

ACCREDITED

INSURANCE PROGRAM MANAGEMENT

Program Management Services Europe Ltd

Single Group Solvency and Financial Condition Report

Year ended 31 December 2024

SINGLE GROUP SOLVENCY AND FINANCIAL CONDITION REPORT

Contents

Introduction	Error! Bookmark not defined.
A. Business and Performance	6
A1. Business.....	6
A2. Underwriting Performance	7
A3. Investment Performance.....	10
A4. Performance of other activities	11
A5. Any other information.....	12
B. System of Governance	12
B1. General Information on the System of Governance.....	13
B2. Fit and proper requirements.....	23
B3. Risk Management System including the Own Risk and Solvency Assessment.....	24
B4. Internal control system	29
B5. Internal Audit Function	30
B6. Actuarial function.....	32
B7. Outsourcing.....	33
B8. Any other information.....	36
C. Risk Profile	36
C1. Insurance / Underwriting Risk.....	37
C2. Market Risk.....	39
C3. Credit Risk.....	41
C4. Operational Risk	42
C5. Other material risks.....	43
C6. Any other information.....	Error! Bookmark not defined.
D. Valuation for Solvency Purposes.....	46
D1. Assets.....	46
D2. Technical Provisions	48
D3. Other Liabilities	54
D4. Alternative Methods for Valuation	55
D5. Any Other Information	55
E. Capital Management.....	56
E1. Own funds	56
E2. Solvency Capital Requirement and Minimum Capital Requirement	59
E3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	60
E4. Differences between the standard formula and any internal model used	60
E5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement.....	61
E6. Any other information.....	61
Appendix 1 – ART Forms	62

Introduction

The Directors of Accredited Insurance Europe Limited (“AIEL” or the “insurance undertaking”) present the Single Group Solvency and Financial Condition Report (“SFCR”) for the year ended 31 December 2024. A Single Group SFCR has been prepared further to the annual Solvency II reporting letter from the Malta Financial Services Authority (“MFSA”) dated 23 January 2025.

The Companies falling within the Group are Program Management Services Europe Ltd (“PMSEU” or the “holding company”) as the Insurance Holding Company and “AIEL” as an insurance undertaking. The Group falls under Article 213(2)(b) of the Solvency II Directive. AIEL is the entity responsible for fulfilling the governance requirements at group level. Together, PMSEU and AIEL shall be referred to as the Group

PMSEU, as the immediate parent of AIEL, undertakes the role of a dividend feeder and intermediary between the insurance undertaking and the ultimate beneficiary owner. It also undertakes and transacts the business of managing, advising and servicing companies of whatsoever nature and in this respect, renders services to AIEL and to other Accredited Group companies, based outside of Malta. As AIEL is responsible for fulfilling regulatory governance requirements, all references to Operations, Compliance and Risk Management throughout this document refer to those in place at the insurance undertaking, AIEL.

This SFCR has been prepared to allow the Group to comply with the Pillar III reporting requirements under Directive 2009/138/EC (“the Solvency II Directive”) and associated Regulations including but not limited to Commission Delegated Regulation 2015/35 (“the regulations” or “the implementing rules”).

The Group formed part of the R&Q Insurance Holdings Ltd. Group (“the R&Q Group” or “R&Q”) up to 28 June 2024, and specifically it formed part of the ‘Accredited’ program management business of the R&Q Group. The ultimate holding company was Randall & Quilter America Holding Inc. On 28 June 2024, 100% of the equity interest in Accredited, including the Group, was sold to Onex Corporation.

The Summary below is based on the statutory annual report and financial statements prepared under International Financial Reporting Standards and the technical results align to the contents of the Directors’ Report included within AIEL’s annual report. Apart from the Summary and unless otherwise stated, the contents of this report are based on the annual quantitative reporting templates that are disclosed in Appendix 1, prepared in line with Solvency II regulatory requirements.

The implementation of the new accounting standard *IFRS 17 – Insurance Contracts*, that came into force on 1 January 2023, and on which the annual report and financial statements are based, entails that the underlying assumptions used to arrive at those results, as disclosed within the Summary, differ materially from the basis on which the quantitative reporting templates, and hence the rest of this report, have been prepared.

The tables in this report present rounded figures which may result in rounding variances on a total basis.

Summary

AIEL, through its licence to write all non-life classes of business in all European Union ('EU') member states, and specific classes of insurance business in the United Kingdom ('UK') via a Third Country Branch is a specialist capacity provider for European program management business. Up until 28 June 2024, it also provided legacy solutions by purchasing or reinsuring portfolios/companies whose business would have been placed in run-off.

During 2024, the Company achieved significant growth in the program segment, concluding a number of new agreements and extending existing agreements with Managing General Agents ('MGAs').

Program Business

New and renewed MGA arrangements continued to expand AIEL's program operations across a number of different product lines which include motor, surety, property, liability, professional indemnity, cyber, financial lines, title and after-the-event ('ATE') business, written in the UK and EU member states. AIEL takes a prudent approach and reinsures this book of business extensively through the use of quota share, excess of loss and stop loss reinsurance, mainly with reinsurers that do not fall below the A- rating provided by A.M. Best, or equivalent ratings from other reputable credit rating agencies.

The super MGAs that AIEL onboarded in previous years, defined as MGAs that are expected to generate ca. £100 million of premium income annually, contributed £538.6mm (2023: £364.6m) of the total insurance revenue for the year. These operate as market leaders mainly in the motor and property classes of business and are expected to continue to drive future growth, allowing AIEL to achieve a degree of focus in its operations, without jeopardizing the level of diversification of its portfolio. AIEL also continued to implement its strategy of concluding multi-year arrangements with well performing MGAs, further strengthening the relationship with those MGAs and securing longer-term future income streams. In 2024, six new MGAs were onboarded and most expiring binding agreements with existing MGAs were renewed.

During the year, insurance revenue on program business increased by 30% to £998.0m (2023: £766.5m). Insurance service expense, comprising mainly of claims incurred and acquisition costs, increased to £959.8m (2023: £614.4m), resulting in an insurance service result of £38.2m (2023: £152.1m). After accounting for the net expenses from reinsurance contracts, the Company registered a net underwriting loss of £4.3m (2023: net underwriting gain of £27.8m) for the year. The loss is mainly driven by:-

- A one-off 'in principle' total portfolio settlement on one of the ATE programs, which was disclosed as a contingent liability in last year's financial statements. On 31 May 2024, a lending service provider for legal costs that had funded policyholders with respect to ATE policies sold by one of the Company's MGAs in 2019 and 2020 presented the Company with a demand for payment under a deed of indemnity that had been signed between the Company and the lending provider. The Company has proposed an 'in principle' settlement subject to full reinsurance support, resulting in a net impact of ca. £8.4m on the 2024 underwriting result.
- Bad debt write offs on receivables from certain specific MGAs with respect to sliding scale commissions due, amounting to £30.0m.

As from the end of the prior year, the UK Branch has been authorised by the PRA and the Financial Conduct Authority ('FCA') to underwrite, in the UK, specific classes of general insurance business.

AIEL also operates an Italian Branch with the intention of expanding its program management footprint in Italy, concluding an additional program arrangement during the year.

Legacy Business

In 2023, the Company entered into a 100% quota share retrocession agreement with R&Q Re (Cayman) Ltd., with respect to an adverse development reinsurance coverage that the Company provided under a legacy deal concluded in 2022. This arrangement was commuted in 2024 as part of the Accredited sale process as detailed within this report. The underlying inwards reinsurance contract was also commuted in 2024. In addition, an excess of loss cover that the Company provided to an R&Q Group entity on a legacy portfolio was novated to a third-party reinsurer.

The conditions of the Accredited sale, as detailed within this report, provided that any future adverse development on the existing portfolio of legacy business is fully reinsured by an A-rated third-party reinsurer. On 28 June 2024, a subsidiary of Enstar Group Limited ("Enstar"), Covello Bay Reinsurance Limited, agreed to provide reinsurance cover for all Accredited's net legacy reserves, with all administrative duties and claims handling also transferring to Enstar.

The net underwriting loss on legacy business amounted to £0.2m (2023: £7.1m), as the legacy business is now fully reinsured to external reinsurers and the risk premium paid for the Enstar cover was capitalised to the contractual service margin.

As a result of the above developments, insurance contract liabilities related to legacy business decreased to £91.4m (2023: £125.6m), whereas reinsurance contract assets related to legacy business increased to £140.5m (2023: £40.9m).

Result for the year

Legacy business has generated a negative revenue of £(16.9)m (2023: positive revenue of £4.9m). Insurance service expense amounted to an income of £6.4m (2023: expense of £32.7m). Net income from reinsurance contracts amounted to £10.3m (2023: £20.7m). Total net underwriting loss amounted to £0.2m (2023: £7.1m). The shifts resulted from the commutations of certain legacy contracts upon the decision to discontinue the legacy business.

To facilitate a more accurate comparison, the impact of the one-off events on the 2024 result, as previously described, has been excluded from the below program business results. 2023 also excludes the impact of the 'in principle' settlement of a single one-off ATE policy.

Program business generated revenues of £988.0m (2023: £736.7m). Insurance service expense incurred by the program business is £880.9m (2023: £624.6m) resulting in an insurance service result of £107.1m (2023: £112.2m). The decrease resulted from recognition of loss component, experience variances as well as revised expectations of future cash outflows on specific portfolios. Reinsurance result also decreased and the net reinsurance expense for 2024 amounted to £73.5m (2023: £84.7m). In spite of the high levels of reinsurance, the movement in the reinsurance results might not align to the movement in the insurance results due to several factors, including the different contract

boundaries of insurance corresponding reinsurance contracts and movements in non-distinct investment component on reinsurance contracts.

Total finance result, comprising of changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, amounted to a loss of £27.1m in 2024 (2023: £1.3m). The significant finance loss in 2024 stems mainly from the program segment and results from the current yield curve movements that occurred during the year. The main reasons for the negative impact of the yield curves shock stems from the contract boundary mismatches between the inwards contracts and the outwards contracts on certain binders. The contract boundary rules under IFRS 17 give rise to potential sources of mismatches when measuring gross business and the related reinsurance contracts held. On the gross side, the Company only recognizes contracts as and when it actually writes this business and uses the quarterly locked-in rates to recognize the business as it is written. On the reinsurance contracts held however, the Company is required to recognize all the cash flows it expects within the boundary, including reinsurance cash flows related to gross business already written as well as cash flows related to future gross business that has not yet been written. These cash flows are recognized at the locked in rate prevailing at the inception of the reinsurance contracts. Due to these mismatches, discounting affects the insurance finance result and the reinsurance finance result differently, causing material shifts in the net finance result.

