



Watford Insurance Company Europe Limited Solvency and Financial Condition Report

April 2026

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Executive Summary

This document is the Solvency and Financial Condition Report (“SFCR”) of Watford Insurance Company Europe Limited (“WICE” or “the Company”) as at 31 December 2025.

WICE is incorporated and domiciled in Gibraltar, and authorised and regulated by the Gibraltar Financial Services Commission (“GFSC”).

The Company targets both personal and commercial lines of Property and Casualty (“P&C”) business in the UK and provides direct capacity to carefully selected MGA business partners.

WICE is a wholly owned subsidiary of Somers Re Ltd. (“Somers Re”, previously Watford Re Ltd), a reinsurance company licensed in Bermuda, and an ultimate subsidiary of Somers Group Holdings Ltd (“Somers Group”, previously Watford Holdings Ltd). Somers Group is wholly owned by Greysbridge Holdings Limited (“Greysbridge”). Greysbridge and its subsidiary Somers Group Holdings Ltd are owned by Arch Capital Group Ltd. (30%), funds managed by TPG (Slate Bermuda Holdings LP) (25.9%), Kelso & Company (15.4%), Warburg Pincus (15.4%) and minority investors of 13.3% total ownership. On Nov. 4, 2021, Watford Holdings Ltd. changed its name to Somers Group Holdings Ltd. Reference to Somers Group herein will be a reference to the parent company of WICE and its ultimate parents.

Somers Re is a privately owned global property and casualty insurance and reinsurance company with operations in Bermuda, the United States, and Europe.

WICE carries a financial strength rating of “A-” (Excellent) from A.M. Best Company, or A.M. Best, and “A” from Kroll Bond Rating Agency (“KBRA”).

This report sets out the solvency and financial condition of WICE in accordance with Gibraltar solvency rules, as implemented under the Financial Services (Solvency II) (Technical Standards) Regulations 2025, the Financial Services (Insurance Supervisory Reporting) (Technical Standards) Regulations 2025 and the Financial Services (Insurance Companies) Regulations 2020.

Business, Strategy & Performance

During the year ended 31 December 2025, WICE wrote premium of £273.9 million (2024 – £333.8 million) and made a profit before tax of £3.0 million (2024 – £2.4 million). Premium written in the current year reflects a reduction in volumes compared to prior year due to the current competitive environment in the UK motor market. The lines of business underwritten by WICE consist primarily of motor as well as some liability and property risks in the United Kingdom, with any European business and the UK pet insurance business now in run off. WICE furthermore operates a branch in Romania which provided motor insurance up to September 2020 and is now focused on an orderly run off of the remaining liabilities.

WICE continues to purchase reinsurance on the business it writes to protect the Company against adverse performance and to efficiently manage capital. Reinsurance is purchased in the form of Excess of Loss covers which provide protection against large losses in excess of agreed limits; and group internal Quota Share Reinsurance, which mitigates attritional losses and allows for efficient capital management. After

consideration of the Excess of Loss and Quota Share reinsurance, the maximum retention for an individual claim for WICE is £300,000.

Systems of Governance

WICE has established and maintains a system of governance to ensure sound and prudent management of its operations. The system of governance is based on the principle of proportionality taking due account of the nature, scale and complexity of the operations.

WICE has continued to operate a largely outsourced business model and the Company's expenses therefore primarily reflect the charges from its outsourced service providers. WICE has no direct employees, it contracts the services of various Arch Group entities for the day-to-day management of the business. Outsourcing has the potential to create additional risk due to delegation of day-to-day control over the services. Therefore, there is significant focus within WICE's risk and governance framework on the oversight of its outsourced service providers.

WICE's Board of Directors at the end of the year comprised of eight directors, including two independent non-executive directors. The board exercises direct oversight of all functions. In early 2024, the board approved the terms of reference for an Audit Committee to oversee the integrity of financial reporting and the internal audit function.

In late 2024, the board approved the terms of reference for a Product Oversight and Conduct Committee with responsibility for overseeing Consumer Duty compliance and good customer outcomes across all product lines. In the second half of 2025 a Risk Committee was formed to oversee Risk Management moving forwards. WICE employs what it terms a "three lines of defence" model and the full governance structure is set out in Section B.

Risk Profile

WICE's risk appetite framework provides an expression of the level of risk the Company is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organization towards the desired level of risk. It not only supports the Company's risk management framework, it also enables WICE to make informed business decisions with due regard to the key risks to which it may be exposed by such a decision.

WICE has a defined appetite for insurance (underwriting) risk, while maintaining a more limited tolerance for other risk categories.

The risk philosophy of WICE encompasses all major risks and focuses on attaining the following business objectives:

- Underwriting business that meets defined target returns
- Partnering with selected MGAs
- Writing carefully selected lines of business
- Managing underwriting volumes in line with market conditions and the insurance cycle

- Limiting downside risk to maintain an appropriate solvency position

Valuation for Solvency Purposes

WICE prepares its financial statements in accordance with Gibraltar Generally Accepted Accounting Principles (Gibraltar GAAP). The Company's Solvency II balance sheet is prepared on an economic fair value basis. The most significant differences between the GAAP and the Solvency II balance sheet arise from:

- Valuation of gross technical provisions
- Valuation of reinsurers' share of technical provisions
- Reclassification of insurance and intermediary receivables
- Reclassification of reinsurance payables and receivables
- Valuation of deferred costs

Capital Management

The Company's SCR coverage ratio as at 31 December 2025 was 160% (2024 – 160%), with Own Funds of £50.6 million (2024 - £46.1 million) and a Solvency Capital Requirement (SCR) of £31.6 million (2024 - £28.8 million). The Minimum Capital Requirement was £7.9 million (2023 - £7.2 million). Own Funds are composed primarily of Tier 1 funds (£48.4 million) with £2.0 million Tier 2 ancillary Own Funds taken into account (2024 - £0.1m) and £0.3 million Tier 3 (deferred tax asset). WICE has a strong capital base, enabling the Company to meet its regulatory solvency requirements, and its business plan shows it remaining continuously compliant with the solvency requirements.

The Company has entered into a capital commitment deed with Somers Re which was approved by the Gibraltar Financial Services Commission in Q3 of 2021 and which allows the Company to take into account an ancillary Own Funds item of up to £13m up to a solvency coverage ratio of 160%.

Section A. Business and Performance

A.1. Business Overview

A.1.1. Name and Legal Form of the Undertaking

Watford Insurance Company Europe Limited (“WICE”) is incorporated in Gibraltar (Registered Number: 112869) and is a company limited by shares. The address of the registered office of the Company is:

Unit 3A-C
Leisure Island Business Centre
Ocean Village Promenade
Gibraltar
GX11 1AA

This Solvency and Financial Condition Report covers WICE on a solo basis.

A.1.2. Insurance Supervisor and Group Supervisor

Insurance Supervisor

Gibraltar Financial Services Commission (GFSC)
Suite 3, Ground Floor
Atlantic Suites
Europort Avenue
Gibraltar
GX11 1AA

Group Supervisor

Bermuda Monetary Authority (BMA)
BMA House
43 Victoria Street
Hamilton HM 12 Bermuda

A.1.3. External Auditor

PricewaterhouseCoopers Limited
327 Main Street
Gibraltar
GX11 1AA

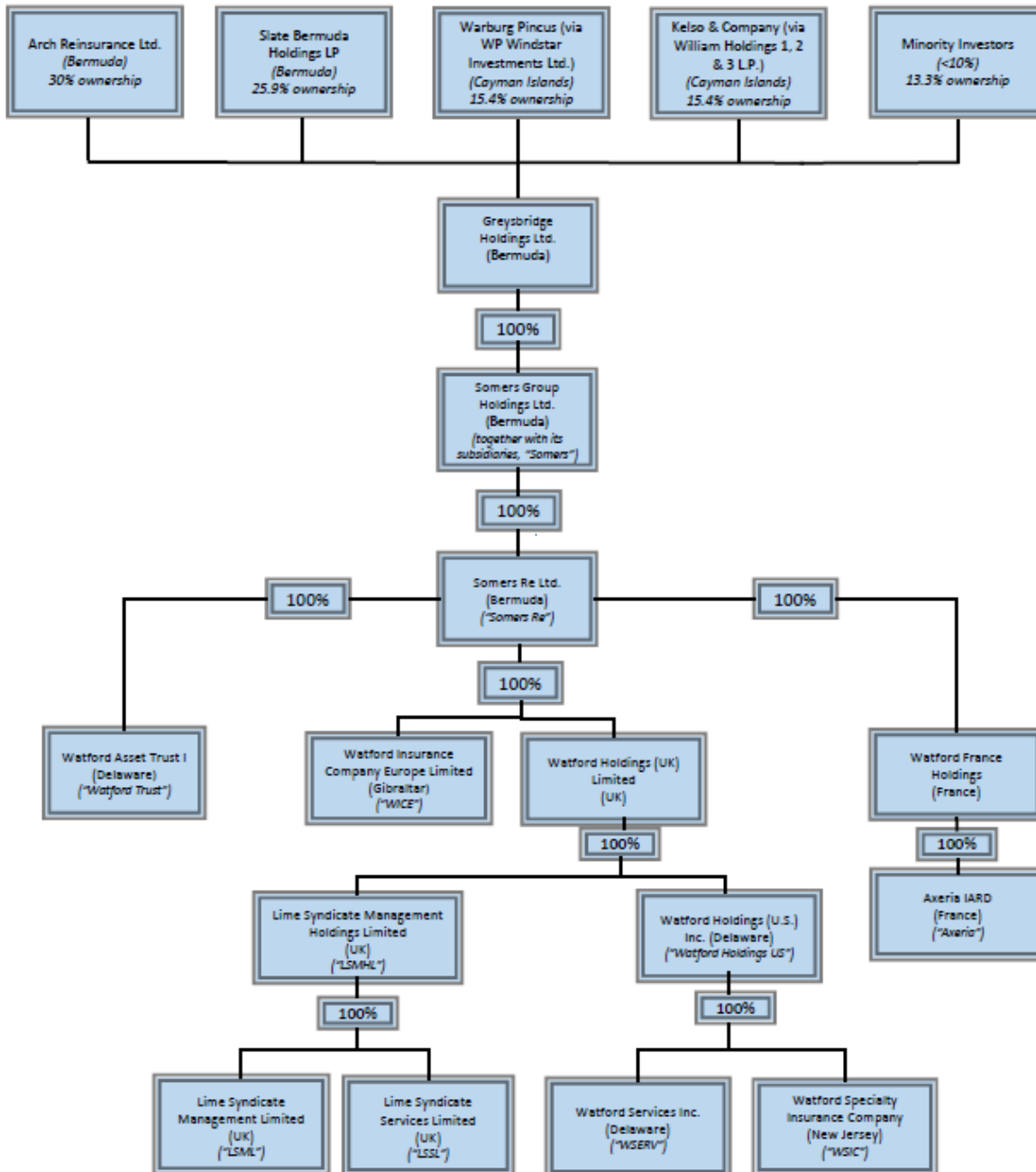
A.1.4. Ownership and Shareholding Structure

Greysbridge Holdings Ltd, a company incorporated in Bermuda, indirectly owns 100% of the Company and it is in turn owned by Arch at 30%, funds managed by TPG (Slate Bermuda Holdings LP) at 25.9%, as well as Kelso and Warburg Pincus at 15.4% each and minority investors of 13.3% total ownership.

A.1.5. Group Structure

The directors regard Greysbridge Holdings Ltd., a company incorporated in Bermuda, as the ultimate parent undertaking and controlling party.

A complete organization chart of Somers Group and WICE’s position in the Group can be found below. WICE operates one branch in Romania.



A.1.6. Business Lines and Geographical Distribution

The following tables set forth summary information regarding gross premiums written, by segment and geographical region.

Table A.1.6. GWP by Class of Business 2025 vs. 2024

	As at 31 December 2025		As at 31 December 2024	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Gross written premiums				
Gross written premiums - territory				
United Kingdom	273,903	100%	333,775	100%
Republic of Ireland (EU)	-	0%	- 5	0%
Total	273,903	100%	333,770	100%

	As at 31 December 2025		As at 31 December 2024	
	Amount £'000	% of Total %	Amount £'000	% of Total %
Gross written premiums - class				
Motor	242,462	89%	282,876	85%
Fire	19,314	7%	36,611	11%
General Liability	2,170	1%	335	0%
Miscellaneous Financial Loss	9,761	4%	13,778	0%
Assistance	196	0%	169	4%
Total	273,903	100%	333,770	100%

A.1.7. Significant Business or Other Events

No other significant events to note.

A.2. Underwriting Performance

WICE predominantly underwrote motor business as well as property and liability risks in the U.K. All business is written via capacity made available to MGA partners.

WICE mitigates its risk through appropriate reinsurance arrangements comprising both Excess of Loss and Quota Share reinsurance.

