and in hand)			

	Note	**2023 US$000s**	2022 US$000s
Cash and cash equivalents at the end of the year consist of:			
Cash at bank		**61,891**	58,774
UCITS (included within Other Financial Investments in the Consolidated Statement of Financial Position)		**31,386**	10,424
Cash and cash equivalents at the end of the year	4(d)	**93,277**	**69,198**
(UCITS and cash at bank and in hand)			

Notes to the Consolidated Financial Statements

Note 1: Constitution and ownership

The Club was incorporated in Bermuda as Through Transport Mutual Insurance Association Limited ("TTB") under the Through Transport Mutual Insurance Association Limited Consolidation and Amendment Act 1993 as an exempted company.

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

Note 2: Accounting policies

(a) Basis of preparation and statement of compliance

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

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

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

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

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

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

(b) Premiums

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

Notes to the Consolidated Financial Statements (continued)

Note 2: Accounting policies (continued)

(d) Claims

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

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

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

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

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

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

(e) Unexpired risk reserve

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

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

(f) Reinsurance premiums

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

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

Notes to the Consolidated Financial Statements (continued)

Note 2: Accounting policies (continued)

(g) Reinsurance claim recoveries

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

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

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

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

(h) Acquisition costs

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

(i) Commission income

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

(j) Management fee

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

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

(k) Investments in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less impairment. The Club reviews the carrying value of its parent company's 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.

Note 2: Accounting policies (continued)

(l) Financial assets

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

Fair value through profit and loss

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

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

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

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

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

Loans and receivables

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

Derivative financial instruments

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

Non-Hedge Derivative Financial Instruments

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

Hedge Derivative Financial Instruments

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

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

Note 2: Accounting policies (continued)

(l) Financial assets (continued)

UCITS

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

Cash at bank

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

(m) Investment return

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

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

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

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

(n) Foreign currencies

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

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

(o) Policy year accounting

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

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

Note 2: Accounting policies (continued)

(p) Closure of policy years

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

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

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

(q) Taxation

Current Tax

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

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

Deferred tax

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

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

(r) Related parties

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

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

Note 3: Accounting estimates and judgements and estimation uncertainty

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

(a) Ultimate claims liability

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

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

(b) Pipeline premiums

The Club makes an estimate of pipeline premiums written during the year that have not been notified in the financial year of US$ 6.5 million (2022: US$ 4.4 million). Given the size of the amount the estimated uncertainty is limited.

Note 4: Management of Financial Risk

Financial Risk Management Objectives

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

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

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

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

Note 4: Management of Financial Risk (continued)

(a) Market risk

(i) Interest rate risk

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

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

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

	2023 US$000s	2022 US$000s
100 basis points increase in interest rates will decrease market value of investments by	**(7,995)**	(7,172)
100 basis points decrease in interest rates will increase market value of investments by	**7,995**	7,172

(ii) Investment price risk

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

(b) Currency risk

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

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

Note 4: Management of Financial Risk (continued)

(b) Currency risk (continued)

2023	USD US$000s	GBP US$000s	EUR US$000s	Other US$000s	Total US$000s
Debt securities	489,925	20,363	10,505	–	520,793
Equity shares	32,131	14,110	12,973	–	59,214
UCITS	14,467	14,104	2,815	–	31,386
Derivative financial instruments	245	–	–	–	245
Assets arising from reinsurance contracts held	130,811	670	1,509	1,342	134,332
Debtors arising from insurance contracts	51,712	3,715	11,283	5,566	72,276
Other debtors	2,214	167	557	32	2,970
Cash at bank	9,391	2,960	2,985	46,555	61,891
Other	14,216	446	151	1,514	16,327
Total assets	**745,112**	**56,535**	**42,778**	**55,009**	**899,434**
Total liabilities	(487,040)	(4,962)	(61,329)	(68,675)	(622,007)
Net assets/(liabilities)	**258,072**	**51,573**	**(18,552)**	**(13,666)**	**277,426**