The Company's investment portfolio generated a net investment return for the year of £13.6m (2023: £14.6m). This result is mainly attributed to net fair value gains on debt securities and other equity investments of £4.5m (2023: £6.4m) for the year, interest and dividend income of £8.4m (2023: £6.1m) on those same securities, and interest income on group loans of £0.9m (2023: £1.7m).

Administrative expenses for the year amounted to £78.0m in 2024 driven by one-off costs surrounding the Accredited sale, namely the write-off of intercompany balances, including group loans of £48.1m and write-off of receivables of £4.2m due on certain legacy portfolios novated or commutated during the year. Moreover, bad debt provisions held by AIEL on sliding scale and premium receivable balances were increased by £2.9m in 2024 compared to the increase in the previous year. The growth in program business, as well as increases in cost recharges in AIEL from entities under common control, mainly driven by one-off separation consultancy costs, contributed to the remainder of the increase in the cost base compared to the prior year.

The Group registered a loss before tax of £107.1m for the year, driven mainly by the one-off events explained above. The loss for the year after tax amounted to £107.1m. The Group did not recognize any deferred tax assets arising from the losses incurred in 2024.

Total assets as at the end of the year stood at £1,188.8m. The Company strengthened its capital base in early 2024 with shareholders' contributions of \$165.1m (c. £130.6m) and £14.4m in June and December 2024 respectively (2023: £5m). Moreover, an additional capital contribution of £10.3m was received on 27 March 2025.

Sale of Accredited

On 4 April 2023, R&Q announced that it was undertaking a strategic initiative to separate its legacy insurance business, R&Q Legacy, from its program management business, Accredited (which includes the Group, Accredited Specialty Insurance Company US, Accredited Surety and Casualty Company, Inc. US). On 20 October 2023, R&Q announced that it had entered into a conditional agreement with funds advised by Onex Corporation ("Onex") to sell 100 per cent of the equity interest in Randall & Quilter America Holdings Inc., the holding company of Accredited, for a purchase price of \$465 million, which represented an expected equity value of approximately \$438 million when adjusted for Accredited's existing debt commitments. Additionally, a portion of the anticipated closing purchase price was allocated to indemnify the outstanding amount of AIEL's intercompany loan owed by R&Q plus any unpaid interest.

Alongside the sale process, the legal reorganisation was completed in June 2023. On completion of the legal reorganisation, AM Best recognised Accredited as having an independent rating unit with a financial strength rating of 'A-' (Excellent).

On 13 June 2024, R&Q announced that Onex provided an alternative transaction structure to that of the original Sale (the "Alternative Proposal") that could be implemented in the event that the closing conditions to the original Sale were not able to be satisfied, and on 19 June 2024, the R&Q concluded that the Alternative Proposal represented the best option to secure value and to ensure the completion of the Accredited sale.

On 21 June 2024, the ultimate parent company, R&Q Insurance Holdings Ltd, filed for provisional liquidation in Bermuda and implemented the sale of Accredited to Onex through that process. On 28 June 2024, 100% of the equity interest in Accredited, including the Company, was sold to Onex, for a cash consideration of \$420 million.

Under a transition services agreement between R&Q and Accredited, each party was obliged to provide transitional services to the other party for limited periods of up to 12 months following the closing, with a commitment to provide those services generally at the same level of service with which they were provided before closing.

The €5 million floating rate subordinated notes due 5 July 2027 and €20 million floating rate subordinated notes due 5 October 2025 due by AIEL will remain outstanding in accordance with their terms.

On 28 June 2024, a capital contribution of \$165.10m was made into the Group in order to strengthen its capital base after taking into account the effect of other contracts and conditions that were an integral part of the Accredited sale.

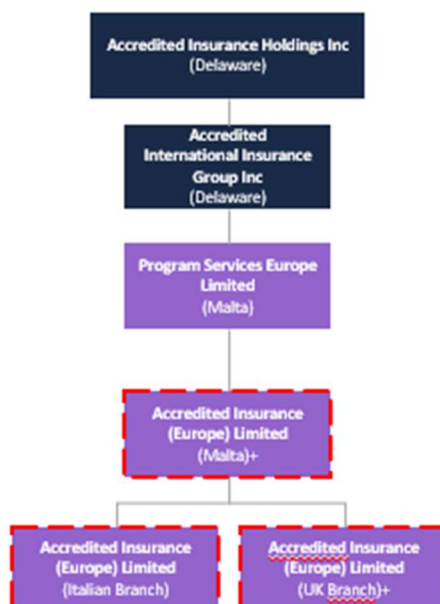
On 1 July 2024, AM Best confirmed that the financial strength rating of the Accredited companies remained unchanged at 'A-' (Excellent) following the acquisition by Onex.

A. Business and Performance**A1. Business**

Name and Legal Form	Program Management Services Europe Limited (the holding Company) Accredited Insurance (Europe) Limited (the subsidiary)	
National Supervisory Authority	Malta Financial Services Authority Ray Schembri Director – Insurance and Pensions Supervisory Unit Triq l-Imdina, Zone 1 Central Business District, Birkirkara, Malta CBD 1010	
Third Country Branch (UK)	Accredited Insurance (Europe) Limited – UK Branch 71 Fenchurch Street London EC3M 4BS	
Branch operating under the EEA freedom of establishment basis	Accredited Insurance (Europe) Limited – Italy Branch Via della Moscova n.3 Milano (MI)	
AIEL Directors as at 31 December 2024	Martin Scicluna (Chair) Franco Azzopardi Pierpaolo Marano Leonard Sammut Magnus Heimann	
PMSEU Directors as at 31 December 2024	Leonard Sammut Magnus Heimann	
External Auditors	PKF Assurance (Malta) Limited Donna Greaves (Audit Partner) 35, Mannarino Road, Birkirkara, BKR9080, Malta	
Qualifying holdings of the undertaking	N/A	
Parent Undertaking	Accredited Insurance Holdings Inc (Delaware)	
Ultimate Parent Undertaking	Onex Raven Holdings Inc (Delaware)	
Authorised Classes of Business	The Company is licenced to write the following classes of business on a direct and reinsurance basis	
	Class 1 – Accident Class 2 – Sickness Class 3 – Land Vehicles Class 4 – Railway Rolling Stock Class 5 – Aircraft Class 6 – Ships Class 7 – Goods in Transit Class 8 – Fire & Natural Forces Class 9 – Other Damage to Property	Class 10 – Motor vehicle liability Class 11 – Aircraft Liability Class 12 – Liability for Ships Class 13 – General Liability Class 14 – Credit Class 15 – Suretyship Class 16 – Miscellaneous Financial Loss Class 17 – Legal expenses Class 18 - Assistance

Authorised Classes of Business	The Third Country Branch (UK) is licenced to write the following classes of business.	
	Class 1 – Accident Class 2 – Sickness Class 3 – Land Vehicles Class 7 – Goods in Transit Class 8 – Fire & Natural Forces Class 9 – Other Damage to Property	Class 10 – Motor vehicle liability Class 13 – General Liability Class 14 – Credit Class 15 – Suretyship Class 16 – Miscellaneous Financial Loss Class 17 – Legal expenses Class 18 - Assistance

The abridged Group structure showing the position of the Group within the Accredited group for the year under review is shown in the following table.



A2. Underwriting Performance

The following are the highlights for the year, using the basis on which the quantitative reporting templates are presented, as explained in the Introduction.

Program Business

A technical loss of £(18.4)m (2023: technical profit of £22.4m) before allocation of net investment income was registered during 2024 on this segment. Highlights for 2024 are as follows:

- The technical loss is driven by a significant increase in technical expenses of £41.4m (in 2024 2023: £ 2.7m) mainly due to sliding scale commission receivable write-offs on three motor programs and movements in provisions on sliding scale commission receivables.
- The net underwriting loss on the retained portion of business, excluding the effect of the above write-off, has also increased to £10.5m (2023: £4.5m). This comes as a result of a one-off 'in principle' claims settlement on one of the ATE programs resulting in net underwriting loss for the year of £3.5m and an overall net combined ratio of 117% mainly driven by programs in run-off, as well as increased commission costs.
- The Company onboarded six new MGAs during the year which have contributed to 3% of the program gross written premium for the year. Together with the programs entered into in prior years, the program business generated gross written premium of £925.8m (2023: £880.2m), of which 90% (2023: 88%) is written in the United Kingdom, 4% (2023: 5%) is written in the Republic of Ireland, and the remainder in other EU countries. This business is substantially reinsured with £853.0m (2023: £798.7m) ceded to quota share reinsurers and £14.5m (2023: £13.0m) ceded under excess of loss treaties on AIEL's net retained portion of business.
- Property classes now constitute the largest line of business for 2024 at 44% (2023: 37%), replacing motor business which now represents 35% (2023: 44%) of gross written premiums in the program segment. Diversification across other written lines of business has once again been achieved, with financial lines and other general liability classes accounting for another 14% (2023: 16%) of overall premiums written.
- By year end 2024, 19 of the active "program" portfolios were written through the UK Branch office and two programs have been written through the Italy branch. The remaining 9 programs are being written directly via the head office in Malta.
- Excluding the impact of the one off sliding scale write offs of £36.3m taken in 2024, the technical profit for before allocation of investment income was £17.9m (2023: £22.4m)

AIEL has once again been able to significantly increase its volume of program business, justifying expectations of continued strong growth prospects with the increasing number of MGA agreements entered into, increasing premiums written by the 'super MGAs' onboarded in prior years as well as other one-off direct risks. AIEL continues to work towards a number of strategic partnerships with key reinsurers to support its business growth. The market environment remains attractive to AIEL as it continues to see a high volume of opportunities as MGAs and reinsurers seek long-term relationships in this arena.

Legacy Business

A technical loss of £(67.1)m before allocation of net investment income was registered during 2024 on this segment (2023: £(7.4)m).

As of 28 June 2024, the outstanding net reserves of the existing portfolio of legacy business were fully reinsured by an A-rated third-party reinsurer, applied retrospectively to 1 January 2024. The premium paid on this arrangement, along with a commutation and a novation on two legacy portfolios that took place as part of the Accredited sale process, resulted in net premium earned of £(113.3)m, mainly driven by reinsurance premiums paid of £(121.1)m, and net claims recovered of £50.8m.