Since the Company prepares its financial statements in accordance with Generally Accepted Accounting Practice in Gibraltar (accounting standards issued by the Financial Reporting Council of the U.K., including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the U.K. and Gibraltar and referred to as “GAAP (Gibraltar)”), the underwriting performance information given in this section is on a GAAP (Gibraltar) basis. The following table summarizes the profit and loss account in GBP, by business line and geographical area, for the technical account for year ended 31 December 2025, with comparatives for 2024.

Premium written during the year decreased by 18%, reflecting the competitive pressures in the UK motor market during the year. Loss ratios have continued to perform in line with expectations. WICE generated an underwriting profit of £0.5m and an overall profit of £2.6m after income and gains from investment activities.

Table A.2.1. Technical results by Line of Business 2025 vs. 2024

	As at 31 December 2025							
	Total Motor £'000	Motor Liability £'000	Other Motor £'000	Fire £'000	General Liability £'000	Assistance £'000	Miscellaneous Financial Loss £'000	Total £'000
Gross written premiums	242,462	218,216	24,246	19,314	2,170	196	9,761	273,903
Outward reinsurance premiums	(217,613)	(196,235)	(21,377)	(18,157)	(2,009)	(183)	(9,325)	(247,286)
Net written premiums	24,849	21,980	2,869	1,157	162	13	437	26,617
Change in the gross provision of unearned premiums	24,040	21,636	2,404	8,502	(903)	(15)	1,052	32,677
Change in the provision for unearned premiums - reinsurers' share	21,758	19,681	2,077	8,208	(836)	(13)	1,051	30,168
Change in the net provision for unearned premiums	2,282	1,955	327	294	(66)	(3)	1	2,509
Earned premiums, net of reinsurance	27,132	23,935	3,196	1,451	95	10	438	29,126
Claims incurred, net of reinsurance	(24,120)	(21,627)	(2,493)	(765)	(50)	(5)	(283)	(25,222)
Net operating expenses	2,979	2,681	298	237	27	2	120	3,366
Balance on the technical account	32	(374)	406	449	19	3	35	537

	As at 31 December 2024							
	Total Motor £'000	Motor Liability £'000	Other Motor £'000	Fire £'000	General Liability £'000	Assistance £'000	Miscellaneous Financial Loss £'000	Total £'000
Gross written premiums	282,876	254,588	28,288	36,611	335	169	13,778	333,770
Outward reinsurance premiums	(253,672)	(228,850)	(24,822)	(34,783)	(318)	(161)	(13,339)	(302,273)
Net written premiums	29,204	25,738	3,465	1,829	17	8	439	31,497
Change in the gross provision of unearned premiums	(28,923)	(26,031)	(2,892)	1,988	763	2,464	(9)	(23,717)
Change in the provision for unearned premiums - reinsurers' share	(22,612)	(20,462)	(2,151)	1,885	725	2,465	37	(17,501)
Change in the net provision for unearned premiums	(6,311)	(5,569)	(742)	103	38	(0)	(46)	(6,216)
Earned premiums, net of reinsurance	22,893	20,169	2,724	1,932	55	8	393	25,281
Claims incurred, net of reinsurance	(20,611)	(17,191)	(3,420)	(989)	(13)	(6)	(366)	(21,986)
Net operating expenses	(1,859)	(1,707)	(151)	(196)	(2)	(1)	(74)	(2,132)
Balance on the technical account	422	1,271	(848)	747	40	1	(47)	1,163

Table A.2.2. Technical results by Geographical segments 2025 vs 2024

	As at 31 December 2025				
	UK £'000	Ireland £'000	France £'000	Romania £'000	Total £'000
Gross written premiums	273,903	0	0	0	273,903
Outward reinsurance premiums	(247,286)	0	0	0	(247,286)
Net written premiums	26,617	0	0	0	26,617
Change in the gross provision of unearned premiums	32,559	0	118	0	32,677
Change in the provision for unearned premiums - reinsurers' share	30,058	0	110	0	30,168
Change in the net provision for unearned premiums	2,500	0	8	0	2,509
Earned premiums, net of reinsurance	29,117	0	8	0	29,126
Claims incurred, net of reinsurance	(25,388)	202	(24)	(12)	(25,222)
Net operating expenses	3,245	121	(0)	0	3,366
Balance on the technical account	484	81	(15)	(12)	537

	As at 31 December 2024				
	UK	Ireland	France	Romania	Total
	£'000	£'000	£'000	£'000	£'000
Gross written premiums	333,775	(5)	0	0	333,770
Outward reinsurance premiums	(302,277)	4	0	0	(302,273)
Net written premiums	31,497	(0)	0	0	31,497
Change in the gross provision of unearned premiums	(23,836)	0	0	118	(23,717)
Change in the provision for unearned premiums - reinsurers' share	(17,611)	0	0	110	(17,501)
Change in the net provision for unearned premiums	(6,225)	0	0	8	(6,216)
Earned premiums, net of reinsurance	25,273	(0)	0	8	25,281
Claims incurred, net of reinsurance	(22,065)	111	(8)	(24)	(21,986)
Net operating expenses	2,077	54	0	(0)	2,131
Balance on the technical account	1,131	56	(8)	(15)	1,163

A.3. Investment Performance

At 31 December, WICE held high grade corporate securities and U.K. treasuries valued at £33.9 million (2024 - £32.2 million), with remaining funds of £16.0 million (2024 - £14.7 million) held in cash.

WICE reflects all investment gains and losses through the profit and loss account and does not hold any investments in securitizations.

The components of net investment income included in the statement of income and expenses are as per the table below:

Table A.3.1. Investment performance 2025 and 2024

	2025	2024
	£'000s	£'000s
Fixed maturities	2,290	1,534
Term loan investments		
Equity securities		
Short-term investments		
Other		
Gross investment income	2,290	1,534
Investment expenses	30	34
Net investment income	2,260	1,500

A.4. Performance of Other Activities

The following table summarizes the profit and loss account in GBP for the non-technical account for year ended 31 December 2025 and year ended 31 December 2024.

Table A.3.2. Other material income and expenses 2025 and 2024

	As at 31/12/2025	As at 31/12/2024
	£'000	£'000
Balance on the technical account	537	1,163
Non-technical income	0	0
Realized & unrealized foreign exchange gains / (losses)	251	(263)
Net investment return including in the non-technical account	2,260	1,500
Profit on ordinary activities before taxation	3,048	2,401
Tax on profit on ordinary activities	(408)	(131)
Profit on ordinary activities after taxation	2,641	2,270

Other income refers to underwriting fee income received from the MGAs.

A.4.1. Expected Profit in Future Premium

As of 31 December 2025, the expected profit in future premium is £0.1 million (2024 – £0.3 million).

A.5. Any Other Information

There is no other material information to report regarding the business and performance of WICE.

Section B. System of Governance

B.1. General Information on the System of Governance

B.1.1. Overview

WICE operates a corporate governance structure consisting of the main Board of Directors (the “Board” or “Board of Directors”) and Audit, Risk and Product Oversight and Conduct sub-committees.

The executive management team is accountable to the Board and provides regular reporting, including at least quarterly Board meetings.

The Board consists of an independent non-executive Chairperson, the chief executive officer, 4 other executive directors, and an independent non-executive director.

The Board is responsible for the overall oversight of the Company, including its outsourced activities, and for ensuring delivery of the business strategy within the defined risk appetite. It also sets standards of conduct and promotes a culture of integrity.

B.1.2. Audit Committee

The members of the Committee are appointed by the Board of Directors and, as at 31 December 2025 comprised of one independent non-executive director, the independent non-executive Chair of the Board, and the Head of Finance, who is an executive director.

The Committee oversees internal and external audit arrangements, including audit planning, performance and effectiveness, and reports to the Board on related matters. It meets at least quarterly, with outputs reported to the Board.

B.1.3. Product Oversight and Conduct Committee

The Product Oversight and Conduct Committee comprises the independent non-executive Chair, who also serves as the designated Consumer Duty Champion, together with relevant members of senior management.

The Committee is responsible for oversight of product governance and conduct. This includes monitoring customer outcomes, reviewing management information, and ensuring that appropriate systems and controls are in place. It reports to the Board on matters relating to customer outcomes and any identified or potential customer harm.

B.1.4. Risk Committee

The members of the Committee are appointed by the Board and as at 31 December 2025 comprised of an independent Chair and three executive directors including the Head of Risk.

The Committee supports the Board in overseeing the Risk Management Framework, including the identification, assessment, monitoring and management of risks. It reviews the effectiveness of risk management processes and provides recommendations to the Board as appropriate.

B.1.5. Code of Business Conduct

WICE has a Code of Business Conduct, which describes our ethical principles. The full text of our Code of Business Conduct is available upon request.

B.1.6. Independent Control Functions

The Company has in place four key independent control functions as required under the Financial Services (Insurance Companies) Regulations 2020:

- Risk Management
- Compliance
- Actuarial
- Internal Audit

These functions are responsible for providing oversight of the business and for providing assurance to the Board in relation to the Company's control framework.

Each function operates with appropriate authority and independence and reports to the Board, ensuring effective oversight and transparency in the discharge of their responsibilities.

B.1.7. Risk Function

The Risk Management Function is defined as a "Key Function" under Solvency II. During 2025 the function was overseen by an executive director who also served as the Key Function Holder for Risk Management.

Post 21 January 2026 the risk function was overseen by an interim key function holder for risk management whilst the permanent hire is sought.

The function holder is supported in their role by outsourced service providers, including Somers and AUL (a subsidiary of Arch Group), who provide ongoing input into, and assistance with, WICE's risk management.

Responsibility for risk management at an operational level rests with the executive management, including outsourced service providers. Risk management is overseen by the function holder, who during the year reported to the Board on a regular basis. In addition, the Group oversees risk management. In the second half of 2025 a Risk Committee was formed to oversee the Risk Management Function.

B.1.8. Compliance Function

The Board has established a compliance framework to promote high standards of ethical conduct and to ensure compliance with applicable Gibraltar legislation, regulatory requirements and supervisory expectations. The framework is designed to support prudent management of the Company's business and to protect its reputation.

The requirements of the compliance program apply to all employees, officers and directors of the Company and, where appropriate, to agents acting on its behalf.

WICE maintains compliance policies and procedures which establish systems of control and supervision designed to provide reasonable assurance that the Company, and those acting on its behalf, complies with applicable Gibraltar legislation and manages the associated risks in accordance with prudent business practices.

During 2025, the Compliance Function was overseen by an executive director, who was also the key function holder for compliance. The function receives input and support from the AUL under a services agreement and from co-insurance and MGA partners where required.

Post 21 January 2026 the compliance function was overseen by an interim key function holder for compliance pending the appointment of a new Head of Compliance.

B.1.9. Actuarial Function

The Actuarial Function is a key function under Solvency II. The Actuarial Function Holder (“AFH”) is an executive director based in Gibraltar and has overall responsibility for the function.

The AFH is supported by appropriately qualified actuarial resources.

The responsibilities of the Actuarial Function include:

- coordinating the calculation of technical provisions;
- assessing the sufficiency and quality of data used in those calculations;
- informing the Board of the reliability and adequacy of technical provisions;
- providing an opinion on the underwriting policy;
- providing an opinion on the adequacy of reinsurance arrangements;
- contributing to the effective operation of the risk management system; and
- preparing the annual Actuarial Function Report.

B.1.10. Internal Audit

Somers Group has an Internal Audit Charter in place which sets out the objectives and responsibilities of the Internal Audit function across the group. The Internal Audit function is outsourced to KPMG and is appropriately resourced with qualified and experienced individuals and is entirely independent of the Company and its management. The Internal Audit function is overseen by an independent non-executive director.

B.1.11. Material Changes

In 2025, WICE established a Risk Committee to oversee the Risk Management Framework and Function and ensure risks are appropriately identified, assessed and mitigated.

The Head of Risk and Compliance resigned from the Board with effect from 21 January 2026. Two interim individuals have been appointed by WICE and approved by the GFSC to perform these roles while a permanent appointment is being progressed. These individuals attend Board meetings in their functional capacity but are not members of the Board.

B.1.12. Remuneration Policy and Practices

WICE has directors and no employees. Only the independent non-executive directors receive remuneration from WICE, with the other directors being remunerated under other arrangements with their respective employers. As a result, the Company does not have a separate Remuneration Committee, with responsibility for this area being retained by the Board.

The independent non-executives receive a fee which is fixed and has no variable or performance-related elements. The remuneration of other directors from their respective employers is not linked directly to the performance of WICE.

None of the directors are entitled to share options or shares in the Company and none have any pensions entitlements from WICE.

B.1.13. Material Transactions

During the year, WICE paid £11.8 million (2024 - £11.8 million) to AUL (a subsidiary of Arch Group), its underwriting manager, for services provided. Four of WICE's directors were also officers of AUL or other entities within the Arch Group. At 31 December 2025, the balance owed by WICE was £2.6 million (2024 - £3.4 million).

During the year, WICE ceded between 85% and 90% of its net retained business to Somers Re, a shareholder controller of the Company. The amount of premium ceded was £164.1 million (2024 - £195.6 million) and the net balance payable outstanding at 31 December 2025 was £15.0 million (2024 - £33.7 million).