2022	USD US$000s	GBP US$000s	EUR US$000s	Other US$000s	Total US$000s
Debt securities	450,334	11,904	2,394	–	464,632
Equity shares	32,627	11,148	8,132	–	51,907
UCITS	7,140	3,284	–	–	10,424
Derivative financial instruments	1,248	–	–	–	1,248
Assets arising from reinsurance contracts held	130,818	2,273	983	2,062	136,136
Debtors arising from insurance contracts	56,967	3,508	8,550	3,364	72,389
Other debtors	252	(302)	273	187	410
Cash at bank	20,153	6,396	2,401	29,824	58,774
Other	13,258	486	65	719	14,528
Total assets	**712,797**	**38,697**	**22,798**	**36,156**	**810,448**
Total liabilities	(427,155)	(5,759)	(51,087)	(64,950)	(548,951)
Net assets/(liabilities)	**285,642**	**32,938**	**(28,289)**	**(28,794)**	**261,497**

As at year end, the currency split of TT Club's claims estimates was as follows: US$ 371.5 million in USD and currencies pegged to the USD (2022: US$ 321.8 million), US$ 11.4 million in GBP (2022: US$ 11.2 million), US$ 60.8 million in EUR (2022: US$ 50.9 million) and US$ 47.5 million in other currencies (2022: US$ 42.3 million).

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

	2023 US$000s	2022 US$000s
5% weakening of USD against GBP will increase surplus and reserves before tax by	**2,456**	1,568
5% strengthening of USD against GBP will decrease surplus and reserves before tax by	**(2,456)**	(1,568)
5% weakening of USD against EUR will decrease surplus and reserves before tax by	**(883)**	(1,347)
5% strengthening of USD against EUR will increase surplus and reserves before tax by	**883**	1,347

Note 4: Management of Financial Risk (continued)

(c) Credit risk

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

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

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

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

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

2023	AAA US$000s	AA US$000s	A US$000s	BBB+ and lower or unrated US$000s	Total US$000s
Debt securities	41,008	462,992	15,638	1,155	520,793
Equity shares	–	–	–	59,214	59,214
UCITS	–	–	31,386	–	31,386
Derivative financial instruments	–	–	–	245	245
Assets arising from reinsurance contracts held	–	111,160	3,315	19,857	134,332
Debtors arising from insurance contracts	–	–	–	72,276	72,276
Other debtors	–	–	–	2,970	2,970
Cash at bank	–	39,518	22,373	–	61,891
Other	–	–	–	16,327	16,327
Total assets bearing risk	**41,008**	**613,670**	**72,712**	**172,044**	**899,434**

2022	AAA US$000s	AA US$000s	A US$000s	BBB+ and lower or unrated US$000s	Total US$000s
Debt securities	20,860	420,858	22,914	–	464,632
Equity shares	–	–	–	51,907	51,907
UCITS	–	–	10,424	–	10,424
Derivative financial instruments	–	–	–	1,248	1,248
Assets arising from reinsurance contracts held	–	81,107	36,966	18,063	136,136
Debtors arising from insurance contracts	–	–	–	72,389	72,389
Other debtors	–	–	–	410	410
Cash at bank	–	18,969	39,449	356	58,774
Other	–	–	–	14,528	14,528
Total assets bearing risk	**20,860**	**520,934**	**109,753**	**158,901**	**810,448**

Note 4: Management of Financial Risk (continued)

(c) Credit risk (continued)

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

After assessing all other financial assets at the end of the year, no objective evidence was found to suggest that any were impaired (2022: no impairments).

(d) Liquidity and cash flow risk

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

TT Club maintains holdings in short term deposits to ensure there are sufficient funds available to cover anticipated liabilities and unexpected levels of demand. At year end, TT Club's short term deposits (comprising cash and UCITS) amounted to US$ 93.3 million (2022: US$ 69.2 million).

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

		Past due but not impaired					
2023	**Neither past due nor impaired US$000s**	**0 to 3 months US$000s**	**3 to 6 months US$000s**	**6 months to 1 year US$000s**	**1 year or greater US$000s**	**Impaired US$000s**	**Carrying value in the balance sheet US$000s**
Debt securities	520,794	–	–	–	–	–	520,794
Equity shares	59,214	–	–	–	–	–	59,214
UCITS	31,386	–	–	–	–	–	31,386
Derivative financial instruments	245	–	–	–	–	–	245
Assets arising from reinsurance contracts held	134,331	–	–	–	–	–	134,331
Debtors arising from insurance contracts	59,804	10,497	1,854	121	–	–	72,276
Other debtors	2,970	–	–	–	–	–	2,970
Cash at bank	61,891	–	–	–	–	–	61,891
Other	16,327	–	–	–	–	–	16,327
Total assets bearing risk	**886,962**	**10,497**	**1,854**	**121**	**–**	**–**	**899,434**