Going forward, AIEL will not be exposed to claims and reserving risk on legacy business but to the low credit risk that arises from the exposure to the reinsurer.

Total Business

Overall, AIEL reported a technical loss of £(78.9)m (2023: £20.4m), after an allocation of £6.6m (2023: £5.4m) in investment income, for the year which is summarised below by material line of business including the comparative analysis for 2023.

Year ended 31 December 2024

	WC £'000s	GL £'000s	Motor £'000s	Property £'000s	CS £'000s	CA £'000s	Other £'000s	Total £'000s
Earned premiums, net of reinsurance	(12,500)	(90,650)	25,512	25,758	1,375	2,437	(2,294)	(50,362)
Acquisition costs, net of reinsurance	0	(1,513)	(7,236)	(9,893)	(424)	(1,755)	13	(20,807)
Claims incurred, net of reinsurance	(1,513)	27,529	(11,730)	(12,808)	(1,040)	(5,310)	6,232	1,360
Net Underwriting Result	(14,013)	(64,634)	6,546	3,058	(89)	(4,628)	3,951	(69,809)
Other technical income	0	6,388	12,469	12,168	801	1,000	566	33,393
Claims Handling Cost and other technical expenses	(51)	(1,331)	(40,122)	(2,777)	93	(678)	(4,263)	(49,130)
	(14,064)	(59,577)	(21,107)	12,448	806	(4,306)	254	(85,546)
Allocated investment income	777	3,700	4,294	1,651	215	616	(4,643)	6,611
Net Technical Result	(13,287)	(55,877)	(16,813)	14,100	1,021	(3,691)	(4,389)	(78,936)

Year ended 31 December 2023

	WC £'000s	GL £'000s	Motor £'000s	Property £'000s	CS £'000s	CA £'000s	Other £'000s	Total £'000s
Earned premiums, net of reinsurance	2,202	7,159	26,920	23,575	1,589	76	29	61,550
Acquisition costs, net of reinsurance	0	(1,731)	(2,088)	(11,097)	(479)	1,016	(5)	(14,385)
Claims incurred, net of reinsurance	(3,414)	(7,670)	(28,284)	(13,897)	(998)	(140)	273	(54,131)
Net Underwriting Result	(1,212)	(2,243)	(3,453)	(1,419)	111	952	298	(6,965)
Other technical income	0	6,259	9,806	9,961	674	337	(54)	26,982
Claims Handling Cost and other technical expenses	0	(433)	(3,178)	(1,889)	(47)	(33)	616	(4,965)
	(1,212)	3,584	3,175	6,653	738	1,256	859	15,052
Allocated investment income	(49)	997	2,730	575	155	31	948	5,387
Net Technical Result	(1,261)	4,581	5,905	7,228	893	1,287	1,807	20,438

Further detail is included within form AS.05.01.01 (attached within Appendix 2).

The material classes of business as defined by Gross Claims Reserves held by AIEL are included within the below tables. In defining the geographical segmentation, the Group has assessed the geographical location of its gross written premium for the year as being the most appropriate reflection of the exposure.

Gross Claims Reserves

	2024	2023
Casualty	1,100	44,010
General Liability	88,766	69,216
Marine, Aviation, Transport	5,485	5,272
Workers Compensation	18,260	6,333
Motor	440,564	289,850
Property	131,068	87,895
Legal Expenses	43,816	3,261
Credit Surety	14,574	9,448
Misc. Fin Loss	2,801	738
Other	35,722	35,776
Total	782,155	551,799

Geographical Segmentation of Business

	2024	2023
Australia	0.00%	8.50%
Europe	10.43%	17.92%
Israel	0.15%	0.65%
New Zealand	0.00%	0.04%
United Kingdom	88.68%	70.04%
United States	0.01%	1.82%
Other	0.73%	1.04%
	100.00%	100.00%

A3. Investment Performance

The investment strategy covers the following:

- Adjust asset allocation mix and fixed-income sector weightings consistent with the outlook for markets, business conditions and corporate profitability.
- Limit over-concentration of assets in individual issuers.
- Exclude futures contracts, structured notes, options or venture capital, except for hedging purposes.
- Optimising the returns versus the capital charges due to investments whilst also matching the assets and liability duration with ranges deemed reasonable by the Group.
- Assets to be held in matching currency to the net technical liabilities.

The Company's investment portfolio can be analysed as follows:

	2024	2023
	£'000s	£'000s
Units in Collective Investment Schemes	147,826	117,594
Equities	-	9,923
Debt Securities	137,720	147,909
Other Investments	1,661	1,661
Loans to Group	-	38,033
Deposits with Banks	7,559	7,524
Cash at Bank	61,597	24,985
Total	356,363	347,629

The Group registered a net investment return (including FX impact) for the year of £8.7m (2023: £10.6m). This result is mainly attributed to net fair value gains on debt securities and other equity investments of £4.5m (2023: £6.4m), interest and dividend income of £8.4m (2023: £6.1m) on those same debt securities, and interest income on group loans of £0.9m (2023: £1.7m), compensated by foreign exchanges losses of £4.9m (2023: £4.1m).

The breakdown of the investment return is as follows:

	2024	2023
	£'000s	£'000s
Interest on group loans	915	1,705
Interest on debt securities	8,176	5,840
Net fair value gains on equities and debt securities	4,501	6,419
Dividend income	219	290
Net exchange differences	(4,886)	(4,067)
Other investment expenses	(724)	(105)
Other investment income	496	495
Total	8,697	10,577

The Group enjoys a steady interest income flow on funds invested in debt securities. The decrease in interest income on group loans is attributable to the fact that these loans were written off following the sale of Accredited on 28 June 2024, as detailed within this report.

All investment returns are recognised in the profit and loss account. The Group had no significant investments in any securitisations.

A4. Performance of other activities

PMSEU, in its capacity as the employer of Malta-based staff providing services to Accredited insurance entities, generates income by recharging most of its costs, namely salaries, to other Accredited entities, including AIEL, at a mark-up.

There are no further material matters to report here.

A5. Any other information

Currency exposures

As indicated within Section A2, given the global nature of the underlying business, particularly the reinsurance business, the insurance undertaking carries technical reserves in the following major foreign currencies: Euro, US Dollar, Australian Dollar, Danish Kroner and Norwegian Kroner. In line with its guidelines for investing in foreign currency, AIEL aims to match its currency exposure on the assets and liabilities in order to minimise currency risk exposure as far as possible. In doing so, the undertaking also takes into consideration currency exposure on a Solvency II Balance Sheet basis, and is willing to tolerate an additional level of currency risk on an IFRS basis if that results in increased capital efficiency.

Calibration of currency exposures takes place on a quarterly basis post quarter-end and any temporary mismatches that are not a result of increased capital efficiency are adjusted post quarter-end.

	Assets in foreign currency		Liabilities in foreign currency		Net Exposure	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Currency of exposure:						
USD	70,553	77,691	(83,896)	(60,945)	(13,343)	16,746
EUR	236,316	233,035	(233,393)	(215,109)	2,923	17,926
AUD	7,569	54,357	(7,274)	(70,827)	296	(16,470)
CAD	544	148	(578)	(307)	(35)	(159)
DKK	208	43	951	1,078	1,159	1,120
NOK	997	644	(421)	(497)	576	147

Group loans

As a precondition of the Accredited sale, the Company wrote-off of any outstanding amounts due to/from R&Q entities, notably the loan receivable from R&Q including unpaid accrued interest.

B. System of Governance**B1. General Information on the System of Governance****Structure of Administrative Management**

The Board of Directors recognises that it needs to be able to demonstrate that it has a system of governance which meets its regulatory expectations and is proportionate to the nature of the business, complies with existing requirements and is flexible enough to be able to adapt to changes in the regulatory and statutory environment. The system of governance is regularly reviewed and assessed to ensure it is appropriate given the nature, scale and complexity of the risks inherent to the Company.

The Organisation Structure of the Company as at 31 December 2024 is depicted in the following table:

Accredited Insurance (Europe) Limited

Board of Directors

Independent Non-Executive Directors

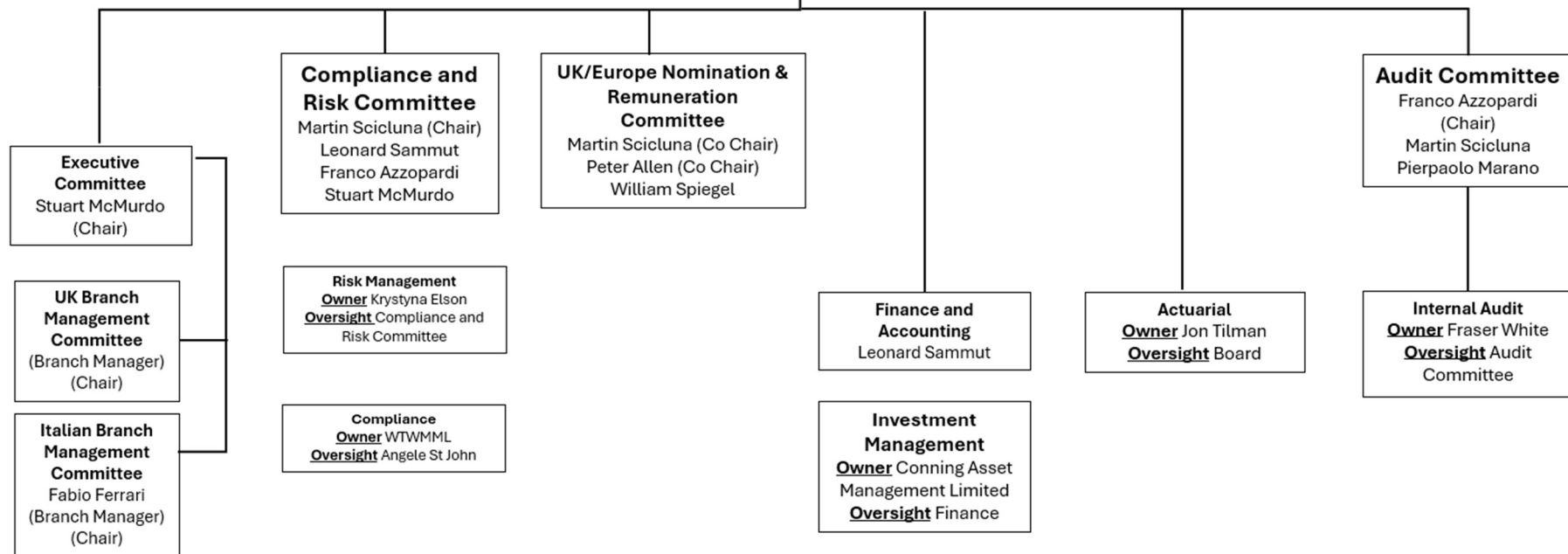
Martin Scicluna (Chair)
 Franco Azzopardi
 Pierpaolo Marano