B.2. Fit and Proper Requirements

WICE maintains a Fitness and Propriety Policy to ensure that individuals performing Board, Key Function Holder and Regulated Individual roles are fit and proper on appointment and on an ongoing basis. The Head of Compliance is responsible for oversight of the policy, including implementation, monitoring and annual review.

All Regulated Individuals are subject to GFSC approval prior to appointment. The Compliance function conducts appropriate due diligence prior to appointment and on a periodic basis thereafter, supported by self-certification from relevant individuals. The Compliance function reports to the Board on these matters.

The Company ensures that individuals have the appropriate professional qualifications, experience and knowledge to provide sound and prudent management, and that they are of good repute and integrity. The Board is assessed to ensure that, collectively, it has appropriate knowledge and expertise across:

- insurance and financial markets;
- business strategy and operations;
- systems of governance;
- financial and actuarial matters; and
- the applicable regulatory framework.

Propriety assessments take into account the individual's character, conduct and any relevant criminal, financial or regulatory matters.

B.3. Risk Management System Including the Own Risk and Solvency Assessment

B.3.1. Risk Management Process and Procedures

This section provides an overview of WICE's Risk Management Framework, which describes the Company's methodology for identifying, measuring, managing and reporting on the key risks affecting WICE.

It outlines WICE's approach to risk identification and assessment and how risk management is embedded in the organizational structure of the business.

Overview

WICE classifies its risks in the following categories:

- Strategic risk;
- Underwriting risk;
- Market risk;
- Credit risk;
- Operational risk, including, governance, legal and compliance, key personnel, oversight of delegated underwriting, data quality, claims mishandling, IT (incl. cybersecurity), business continuity, and conduct risk;
- Reputational risk;
- Sustainability risk;
- Group risk.

The Risk Management framework includes:

- The Company's risk culture and supporting policies addressing material risks; and
- The processes and controls in place to manage and mitigate those risks.

The actions and policies implemented to meet the Company's business management and regulatory obligations form the core of this framework.

The Company has adopted a holistic approach to risk management by analysing risk from both a top-down and bottom-up perspective.

WICE's system of governance is designed to:

- Maintain a clear, transparent and documented organisational structure with defined lines of responsibility;
- Ensure personnel have the appropriate skills, knowledge and experience to discharge their responsibilities;
- Support effective internal reporting and communication at all relevant levels;

- Maintain information systems that deliver reliable, consistent, timely and relevant information on business activities and risk exposures;
- Safeguard the security, integrity and confidentiality of information; and
- Ensure outsourced activities are appropriately governed, with ultimate responsibility retained by the Board.

The system of governance is applied on a proportional basis, reflecting the nature, scale and complexity of the WICE's operations. Appropriate systems, resources and procedures are in place to support this.

Responsibilities

The Board retains overall responsibility for risk management. During 2025, a Risk Committee was established to oversee the risk management function, with key matters escalated to the Board for review and approval, including risk identification, assessment, monitoring and reporting.

The former Head of Risk Management stepped down in early 2026. In accordance with the Financial Services (Insurance Companies) Regulations 2020, an interim Head of Risk Management has been appointed and approved by the GFSC and is responsible for providing regular reporting to the Risk Committee while the Company progresses the appointment of a permanent replacement.

Risk management is embedded within WICE's operations through oversight of business partners, appropriate contractual arrangements, and ongoing monitoring against defined risk appetite and capital thresholds.

The Risk Management Framework is based on the Three Lines of Defence model and is integrated within the Company's overall system of governance.

Risk Identification, Assessment, Monitoring and Reporting

WICE's risk philosophy and profile is defined in accordance with the wider Somers Group risk philosophy and is evaluated, challenged and approved by the Board.

The Board sets the overall risk appetite. Overall, WICE has an appetite for Underwriting Risk and a tolerance for other risk types. The rationale for the appetite and tolerances is reviewed on an annual basis.

A formal risk taxonomy is maintained to identify all Level 1 and Level 2 risks. Each risk is assigned an owner responsible for defining, analysing and assessing the risk using the Company's risk assessment framework, including evaluation of likelihood and impact.

Risks and associated controls are recorded in the Risk Register, which captures both gross and net exposures. The Risk Register includes qualitative and quantitative assessments and is subject to quarterly review. It is a key input into the risk management framework, with material changes in underlying risks assessed for potential impact on capital requirements, including changes in business mix, strategy and investment policy.

Controls and mitigating actions are reviewed for continued relevance by control owners, with compliance verified through ongoing management oversight and Internal Audit reviews. Any material issues are reported to the Board.

All material risks are captured in the Risk Register and, where appropriate, reflected in the SCR calculation, with further assessment through stress and scenario testing where required. Risk assessments are owned by the relevant functions and subject to Board oversight.

The Board receives quarterly reporting from the Risk Management Function on performance against risk appetite, including capital coverage, supported by oversight from the Risk Committee.

B.3.2. Implementation and Integration of ORSA

The Company believes an integrated approach to developing, measuring and reporting its ORSA is an integral part of the Risk Management Framework. The ORSA process provides the link between the Company's risk profile, its Board-approved risk appetite including approved risk tolerances and limits, its business strategy and its overall solvency requirements.

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short- and long-term risks the Company faces – or may face – and to determine the capital necessary to ensure that overall solvency needs are met at all times. The ORSA also makes the link between actual reported results and the capital assessment.

The ORSA process and reporting are integral parts of WICE's business strategy, tailored specifically to fit into WICE's organizational structure and risk management system with the appropriate techniques in place to assess its overall solvency needs, taking into consideration the nature, scale and complexity of the risks inherent in the business.

The Company also takes the results of the ORSA into account for its system of governance, including long-term capital management, business planning and new product development. It also contributes to various strategic decision-making including how best to optimize capital management and deciding whether to retain or transfer risks.

The ORSA is the basis for risk reporting to the Board and acts as a mechanism to embed the Risk Management Framework within the Company's decision making processes and operations. The Board oversees and supervises the ORSA, including regular reviews of the ORSA process and output.

The ORSA process operates continuously through the course of the year but is accompanied by periodic formal reporting. The formal ORSA report builds on the information viewed by management through the year in order to make strategic risk and capital decisions, supplemented with specific additional items.

The ORSA will be formally reported at least annually following the annual business planning process. In addition, an ORSA report will be produced on each occasion that the entity's risk profile changes significantly as set out below. When completing the ORSA or considering any significant risk profile changes, the Board of the Company will also give consideration as to whether any applications for approval are required under Section 83A of the Financial Services Act 2019 or a disclosure is required in the spirit of Core Principle 12 of the Financial Services (Core Principles) Regulations 2022.

The ORSA process operates on a continuous basis to ensure that WICE has the appropriate capital for its risk profile. However, a formal re-run will be triggered, following a significant change in WICE's risk profile including:

- Significant change in business activity including:
 - introduction of a new program or change to an existing program accounting for an increase of 10% or more in GWP;
 - 20% growth in GWP in a single program or single line of business;
 - new programs, products or lines of business with a net written premium (net of third party reinsurance but gross of internal QS) of £15m.
- Material capital change, resulting in a drop of 10% or more in the market value of investments
- Significant market stress which directly impacts the Company
- SCR coverage falling below the stated risk appetite as per the previous ORSA

WICE records the actual performance of the overall solvency assessment and the assessment of any deviations in its risk profile from the assumptions underlying the SCR calculation to a level of detail that enables a third party to evaluate the assessments performed.

The Board received periodic reports on risk management and the Risk Register has been formally presented to the Board on an annual basis for approval with an update on any changes to risks provided on a quarterly basis as part of the Risk Management update. Moving forward these will be presented to the Risk Committee with any significant matters escalated to the Board. Any material changes in the risk management strategy, policies, processes, procedures and or SCR calculations are presented to the Board for approval.

WICE's capital management planning process incorporates the output from the ORSA process, including requesting further capital injections if this is indicated as a result of the ORSA or the supporting Solvency Exit Analysis.

WICE reviews the appropriateness of its Risk Appetite Statement and the related Risk Limits and Tolerances during the analysis of the results and outputs of each ORSA process. If deemed necessary following a review, this Risk Appetite Statement will be revised and presented to the Board for approval.

B.3.3. Performance, Documentation and Review of the ORSA

A full ORSA cycle is performed at least annually and reported to the Board. The ORSA process is a circular process that relies on key elements of the business:

- The Board outputs – Strategy / Board Risk Appetite / capital management planning process / Solvent Exit Analysis;
- Business planning – providing the basis for the base case projections;
- The Solvency II Pillar I Standard Formula – 3-year outputs & base assumptions used;
- The Board – who review, challenge and, as appropriate, approve the test scenarios, the ORSA process and output;

- The Actuarial Function – who quantify technical provisions and provide other input into the Pillar I model; and
- ORSA Reporting to all stakeholders.

The Key Activities in the ORSA Process are:

- Strategy and business planning;
- Pillar I assumptions and output;
- Risk identification and assessment;
- Scenario analysis, stress testing and reverse stress testing; and
- Management review & Board review & reporting.

Each run of the ORSA process will be appropriately documented to evidence each of its constituent parts, and this record will be retained for any later scrutiny.

The ORSA report shall contain:

- Underlying business plan and strategy;
- Risk Appetite Statements;
- Pillar I standard formula assumptions and outputs;
- Schedule of scenarios tests;
- Scenario test results;
- A summary of the ORSA process; and
- Relevant minutes relating to scrutiny, review & challenge of the ORSA process & outputs.

B.3.4. Relationship Between ORSA and Solvency and Risk Management

The Board has approved a target capital appetite based on the Solvency Capital Requirement (“SCR”) and the Minimum Capital Requirement (“MCR”) which is regularly updated by the actuarial function and reviewed at the Risk Committee and reported to the Board.

In addition, the Company has a capital management planning process, which considers the capital available, and a Solvent Exit Analysis which considers the capital required to run-off the company in a solvent manner. The Risk Management Function and Head of Actuarial Function are responsible for developing and maintaining the capital planning process and Solvent Exit Analysis. The Board reviews and approves the analysis.

The capital management planning process and Solvent Exit Analysis incorporates the output from the ORSA and associated reporting. The Solvent Exit Analysis sets out triggers for corrective capital actions relative to the Company’s Solvency Ratios, which are based on the SCR and Minimum Capital Requirement (“MCR”).

WICE’s capital planning process aims to be dynamic and forward-looking in relation to WICE’s risk profile and shall take into account the output from WICE’s risk management activities and the ORSA process and associated reporting as part of capital planning activities.

As such, capital planning activities take into account any current or anticipated changes in WICE's risk profile, such as those reflected in its business plan, and forecasting the related impact on capital. In addition, as part of its capital planning, the Company integrates projected capital needs with its business planning and financial forecasting processes.

The Capital Planning process identifies a number of potential sources of capital and associated corrective actions that may be utilised to restore sufficient capitalisation, depending on the severity of the capital requirements placed upon WICE.

When considering the sources of capital and corrective actions, WICE incorporates the Solvency II Own Fund requirements.

Any material changes in the underlying risks, such as changes in business mix, reinsurance strategy and investment strategy, are modeled for potential impact upon WICE's capital requirements. The result of this process is to ensure that all material risks feed into the capital requirements analysis, and in some cases also trigger further investigation through stress testing.

B.3.5. Approval Process

The Board, supported by the Risk Committee, oversees the Risk Management Framework and the annual ORSA process. The ORSA process and attendant ORSA Report are reviewed and approved by the Board. The Board is responsible for:

- Approving the Company's strategy, business plan and accompanying financial information, as proposed by Senior Management. This process includes:
 - Monitoring the performance of the Company against established Key Performance Indicators (KPIs)
 - Approving any material expansions and/or contractions of the Company
 - Approving any material expenditure and/or projects
- Reviewing, evaluating and challenging the ORSA, including:
 - The ORSA policy and process;
 - The identification and assessment of risks, and proposed management actions;
 - The assumptions underpinning the Solvency Capital Requirement (SCR)
 - The associated capital planning process and Solvent Exit Analysis
- Using the ORSA for strategic decision-making
- Approving the Company's risk appetite, including associated tolerances and limits.

B.4. Internal Control System

B.4.1. Internal Control System

WICE maintains an effective internal control system, which includes administrative and accounting procedures, an internal control framework, appropriate reporting arrangements and a compliance function.

The Board is responsible for monitoring the establishment and maintenance of the system of controls used to assess and manage exposure to all areas of risk. The objectives of these controls are to ensure that WICE's risk strategy is maintained and risk remains within the appetite and tolerances set by the Board.

WICE is part of Somers Group compliance activities, including management's assessment to confirm the design and operating effectiveness of internal controls over financial reporting and the identification and testing of key internal controls, including any required remediation.

The Board has delegated management and oversight of certain controls to appropriate forums within WICE and the wider Somers Group. WICE's internal control framework provides an appropriate level of reporting on the control environment to the Board.