		Past due but not impaired					
2022	**Neither past due nor impaired US$000s**	**0 to 3 months US$000s**	**3 to 6 months US$000s**	**6 months to 1 year US$000s**	**1 year or greater US$000s**	**Impaired US$000s**	**Carrying value in the balance sheet US$000s**
Debt securities	464,632	–	–	–	–	–	464,632
Equity shares	51,907	–	–	–	–	–	51,907
UCITS	10,424	–	–	–	–	–	10,424
Derivative financial instruments	1,248	–	–	–	–	–	1,248
Assets arising from reinsurance contracts held	136,136	–	–	–	–	–	136,136
Debtors arising from insurance contracts	62,695	6,915	2,779	–	–	–	72,389
Other debtors	410	–	–	–	–	–	410
Cash at bank	58,774	–	–	–	–	–	58,774
Other	14,528	–	–	–	–	–	14,528
Total assets bearing risk	**800,754**	**6,915**	**2,779**	**–**	**–**	**–**	**810,448**

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:

2023	Under 6 months or on demand US$000s	Between 6 months and 1 year US$000s	Between 1 and 2 years US$000s	Between 2 and 5 years US$000s	5 years or greater US$000s	Total US$000s
Debt securities	240,039	58,665	41,640	154,965	25,485	520,794
Equity shares	59,214	–	–	–	–	59,214
UCITS	31,386	–	–	–	–	31,386
Derivative financial instruments	245	–	–	–	–	245
Reinsurers' share of claims outstanding	19,235	19,235	23,682	31,760	10,835	104,747
Assets arising from reinsurance contracts held	5,433	5,433	6,688	8,970	3,060	29,584
Debtors arising from insurance contracts	72,276	–	–	–	–	72,276
Other debtors	2,970	–	–	–	–	2,970
Cash at bank	61,891	–	–	–	–	61,891
Other	16,327	–	–	–	–	16,327
Total financial assets	**509,016**	**83,333**	**72,010**	**195,695**	**39,380**	**899,434**
Creditors	(130,784)	–	–	–	–	(130,784)
Claims outstanding	(90,205)	(90,205)	(111,060)	(148,940)	(50,813)	(491,222)
Total financial liabilities	(220,989)	(90,205)	(111,060)	(148,940)	(50,813)	(622,006)
Net financial assets/(liabilities)	**288,027**	**(6,871)**	**(39,050)**	**46,755**	**(11,433)**	**277,428**

2022	Under 6 months or on demand US$000s	Between 6 months and 1 year US$000s	Between 1 and 2 years US$000s	Between 2 and 5 years US$000s	5 years or greater US$000s	Total US$000s
Debt securities	134,583	25,851	195,843	77,253	31,102	464,632
Equity shares	51,907	–	–	–	–	51,907
UCITS	10,424	–	–	–	–	10,424
Derivative financial instruments	1,248	–	–	–	–	1,248
Reinsurers' share of claims outstanding	18,197	18,198	23,126	32,612	13,784	105,917
Assets arising from reinsurance contracts held	5,193	5,192	6,597	9,304	3,933	30,219
Debtors arising from insurance contracts	72,389	–	–	–	–	72,389
Other debtors	410	–	–	–	–	410
Cash at bank	58,774	–	–	–	–	58,774
Other	14,528	–	–	–	–	14,528
Total financial assets	**367,653**	**49,241**	**225,566**	**119,169**	**48,819**	**810,448**
Creditors	(122,722)	–	–	–	–	(122,722)
Claims outstanding	(73,230)	(73,231)	(93,062)	(131,237)	(55,469)	(426,229)
Total financial liabilities	(195,952)	(73,231)	(93,062)	(131,237)	(55,469)	(548,951)
Net financial assets/(liabilities)	**171,701**	**(23,990)**	**132,504**	**(12,068)**	**(6,650)**	**261,497**

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-minus (Excellent) over the insurance market cycle, with a substantial reserve margin in each case. This is consistent with the Club's risk profile and the regulatory requirements of the business.

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

At year end, TT Club's total regulatory capital available amounted to US$ 277.2 million (2022: US$ 261.3 million).

At year end, TT Club received letters of credit totalling US$ 8.1 million from its reinsurers (2022: US$ 7.2 million). In the event of reinsurer failure, TT Club can draw upon these sums as cash to support its capital requirements.