Executive Directors

Stuart McMurdo
 Leonard Sammut
 Magnus Heimann

Company Secretary

Willis Towers Watson Services (Malta) Limited



The Board of Directors:

- Provides entrepreneurial leadership of AIEL within a framework of prudent and effective controls which enables risk to be assessed and managed.
- Sets AIEL's strategic aims, ensures that the necessary financial resources are in place for the Company to meet its objectives.
- Sets AIEL's values and standards and ensures that its obligations to its shareholders and others are understood and met.
- Complies with all statutory and common law duties of a company registered in the European Union.
- Complies with the Memorandum and Articles of Association of the Company.
- Complies with requirements set out in the Maltese Regulatory framework governing its authorisation.
- Oversees the establishment and maintenance of robust and clearly documented systems and controls in accordance with applicable regulations.
- Oversees the process of outsourcing, and monitors the discharge of the Compliance, Risk Management, Internal Audit and Actuarial functions.
- Agrees the Investment Strategy and monitors the results against the strategy
- Monitors compliance with the FCA Consumer Duty Rules and Guidance
- Appoints a Consumer Duty Champion

In order to discharge its duties, the Board meets at least quarterly and on an ad-hoc basis as required.

The Board exercises accountability through oversight of a number of board committees who have the responsibility to oversee key functional areas of the Company. The relevant Committees are described below.

Risk and Compliance Committee

The Board has tasked this Committee to oversee the management of enterprise risk and the compliance with the regulatory framework within the Company's internal control system. In this context, the Committee ensures that all regulatory and reporting obligations in relation to the above are met.

The Committee is also responsible for approving any new products, renewals of existing products or modified products, as per the delegation of authority given by the Board of Directors.

The following duties are set to achieve the above:

- To have oversight of the Compliance activity within the Company
- To review progress of any regulatory audit, or reviews, any requirements associated therewith, any recommendations arising and implementation thereof
- To monitor compliance with legal and regulatory requirements, generally and specifically, including filings
- To consider referrals from management from time to time
- To approve the Compliance Charter, and to receive Management Information on breaches, conduct risk management information and complaints

- To approve the Delegated Authority Oversight Framework, approve the annual plan, receive final reports and monitor completion of actions
- To approve the annual Compliance Plan and monitor progress
- To monitor compliance with the FCA Consumer Duty Rules and Guidance
- To review on a regular basis all AIEL Risk Registers and/or similar Risk Management information that might have been implemented and maintained, to suggest enhancements, approve deletions and additions, and oversee monitoring and implementation.
- To regularly evaluate the effectiveness and completeness of the Risk Management System
- To receive and review the yearly ORSA and other regulatory reporting
- To formally review appropriate policies and approve the associated processes, procedures, controls and templates established by management for Risk Management and Internal Control and ensure the following have been taken into consideration before escalating to the Board where necessary:
 - ⇒ The nature and extent of risks facing AIEL and its operations;
 - ⇒ The extent and categories of risk which the Board regards as acceptable for AIEL to bear;
 - ⇒ The likelihood of the risks concerned materialising;
 - ⇒ The ability of AIEL to reduce the incidence and impact on the business of risks that do materialise;
 - ⇒ The costs of operating controls relative to the benefit thereby obtained by managing the related risks.
- To make proposals on risk appetite to be put forward for Board approval
- To consider and report on the different types of risk including, but not limited to:
 - ⇒ Insurance Risk
 - ⇒ Market Risk
 - ⇒ Strategic Risk
 - ⇒ Operational Risk
 - ⇒ Credit Risk
 - ⇒ Liquidity Risk
 - ⇒ Group Risk
 - ⇒ Regulatory/Legal Risk
 - ⇒ Emerging Risk
 - ⇒ Asset Liability Matching
- To ensure that appropriate levels of Risk Management reporting are maintained to the Committee and from the Committee to the Board.
- To have regard for any Risk Review carried out by a regulatory body or an associated regulatory body and ensure that the information and evidence given is in line with expectations.

In order to discharge its duties, the Committee meets at least quarterly and on an ad-hoc basis as required.

The Audit Committee

The Board has also established an Audit Committee which has oversight of the Company as a whole and, unless required otherwise by regulation, carries out the duties below:

External auditor

- a) To make recommendations to the Board to appoint, dismiss, agree compensation of and oversee the work of the independent auditor in connection with conduct of the audit, issuing an audit report and related work (including liaising between management and the auditor regarding financial reporting), including:
 - i. Reviewing the experience and qualifications of the independent audit firm and the senior members of the independent auditor team;
 - ii. Obtaining and reviewing a report from the independent auditor at least annually regarding the auditors internal quality-control procedures,
 - iii. Evaluating the performance of the independent auditor;
 - iv. Presenting its conclusions on the preceding point to the Board, taking any actions deemed necessary or desirable by the Audit Committee to satisfy itself as to the qualifications, performance and independence of the independent auditor, and making any recommendations to the Board concerning such matters as the Audit Committee deems advisable;
 - v. Meeting with the independent auditor prior to the audit to discuss the planning and staffing of the audit;
 - vi. Receiving direct reports from the independent auditor in connection with conduct of the audit, issuing an audit report and related work;
 - vii. Reviewing and agreeing the independent auditors annual engagement letter (including terms of remuneration); and
 - viii. Assessing the effectiveness of the audit process.

- (b) To receive, and take any appropriate action in relation to all reports and other communications which the independent auditor is required to make to the Audit Committee, including timely reports concerning:
 - i. All critical accounting policies and practices to be used;
 - ii. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company
 - iii. Ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - iv. Other material written communications between the independent auditor and the management of the Company, such as any management letter or schedule of unadjusted differences.

- (c) To review and discuss with management and the independent auditor the annual audited financial statements (and where practicable any other material public or regulatory financial statements), including disclosures made in management's discussion and analysis and the audit representation letters, and recommend to the Board whether the audited financial statements should be approved.

- (d) To review and discuss with management and the independent auditor the annual audited Solvency and Financial Condition Report (SFCR) and the unaudited Regular Supervisory Report (RSR) along with all accompanying Annual Returns, including disclosures made in management's discussion and analysis and the audit representation letters, and recommend to the Board whether the SFCR and RSR should be approved.
- (e) To discuss with management and the independent auditor significant financial reporting issues and judgements made in connection with the preparation of the Company's financial statements.
- (f) To review and discuss with management the reserving methodology and process of establishing the Company's reserves, together with internal or external reports or studies.
- (g) To discuss with management, the internal accountants and the independent auditor the effect of regulatory and accounting initiatives.
- (h) To meet with management, the internal accountants / auditors and the independent auditor separately quarterly or at such other interval as the Committee deems reasonable.
- (i) to investigate any issue giving rise to the resignation of the External auditor and make recommendations as to any required action
- (j) To monitor the independence of the independent auditor, including:
 - Evaluating the independence of the independent auditor, including whether the provision of non-audit services is compatible with maintaining the auditors independence;
 - Approving or disapproving any engagement by the Company or its subsidiaries of the independent auditor to perform any non-audit services;

Financial Internal Controls

- (k) The Committee shall keep under review the Company's internal financial controls systems that identify, assess, manage and monitor financial risks, and other internal control systems; and review and approve the statements to be included in the annual report concerning internal control and the viability statement
- (l) To receive from management reports on the effectiveness of the internal control and risk management systems, and the conclusions of any testing carried out by internal and external auditors.

Internal audit

- (m) To approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and annually adopt the internal audit charter and approve the internal audit policy ensuring they are appropriate for the current needs of the organisation;
- (n) To review and approve the annual internal audit plan to ensure it is aligned to the risks of the business, and receive regular reports on work carried out;

- (o) To ensure Internal Audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate as well as to ensure that there is open communication between different functions. To ensure the internal audit function evaluates the effectiveness of other functions as part of its internal audit plan, and ensure that the internal audit function is equipped to perform in accordance with appropriate professional standards for internal auditors;
- (p) To ensure the Head of Internal Audit has direct access to the board Chair and to the Committee Chair, providing independence from the executive and accountability to the Committee;
- (q) To monitor and review the effectiveness of the internal audit function and approve the appointment or termination of the internal auditor.

Whistleblowing

- (r) To recommend to the Board for adoption a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, auditing or other matters.
- (s) review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters;
- (t) review the Company's procedures for prevention of fraud;
- (u) review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

General

- (v) To review and reassess the adequacy of these terms of reference and its own performance annually and recommend any proposed changes to the Board for approval and to carry out an annual assessment of the Internal and External audit functions(w) to approve all related party transactions, including but not limited to, intragroup loans and intragroup services.

UK/Europe Nominations and Remuneration Committee

The UK/Europe Nominations and Remuneration Committee of the Boards of AIEL and of a UK registered insurance carrier within the Group ("AIUK or Accredited Insurance UK Limited") shall monitor the compensation plans and packages on all aspects of remuneration and the nomination of:

- Members of the Boards of Directors
- UK and Europe Executive Committee (EXCO) members and UK Senior Management Function (SMF) holders.

The Committee is tasked to consider

- The appointment proposals of Members of the Boards of AIEL and AIUK.
- The appointment proposals of EXCO Members and SMF holders.

- The remuneration and performance bonus proposals of EXCO and SMF holders.
- The overall budget versus actual remuneration for all staff in UK and Europe.

The Committee is tasked to receive

- The terms of reference and applicable policies of the Group Compensation and Nominations committee and the annual review of these terms of reference and applicable policies and adopt these for the AIEL and AIUK Boards with any addendums to facilitate local specificities.
- The annual update of the UK/Europe succession planning.