Controls are detailed in the Risk Register, which associates elements within the category of risk to one or more mitigating controls. WICE's internal control framework includes reviews of both the design and effectiveness of key controls, with results reported to the Risk Committee and the Board.

B.4.2. Compliance Function

Implementation of the Compliance Function

As part of the Somers Group, WICE has implemented its Compliance function taking due account of and in accordance with the overall group compliance structure.

The Somers Group Board annually reviews and approves a Code of Business Conduct which is a series of policy statements and compliance and ethics program that encourage compliance with the highest ethical standards and any laws and regulations which govern the Company's business activities, together with any additional requirements for WICE under applicable local laws and regulations.

The WICE Compliance function has established a Compliance Monitoring Programme to ensure compliance with all relevant laws, legislation, regulations and guidance. The Board promotes the highest standards of ethical business conduct, aimed at protecting the Company's reputation. The Compliance Monitoring Programme applies to all employees, officers and directors of the Company and, where appropriate, to agents of the Company.

The Compliance function is an integral element of WICE's risk management and internal control framework. It supports the Board in meeting its strategic and regulatory objectives by promoting compliance with applicable legal and regulatory requirements. This includes monitoring regulatory developments, assessing their potential impact on the Company, identifying and assessing legal and regulatory risks, and reporting to relevant governance forums.

The Compliance function is also responsible for ensuring ongoing compliance with new and emerging regulatory requirements including Consumer Duty and Operational Resilience in conjunction with the AUL and Somers teams and WICE's MGA partners.

Independence and Authority

In November 2024, WICE brought its Compliance function in-house whilst continuing to ensure its independence from other operational functions. The Head of Compliance attends Board meetings and reports to the Board on all relevant matters. The Compliance function is authorized to review all areas of the Company and has full, free, and unrestricted access to all Company activities, records, property and personnel.

Compliance has full and direct access to WICE's Board and the authority to escalate matters to Somers Group where required.

B.5. Internal Audit Function

The Somers Group outsources internal audit services to KPMG Bermuda and WICE is included within the scope of the internal audit work carried out on behalf of the group.

The Internal Audit function is an independent, objective assurance and consulting activity designed to add value and improve the Company's operations. It helps management, the Audit Committee and the Board accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

KPMG, as a large audit practice, has an Internal Audit team that is adequately staffed by competent individuals and, being outsourced, is objective and independent of WICE's day-to-day activities.

Internal Audit has appropriate access to all staff, Senior Management and records, including those relating to third party service providers. No restrictions are placed on the scope of the team's work. WICE management is required to inform Internal Audit of all noted control deficiencies, when losses are sustained and or of any definite suspicion of irregularities.

Internal Audit's scope encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management and internal processes as well as the quality of management's performance in carrying out assigned responsibilities to achieve the Company's stated goals and objectives.

B.5.1. Internal Audit Reporting

Implementation of the Internal Audit Function

Internal Audit reports directly to the WICE Audit Committee who will escalate matters to the Board as appropriate.

An annual Internal Audit Plan is prepared based on a risk assessment of the Company's activities and is subject to review by the Audit Committee and approval by the Board. The plan takes into account key and emerging risks, including those identified through the Risk Register, as well as input from management and other assurance functions.

Following completion of audit activities, Internal Audit issues reports setting out findings, recommendations and agreed management actions with target remediation dates. Progress against remediation actions is monitored and reported periodically to the Audit Committee and the Board.

Independence of the Internal Audit Function

A key feature that ensures the independence of the Internal Audit function is its positioning outside of functional roles and responsibilities. Internal Audit is outsourced to an external professional services firm and is therefore not involved in any operational aspects of the business. WICE's Group Internal Audit charter specifically includes the following:

- Internal Audit shall have no direct responsibility or authority over any of the activities reviewed;
- Internal Audit shall not design and install procedures, prepare records or engage in any other activity that it would normally review, appraise or audit;
- Internal Audit is authorised to review all areas of the Company and to have full, free and unrestricted access to all Company activities, records, property and personnel;

Internal Audit reports to and has full and independent access to the WICE Audit Committee, Board and reports to the Somers Re Board for administrative purposes.

B.6. Actuarial Function

The Actuarial Function is a key function under Solvency II. The Actuarial Function Holder ("AFH") is an executive director based in Gibraltar and is responsible for the performance of the function.

The Actuarial Function reports to the Board and operates independently from the Company's business units. The Board ensures that the function has sufficient authority and resources to perform its duties effectively.

The Actuarial Function comprises experienced, fully qualified individuals with in-depth knowledge of actuarial and financial mathematics. The function is staffed appropriately given the nature, scale and complexity of the risks inherent in the integrated operations.

The reserves are assessed and monitored on a quarterly basis. Further, an independent review of the WICE carried reserves is performed annually by an external Actuarial Consultancy - Willis Towers Watson.

The responsibilities of the Actuarial Function include:

- coordinating the calculation of technical provisions;
- assessing the appropriateness of methodologies, models and assumptions;
- assessing the sufficiency and quality of data;
- comparing best estimates against experience;
- informing the Board of the reliability and adequacy of technical provisions;
- providing an opinion on underwriting policy;
- providing an opinion on the adequacy of reinsurance arrangements; and
- contributing to the effective operation of the risk management system; and

The Actuarial Function prepares an annual Actuarial Function Report for the Board in accordance with applicable regulatory and actuarial standards.

B.7. Outsourcing

B.7.1. Outsourcing Policy

WICE defines outsourcing as contracting out part or all of an otherwise internal business process to a third party provider. In this regard WICE may use the external service provider’s processes and controls to perform the agreed services. However, WICE will retain all decision making and ultimate responsibility over the business function and maintain the appropriate monitoring mechanisms to ensure adherence to an appropriate service level agreement pursuant to a contractual arrangement.

The Company has an Outsourcing Policy in place which sets out the framework for the identification, approval and ongoing management of outsourcing arrangements. This includes:

- clear governance and accountability for outsourced activities;
- criteria for determining outsourcing arrangements;
- due diligence on service providers;
- establishment of contractual arrangements defining responsibilities and enabling effective oversight and control;
- risk assessment and associated mitigation;
- ongoing monitoring and performance management, including audit where appropriate;
- maintenance of records of outsourced arrangements; and
- contingency planning, including termination and exit arrangements.

B.7.2. Outsourced Functions

The following table provides details of key outsourced functions.

Outsourced function or activity
Provision of business development, underwriting and pricing support; administration of contracts, agreements and other arrangements
Policy administration
Claims handling, reserving and settlement
Accounting and financial support
Investment management services
Compliance services
Actuarial Function services, including Solvency II reporting
Assistance with risk management
Internal Audit services

B.8. Adequacy of Systems of Governance

WICE’s systems of governance are as set out above. The Company does not have a complex business model and the systems of governance have been established taking due account of the principle of proportionality, being appropriate to the size, nature and scale of the operations. In addition, governance falls within the remit of both internal and external audit and the Compliance function continuously assesses relevant legislation, guidance, advice and best practice to ensure that the systems of governance remain up-to-date.

B.9. Other Information

No other material information to report as of 31 December 2025.

Section C. Risk Profile

Overview

WICE’s risk appetite framework provides an expression of the level of risk the Company is willing to accept in pursuit of its strategic objectives. The risk appetite framework provides quantitative and qualitative statements which are used to define the general attitude within the organisation towards the desired level of risk. It not only supports the Company’s risk management framework, it also enables WICE to make informed business decisions having regard to the key risks to which it may be exposed by such a decision.

WICE has an appetite for insurance (underwriting) risk and a tolerance for other forms of risk. The risk philosophy of WICE encompasses all major risks and focuses on attaining the following business objectives:

- Underwrite business that meets agreed targeted returns
- Underwrite business with selected MGA’s
- Underwrite only carefully selected business lines
- Manage underwriting volumes in line with the business cycle
- Limit the downside risk such that the Company maintains a sufficient solvency margin.

Table C.1. SCR composition by sub-module

Risk Category	Description	Allocated % of SCR as at 31/12/2025	Allocated % of SCR as at 31/12/2024
Underwriting Risk	Risk of losses from business already written or planned to be written over the next year	33.4%	33.9%
Market Risk	Risk of losses from market movements, including exchange rates and investment returns	6.3%	7.1%
Credit Risk	Risk of losses from counterparty defaults, including reinsurers and other counterparties	40.5%	39.4%
Operational Risk	Risk of operational losses	19.8%	19.7%

C.1. Underwriting Risk

C.1.1. Key Underwriting Risks

Underwriting risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate pricing or risk quantification assumptions, which includes the fluctuations in the timing, frequency and severity of insured events. At a risk policy level, we consider underwriting risk is linked to reserving risk. Reserving risk refers to the risk of loss, or of adverse change in the value of insurance liabilities, due to inadequate reserving assumptions, which includes the fluctuations in the timing, frequency and severity of insured events.

WICE operates via MGA partners in the U.K. motor and property markets. It has operated in the Romanian and Irish motor market as well as the French property market, although all of the Company's European business lines are now discontinued. It also previously operated in the U.K. pet market but this is also now in run-off.

The U.K. motor business is highly competitive and insurance companies have in the past struggled to achieve their target margin. Furthermore, the motor industry is materially exposed to regulatory, legislative and fiscal changes, economic factors, changes in policyholder and claimant lawyer behaviour and the actions of key service providers, such as claims management companies. These factors can lead to significant fluctuations in results.

The resulting key underwriting and reserving risks identified by management are:

- Risks are priced incorrectly
- Dependence on business partners
- Unpriced expansion of coverage due to unanticipated changes
- Accepted risks do not provide the required return on capital
- Unexpected concentration of risk exposures
- Insufficient reserves.

C.1.2. Material Risk Concentrations

WICE predominantly writes motor business. The Company writes different types of motor risks, from standard motor through specialized niche business through a variety of co-insurance and MGA partners.

There remains a degree of reliance on its largest MGA, Somerset Bridge Insurance Services Limited ("SBISL"), which accounts for approximately 70% of gross written premium. This exposes WICE to potential concentration risk in the event of operational disruption at SBISL. This risk is managed through ongoing engagement with SBISL, including assessment of its operational resilience and the development of scenario testing of key systems and resources.

C.1.3. Underwriting Risk Mitigations

WICE purchases Excess of Loss reinsurance protection to mitigate the impact of large claims. In addition, inter-company Quota Share reinsurance and some external Quota Share reinsurance arrangements are in place to mitigate the impact of attritional losses.

Underwriting risk is further mitigated through the following:

- Regular monitoring of business performance, including consideration of market factors, pricing trends and strategic challenges;
- comparison of actual performance against plan and prior periods;
- commission structures designed to align incentives and support improved risk selection and underwriting discipline, thereby mitigating adverse loss ratio movements;
- ongoing engagement with MGA partners, including review of management information and periodic visits;

- independent actuarial review of reserves; and
- periodic audit of claims handling activities.

C.1.4. Stress and Sensitivity Testing

Stress and scenario testing is carried out as part of the ORSA process, which is conducted at least annually. These tests consider moderate as well as extreme but plausible stresses and assess the impact on WICE's capital position.

The scenarios considered reflect the underwriting and reserving risk to which WICE is exposed, including poor loss ratio performance, unplanned changes in business volumes, and a highly adverse outcome for the largest portfolio.

The results indicate that, while such stresses would lead to a deterioration in the Company's capital position, the Company is able to maintain capital coverage within its risk appetite under most scenarios considered. Only more severe combined scenarios are projected to result in a breach of the SCR, based on the assumptions applied. The Company's underwriting risk profile is therefore considered to be resilient to most shocks, within the range of scenarios assessed. These assessments remain subject to uncertainty and form part of the Company's ongoing risk management and capital planning processes.

C.2. Market risk

C.2.1. Key Market Risks

Market Risk is the risk of changes in income or values of investment assets arising from fluctuations in political and economic variables (systemic), including interest rates, currency exchange rates, equity markets, commodity markets and real estate markets. It is the risk of loss, or adverse change, resulting directly or indirectly from fluctuations in the prices of assets. Market Risk includes the following specific components:

- currency risk;
- interest rate risk;
- spread risk; and
- equity risk

Market Risk is also affected by:

- **Concentration Risk:** The risk that the Company will suffer losses from lack of diversification with regards to a particular sector, industry, geographic region, security, or asset class in the investment portfolio. Concentration Risk also includes the risk of failure to identify and manage correlation risk between insurance/reinsurance operations and invested assets.
- **Investment Credit Risk:** The risk of loss, or adverse change in financial condition, resulting from fluctuations in the credit standing of issuers of securities and counterparties to which undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentration risk.

WICE maintains a conservative investment policy, focusing on capital preservation rather than investment return. The key market risks identified by management are:

- invested assets lose value;
- insufficient diversification;
- risk that counterparties are unable or unwilling to fulfill debt obligations; and
- failure of a counterparty

C.2.2. Material Risk Concentrations

WICE currently only invests in high-grade corporate securities with the remainder of investible assets held in deposits with banks. Therefore, there are no material market risk concentrations.