(f) Fair value estimations

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

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

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

Consolidated	**Level 1 US$000s**	**Level 2 US$000s**	**2023 Total US$000s**	Level 1 US$000s	Level 2 US$000s	2022 Total US$000s
Debt securities	**520,794**	**–**	**520,794**	464,632	–	464,632
Equity shares	**59,214**	**–**	**59,214**	51,907	–	51,907
UCITS	**31,386**	**–**	**31,386**	10,424	–	10,424
Derivative financial instruments	**–**	**245**	**245**	–	1,248	1,248
Financial assets held at fair value through profit and loss	**611,394**	**245**	**611,639**	526,963	1,248	528,211

Parent	**Level 1 US$000s**	**Level 2 US$000s**	**2023 Total US$000s**	Level 1 US$000s	Level 2 US$000s	2022 Total US$000s
Debt securities	**305,727**	**–**	**305,727**	286,790	–	286,790
Equity shares	**59,214**	**–**	**59,214**	51,907	–	51,907
UCITS	**14,198**	**–**	**14,198**	724	–	724
Derivative financial instruments	**–**	**245**	**245**	–	1,248	1,248
Financial assets held at fair value through profit and loss	**379,139**	**245**	**379,384**	339,421	1,248	340,669

Note 4: Management of Financial Risk (continued)

(g) Insurance risk

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

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

	2023 US$000s	2022 US$000s
1% increase in net claims reserves will reduce surplus before tax by	**(3,865)**	(3,203)
1% decrease in net claims reserves will increase surplus before tax by	**3,865**	3,203

(i) Underwriting process

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

(ii) Reinsurance

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

(iii) Management of claims cost

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

(iv) Reserving process

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

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

Notes to the Consolidated Financial Statements (continued)

Note 5: Claims

(a) Claims paid

Claims paid include claims handling charges paid to the Managers totalling US$ 10.5 million (2022: US$ 11.3 million).

(b) Claims incurred

Consolidated	Gross US$000s	Ceded US$000s	2023 Net US$000s	Gross US$000s	Ceded US$000s	2022 Net US$000s
Claims outstanding at beginning of the year	**426,228**	**(105,917)**	**320,311**	369,330	(80,257)	289,073
Claims (paid)/received	**(121,141)**	**23,670**	**(97,471)**	(115,004)	29,138	(85,866)
Claims incurred/(recovered)	**183,092**	**(22,513)**	**160,579**	180,111	(54,894)	125,217
Exchange differences	**3,043**	**12**	**3,055**	(8,209)	96	(8,113)
Claims outstanding at end of the year	**491,222**	**(104,748)**	**386,475**	426,228	(105,917)	320,311

Parent Company	Gross US$000s	Ceded US$000s	2023 Net US$000s	Gross US$000s	Ceded US$000s	2022 Net US$000s
Claims outstanding at beginning of the year	**292,969**	**(3,773)**	**289,196**	264,546	(3,643)	260,903
Claims (paid)/received	**(89,237)**	**890**	**(88,347)**	(76,864)	(663)	(77,527)
Claims incurred/(recovered)	**151,574**	**(4,271)**	**147,302**	112,668	533	113,201
Exchange differences	**2,680**	**98**	**2,778**	(7,381)	–	(7,381)
Claims outstanding at end of the year	**357,985**	**(7,056)**	**350,929**	292,969	(3,773)	289,196

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

Net prior year best estimate reserves strengthened during the year by US$ 13.9 million (2022: strengthening of US$ 9.6 million).

(d) Claims development tables

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

(i) Assumptions underlying insurance balances

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

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

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

Note 5: Claims paid (continued)

(d) Claims development tables (continued)

(ii) Insurance claims - gross

Estimates of ultimate claims costs by policy years.