Internal Control Framework

The Company has put in place a comprehensive and effective internal control system encompassing all activities, including those carried out by outsourced service providers, to ensure well-ordered and efficient operations. This is achieved through the following internal control framework:

1. ensuring the presence and application of individual internal policies and procedures for each of the key functions and activities of AIEL;
2. ensuring that adequate approval procedures, authorization authorities, verification, reconciliations, and review procedures are in place for each function or activity and are adequately documented and communicated;
3. ensuring that adequate controls are in place pertaining to safeguarding the integrity and protection of information;
4. ensuring sufficient monitoring mechanisms are in place to facilitate assessments of the effectiveness of the controls in place; and
5. ensuring that proper procedures of the Compliance Function are in place, the Compliance Policy is being applied and the Compliance Plan is being implemented.

The Internal Control Framework is linked with the Risk Management Framework through each risk in the Risk Register being allocated a series of mitigating controls in order to bring the overall risk ratings to a level which are acceptable to the organisation i.e. within the risk appetite and tolerance limits.

Risk Management Function

As part of its Risk Management Framework, AIEL has established a Risk Management Function as set out in the Risk Management Policy. AIEL's Risk Management System (RMS) is a cohesive set of components, processes, policies, roles and responsibilities that in total are designed to sustain and uphold robust risk management throughout the business. It helps to ensure that its performance and objectives are not undermined by unexpected events.

AIEL operates within a "Three lines of Defence" model that defines clear responsibilities and accountability for risk taking, as defined in the AIEL system of governance. AIEL has an appropriate Risk Appetite Framework which is:

- Articulated via a series of quantitative and qualitative statements.
- Supported by Key Risk Indicators (KRIs).
- Covering all the risk categories of the Company.

The risk appetite statements are reviewed by the Compliance and Risk Committee and approved annually by the Board in line with the strategy and risk profile.

The Board, together with the Risk Management Function and the Compliance and Risk Committee, considers the applicability and magnitude of the respective risk to the Company when deciding whether a specific policy is required to be drafted and embedded.

Unless otherwise stated, AIEL follows and embeds the Risk Management Function's suite of risk management tools and processes that enable the business to identify, assess, manage, monitor and report on its risks. AIEL, in line with the Group's Risk Management System, processes and procedures, is responsible for:

- Identifying its own risks and controls in line with the defined risk universe;
- Assessing its risk and controls in line with Accredited Group's Risk Management System, processes and procedures;
- Managing and monitoring its risks on an on-going basis, ensuring that the risks are mitigated to an acceptable level;
- Reporting on any internal losses or near-misses to the Risk Management Function;
- Supporting the Risk Management Function with risk reporting to the Compliance and Risk Committee and Board.

Compliance Function

As part of its Internal Control Framework, the Company has established a Compliance Function as set out in the Internal Control Policy and Compliance Charter.

The Compliance function is responsible for:

- Proposing the Compliance Framework, strategy and the related policies, procedures, and Compliance Plan, for approval by the board
- Verifying that compliance / conduct risks identified are recorded in the overall Risk Register
- Monitor the regulatory training given to all staff and directors ensuring that it covers awareness of relevant laws, rules and standards as well as the need to comply with these
- Delivering the compliance plan, including tracking actions and any rule breaches and managing these to effective completion and closure
- Providing assurance to management and the Board that the business complies with applicable laws and regulations, the related internal policies and procedures, and the appropriate ethical standards
- Providing assurance to management and the Board that the policies and procedures are implemented
- Monitoring the completion of all regulatory returns within the stipulated deadlines
- Liaison with applicable regulatory bodies on the extension of permissions, licences, or other regulatory requirements.
- Managing complaints and conducting root cause analysis to inform business improvement where necessary
- Identifying and interpreting new and existing legislation and regulations applicable to AIEL,

and communicating this to the business and the Compliance and Risk Committee and Board to ensure compliance

- Coordinating a response to regulatory enquiries, consultations, and requests for information

Actuarial Function

The activities of the Actuarial Function are to:

1. Coordinate the calculation of technical provisions.
2. Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
3. Assess the sufficiency and quality of the data used in the calculation of technical provisions.
4. Compare best estimates against experience.
5. Inform the Board of the reliability and adequacy of the calculation of technical provisions
6. Express an opinion on the overall underwriting and reinsurance policy.
7. Contribute to the effective implementation of the Risk Management System, in particular with respect to the risk modelling underlying the calculation of the capital requirements

Internal Audit Function

The Board acknowledges that the internal controls and system of governance of the Company must be supplemented by an effective Internal Audit function that independently evaluates the control systems within the Group.

The Internal Audit function periodically evaluates the adequacy and effectiveness of the internal control system and other elements of the system of governance of the Company.

The Internal Audit Function discharges its duties in line with recognised internal audit practices and keeps abreast of any developments in relation to these practices.

Changes in the System of Governance

During the year, Mr Colin Johnson, the CEO at the time, resigned with effect from 31 August 2024 and Mr Richard Finney resigned with effect from 29 May 2024. In addition, the Underwriting and Claims Committee was disbanded with matters reserved for this Committee now being absorbed by the Board. Mr Colin Johnson was replaced by Mr Stuart McMurdo on 1 October 2024, as the new President of Accredited UK & Europe.

The company established an Executive Committee headed by the CEO. This management committee fosters an accountability framework across the UK/EUR Accredited team. The committee is made up of senior members representing key areas of the business including underwriting, claims, due diligence, reinsurance, operations, finance, actuarial, HR, compliance and risk. The Committee meets weekly. Additional areas of the business report on a monthly basis and open actions followed up. This Committee has oversight of the Company's UK and Italian Branches and of the Product Oversight and Governance process. The Executive Committee Chair reports into the Board

The organogram in Section B reflects the position after these changes.

Except for the changes indicated above, no significant changes in the system of governance, including the risk management system, occurred during the year under review.

Remuneration

In the last quarter of 2023, AIEL transferred the employee contracts of the Malta head office staff and the UK Branch staff to Program Management Services Europe Ltd and Program Management Services UK Limited, respectively. AIEL continues to outsource certain functions to its parent and to the Accredited Group and to other third-party providers. Further detail of outsourced arrangements is included in Section B7. Non-independent directors are not compensated separately for duties as directors since this is part of their overall employment responsibilities.

The Board has recently established a UK/Europe Nominations and Remuneration Committee to monitor the compensation plans and packages on all aspects of remuneration and the nomination of:

- Members of the Board of Directors
- Executive Committee members and Senior Management Function holders.

The Group is committed to ensuring that its practices promote the achievement of the overall aims and objectives of the Group, its financial stability and its risk management framework.

Independent Non-Executive Directors are remunerated on a fixed fee basis only, which is based on experience, responsibilities and level of time commitment.

In 2024, no key management personnel, or key function holders were entitled to share options or to any supplementary pension or early retirement schemes.

Transactions with Shareholders

On 28 June 2024, the loan R&Q Group and other R&Q net intercompany balances were written off, following the pre-condition of the Accredited sale process which provided that part of the sale proceeds would be used to repay the existing loan including accrued interest and other outstanding balances, as part of a capital injection received by the Company.

There are no material transactions with shareholders, members of the management body or those exerting a significant influence over the Company.

B2. Fit and proper requirements

The Board of Directors and Officers

The Group ensures that it is directed and managed by persons who are fit and proper persons to hold their respective positions and that those Directors and Officers are:

- Professionally competent and capable to carry out their responsibilities and have demonstrated this through their knowledge, experience and training.
- Honest, of integrity, financially sound and reputable.

The assessment of the management and technical competence of an individual is based on their previous experience, knowledge and professional standing, which demonstrates due skill, care,

diligence, and compliance with the relevant standards of the area/sector they have worked in. In relation to director appointments, the assessment also considers how the proposed appointment would augment the collective fitness and propriety of the Board as a whole.

The assessment of reputation includes checks as to whether there are any reasons to believe from past conduct that an individual may not discharge his duties in line with applicable rules, regulations and guidelines.

On an annual basis, the Compliance Function initiates a fit and proper assessment process by which all directors and function holders are asked to complete an internal questionnaire to confirm they are still fit and proper for purpose. Any training needs are identified and addressed. The Board of Directors collectively assess the results. In addition, a Board and Committee Evaluation is carried out to ensure there is no knowledge gap in the Board and Committees compositions.

B3. Risk Management System including the Own Risk and Solvency Assessment

Purpose

AIEL's risk management framework ("RMF") seeks to support its business strategies, enabling it to select those risks that can enhance value creation, closely manage those risks that are unrewarded, optimise and protect its capital base, support decision making and protect its reputation and brand.

The Board ensures that the business implements risk policies, delivers the business plan within risk appetite and manages AIEL's risk profile. This is achieved through a combination of quantitative and qualitative risk management, realised through a well-established risk culture, effective risk governance and risk transparency.

Risk Management strategies and processes

AIEL adopts the Accredited Group's risk management Framework ("RMF") which forms an integral part of the management and Board processes. This framework enables the Board to draw assurance that the risks to which the AIEL may be exposed are being appropriately identified and managed within its risk appetite, and that risks that may present significant financial loss or damage to its reputation are being minimised. This helps to ensure that the achievement of its performance and objectives is not undermined by unexpected events.

Risk Governance and Culture

To achieve AIEL's mission and goals, staff at all levels of the organisation are engaged in the management of risk. This is realised through a strong "tone at the top" that emphasises the importance of effective risk management, with management accountable for embedding risk in their own areas. The Accredited Group continues to adopt the "three lines of defence" governance model, both at Group and entity level, of which the risk management function forms part. This is illustrated and explained below:



First Line of Defence

The first line of defence has primary decision-making authority at the "coalface", and accordingly its focus is as follows:

- Operational decision making to execute and implement the Accredited Group's and its managed entities' strategic objectives;
- Facilitation and oversight of the business plans of the Accredited Group and its managed entities, including delivery against predetermined goals;
- Day to day management of business activities;
- Management of the risk profile of the business, in line with AIEL Board and stakeholder expectations.

The first line of defence includes the Board. In this context, the Board has ultimate accountability for risk management, the related control environment and for approving and reviewing any relevant risk policies, including risk appetite frameworks. In practice, responsibility is devolved to the relevant executive/functional committees and the Company's Compliance & Risk Committee.

Risk owners retain overall responsibility for managing the risks for which they are the designated owner, including those risks where some or all of the controls in place have a separate control owner (i.e. the operation of the control is in the charge of another manager).