C.2.3. Market Risk Mitigations

WICE mitigates investment risk through the implementation of appropriate controls. Key measures include:

- regular Board oversight;
- formal agreements which delegate investment authority to the investment manager, BlackRock Investment Management UK Limited (“BlackRock”);
- monitoring of investment managers performance for compliance with Investment Guidelines; and
- use of Company-approved brokers, investment managers and third-party service providers.

C.2.4. Stress and Sensitivity Testing

WICE has limited exposure to market risk and hence a single scenario involving an investment shock was modelled. This modelled stress was not considered likely to result in a breach of the SCR due to WICE’s relative low risk investment appetite.

C.2.5. Prudent Person Principle

WICE manages its investment assets in accordance with the Prudent Person Principle, ensuring that investments are undertaken with due care, skill, prudence and diligence, and in the best interests of policyholders and shareholders.

WICE adopts a conservative approach to investments and seek to safeguard the assets of shareholders;

- adopting a conservative investment approach focused on capital preservation;
- maintaining sufficient liquidity to meet liabilities as they fall due; and
- ensuring appropriate policies, procedures and controls are in place to support effective investment management.

C.3. Credit risk

C.3.1. Key Credit Risks

WICE has a low appetite for investment credit risk, which is recommended by WICE management and approved by the Board.

WICE is exposed to credit risk from the following sources:

- Investments in fixed income securities;
- Deposits with banking counterparties;
- Reinsurance counterparties – internal from the Quota Share arrangement;
- Reinsurance counterparties – external;
- Premiums collectable from lead insurers and MGA partners; and
- Contingent commissions from MGAs.

The key risk is that one or more of these counterparties fail.

C.3.2. Material Risk Concentrations

As at 31 December 2025, WICE used two banking counterparties, thus resulting in risk concentration. Reinsurance credit concentration was also high, due to the inter-group Quota Share arrangement. Premium receivable-related debtor credit exposure is diversified.

C.3.3. Credit Risk Mitigations

WICE mitigates credit risk through the implementation of appropriate controls, processes and procedures.

At purchase, securities must have a designation from the Securities Valuation Office (SVO) of 1 or 2, or, in the absence of such rating, a credit rating equal to BBB/Baa2 or higher in the long-term or short-term investment rating agency category by at least two of the US nationally recognized statistical rating organizations (NRSROs). If more than two agencies rate the security the mid rating shall apply, if only two agencies rate the security and these are split, then the lower rating shall be used to determine whether the security is eligible. If only one of the NRSRO agencies rate a security, the rating must be no lower than the minimum rating required by the Investment Guidelines. Only issuers from the UK and European Economic Union are permitted.

Reinsurance and premium receivables are closely monitored and controlled, with short credit periods mitigating any risk exposure. Furthermore, other than the Somers Re Quota Share reinsurance, other reinsurance arrangements are spread across a number of counterparties, thereby reducing single name exposure. The Company ceded some of its business via external Quota Share arrangements prior to 2021. All external Quota Share partners are currently at least AA rated, in line with the Company's low credit risk appetite.

C.3.4. Stress and Sensitivity Testing

Due to the high level of reinsurance ceded, WICE is exposed to a material amount of counterparty default (credit risk). As one of the Company's most material risks, a downgrade of the main Quota Share reinsurers

by one step was therefore modelled as a stress test, as well as a downgrade of the main Quota Share reinsurer to non-rated. This showed that the Company would need to take immediate action to rectify the position.

C.4. Liquidity risk

Liquidity risk is the risk of the Company's inability to realise investments and other assets in order to settle its financial obligations when they fall due. Liquidity risk has low materiality for the Company. One of the objectives of the investment risk policy of the Company is that the Company shall hold sufficient investment values and investment liquidity to ensure all liabilities are met as they fall due. To achieve this objective, the investment risk appetite permits only highly rated securities to be purchased. Risk limits and tolerances have been also set in respect of (i) asset-liability duration matching and (ii) availability of liquid assets. The Company considers that the composition of its investment assets in terms of their nature, duration and liquidity are appropriate to meet its obligations as they fall due.

C.4.1. Risk Exposure and Material Risk Concentrations

The Company considers its exposure to this risk as low. The Company monitors its liquidity in compliance with its investment risk policy and stated limits and tolerances in respect of the percentage of assets which are invested in liquid investments.

C.4.2. Risk Mitigation

Liquidity risk is mitigated by the cash held in investments and bank accounts.

C.5. Operational risk

C.5.1. Key Operational Risks

Operational risk is the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. It also includes legal and compliance risk, including failure to comply with applicable laws, regulations, ethical standards or contractual obligations, and exposure to litigation. WICE's operational risk profile also includes strategic, reputational and conduct risks. These arise from factors such as ineffective business decisions or execution, adverse impacts on stakeholder confidence, and the risk of not delivering appropriate customer outcomes.

Key operational risks identified by WICE include legal and regulatory risk, reliance on key individuals and outsourced service providers, conflicts of interest, ineffective strategic execution, failure to respond to market developments, and internal or external disruption events. Risks arising from outsourcing arrangements and intercompany dependencies are also considered within the operational risk framework.

All operational risks are recorded and assessed within the Risk Register, with defined risk and control owners responsible for monitoring and managing exposures in line with the Company's risk appetite. The Risk Register is subject to regular review, with material changes reported to the Board.

Responsibility for monitoring legal and regulatory developments rests with the Compliance function, which assesses potential impacts on the Company and reports to the Board as appropriate.

In addition, applicable international risks are identified through discussions, meetings and memos with/from law and accounting firms within the jurisdiction of all Somers Group entities.

C.5.2. Material Risk Concentrations

Approximately 70% of WICE's GWP is written through Somerset Bridge Insurance Services Limited ("SBISL"), exposing WICE to a risk concentration should an operational disruption event impact this firm. To mitigate this risk, WICE is working closely with SBISL to assess their levels of operational resilience, including putting in place plans to scenario test their key systems and other resources.

C.5.3. Operational Risk Mitigation

WICE has a strong internal control framework which mitigates operational risk. In particular, the following are key controls in managing this risk:

- segregation of duties across functions;
- access controls over systems and data;
- oversight of key activities, including four-eyes review where appropriate;
- regular financial reporting, reconciliations and control checks;
- business continuity and disaster recovery arrangements;
- formal outsourcing arrangements in line with the Outsourcing Policy and GFSC requirements;
- ongoing oversight of outsourced service providers, including periodic reviews and audit activity as part of the outsourcing framework;
- governance structures supporting oversight, including the Risk Committee, Audit Committee, Product Oversight and Conduct Committee, and the Board;
- monitoring of management information and conduct metrics, including Consumer Duty considerations; and
- implementation of the Operational Resilience framework, including engagement with key service providers.

These controls and mitigating actions are subject to ongoing monitoring and periodic review to ensure they remain appropriate to the Company's risk profile.

C.5.4. Stress and Sensitivity Testing

Operational risk is included in the Standard Formula. However, as part of its ORSA process, WICE also considers those areas of operational risk which may not be adequately covered, such as loss of a service provider and assesses its impact on the capital position. In addition, operational risk is indirectly stress tested through other risks, such as a credit down-grade of the inter-company Quota Share partners.

Operational risk comprises a moderate part of WICE's risk profile and the stress tests prove the Company's capital buffer to be sufficiently resilient to withstand this risk.

C.6. Other material risks

C.6.1. Overview

In addition to the risks detailed above, sustainability risk including climate change is included within the ORSA.

Risk Exposure and Material Risk Concentrations

The Company considers the most material exposures in this category of risk are (i) the potential for inappropriate business strategy and (ii) the potential for regulatory breaches.

Risk Mitigation

Risk controls, risk monitoring and reporting are considered to be the main method of risk mitigation.

WICE considers the following to be additional potentially material risks to the business.

C.6.2. Geopolitical Risk

On 24 February 2022, Russian troops started invading Ukraine. In response, multiple jurisdictions have imposed economic sanctions on Russia. The war in Ukraine remains ongoing at a time of significant global uncertainty and economic volatility with rising commodity prices, supply chain shortages and inflationary pressure. In October 2023, the Israel Palestine conflict erupted resulting in war in Gaza and increased politic instability in the entire area, which ultimately culminated in the USA's attack on Iran in March 2026, further straining already disrupted marine trading routes and significantly increasing the likelihood for a global economic recession.

The directors have considered the potential impact of these global political events on the entity. To date the Company has no known exposure to sanctioned entities or individuals, nor has it observed any adverse effects on the Company's operations or results. Management continue to monitor the situation and any potential impact on future results.

C.6.3. Market Developments

WICE is exposed to potentially adverse developments within the wider market, at a time of significant global uncertainty and economic volatility with rising commodity prices, supply chain shortages and inflationary pressures.

During 2025, the UK motor market experienced further decline with market rates reducing by up to 10% during the year, following record rate increases during 2022 and 2023 to catch up with inflation. Early indicators at the end of 2025 suggest that rate reductions are bottoming out, however, inflationary pressures continue to put a strain on underwriting profitability. Somerset Bridge, WICE's largest MGA, continue to apply underwriting discipline and have reduced volumes instead of chasing rates down, this volume reduction is mitigated by an expansion of footprint and a new telematics product. Commercial motor rates continued to increase throughout 2025, though the pace has slowed compared to prior years.

While the impact of such events and changes is difficult to predict, WICE maintains contacts through the Somers Group and the wider Arch group in all major jurisdictions, thus ensuring that the Company is well-placed to react promptly to any adverse developments.

C.7. Any other information

No other material information to report as of 31 December 2025.

Section D. Valuation for Solvency Purposes

D.1. Assets

The table below sets out the value of the material assets of the Company (except for reinsurance technical provisions) as at 31 December 2025 and 2024 under Solvency II and GAAP:

Assets (in GBP 000s)	2025 Solvency II	2025 GAAP	2024 Solvency II	2024 GAAP
Reinsurer's Share of Technical Provisions	376,750	471,686	334,438	463,623
Deferred Tax Asset	325	-	326	-
Investments (including accrued interest & cash)	34,905	34,343	32,696	32,183
Insurance and intermediaries receivable balances	48,784	40,997	11,451	50,573
Reinsurance Receivables	12,401	-	-	-
Deposits to Cedants	8,453	8,453	23,479	24,186
Other assets	119	49,464	44,530	44,467
Cash & Cash Equivalents	16,048	16,053	14,662	14,662
Deferred Acquisition Costs (Gross)	-	19,061	-	24,260

The following are the bases, methods and main assumptions used for valuation of each material class of assets for Solvency II purpose.

D.1.1. Deferred Acquisition Costs

In the financial statements, acquisition costs which represent commission and other related expenses are deferred over the period in which the related premiums are earned. To the extent that acquisition costs are deferred and considered irrecoverable against the related unearned premiums, they are written off to net operating expenses as incurred.

The Solvency II balance sheet is prepared based on the best estimate of future cash flow basis. As deferred acquisition costs do not result in future cash flows, these amounts are therefore excluded from the Solvency II balance sheet.

There has been no change in the recognition and valuation basis during the period.

D.1.2. Deferred Tax Assets

Deferred tax assets are the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts under Solvency II or GAAP. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets against current tax

liabilities and if they relate to income taxes levied by the same taxation authority on the same taxable entity.

The valuation of deferred tax assets is consistent with the accounting valuation under GAAP.

Deferred tax assets have been valued as described in Article 15.2 of EIOPA Delegated Act.

As shown in the Company's 2025 ORSA, the expected profit and payable taxes for the coming years is as shown in table below:

Table D.1.2. Forecasted profit and payable taxes (2025 ORSA)

Forecast (in GBP 000s)	2026	2027	2028	Total
Profit Before Tax	1,388	1,147	1,131	3,667
Taxation	(208)	(172)	(170)	(550)
Profit After Tax	1,180	975	961	3,117

A deferred tax asset has been recognized under Solvency II. In order to comply with Section 56.E.1.i, taxes payable of £550k over the next three years have been forecast. This amount is sufficiently high to recover the expected Solvency II deferred tax asset of £325k shown in table D.1. above.

As at 31 December 2025, the Company's Tier 3 eligibility limit is £7.6 million. The full net DTA of £325k is therefore treated as eligible Tier 3 own funds with no restriction applied.

D.1.3. Investments (Other than Holding in Related Undertaking)

Investment assets are comprised mainly of high grade corporates, with a smaller amount held in money market funds. The Company's investments are externally managed. The Company receives quarterly reports detailing the underlying assets and their performance.

The investments are valued at fair value under GAAP and Solvency II based on market prices at the reporting date, which are quoted prices in active markets for identical assets. The Solvency II value of investments includes accrued interest. No significant estimates or judgements have been used in the valuation of investments.

There has been no change in the recognition and valuation basis during the period and the valuation of investments under Solvency II is consistent with the accounting valuation under GAAP.

D.1.4. Deposits to Cedants

As at 31 December 2025, deposits to cedants represent cash floats held by MGA partners for the settlement of claims. These balances are valued at fair value reflecting the amount held at 31 December 2025, translated at the closing exchange rate for balances not denominated in the reporting currency. No estimates or judgements are required in the valuation.