	2014 US$000s	2015 US$000s	2016 US$000s	2017 US$000s	2018 US$000s	2019 US$000s	2020 US$000s	2021 US$000s	2022 US$000s	2023 US$000s
End of reporting year	104,326	140,464	123,738	132,620	138,946	138,942	138,586	159,049	169,405	188,430
1 year later	119,166	123,738	119,149	114,054	122,196	123,550	132,531	159,285	191,057	–
2 years later	103,435	122,370	117,031	109,590	122,042	121,562	132,755	145,400	–	–
3 years later	98,057	116,116	112,326	110,068	125,970	121,136	134,908	–	–	–
4 years later	100,776	113,221	110,458	108,293	132,004	117,635	–	–	–	–
5 years later	99,670	113,264	112,375	105,497	130,364	–	–	–	–	–
6 years later	101,126	112,872	109,766	103,759	–	–	–	–	–	–
7 years later	100,698	117,575	109,141	–	–	–	–	–	–	–
8 years later	100,297	115,668	–	–	–	–	–	–	–	–
9 years later	99,838	–	–	–	–	–	–	–	–	–
Ultimate claim estimates	99,838	115,668	109,141	103,759	130,364	117,635	134,908	145,400	191,057	188,430
Payments to date	96,713	112,068	105,163	97,496	109,363	92,498	79,943	79,882	63,896	18,576
Claim liabilities on SOFP	3,125	3,600	3,978	6,263	21,001	25,137	54,965	65,518	127,161	169,854
Total claim liabilities on the past ten years										480,603
Other claims liabilities on the prior years										10,619
Total claims outstanding included in Statement of Financial Position										491,222

(iii) Insurance claims - net

Estimates of ultimate claims costs by policy years.

	2014 US$000s	2015 US$000s	2016 US$000s	2017 US$000s	2018 US$000s	2019 US$000s	2020 US$000s	2021 US$000s	2022 US$000s	2023 US$000s
End of reporting year	105,157	107,724	105,471	118,540	103,469	105,075	106,121	123,747	124,461	154,413
1 year later	91,383	102,382	98,323	101,968	91,910	92,742	104,899	119,815	147,883	–
2 years later	85,457	101,992	91,623	97,422	92,546	90,272	104,528	110,056	–	–
3 years later	87,672	96,631	92,844	96,215	93,756	88,151	105,793	–	–	–
4 years later	86,377	93,823	91,232	94,272	97,512	86,792	–	–	–	–
5 years later	85,662	93,618	90,892	91,196	96,518	–	–	–	–	–
6 years later	87,868	93,320	89,444	90,233	–	–	–	–	–	–
7 years later	87,180	95,855	89,249	–	–	–	–	–	–	–
8 years later	86,828	94,010	–	–	–	–	–	–	–	–
9 years later	86,834	–	–	–	–	–	–	–	–	–
Ultimate claim estimates	86,834	94,010	89,249	90,233	96,518	86,792	105,793	110,056	147,883	154,413
Payments to date	83,710	90,832	85,735	84,772	81,358	68,062	61,792	62,410	49,044	15,673
Claim liabilities on SOFP	3,125	3,178	3,514	5,461	15,160	18,730	44,001	47,646	98,839	138,740
Total claim liabilities on the past ten years										378,394
Other claims liabilities on the prior years										8,080
Total claims outstanding included in Statement of Financial Position										386,474

Note 6: Deferred acquisition costs

Consolidated	Gross 2023 US$000s	Gross 2022 US$000s
At beginning of the year	**11,766**	9,274
Acquisition costs of insurance contracts (incurred)/deferred	**(366)**	2,492
At end of the year	**11,400**	11,766

Parent Company	Gross 2023 US$000s	Gross 2022 US$000s
At beginning of the year	**1,903**	1,133
Acquisition costs of insurance contracts (incurred)/deferred	**(454)**	770
At end of the year	**1,449**	1,903

Note 7: Provision for unearned premium

	Gross		Reinsurers' share	
Consolidated	**2023 US$000s**	2022 US$000s	**2023 US$000s**	2022 US$000s
At beginning of the year	**106,122**	99,317	**20,304**	27,427
Premiums on in/reinsurance contracts deferred/(earned)	**4,944**	6,805	**2,531**	(7,123)
At end of the year	**111,066**	106,122	**22,835**	20,304

	Gross		Reinsurers' share	
Parent Company	**2023 US$000s**	2022 US$000s	**2023 US$000s**	2022 US$000s
At beginning of the year	**71,928**	60,750	**2,277**	2,468
Premiums on in/reinsurance contracts deferred/(earned)	**2,291**	11,178	**621**	(191)
At end of the year	**74,219**	71,928	**2,898**	2,277

Notes to the Consolidated Financial Statements (continued)

Note 8: Segmental information

The Club writes only marine and transport business.