Second Line of Defence

The second line of defence provides a key input into tactical and strategic decision making, and its overall focus is on the following:

- Provision of assurance to the Board that the risk profile, as represented in the relevant risk register or otherwise, and the associated internal control framework is in line with Board and stakeholder expectations. Where it is not, appropriate actions with owners and timescales are proposed to bring it back into line with those expectations.
- Escalation of all material risk issues to AIEL's Compliance and Risk committee and Board and, where appropriate, to the Accredited Group Risk and Compliance committee.
- Provision of input, challenge and oversight of first line decision making where appropriate, i.e. the input of risk and capital information to aid effective decisions.

Third Line of Defence

The third line of defence provides independent assurance and challenge across all business functions in respect of the integrity and effectiveness of both the risk management system and internal control system.

The internal audit function is sourced in-house within the Accredited Group and supplemented with third party professional resources as and when appropriate. It is responsible for independently assessing the effectiveness of the risk management processes and practices, and for providing timely objective assurance on the control of risk.

Internal audit activity is carried out in accordance with an annual pre-agreed audit plan.

Risk Transparency

Underpinning the three lines of defence is risk transparency within the Accredited Group and its managed entities. This involves raising awareness and understanding of risk across the group, effective reporting of risk internally and appropriate disclosure of risks to all interested stakeholders, internal and external.

Risk Appetite Framework

The Board recognises that a well-defined risk appetite supports the business decision making and planning. The Board reviews and sets the risk appetite at least annually, and when there is a significant change in business strategy. Key risk indicators which support the risk appetite statements are monitored and reported on quarterly.

The risk appetite framework sets the boundaries within which risk taking should remain in order to meet the expectations of the capital providers and other stakeholders. For AIEL, this is articulated via

a series of quantitative and qualitative statements covering all categories of the risk universe (see 'Risk & Control Management Process').

Risk Policies

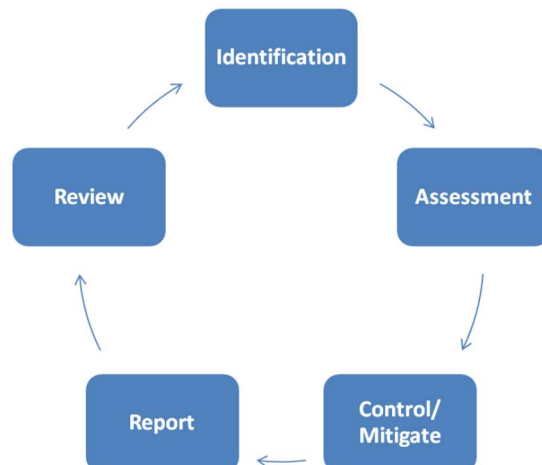
AIEL adopts the Accredited Group's three tier group risk policy structure, tailoring them in regard to regulatory requirements, its own risk profile and the principles of proportionality. AIEL's tier three risk policies determine the way in which risks are to be managed and controlled within the company. The Board of Directors ensures that the policies are reviewed regularly, at least annually, to reflect the changing business and regulatory environment.

The risk management function together with the respective business owners, Compliance and Risk Committee and Board, considers the applicability and magnitude of the respective risk to AIEL when deciding whether a specific policy is required. This assessment process takes into account AIEL's business profile and the local market and regulatory environment context.

Risk & Control Management Process

A key element of effective risk management is to ensure that the business has a complete understanding of the risks it faces.

The following diagram shows the risk management cycle, demonstrating the iterative nature of the risk management process, and is followed by a high-level explanation of the key steps and processes involved.



The identification, assessment, control/mitigation and monitoring of risk are continuous processes.

Risk Identification (new and emerging risks)

Risk identification seeks to identify those risks that may prevent the achievement of business objectives. The risk identification step also determines possible causes, potential consequences and opportunities.

AIEL is responsible for identifying risks to its business objectives and to periodically highlight any new risks that may be developing over time, or changes in existing risk levels such that they are reported and responded to appropriately.

Each risk is allocated a risk owner and a delegated owner. All identified risks are recorded on the risk register which records the likelihood of occurrence, the expected impact and the mitigating controls in place. The risk register is a “live” document and is updated each time a risk/mitigant/control is identified or changed.

Risk Assessment and Quantification

Following on is the assessment of the likely frequency and severity of risks, by means of qualitative or quantitative measurement. This stage of the cycle involves the participation of the risk and delegated owners.

Risk Control/Mitigation and Reporting

The level of each risk must then be managed or controlled down to a satisfactory level. This stage will not only involve both risk and control owners within AIEL but also many other outsourced Accredited Group functions that are involved in undertaking control activities.

Reporting

It is critical that the relevant information for each key risk is seen by the “right people at the right time” across both AIEL and the Accredited Group. This information is provided by risk and control owners and owners of key risk indicators, as they are closest to the issues. This information is reported on a regular, timely and consistent basis. Reporting is consolidated and/or reviewed by the Accredited Group’s risk management function and then escalated up to senior management, the Compliance and Risk Committee and the Board.

Regular Reporting

Routine risk reporting consists of summary reports to the Compliance and Risk Committee and the Board. This contains summary information on changes to the risk profile, any significant issues arising out of the risk workshop process, any new emerging risks, any significant risk management activity during the period under review and any movement in KRIs.

Review

Once the key business risks have been identified, assessed and are subject to controls throughout various parts of the business, it is important to ensure that these control/mitigation activities are operating effectively and that the risk and control scoring is valid. Assurance is provided over risks and controls by resources which are independent of line management, e.g. the Group’s risk management or internal audit functions and Compliance and Risk Committee and/or Board.

Emerging Risks

The Company identifies its emerging risks as part of its ORSA process as well as participating in the Accredited Group's Emerging Risk Focus Group facilitated by the risk management function. This is a multi-disciplinary focus group which meets tri-annually to identify, assess and monitor emerging risks. Consideration is not only given to new emerging risks and issues, but also to emerging elements of existing risks. Identified risks are then reviewed by the focus group and developments are monitored via the emerging risks heatmap and are reported to the appropriate risk committee. Environmental, Social, and Governance ("ESG") risks are considered as part of the emerging risk framework and as part of the work done by the ESG forum as well as the work carried out to meet the requirements of the Sustainable Finance Disclosure Regulation (SFDR) and other financial reporting requirements.

Stress and Scenario Testing

The Company undertakes stress and scenario testing exercises (including reverse stress testing) periodically, having regard to the likely impact on the organisation at varying return periods. The aim is to gain a better understanding of the risks faced by the Group and its subsidiary under stressed conditions.

The results from stress and scenario tests provide an important input to the own risk and solvency assessment ("ORSA") processes and the validation of the regulatory capital for AIEL.

Own Risk and Solvency Assessment

The ORSA process is owned by the Board (delegated to the Compliance and Risk Committee). An ORSA Report is provided to the Risk and Compliance Committee and Board, at least annually, and more frequently if circumstances dictate, to support its oversight and management of the identified risks of AIEL.

The ORSA process is fundamentally a continuous, embedded, forward-looking process, requiring the assessment of the entity's needs over a longer time planning horizon than the Solvency Capital Requirement ("SCR"). The ORSA planning horizon is required to be three to five years. Furthermore, the ORSA is required to look at a range of outcomes in addition to the 1-in-200 return period.

The ORSA process takes place continually as part of the business and capital planning cycle.

How the ORSA is reviewed and approved

The ORSA process is owned, steered and challenged by the Board through the review and approval of those individual processes and outputs that underpin it. The primary elements of the capital and solvency assessment are core to the consideration in the growth of the program business and new portfolio transfers and are required by both the Board and the regulator prior to approval of same. The process is supported by AIEL's outsourced actuarial, risk and compliance services.

B4. Internal control system

Internal Control is defined as a process effected by each company in relation to its organisational structure, work and authority flows, personnel and management information systems that is designed to help it to meet its specific goals or objectives.

As part of its System of Governance, the Group has in place an Internal Control System that covers the identification, measurement, management and monitoring of internal controls. The Group has developed a suite of Policy and Procedural documentation for each of its functional areas. The Governance Structure of AIEL owns these documents and is responsible for reviewing these regularly (at least annually and/or whenever there is a material change, if this occurs within the year) in conjunction with the respective functional areas.

The Internal Control Framework is linked to the Risk Management framework through each Risk in the Risk Register being allocated a series of mitigating controls, to bring the overall risk ratings to a level which is acceptable to the organisation, i.e. are within Risk Appetite and Tolerance limits.

The Group applies and maintains the agreed internal controls as a normal part of its operational activities. Any failures, or observed weakness identified by the Group as part of its ongoing activity, are reported to the Board as soon as is practicable.

The Internal Audit Function reviews, evaluates and reports on its review of the Internal Control System to the Audit Committee.

Any relevant findings or recommendations identified by the external auditors during the discharge of their duties are reported to the Audit Committee in line with standard audit practices, and any such findings are considered by the Audit Committee together with the recommendations and findings of the Internal Audit Function.

B5. Internal Audit Function

The Company is serviced by a Group Internal Audit (“GIA”) function that provides independent assurance to the Audit Committee and Management that the organisation’s risk management processes and control framework are operating effectively and efficiently, and that there is compliance with the relevant policies and procedures. In this regard, GIA liaises with the Compliance and Risk Management Functions.

Authority

GIA, with strict accountability for confidentiality and safeguarding records and information, is authorised to have full, free, and unrestricted access to any of the Accredited Group’s records, physical properties, and personnel pertinent to carrying out any assignment.

All employees are required to assist GIA in fulfilling its roles and responsibilities, and to engage openly and constructively with GIA and disclose information relevant to their work.

The Head of Internal Audit (“HIA”) also has the right to attend and observe all or part of Executive Committee meetings and any other key management decision making forums (as may be required from time to time). In the event management is uncomfortable with GIA’s access to certain documents

requested, the HIA must bring such matters to the attention of the Chairman of the Audit Committee, to assist with the information being released.

Reporting Lines

The primary reporting line for the HIA is to the Chair of the AIEL's Audit Committee. The Audit Committee is responsible for the appointment and removal of the HIA.

The HIA:

- Communicates and interacts directly with the Audit Committee and has direct access to its Chair and members in between Audit Committee meetings;
- Has the right of access to the Company's Chair and to any of its directors; and
- Has the responsibility to report promptly any significant issues to the AIEL's Audit Committee and has direct access to the Chairs of the Accredited Group's Board and Audit Committee.

All internal auditors have an exclusive reporting line through to the HIA.