The Company is exposed to timing issues in respect of the funding requirements on the claims accounts, where WICE is paying the total funding requirement of the claims account and then collecting the amounts

attributable to the Quota Share partners in the following accounting period. Such timing delays give rise to an increased credit exposure to the reinsurance partners. The calculation of the Counterparty default risk under the Standard Formula has been adjusted to account for the rating of the Quota Share partners.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the GAAP valuation, other than the grossing up of these items for Solvency II purposes.

D.1.5. Other Assets

Other assets include amounts receivable from business partners with respect to future sliding scale and profit commission shares. These are valued at fair value, being amounts assessed as receivable based on the contract terms. Key judgements and estimates involved in deriving the value of these items are the best estimate loss ratios of the underlying business, which are based on actuarial reviews. There has been no change in the recognition and valuation basis during the period and the valuation of reinsurance receivables under Solvency II is consistent with the accounting valuation under GAAP.

D.1.6. Insurance and Intermediaries Receivables

Insurance and intermediaries receivables balance represents premiums owed from lead insurers and MGA partners less related acquisition costs. Outstanding premiums are valued at fair value, being the amount recoverable, and due to the short-term nature of the receivable no adjustments to valuation, estimates or judgements are required.

There has been no change in the recognition and valuation basis during the period and the valuation of insurance and intermediaries receivables under Solvency II is consistent with the accounting valuation under GAAP. However, for Solvency II purposes, these amounts are reduced by the amount not yet due on the valuation date and are included in technical provisions. At 31 December 2025 there were no overdue receivables.

D.1.7. Reinsurance Receivables

Reinsurance receivables represent premiums owed from Quota Share and Excess of Loss reinsurers. These balances are valued at fair value, being the amount recoverable, and due to the short-term nature of the receivable no adjustments to valuation, estimates or judgements are required.

There has been no change in the recognition and valuation basis during the period and the valuation of reinsurance receivables under Solvency II is consistent with the accounting valuation under GAAP. However, for Solvency II purposes, these amounts are set against reinsurance technical provision cash flows to the extent that they are not overdue. At 31 December 2025 there were no overdue receivables.

D.1.8. Cash and Cash Equivalents

As at 31 December 2025, the Company had £16.0 million (2024 – £14.7 million) held as cash and cash equivalents with banking counterparties. The majority of these accounts are held in GBP, with a small balance held in EUR and RON. Most accounts are held in the UK, with RON accounts held in Romania. The non-GBP balances are translated into GBP at the balance sheet closing rate.

Cash and cash equivalents are valued at fair value by the relevant financial institution, and the Company receives monthly statements at the period end to confirm the balances held. There are no significant estimates or judgements used in valuing cash holdings due to the nature of the asset.

There has been no change in the recognition and valuation basis during the period and the valuation of cash and cash equivalents under Solvency II is consistent with the accounting valuation under GAAP.

D.2. Technical Provisions

D.2.1. Results Summary

A summary of the technical provisions results for the Company as at 31 December 2025 is set out below, split by material lines of business:

Table D.2.1. Technical Provisions by Line of Business 2025

31 December 2025 (Gross of reinsurance)	Claims Provisions (£'000)	Premium Provisions (£'000)	Risk Margin (£'000)	Solvency II Technical Provisions (£'000)
Motor vehicle liability insurance	299,445	37,160	1,287	337,892
Other motor insurance	37,904	4,476	550	42,930
Fire and other damage to property	16,774	528	160	17,462
General liability	6,118	62	17	6,197
Miscellaneous Financial Loss	11,618	275	82	11,975
Assistance	172	5	1	177
Grand Total	372,031	42,506	2,096	416,633

Table D.2.1. Technical Provisions by Line of Business 2024

31 December 2024 (Gross of reinsurance)	Claims Provisions (£'000)	Premium Provisions (£'000)	Risk Margin (£'000)	Solvency II Technical Provisions (£'000)
Motor vehicle liability insurance	245,601	48,223	829	294,654
Other motor insurance	31,816	5,812	1,063	38,690
Fire and other damage to property	18,810	1,664	80	20,554
General liability	5,738	(1)	10	5,748
Miscellaneous Financial Loss	9,543	951	34	10,528
Assistance	130	4	1	135
Grand Total	311,639	56,655	2,017	370,310

D.2.2. Calculation Methodology

Under Solvency II an economic balance sheet is required – which requires a market valuation of technical provisions. The overarching principle for valuing technical provisions under Solvency II is the current amount undertakings would have to pay if they were to transfer their (re)insurance obligations immediately to another undertaking.

The starting point for valuing the Company's Technical Provisions (TPs) is the Company's GAAP basis reserves for loss and allocated loss adjustment expenses (Loss Reserves). Cash flows associated with those Loss Reserves, along with unearned premium reserves and provisions for other components of economic basis TPs, are calculated for each homogenous risk group using the approach outlined below.

1) Best Estimate Liability

The best estimate liability ("BEL") is calculated from the cashflows in respect of the claims provisions and premium provisions. The best estimate liability represents the present value of future cashflows. The present value is calculated based on the timing of cashflows and on yield curves provided by EIOPA. The best estimate liability is determined on a gross, ceded and net basis for both the claims provisions and the premium provisions.

2) Premium Receivable

Premium receivable in respect of the portion of the GAAP premium receivable not yet due on the valuation date is included in the premium provisions cashflows. A consistent approach is applied to calculation of ceded premium payable.

3) Premium in Respect of Bound But Not Yet Incepted Business

The Company's technical provision calculation allows for business that is bound but not yet incepted ("BBNI") at the valuation date.

The premium provisions include the future premium cashflows in respect of the BBNI business up to the relevant contract boundary.

4) Future Loss and Allocated Loss Adjustment Expense

Future loss and allocated loss adjustment expense cashflows are projected in respect of the GAAP Loss Reserves in order to calculate claims provisions. The Company does not consider that there are any implicit or explicit margins in the GAAP Loss Reserves.

Future loss and allocated loss adjustment expense cashflows are projected in respect of the GAAP unearned premium reserves and BBNI premium in order to calculate premium provisions. The projection uses business planning assumptions in respect of future loss ratios on unearned premium reserves and not yet incepted business.

5) ENIDs

The Solvency II technical provisions must allow for events not in data ("ENIDs"). These are possible future events which are not included in historical data. An ENID loading has been derived by the Company using a truncated distribution approach and is applied to future claim cashflows in both the claims provisions and premium provisions.

6) Expenses

Acquisition costs directly attributable to the future premium receivable are determined based on the terms of the contracts which generate the premium receivable.

In addition, an allowance for unallocated loss adjustment expenses, administrative expenses and investment management expenses associated with the settlement of the best estimate liabilities is included in the technical provisions.

The Quota Share with Arch Re has been endorsed to clarify inclusion in the cover up to a maximum percentage of the incurred loss in case of the commencement of Run-Off for the Company. The Company is currently not in Run-Off.

7) Impact of Reinsurance

The Company's reinsurance program consists of proportional reinsurance and non-proportional cover. Fixed percentage ceding acquisition expenses apply to the proportional reinsurance cover. In general, ceded cashflows are derived proportionally from gross cashflows. Exceptions to this approach are (i) ceded acquisition costs which are derived from the product of ceded premiums and the ceded acquisition expense percentage, and (ii) GAAP ceded balances receivable / payable which are analysed by their settlement terms to determine the portion of balance not yet due for settlement and which should be included in ceded technical provisions.

8) Adjustment for Counterparty Default

An adjustment for counterparty default is applied to the ceded technical provisions. The adjustment for counterparty default uses the Probability of Default ("PD") consistent with the Credit Quality Steps specified in EIOPA guidance in respect of the AM Best financial strength rating for reinsurance counterparties. An assumption was made in this adjustment that the Loss Given Default ("LGD") in the case of a counterparty defaulting on its obligations would represent 50% of the amount of exposure to that counterparty.

9) Risk Margin

The Risk Margin is calculated based on the Level 3 of Simplifications in Chapter 3, Regulation 37 of the Financial Services (Solvency 2) (Technical Standards) Regulations 2025 which projects future SCR values based on the assumption that the SCR to Net BEL ratio is constant through time. A ratio of SCR to Net BEL is determined as of the valuation date. This ratio is applied to future BEL estimates at each annual intervals until liabilities are fully runoff to estimate future SCR requirements. A 4% cost of capital is applied to all SCR estimates through time to estimate the cost of capital to support the liabilities. The resulting series of costs of capital requirements are present valued to the valuation date using the yield curve for the reporting currency of the Company with a 1-year lag per the EIOPA guidance material.

10) Allocation to Lines of Business

WICE writes motor business, which for Solvency II reporting purposes requires to be split into Motor Liability and Other Motor. It is not common practice in the UK market to rate motor business on this basis.

The split between Liability and Other has therefore been derived by reference to claims heads of damage, with Third Party Property Damage and Bodily Injury being allocated to Liability and Accidental Damage, Windscreen, Fire and Theft being allocated Other Motor.

D.2.3. Material Changes since Last Reporting Period

The Solvency II gross technical provisions and reinsurance recoveries include IBNR of 7% in relation to excess of loss reinsurance.

D.2.4. Level of Uncertainty

Uncertainty in technical provisions arises from a number of sources:

- The estimates for outstanding losses are based on known information at the balance sheet date. Ultimate settlement of these claims may differ from these estimates
- The estimates for future losses on both expired and unexpired business are based on actuarial assumptions reflecting past performance and anticipated future changes. These assumptions may ultimately prove to differ from actual experience.
- The estimates for expenses are based on reasonable judgement reflecting past experience and on assumptions as to the run-off period. Either of these factors may differ from ultimate experience.
- Events not in data are by their nature unpredictable and any allowance made could prove to be over-prudent or insufficient.
- The legislative and market environment in which WICE operates has been subject to material changes in the past, which could impact best estimates and projected future cash flows, such as the whiplash reforms and a further review of the Ogden discount rate.
- The allocation of losses to Solvency II Lines of Business (Motor Liability and Motor Other) is based on the historic loss pattern. The ultimate distribution of losses into liability / non-liability may differ from the assumed allocation.
- Allowance for future premium is based on expected premium under coinsurance / MGA agreements. Market conditions and other factors might make it difficult for our partners to achieve expected premium volume.

WICE follows a robust process in determining the appropriate assumptions underlying the calculation of technical provisions. Actual performance is monitored against expectations on an ongoing basis to ensure assumptions are updated as required.

Stress testing was performed on the Solvency II Technical Provisions as at 31st December 2025 in order to give an indication of sensitivity around loss ratio assumptions.

The following table shows net TPs in stressed scenarios (loss ratios 5% and 10% higher than expected). The table takes account of sliding scale commissions, which provide the Company with some protection against moderate loss ratio movements.

Table D.2.4. Loss Ratio Sensitivities

2025YE	Base Case (£'000)	Losses + 5% (£'000)	Losses + 10% (£'000)
Net Best Estimate Liabilities	37,787	39,131	41,204
Impact		1,344	3,417

The above results of sensitivity testing should be considered in the context of the Company's solvency profile. As at 31 December 2025, the Company's SCR was £31.6m, against which it held eligible own funds of £50.6m, equating to SCR coverage of 160% (153.8% excluding tier 2 capital). Without considering the impact on the SCR, the more extreme of the scenarios above (losses 10% higher than expected), would reduce the SCR coverage ratio to 160% (or 149% excluding tier 2 capital).

D.2.5. Material Differences between GAAP and Solvency II

Whilst some of the approaches and techniques applied under Solvency II are similar to those followed under the existing GAAP rules, there are other rules where there will be significant changes. These include:

- Movement to a cash flow basis for valuation of both gross business and reinsurance;
- Removal of any implicit or explicit margins within technical provisions to give a "true best estimate" for solvency purposes, defined as the mean of the full range of possible future outcomes;
- Introduction of the valuation of very low probability extreme events including latent claims, referred to as an allowance for "events not in data" or ENIDs;
- Removal of the requirements to hold an unearned premium reserve and to allow for other non-monetary items. These are replaced by "premium provisions", valued on a best estimate basis. This also includes a requirement to take account of all future premium cash inflows;
- Movement to recognising contracts on a "legal obligation basis". This will mean the inclusion of business currently not valued as part of technical provisions – for example 1 January renewals entered into prior to a 31 December valuation, also referred to as "bound but not incepted" business;
- Inclusion of run-off expenses in technical provisions;
- Introduction of discounting of cash flows, leading to increased volatility in reserves;
- Setting off of insurance and intermediaries receivables and reinsurance receivables and payables against gross technical provisions and reinsurance technical provisions;
- Introduction of the principle of a market consistent basis and calculation of a "risk margin"; and
- Valuation of liabilities segmented by at least Solvency II lines of business.