(a) Gross premiums written by destination

	2023 US$000s	2022 US$000s
Policyholders/members located in the UK	**14,376**	13,474
Policyholders/members located in the EEA	**52,235**	43,647
Policyholders/members located in the USA	**107,033**	112,520
Policyholders/members located elsewhere	**115,557**	113,702
	289,201	283,343

(b) Gross premiums written by destination and risk coverage

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

2022	Policyholders located in the UK US$000s	Policyholders located in the EEA US$000s	Policyholders located in the USA US$000s	Policyholders located elsewhere US$000s	Total US$000s
Cargo	367	2,079	5,247	1,205	8,898
Containers and Chassis	1,819	10,054	16,772	25,024	53,669
Logistics	5,196	12,410	57,042	35,330	109,978
Ports and Terminals	3,258	16,422	17,020	34,343	71,043
Property	2,631	2,019	16,133	8,310	29,093
Other	203	663	306	9,490	10,662
	13,474	43,647	112,520	113,702	283,343

Notes to the Consolidated Financial Statements (continued)

Note 9: Net operating expenses

	2023 US$000s	2022 US$000s
Acquisition costs		
Brokerage and commission	**30,736**	33,823
Change in deferred acquisition costs (refer note 6)	**366**	(2,492)
Management fee in respect of underwriting	**21,370**	19,224
	52,472	50,555
Administrative expenses		
Management fee in respect of administration and performance related	**27,990**	16,327
General expenses	**6,183**	5,438
Directors' fee	**863**	791
Directors' travelling costs	**782**	412
Auditors' remuneration		
Parent company audit	**197**	174
Subsidiary company audit	**614**	504
Audit related assurance services, audit of regulatory returns	**339**	134
	36,968	23,780

Subsidiary company audit includes amounts charged for transition to IFRS 17 for the clubs overseas branches which was previously disclosed as Audit related assurance services.

Commission income		
Commission on reinsurance contracts	**(11,126)**	(11,338)
Net operating expenses	**78,314**	62,997

Included within the current year's management fee is an additional fee paid to the Thomas Miller Holdings Limited group of companies ("Thomas Miller") of US$ 7.9 million in relation to a project to modernise TT Club's IT systems (2022: US$ 2.0 million).

The Club had no employees during the year (2022: none).

Notes to the Consolidated Financial Statements (continued)

Note 10: Investment return

	2023 US$000s	2022 US$000s
Investment income		
Income from financial assets held at fair value through profit or loss	**17,729**	6,768
Unrealised gains/(losses) on market value movements	**16,787**	(18,910)
Realised gains on sales	**3,045**	2,787
	37,561	(9,355)
Investment expenses		
Investment management expenses	**(1,583)**	(1,537)
Investment return	**35,978**	(10,892)
Investment return is analysed between:		
Investment return allocated to the technical account	**20,717**	(6,244)
Investment return allocated to the non-technical account	**15,261**	(4,648)
	35,978	(10,892)

Note 11: Tax on ordinary activities

(a) Analysis of tax charge on ordinary activities

	2023 US$000s	2022 US$000s
UK tax for the current period	**(822)**	–
Foreign tax for the current period	**(362)**	(923)
Adjustments in respect of prior periods	**786**	(395)
	(398)	(1,318)

(b) Reconciliation from statutory to effective tax rate

	2023 US$000s	2022 US$000s
Surplus on ordinary activities before tax	**16,328**	6,954
Tax at the Bermuda statutory rate of 0% (2022: 0%)	**–**	–
Tax levied outside Bermuda:		
United Kingdom	**(822)**	–
United States of America	**(350)**	(923)
Australia	**–**	–
Hong Kong	**–**	–
Singapore	**(12)**	–
	(1,184)	(923)
Adjustments in respect of prior periods:		
United Kingdom	**237**	(53)
United States of America	**683**	(342)
Australia	**(106)**	–
Hong Kong	**–**	–
Singapore	**(28)**	–
	786	(395)
Tax charge for the year	**(398)**	(1,318)

The taxation charge comprises a charge for UK taxation at 23.5% (2022: 19%) based on 10% of TT Club's investment return. The investment return subject to UK taxation excludes the element of Through Transport Mutual Insurance Association Limited's investment return already taxed in the United States of America where taxation is levied at the statutory tax rate prevailing.

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	Bermuda	Ordinary	Intermediate holding company	90%

The opening and closing value of the investment in TT (Bermuda) Services Limited is US$ 12,000 (2022: US$ 12,000) in the Statement of Financial Position at year end, and as recorded in the parent company accounts.