Independence

GIA is independent of AIEL's other functions, including those responsible for risk, compliance, governance and finance. All other functions may be subject to audit. IA will therefore neither be responsible for, nor part of, Risk Management, Governance, Compliance or the Finance function, nor perform any function that is the responsibility of management.

The HIA will confirm to AIEL's Audit Committee, at least annually, the organisational independence of GIA.

GIA has a process for managing and reporting conflicts of interest and there are safeguards to limit any impairment to independence or objectivity.

GIA is an Accredited Group function. As such, no member of GIA is employed by AIEL or has any element of their remuneration directly linked to the results of the company.

External Quality Assessment

At the request of the Group Audit Committee, and in accordance with best practice, GIA is subject to a periodic External Quality Assessment. Such a review was last undertaken on the former R&Q GIA function in 2021. This review confirmed GIA's independence and that it was operating in conformance with the International Professional Practices Framework of the Institute of Internal Auditors. A new IA function was created following separation of the Accredited business from R&Q in June 2024. This new function continues to operate largely consistently with the way the former function did.

Internal Audits Completed

In 2024, GIA issued ten final audit reports on AIEL's operations and those of its service providers. It also monitored the progress of two group-wide projects that had an impact on AIEL. A further three audits were still in progress at the end of the year. Two reviews relevant to AIEL's operations were postponed with the Audit Committee's approval.

All internal audit reports are presented to the AIEL Audit Committee in full.

All draft reports are discussed with management to confirm their factual accuracy and the suitability of their proposed actions to address the issues raised. GIA tracks all actions and provides reports on the status of all open items to the Audit Committee. The reports to the Audit Committee include both matters specific to AIEL and those relating to services outsourced by the AIEL Board to other group operations.

Internal Audit Plan

An internal audit plan is developed based on GIA's independent risk assessment and prioritisation of the Audit Universe, including the input of senior management, the Board and regulators. The plan, which covers the period 1 January to 31 December, is submitted to the Audit Committee for approval. It is based on a six-year strategic cycle, as agreed with the Audit Committee, whilst maintaining flexibility to adapt to the business' needs as each year progresses.

The plan for the reporting period detailed the specific internal audits AIEL would likely be subject to in the six years 2024 to 2028 inclusive. The rolling plan was approved by the Audit Committee in January 2025 and includes specific audits of AIEL's control environment as well as audits of other Accredited Group operations that service the needs of AIEL. The audit plan is reviewed quarterly and is based on the risk exposure to the business.

B6. Actuarial function

AIEL's Actuarial Policy establishes and maintains an effective Actuarial Function as appropriate to the nature, scale and complexity of AIEL and its risk profile.

The objective of the Actuarial Function is to establish and maintain appropriate procedures, processes and systems sufficient to allow AIEL to reasonably estimate its insurance obligations and exposures and the related capital requirements, in line with applicable laws and recognised industry standards. The Actuarial Function coordinates the assessment and validation of internal data to determine the level of compliance with recognised standards for data quality and, if necessary, recommends improvements in company procedures aimed at improving such compliance. Furthermore, the Actuarial Function reviews the integration of any relevant external data within the calculation of technical provisions, as may be appropriate and coordinates the process of validation of such external data, using the same criteria and standards applied to internal data.

The Actuarial Function should always be carried out by persons who are fit and proper to carry out the duties outlined below, in an objective manner and free from any undue influences.

The Board has outsourced the Actuarial Function to Program Management Services UK Ltd after having satisfied itself of the service provider's ability and capacity to perform the Actuarial Function satisfactorily.

The role of the Actuarial Function has been described above in Section B1.

During 2024, the Actuarial Function participated in Board meetings. In addition, the Actuarial Function is fully integrated in the due diligence process on the uptake of new business, working alongside the Head of Underwriting. The Actuarial Function reviews and reports upon the quarterly and annual actuarial valuations, both in terms of statutory reserves and the reserves based on the Solvency II valuation. In addition, it also acts as the liaison between the Board and the external independent actuaries.

The Actuarial Function is also fully integrated into the ORSA process working alongside the Risk Management Function. It also confirmed the Company's SCR cover at 31 December 2024.

B7. Outsourcing

Outsourcing Policy

The Company enters into a number of outsourcing arrangements which are central to the operations and management of the Company. The firms responsible for outsourced functions are listed in the following table.

Outsourced Functions

Entity	Function	Jurisdiction
Willis Towers Watson Management (Malta) Ltd	Compliance	Malta
R&Q Central Services Ltd (ended August 2024 and replaced by PMSEU Ltd)	Operational Services, Actuarial, Risk Management, Internal Audit	United Kingdom
Conning Asset Management Limited	Investment Management	United Kingdom
Program Management Services Europe Ltd	Finance, Compliance/Governance, Technical Accounting/Credit Control	Malta
Program Management Services UK Limited	Program Management, Program Operational Services, Executive, Claims, Due Diligence, MGA Audit, Actuarial, risk Management, Internal audit	United Kingdom

Managing General Agents (MGAs)

As at 31 December 2024, the Company had appointed the following MGAs

Entity	Jurisdiction
Eridge Underwriting Agency Limited	United Kingdom
Blagrove Underwriting Agency Limited	United Kingdom
Corin Underwriting Limited	United Kingdom
Footprint Underwriting DAC	Republic of Ireland
Futura Insurance Agencia de Suscripcion SL	Spain
First Underwriting Limited	United Kingdom

Inperio Limited	United Kingdom
Inspire Motor Limited	United Kingdom
Aegean Insurance SA	Greece
CPD Underwriting Solutions Limited	United Kingdom
Kitsune Associates Limited	United Kingdom
Dupi Underwriting Agencies B.V.	Netherlands
Sophro MGA Limited	United Kingdom
Stabilis MGA Limited	United Kingdom
Insurami Technology Solutions Limited	United Kingdom
Dual Asset Underwriting Limited	United Kingdom
Eaton Gate MGU Limited	United Kingdom
GEO Underwriting Services Limited	United Kingdom
Intrasurance B.V.	Netherlands
Ivernia Insurance Limited	Republic of Ireland
Optio Underwriting Limited	United Kingdom
ERS Syndicate Services Limited	United Kingdom
Heca Unipersonale S.r.l.	Italy
ToleranceIns Sp. z o.o.	Poland
Rising Edge Limited	United Kingdom
Rising Edge Limited	Germany
Markerstudy Insurance Service Limited	United Kingdom
Resolve Services Limited	United Kingdom
Global Litigation Limited	United Kingdom
Litica Ltd	United Kingdom
Blackrock Insurance Solutions	Republic of Ireland
Nexus Underwriting Limited	United Kingdom
VALE Insurance Partners Europe BV	Germany
QMetric Group Limited	United Kingdom
Ticker Limited	United Kingdom
EuroCaution Benelux SA	Luxembourg
EuroCaution Benelux SA	Belgium
ForBroker GmbH Assekurateur	Germany
Integra Insurance Solutions Limited	United Kingdom
Resilience Cyber Insurance Solutions Germany GmbH	Germany
IBI	Italy
Mosaic Insurance Services Europe GmbH	Germany
Asta Europe SRL	Belgium
Mosaic Syndicate Services Limited	United Kingdom
Rokstone Europe Ltd	Ireland
Rokstone Group Ltd	United Kingdom

The objectives and high-level principles of the Outsourcing Policy are:

- that the risks associated with outsourcing are appropriately managed and that AIEL has adequate measures in place to identify, measure, monitor, manage and report these risks in a timely manner as part of the Company's overall risk management system.
- that outsourced service providers have the appropriate expertise and experience and resources to undertake the outsourced activities to the standards required by the AIEL;
- that there is no reduction in responsibility of the Board of Directors (and where applicable, any relevant Board appointed committee) for key functions of the Group as a result of outsourcing;
- that there is no material impairment of the quality of the Group's System of Governance as a result of outsourcing a key activity or function;
- that the Group's approved policies and procedures are adhered to by the outsourced service provider;
- that there is no material impairment of the Group's ability to fulfil its obligations to stakeholders, nor impede effective supervision by regulators as a result of outsourcing a key activity or function;
- that no material conflicts of interest result from outsourcing a key function or activity;
- that all outsourcing arrangements are supported by appropriate written agreements.

All functions and activities of the Group are eligible to be outsourced subject to these objectives being met. A service provider may be an entity from within the Accredited Group (Intra Group Outsourcing).

The appointment of a service provider is subject to the following:

- An evaluation undertaken prior to any decision on appointments. This addresses all material factors that would impact on the potential service provider's ability to perform the business activity, financial ability, technical ability and capacity of the service provider to deliver the required services, including in stress situations.
- The evaluation process must include an assessment of the service provider's control framework, covering performance standards, policies, procedures, compliance, reporting and monitoring processes.
- The evaluation should also address other issues, such as business strategy, reputation, experience with the proposed outsourced activities and potential conflict of interest where the service provider is related to the Company or has arrangements with competitors.
- The Board may delegate the execution of the evaluation process to a sub-committee, function or Company representative, provided that no material conflict of interest arises from such delegation.
- The risks associated with the outsourcing of the activity or function shall be considered and included in the evaluation process.
- The evaluation process is appropriately documented.

The Board reviews the performance of service providers acting in an outsource capacity on a periodic basis and at least annually.

The Board may delegate the responsibility for the performance evaluation to a subcommittee, function or AIEL representative, subject to conflict of interest considerations. The Board retains ultimate responsibility for all decisions in relation to outsourcing arrangements.

The performance of the service provider is based on a comparison of the actual performance of the service provider in comparison with the required performance as per the agreed Service Level Agreement ('SLA'). The review considers the requirement for the function or activity to be outsourced for the short, medium and long term. The review process is adequately documented.

B8. Any other information

There is nothing to report.

C. Risk Profile

AIEL operates proportionate processes for identifying, assessing, monitoring, managing and reporting risks faced in both the short and medium/long term. In conjunction with the Accredited Group, AIEL maintains a risk register recording the results of its risk & control self-assessment process, providing for an assessment of risk across the categories defined in the Accredited Group's risk universe, as applied to AIEL.

The risk register includes assessments both of those risks considered covered by own funds and those that are not (for example, liquidity risk) and details the controls applied to the management of those risks.

Material risks or material changes in the perception of actual or potential future risk arising are reported to the AIEL Board, together with recommended actions as appropriate.