The table below shows the movement from gross GAAP technical provisions to Solvency II technical provisions. Note that an audit adjustment was made to the final GAAP financials to reflect payments from claims agents in the period. This was an accounting adjustment made outside of our data warehouse and therefore is not reflected in the Technical Provisions. This adjustment was a reallocation and did not impact Own Funds.

Table D.2.5. Gross/Reinsurance/Net Technical Provisions 2025 vs. 2024

GAAP to Solvency II	2025 Technical Provisions			2024 Technical Provisions		
	Gross £'000	Ceded £'000	Net £'000	Gross £'000	Ceded £'000	Net £'000
Claims Provisions	372,031	341,870	30,161	311,639	287,345	24,294
Premium Provisions	42,506	35,031	7,475	56,655	47,093	9,562
Risk Margin	2,096	-	2,096	2,017	-	2,017
Solvency II Technical Provisions	416,633	376,901	39,732	370,310	334,438	35,872
GAAP Reserves (Losses and ALAE)	389,116	360,058	29,057	345,085	321,828	23,257
XoL Loading	27,238	27,238	(0)			
Audit adjustment reversal				6,216	6,216	-
Remove margins			-	-	-	-
Allowance for ENID	5,495	5,102	393	4,889	4,556	333
Change of Expense Basis	7,782	5,405	2,377	7,026	4,804	2,222
Adjustment for Counterparty Default	-	2	(2)	-	(125)	125
Reinsurance Receivables/Payables	-	-	-	-	-	-
Discounting impact	(57,602)	(55,935)	(1,667)	(51,576)	(49,934)	(1,643)
Solvency II Claims Provisions	372,029	341,870	30,159	311,639	287,345	24,294
GAAP Reserves (Unearned Premium)	124,032	111,627	12,404	156,709	321,828	(165,119)
Remove Unearned Premium Reserve	(124,032)	(111,627)	(12,404)	(156,709)	(321,828)	165,119
Future Premium (net of Acquisition Costs)	(41,866)	(37,712)	(4,155)	(51,687)	(46,247)	(5,440)
Future Losses and ALAE	84,576	74,355	10,220	109,502	96,361	13,141
Remove margins			-	-	-	-
Allowance for ENID	1,230	1,079	150	1,549	1,358	191
Change of Expense Basis	1,981	290	1,690	2,570	210	2,359
Adjustment for Counterparty Default		0	(0)	-	(21)	21
Premium Receivables			-	-	-	-
Reinsurance Receivables/Payables			-	-	-	-
Discounting impact	(3,415)	(2,983)	(432)	(5,279)	(4,568)	(711)
Solvency II Premium Provision	42,505	35,031	7,474	56,654	47,093	9,562

D.2.6. Transitional Adjustments

WICE does not make use of any transitional adjustments with regard to the matching adjustment, volatility adjustment, transitional risk-free interest rate term structure or transitional deduction.

D.3. Other Liabilities

The table below sets out the value of the material liabilities of the Company as at 31 December 2025 and 2024 under Solvency II and GAAP.

Table D.3. Other Liabilities

Other Liabilities (in GBP 000s)	2025 Solvency II	2025 GAAP	2024 Solvency II	2024 GAAP
Deposits from reinsurers	0	0	0	0
Deferred tax liabilities	0	0		
Insurance & intermediaries payables	4,538	4,538	916	915
Payables (trade, not insurance)	16,736	16,736	13,194	12,971
Reinsurance payables	11,221	35,717	31,150	65,215
Other Liabilities **	-	19,419	-	25,203
Total Other Liabilities	32,495	76,410	45,260	104,304

The following are the bases, methods and main assumptions used for valuation of each material class of other liabilities for Solvency II purpose.

D.3.1. Insurance and Intermediaries Payables

As at 31 December 2025, the Company had £4.5 million (2024 - £0.9 million) of insurance and intermediaries payables, representing net amounts owed to business partners with respect to losses payable. These items are valued at fair value, being amounts assessed as payable based on the contract terms.

Key judgements and estimates involved in deriving the value of these items are the best estimate loss ratios of the underlying business, which are based on actuarial reviews.

There has been no change in the recognition and valuation basis during the period and the valuation under Solvency II is consistent with the accounting valuation under GAAP.

D.3.2. Reinsurance Payables

As at 31 December 2025, the Company had £11.2 million (2024 - £31.1 million) of reinsurance payables, being balances due to reinsurers. The Solvency II balance represents those amounts which are technically considered to be overdue, as WICE settles the inter-company Quota Share balance on a periodic basis, but not necessarily monthly. Hence the amount effectively considered to be overdue will vary over time.

The balance is valued at fair value, being the total amount payable above the reinsurer's share of premiums still to be collected, and does not require significant estimates or judgements in the valuation.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the GAAP valuation. However, for Solvency II

purposes, the amounts not considered overdue are set against technical provisions recoverable from reinsurers.

D.3.3. Trade Payables

As at 31 December 2025, the Company had trade payables of £14.0 million (2024 - £13.0 million), comprising IPT, other amounts owed and accrued expenses due post the reporting date. There are no estimations or judgements required for these items.

There has been no change in the recognition and valuation basis during the period and there are no differences between the valuation for Solvency II and the GAAP valuation.

D.3.4. Deferred Ceded Acquisition Costs

As at 31 December 2025, the Company had deferred ceded acquisition costs of £19.4 million (2024 - £25.2m). In the financial statements ceded acquisition costs which represent commission and other related expenses are deferred over the period in which the related reinsurers' share of premiums are earned. To the extent that ceded acquisition costs are deferred and considered irrecoverable against the related reinsurers' share of unearned premiums, they are written off to net operating expenses as incurred.

The Solvency II balance sheet is prepared based on the best estimate of future cash flow basis. As deferred ceded acquisition costs do not result in future cash flows, these amounts are therefore excluded from the Solvency II balance sheet.

There has been no change in the recognition and valuation basis during the period. The Solvency II balance represents the grossing up of items owed to business MGA partners.

D.3.5. Alternative methods for valuation

Not applicable.

D.3.6. Any other information

No other material information to report as of 31 December 2025.

Section E. Capital Management

E.1. Own funds

E.1.1. Management of Own Funds

The Company has a capital management process setting out the methodology and procedures to provide oversight of the Company's Own Funds. The objectives for capital management are (i) to ensure compliance with the Company's regulatory capital requirements, (ii) to manage and allocate capital efficiently to achieve sustainable returns and facilitate growth objectives as articulated in the Company's business plans; and (iii) to ensure access to capital markets on competitive terms, so that the Company's overall cost of capital is minimised. To achieve these objectives, the Company strives to maintain capital levels that are consistent with its risk appetite, corporate strategy and statutory minimum requirements, at both a point in time and on a forward-looking basis. The Company's time horizon for business planning is one year, however the capital planning horizon spans three years.

The capital management process and Solvent Exit Analysis articulates solvency capital thresholds, corrective actions to be taken if the thresholds are reached and potential sources of capital for the Company and their estimated timeframe of realisation.

High level roles and responsibilities in relation to capital management activities are outlined below.

- Board: Sole responsibility for overseeing the capital planning process and approving the Solvent Exit Analysis. Overall responsibility for monitoring capital management. Responsible for reviewing and monitoring the key capital management metrics and tolerances and presenting key capital management information. Responsible for monitoring the alignment of the investment strategy, ensuring appropriate levels of capital and liquidity to meet the Company's obligations.
- Finance Function: Responsible for producing the reports necessary for appropriate monitoring the capital planning process.
- Risk Management Function: Responsible for maintaining and developing the capital planning process and Solvent Exit Analysis. Responsible for maintaining the SCR and MCR calculations.

There have been no material changes to capital management during 2025.

E.1.2. Classification Own Funds

The Company's Own Funds consist mostly of Tier 1 Own Funds. It is comprised of paid-in ordinary share capital and economic surplus. Own funds have increased during the year by £4.6m. There is Tier 2 capital in order to bring the solvency ratio to 160% in accordance with the terms of the capital commitment deed, as well as a Tier 3 balance which is comprised solely of a deferred tax asset.

Table E.1.2. Composition of Own Funds

Own Funds (£'000)	Year Ended 31/12/2025				Year Ended 31/12/2024			
	Total	Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3
Paid-in ordinary share capital	46,351	46,351			46,351	46,351		
An amount equal to the value of net deferred tax assets	325			325	326			
Reconciliation Reserve:	1,982	1,982			(718)	(718)		
Letters of credit and guarantees	1,968		1,968		53		53	0
Total Own Funds	50,626	48,333	1,968	325	46,012	45,632	53	0

The reconciliation reserve equals the excess of assets over liabilities less other Own Fund items as at the reporting date and represents retained earnings less adjustments from GAAP to Solvency II valuation.

There are no foreseeable or planned dividends.

E.1.3. Terms and Conditions of Own Funds

Own funds do not have any terms or conditions attached, as they comprise solely of ordinary share capital, the reconciliation reserve and deferred tax. As such, the own funds are not redeemable and do not carry any guaranteed dividend or other return and are fully loss absorbing.

E.1.4. Differences in Own Funds between Financial Statements and Solvency II Valuation

The difference between the equity shown in the Company's financial statements and the excess of the assets over liabilities as calculated for solvency purposes arises due to the valuation of technical provisions, the ineligibility of the deferred acquisition costs and the adjustment to the deferred tax asset.

Table E.1.4 Differences in Own Funds between Financial Statements and Solvency II Valuation

	Year Ended 31/12/2025	Year Ended 31/12/2024
Equity shown in Financial Statements	50,498	47,857
Asset Valuation	562	513
Technical Provisions Valuation	1,578	2,298
Receivables & Payables	(4,100)	(5,988)
Deferred Tax Asset	325	326
Deferred Acquisition Costs Eligibility	358	943
Other	(561)	63
Excess of Assets over Liabilities for solvency purposes	48,660	46,012

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1. Calculation of SCR and MCR

In respect of the calculation of the SCR and MCR:

- The Company uses the Standard Formula.
- Undertaking-specific parameters are not used.
- No capital add-ons are applied to the SCR figures.
- The simplifications outlined in Articles 107, 108, 110, 111 and 112 Commission Delegated Regulation (EU) 2015/35 apply to the Counterparty default risk sub-module.
- No simplifications have been used in the other risk sub-modules.
- The MCR is calculated initially based on the calculation of the Linear MCR based on the best estimate technical provisions and the net written premiums in the last 12 months. Then a floor of 25% of the SCR and a cap of 45% of the SCR is applied with an absolute floor of £3.5m also applied to derive the final MCR requirement.

E.2.2. Amount of SCR and MCR

A breakdown of SCR by risk category as at 31 December 2025 and 2024 is set out in the following table:

Table E.2.2 Breakdown of SCR by risk category as at 31 December 2025 and 2024

Risk Category	2025 SCR (£'000)	2024 SCR (£'000)
Market risk	2,311	2,390
Counterparty default risk	14,903	13,319
Life underwriting risk	-	-
Health underwriting risk	-	-
Non-life underwriting risk	12,274	11,457
Diversification	(5,149)	(5,020)
Basic Solvency Capital Requirement	24,339	22,147
Operational risk	7,302	6,644
Loss-absorbing capacity of deferred taxes	-	-
Solvency Capital Requirement	31,641	28,790

WICE's SCR has increased driven by an increase in the counterparty default and non-life underwriting risk modules. The MCR has also increased for the same reasons.

The potential amount rising from Periodical Payment Orders (2 awarded) is not significant. These reserves have been included in Non-Life underwriting risk.

E.2.3. Inputs used to Calculate the MCR

The following inputs have been used to calculate the MCR as at 31 December 2025:

Table E.2.3 MCR Calculation as at 31 December 2025 vs 31 December 2024

	2025 MCR		2024 MCR	
	Net of Reinsurance Best Estimate TPs	Net written premiums last 12 months	Net of Reinsurance Best Estimate TPs	Net written premiums last 12 months
Motor vehicle liability	32,859	19,398	30,899	23,565
Other motor	3,975	2,601	3,816	3,175
Fire and other damage to property	1,869	2,682	0	3,607
General liability		460	155	54
Assistance		33	0	16
Miscellaneous financial loss		1,576	458	1,085
Linear MCR		5,742		5,878
SCR		31,641		28,790
Combined MCR		7,910		7,198
Absolute Floor of the MCR		3,500		3,500
Minimum Capital Requirement		7,910		7,198

E.2.4. SCR ratio and MCR ratio

As at 31 December 2025 and 2024, the ratio of eligible Own Funds to SCR and the ratio of eligible own funds to MCR are summarized in the table below.

Table E.2.4 SCR ratio and MCR ratio as at 31 December 2025 vs 31 December 2024

Solvency Coverage	2025 SCR (£'000)	2024 SCR (£'000)
Total eligible own funds to meet the SCR	50,626	46,065
Total eligible own funds to meet the MCR	48,333	45,686
SCR	31,641	28,790
MCR	7,910	7,198
Ratio of Eligible own funds to SCR	160%	160%
Ratio of Eligible own funds to MCR	611%	635%

E.3. Use of the Duration-Based Equity Risk Sub-module in the Calculation of the SCR

The duration-based equity risk sub-module is not used in the calculation of the SCR.