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

Note 13: Other financial investments

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

	Carrying value		Purchase price	
Consolidated	**2023 US$000s**	2022 US$000s	**2023 US$000s**	2022 US$000s
Held at fair value through profit and loss:				
Debt securities	**520,794**	464,632	**517,897**	471,153
Equity shares	**59,214**	51,907	**49,691**	49,596
UCITS	**31,386**	10,424	**31,386**	10,424
Financial assets held at fair value through profit and loss	**611,394**	526,963	**598,974**	531,173

	Carrying value		Purchase price	
Parent Company	**2023 US$000s**	2022 US$000s	**2023 US$000s**	2022 US$000s
Held at fair value through profit and loss:				
Debt securities	**305,727**	286,790	**304,175**	290,406
Equity shares	**59,214**	51,908	**49,691**	49,596
UCITS	**14,198**	724	**14,198**	724
Financial assets held at fair value through profit and loss	**379,139**	339,422	**368,064**	340,726

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

The debt securities with a maturity of less than one year total US$ 298.7 million (2022: US$ 160.4 million) with the remainder recoverable within one year or more.

Note 14: Derivative financial instruments

(a) Hedged fair value derivatives

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

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

(b) Unhedged derivatives

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

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

Consolidated - 2022	Contract/ notional amount US$000s	Fair value asset US$000s	Fair value liability US$000s	Fair value per accounts US$000s
Unhedged derivatives	523	–	1,219	1,219
Hedged fair value derivatives	72,907	4,077	(4,048)	29
Total derivatives	73,430	4,077	(2,829)	1,248

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

Parent Company - 2022	Contract/ notional amount US$000s	Fair value asset US$000s	Fair value liability US$000s	Fair value per accounts US$000s
Unhedged derivatives	523	–	1,219	1,219
Hedged fair value derivatives	72,907	4,077	(4,048)	29
Total derivatives	73,430	4,077	(2,829)	1,248

Notes to the Consolidated Financial Statements (continued)

Note 15: Guarantees and commitments

At the year end, TT Club issued letters of credit totalling US$ 33.8 million for the benefit of regulators, policyholders and cedants (2022: US$ 33.8 million). Collateral pledged to support the letters of credits issued to regulators, policyholders and cedants amount to US$ 48.1 million (2022: US$ 45.8 million).

The Club has issued a parental guarantee, not to exceed US$ 2.5 million (2022: US$ 2.5 million), to its wholly-owned subsidiary, TT Club Mutual Insurance Limited to enable it to comply with the solvency margin requirements of the Financial Services and Markets Act 2000. The amount withdrawn at year end amounted to US$ nil (2022: US$ nil).

Note 16: Related party transactions

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

The Club reinsures its subsidiary, TT Club Mutual Insurance Limited ("TTI"), under a 90% whole account quota share agreement. All transactions and balances of TT Club Mutual Insurance Limited ("TTB") are included within the consolidated financial statements.

Transactions and balances on the quota share agreement

Income Statement	**2023 US$000s**	2022 US$000s
Written premiums ceded by TTI to TTB	**148,509**	148,200
Recoveries on paid claims received by TTI from TTB	**82,123**	75,054
Commissions received by TTI from TTB	**31,596**	25,054

Statement of Financial Position		
Reinsurers' share of provision for unearned premiums ceded by TTI to TTB	**60,629**	57,535
Reinsurers' share of provision for outstanding claims recovered by TTI from TTB	**319,900**	280,035

During the year TTB made a US$ 25 million (2022: nil) contribution of surplus to TTI in order to strengthen TTI's capital and solvency position.

(b) Thomas Miller (Bermuda) Limited

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

At the year end, the outstanding management fees payable to Thomas Miller (Bermuda) Limited amounted to US$ 6.8 million (2022: US$ 2.4 million). Other than the management fees disclosed, no further payments were made to Thomas Miller (Bermuda) Limited, its related companies, or its Directors.

Note 17: Retirement benefits and similar obligations

TT Club Mutual Insurance Limited manages a defined benefit pension scheme which was taken over following the acquisition of Scottish Boatowners in 2017. The fair value of plan assets at the year end are GBP 171,000 (2022: GBP 180,000) and the defined benefit obligation is GBP 127,000 (2022: GBP 133,000) and all movements in the year are immaterial for further disclosure.

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