E.4. Differences between the Standard Formula and any Internal Model Used

Not applicable.

E.5. Non-Compliance with the MCR and Non-Compliance with the SCR

The Company complies with the Solvency Capital Requirement and Minimum Capital Requirement during 2025.

E.6. Any Other Information

No other material information to report as at 31 December 2025.

Exhibits – SFCR Annual Quantitative Reporting Templates

Watford Insurance Company Europe Ltd.

Solvency and Financial Condition Report

Disclosures

31 December
2025

(Monetary amounts in GBP thousands)

General information

Entity name	Watford Insurance Company Europe Ltd.
Entity identification code and type of code	LEI/213800RLTETCAMJ4PS30
Type of undertaking	Non-life undertakings
Country of incorporation	GI
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations

IR.05.04.02 - Non-life income and expenditure : reporting period

IR.17.01.02 - Non-Life Technical Provisions

IR.19.01.21 - Non-Life insurance claims

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	
R0040	Deferred tax assets	325
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	34,905
R0080	<i>Property (other than for own use)</i>	
R0090	<i>Holdings in related undertakings, including participations</i>	
R0100	<i>Equities</i>	
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	34,445
R0140	<i>Government Bonds</i>	
R0150	<i>Corporate Bonds</i>	32,806
R0160	<i>Structured notes</i>	
R0170	<i>Collateralised securities</i>	1,639
R0180	<i>Collective Investments Undertakings</i>	460
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	
R0210	<i>Other investments</i>	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	
R0240	<i>Loans on policies</i>	
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	376,750
R0280	<i>Non-life and health similar to non-life</i>	376,750
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	8,453
R0360	Insurance and intermediaries receivables	48,784
R0370	Reinsurance receivables	12,401
R0380	Receivables (trade, not insurance)	
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	16,048
R0420	Any other assets, not elsewhere shown	119
R0500	Total assets	497,786

		Solvency II value
		C0010
Liabilities		
R0505	Technical provisions - total	416,633
R0510	<i>Technical provisions - non-life</i>	416,633
R0515	<i>Technical provisions - life</i>	0
R0542	Best estimate - total	414,537
R0544	<i>Best estimate - non-life</i>	414,537
R0546	<i>Best estimate - life</i>	
R0552	Risk margin - total	2,096
R0554	<i>Risk margin - non-life</i>	2,096
R0556	<i>Risk margin - life</i>	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	4,538
R0830	Reinsurance payables	11,221
R0840	Payables (trade, not insurance)	16,736
R0850	Subordinated liabilities	
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	
R0880	Any other liabilities, not elsewhere shown	
R0900	Total liabilities	449,128
R1000	Excess of assets over liabilities	48,658

IR.05.02.01

Premiums, claims and expenses by country: Non-life obligations

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Top 5 countries (by amount of gross premiums written)						Total Top 5 and home country
Home Country	GB	IE	RO	FR	AD		
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110 Gross - Direct Business	0	273,903	0	0	0	0	273,903
R0120 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0130 Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0140 Reinsurers' share	0	247,286	0	0	0	0	247,286
R0200 Net	0	26,617	0	0	0	0	26,617
Premiums earned							
R0210 Gross - Direct Business	0	306,462	0	0	118	0	306,580
R0220 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0230 Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0240 Reinsurers' share	0	277,345	0	0	110	0	277,455
R0300 Net	0	29,117	0	0	8	0	29,126
Claims incurred							
R0310 Gross - Direct Business	0	229,371	-2,696	566	318	0	227,558
R0320 Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0330 Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0340 Reinsurers' share	0	203,983	-2,494	553	294	0	202,336
R0400 Net	0	25,388	-202	12	24	0	25,222
R0550 Net expenses incurred	0	3,245	121	0	0	0	3,366

IR.17.01.02
Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																	
Premium provisions																	
R0060 Gross				37,160	4,476		528	62				5	275				42,506
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				29,760	3,714		1,550	226				16	-252				35,014
R0150 Net Best Estimate of Premium Provisions				7,399	762		-1,021	-164				-12	527				7,492
Claims provisions																	
R0160 Gross				299,445	37,904		16,774	6,118				172	11,618				372,031
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				273,985	34,691		13,884	6,591				174	12,410				341,735
R0250 Net Best Estimate of Claims Provisions				25,460	3,213		2,890	-472				-2	-792				30,295
R0260 Total best estimate - gross				336,604	42,380		17,302	6,181				176	11,893				414,537
R0270 Total best estimate - net				32,859	3,975		1,869	-636				-14	-265				37,787
R0280 Risk margin				1,287	550		160	17				1	82				2,096
R0320 Technical provisions - total				337,892	42,930		17,462	6,197				177	11,975				416,633
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				303,745	38,405		15,433	6,817				191	12,158				376,750
R0340 Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total				34,146	4,524		2,029	-620				-14	-183				39,883

IR.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)
R0100	Prior											-45	-45
R0160	-9	4,173	17,445	13,668	5,656	4,521	3,593	2,461	6,033	920	642	642	59,113
R0170	-8	1,833	17,385	5,311	2,452	2,291	2,783	3,591	-177	385		385	35,855
R0180	-7	15,544	53,530	22,868	10,987	11,810	13,608	18,458	4,037			4,037	150,842
R0190	-6	16,185	51,823	19,316	9,863	8,894	7,056	9,335				9,335	122,472
R0200	-5	12,159	49,319	26,833	13,857	10,291	7,683					7,683	120,142
R0210	-4	11,316	32,099	24,281	17,725	8,929						8,929	94,350
R0220	-3	10,911	40,938	26,242	14,534							14,534	92,625
R0230	-2	16,706	63,674	31,041								31,041	111,420
R0240	-1	27,351	80,033									80,033	107,384
R0250	0	27,496										27,496	27,496
R0260												Total	184,070

Gross Undiscounted Best Estimate Claims Provisions (absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)	
R0100	Prior											2,468	
R0160	-9	8,809	31,640	28,478	2,466	19,736	16,055	14,791	8,328	8,655	5,434	3,827	
R0170	-8	9,643	12,508	1,157	8,904	7,907	4,987	1,578	1,393	636		-454	
R0180	-7	43,318	6,521	66,223	59,023	46,078	34,546	20,254	13,335			11,464	
R0190	-6	3,619	54,014	42,647	35,573	34,475	37,068	28,768				18,210	
R0200	-5	45,441	59,060	53,422	36,974	31,851	25,925					17,269	
R0210	-4	31,461	56,987	54,066	39,179	33,870						27,706	
R0220	-3	37,362	65,505	53,551	40,187							35,196	
R0230	-2	49,577	86,700	83,687								72,492	
R0240	-1	82,780	117,365									108,336	
R0250	0	77,691										75,517	
R0260												Total	372,031

Gross premium			
	C0570	C0580	
	Gross earned premium at reporting reference date	Estimate of future gross earned premium	
R0160	N-9	80,493	0
R0170	N-8	42,335	0
R0180	N-7	175,247	0
R0190	N-6	151,300	0
R0200	N-5	215,438	0
R0210	N-4	157,629	0
R0220	N-3	176,361	0
R0230	N-2	261,503	-13
R0240	N-1	290,772	10,732
R0250	N	133,626	115,448

IR.23.01.01
Own Funds

R0010 Ordinary share capital (gross of own shares)
R0030 Share premium account related to ordinary share capital
R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050 Subordinated mutual member accounts
R0070 Surplus funds
R0090 Preference shares
R0110 Share premium account related to preference shares
R0130 Reconciliation reserve
R0140 Subordinated liabilities
R0160 An amount equal to the value of net deferred tax assets
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0290 Total basic own funds

Ancillary own funds

R0300 Unpaid and uncalled ordinary share capital callable on demand
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320 Unpaid and uncalled preference shares callable on demand
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340 Letters of credit and guarantees
R0350 Letters of credit and guarantees other
R0360 Supplementary members calls
R0370 Supplementary members calls - other
R0390 Other ancillary own funds
R0400 Total ancillary own funds

Available and eligible own funds

R0500 Total available own funds to meet the SCR
R0510 Total available own funds to meet the MCR
R0540 Total eligible own funds to meet the SCR
R0550 Total eligible own funds to meet the MCR

R0580 SCR
R0600 MCR
R0620 Ratio of Eligible own funds to SCR
R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700 Excess of assets over liabilities
R0710 Own shares (held directly and indirectly)
R0720 Foreseeable dividends, distributions and charges
R0725 Deductions for participations in financial and credit institutions
R0730 Other basic own fund items
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760 Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
46,351	46,351		0	
0	0			
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
1,982	1,982			
0		0	0	0
325				325
0	0	0	0	0
0				
48,658	48,333	0	0	325
0				
0				
0				
0				
1,968			1,968	
0				
0				
0				
0				
1,968			1,968	0
50,626	48,333	0	1,968	325
48,333	48,333	0	0	
50,626	48,333	0	1,968	325
48,333	48,333	0	0	
31,641				
7,910				
160.00%				
611.01%				
C0060				
48,658				
0				
46,676				
0				
1,982				

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	782
R0080 Equity risk	262
R0090 Property risk	0
R0100 Spread risk	1,903
R0110 Concentration risk	24
R0120 Currency risk	176
R0125 Other market risk	
R0130 Diversification within market risk	-836
R0140 Total Market risk	2,311
Counterparty default risk	
R0150 Type 1 exposures	13,457
R0160 Type 2 exposures	1,860
R0165 Other counterparty risk	
R0170 Diversification within counterparty default risk	-414
R0180 Total Counterparty default risk	14,903
Life underwriting risk	
R0190 Mortality risk	
R0200 Longevity risk	
R0210 Disability-Morbidity risk	
R0220 Life-expense risk	
R0230 Revision risk	
R0240 Lapse risk	
R0250 Life catastrophe risk	
R0255 Other life underwriting risk	
R0260 Diversification within life underwriting risk	
R0270 Total Life underwriting risk	0
Health underwriting risk	
R0280 Health SLT risk	
R0290 Health non SLT risk	
R0300 Health catastrophe risk	
R0305 Other health underwriting risk	
R0310 Diversification within health underwriting risk	
R0320 Total Health underwriting risk	0
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	12,123
R0340 Non-life catastrophe risk	555
R0350 Lapse risk	68
R0355 Other non-life underwriting risk	
R0360 Diversification within non-life underwriting risk	-472
R0370 Non-life underwriting risk	12,274
R0400 Intangible asset risk	
Operational and other risks	
R0422 Operational risk	7,302
R0424 Other risks	
R0430 Total Operational and other risks	7,302
R0432 Total before all diversification	38,511
R0434 Total before diversification between risk modules	36,790
R0436 Diversification between risk modules	-5,149
R0438 Total after diversification	31,641
R0440 Loss absorbing capacity of technical provisions	
R0450 Loss absorbing capacity of deferred tax	
R0455 Other adjustments	
R0460 Solvency capital requirement including undisclosed capital add-on	31,641
R0472 Disclosed capital add-on - excluding residual model limitation	
R0474 Disclosed capital add-on - residual model limitation	
R0480 Solvency capital requirement including capital add-on	31,641
R0490 Biting interest rate scenario	
R0495 Biting life lapse scenario	

IR.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

R0010	MCR _{NL} Result	C0010	5,742
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R0020	Medical expense insurance and proportional reinsurance		
R0030	Income protection insurance and proportional reinsurance		
R0040	Workers' compensation insurance and proportional reinsurance		
R0050	Motor vehicle liability insurance and proportional reinsurance		
R0060	Other motor insurance and proportional reinsurance		
R0070	Marine, aviation and transport insurance and proportional reinsurance		
R0080	Fire and other damage to property insurance and proportional reinsurance		
R0090	General liability insurance and proportional reinsurance		
R0100	Credit and suretyship insurance and proportional reinsurance		
R0110	Legal expenses insurance and proportional reinsurance		
R0120	Assistance and proportional reinsurance		
R0130	Miscellaneous financial loss insurance and proportional reinsurance		
R0140	Non-proportional health reinsurance		
R0150	Non-proportional casualty reinsurance		
R0160	Non-proportional marine, aviation and transport reinsurance		
R0170	Non-proportional property reinsurance		

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
32,859	19,398
3,975	2,601
0	0
1,869	2,682
0	460
0	0
0	0
0	33
0	1,576
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200	MCR _L Result	C0040	0
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R0210	Obligations with profit participation - guaranteed benefits		
R0220	Obligations with profit participation - future discretionary benefits		
R0230	Index-linked and unit-linked insurance obligations		
R0240	Other life (re)insurance and health (re)insurance obligations		
R0250	Total capital at risk for all life (re)insurance obligations		

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060

Overall MCR calculation

R0300	Linear MCR	C0070	5,742
R0310	SCR		31,641
R0320	MCR cap		14,239
R0330	MCR floor		7,910
R0340	Combined MCR		7,910
R0350	Absolute floor of the MCR		3,500
R0400	Minimum Capital Requirement		7,910