Risk management is a core process within AIEL's Own Risk and Solvency Assessment ("ORSA") policy.

AIEL faces risks spanning a range of categories including, but not limited to, those categories of risk that are encompassed by the standard formula and for which the holding of capital is considered an appropriate response.

At a high level, AIEL considers risks within the following categories:

- Insurance Risk (including underwriting, reinsurance and reserve risk)
- Market Risk
- Credit Risk
- Liquidity Risk*
- Strategic Risk*
- Group Risk**
- Operational Risk (including regulatory, legal, cyber and outsourcing risks)

- Emerging Risk (including Environmental, Social, and Governance (“ESG”)) ***

**Liquidity risk, strategic risk, group risk and capital management risk are not explicitly considered by the standard formula SCR but have been included for completeness.*

*** The material Group risks that AIEL is exposed to have been covered by Market Risk and Operational Risk.*

**** Emerging risks are considered against all other risk categories as appropriate*

There have been no material changes in material risks over the reporting period. The Company is not considered to be exposed to material risk concentrations.

There are a number of risks that are inherent in AIEL’s portfolio:

C1. Insurance / Underwriting Risk

The principal risk the Group faces under insurance contracts is that the actual claims and benefit payments, or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims including claims inflation. Accordingly, the objective of AIEL is to ensure that sufficient reserves are available to cover its liabilities. The main insurance risks which affect AIEL are as follows:

- **Pricing Risk** – this is the risk that the premium charged by AIEL is inadequately priced, resulting in underwriting losses which in turn could lead to capital impairment.

Management and Mitigation:

Legacy business - at the underwriting stage, detailed due diligence was performed by experienced in-house or outsourced providers on each portfolio under consideration. The due diligence process included a review of notified claims outstanding, inuring reinsurance treaties in place and recoverability thereof, legal cases against the Company, policy information and asset values (if assets other than cash are to be taken over as part of the portfolio transfer). The Company also used market information available to it on the classes of business being considered, in addition to any direct experience that the Company might have had on similar exposures.

An actuarial valuation of the business being acquired was performed, or external reports reviewed and evaluated, in order to assess the adequacy of the IBNR and the risk premium to be charged, if any.

AIEL has ceased to write any new legacy business and has reinsured 100% its existing legacy book of business, considerably reducing any legacy risks

Program business - detailed due diligence is performed by an experienced in-house due diligence team for each Managing General Agent (“MGA”) under consideration. The due diligence process includes an assessment of the MGA’s underwriting approach, rating structure and supporting back office systems. The program management team includes experienced underwriters across a range of classes of business who participate within the due diligence ahead of on-boarding a new MGA, as well as participating in the auditing and on-going reviews of live programs, utilising their expertise in the assessment of product and pricing suitability. An actuarial evaluation is conducted

during due diligence, assessing the business plan's projections and forecasts, which also includes testing the adequacy of projected Incurred but not reported ("IBNRs") claims.

- **Claims Risk** – this is the risk that a series of claims materialise in respect of a latent liability that the insurance industry is not currently aware of and that the frequency/ and or severity of claims increases.

Management and Mitigation:

Legacy business – As mentioned, the Company's strategy is to cease writing new Legacy business and has reinsured existing business and outsourced all administrative duties and claims handling. The Company retains claims oversight.

Program business - claims are managed by the MGA or TPA through a claims handling agreement. In addition, AIEL provides claims oversight through claims audits, spot checks and regular claims meetings with the MGAs. Large losses and referral trigger points (such as conflict of interest or reputational threats) are referred to AIEL for approval whilst attritional losses and claims payments are monitored through the submitted monthly claims bordereaux. Regular spot checks are also carried out to ascertain accuracy of data and reserve adequacy.

- **Reinsurance Risk** – this is the risk that the reinsurers will dispute the coverage of losses and/or inadequate or inappropriate reinsurance cover.

Management and Mitigation:

Legacy business - the Company has inherited reinsurance protection in place for certain portfolios of business. The type of reinsurance cover, and the level of retention, was based on the Company's internal risk management assessment which considered the risk being covered and the sums assured. The Board approved the reinsurance assumed at the time a portfolio of business was written. In addition, the Board could decide to purchase additional reinsurance should it feel it appropriate to do so. The reinsurance arrangements currently in place were a mix of proportional and non-proportional cover over a number of legacy portfolios. The Board could also decide to commute certain treaties should it be considered beneficial to do so.

AIEL's legacy exposures are now 100% reinsured to a third party together which also deals with all administrative duties and claims handling.

Program business - the Company requires for each MGA, at the very least a quota share arrangement that complies with the risk appetite of the Company. Additionally, it seeks downgrade termination provisions and protections against MGA errors and omissions. Moreover, on liability exposures offering high limits (e.g. motor) or risks with high accumulations (e.g. property), excess of loss cover is purchased to protect the Company's retained risk (if any) and the quota share reinsurer's portfolio.

- **Reserving Risk** – this is the risk that the provisions established by the Company prove to be inadequate.

Management and Mitigation:

Legacy and Program - In addition to the reserving methodology in place at the Company on the known claims outstanding, the Company uses the services of internal and external professional actuaries to assist in the determination of held reserves.

The Company will maintain oversight of the levels of the reinsured legacy reserves set and managed by the outsourced provider.

Program Underwriting Risk – This is the risk that there is inappropriate or substandard underwriting activity

Management and Mitigation:

The Company's program strategy is to underwrite live business, on a fronting basis, with a selective exposure to the Company from underwriting risk. This is achieved through the purchase of significant quota share insurance, mostly on a back-to-back basis and mainly from reinsurers who have at least an A- credit rating. If a reinsurer does not have this rating level or they are downgraded, they will be required to provide the Company with adequate collateral.

Each portfolio presented to be written through a fronting arrangement is required to complete a due diligence questionnaire and provide sufficient data to enable the Company and the supporting reinsurers to understand and analyse the proposal. Prior to granting a program facility, the Company carries out both an internal actuarial valuation and due diligence of the business and an assessment of the capital required to underwrite the business over a three-year projected timeframe. The arrangement only proceeds if the Company has sufficient capacity, and the business being underwritten meets strict underwriting guidelines as the Company is ultimately on risk.

The Company's exposure is further mitigated by the purchase of additional reinsurance including stop loss or Adverse Development Cover ("ADC") Contracts.

C2. Market Risk

The Company is exposed to market risk, through its financial assets, financial liabilities and insurance assets and liabilities. The key risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance risk. The investment strategy of the Company is managed by the Board and by implementing detailed investment guidelines. Investment performance is regularly monitored against market-based benchmarks.

The main market risks which affect AIEL are:

- Interest Rate Risk
- Equity Price Risk
- Spread Risk
- Currency Risk
- Concentration Risk

The Company manages the overall market risk via diversification into various classes of investments, which reduces its exposure to a particular class. The risk management policies employed by the Company to manage the individual risks are discussed below.

- **Interest Rate Risk** – this is the risk that the Company is exposed to risk associated with the effects of fluctuations in the prevailing levels of market interest rates.

Management and Mitigation:

Assets carrying variable rates expose the Company to cash flow interest rate risk. Assets carrying fixed rates expose the Company to fair value interest rate risk. The Company manages this risk by implementing detailed investment guidelines which are approved by the Board and by monitoring investment performance against market-based benchmarks.

AIEL's investment portfolio is managed by a highly experienced investment manager, Conning Investment Management Company ("Conning"), within agreed guidelines.

- **Equity Price Risk** Where held, this is the risk that the Company's financial assets are susceptible to the risk of decreases in value due to changes in the prices of equities.

Management and Mitigation:

The risk of price volatility is managed by entering into a diverse range of investments including equities. The Board has established a set of investment guidelines that provide parameters for investment management, including contracts with external portfolio managers. They include, inter alia, reference to an optimal spread of the investment portfolio, maximum exposures by the Company to any one issuer and its connected parties. These parameters also consider solvency restrictions imposed by the regulator.

Management structures are in place to monitor all the Company's overall market positions on a frequent basis. Reports are prepared at portfolio, and asset and liability class level by the investment managers and are circulated to the Company's relevant key management personnel. These are also reviewed on a quarterly basis by the Board and at Group level by the Group Investment Committee.

- **Spread Risk** – This risk relates to the Company's investment in bond funds and Group loans (where applicable) and reflects potential volatility in credit spreads over risk free rates.

Management and Mitigation:

As previously stated, management structures are in place to monitor all the Company's overall market positions on a quarterly basis at Board level. Detailed investment guidelines are in place with investment performance regularly monitored against market-based benchmarks..

- **Currency Risk** - The risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Management and Mitigation:

The Company has a potential currency risk due to the global nature of its underlying business. The Company carries technical reserves in multiple currencies with the currency exposure

substantially matched on an IFRS basis. Under the Solvency II valuation rules, the Company's currency exposure attracts a level of capital charge that is acceptable to the Board.

- **Market Concentration Risk** - Concentration risk is the additional risk related to the default of individual counterparties in respect of equities, bond funds and intercompany loans.

The Company's material risk concentration is in respect of the current level of inter-company loans (Group risk). One of the conditions of the Accredited sale, which completed on 28 June 2024, required that a portion of the sale proceeds is to be used to pay back the inter-company loan in full. This has significantly reduced concentration risk.

Management and Mitigation:

The Company mitigates any concentration risk by spreading investments over multiple counterparties.

Prudent Person Principle - The Company's investment management function ensures that assets are invested in accordance with the investment guidelines reflecting the prudent person principle, following external advice from service providers where required. The Company monitors compliance with investment guidelines on a quarterly basis to ensure assets are being invested in accordance with prudent person principles.

C3. Credit Risk

This is the risk of the Company's counterparties being unwilling or unable to fulfil their obligations or when a change in their credit status takes place. Key areas where the Company is exposed to credit risk are:

- Investments and cash and cash equivalents
- Counterparty exposures to reinsurers
- Amounts due from intermediaries and MGAs in respect of premium written and sliding scale commissions recoverable
- Deposits to cedants
- Trade receivables

Management and Mitigation:

The risk management processes in place to mitigate these risks are detailed below:

- The Company places limits on the level of credit risk undertaken from the main categories of financial instruments. These limits also take due consideration of the solvency restrictions imposed by the relevant regulations. The investment strategy of the Company considers the credit standing of the counterparty and control structures are in place to assess and monitor these risk thresholds.
- The Company structures the levels of credit risk it accepts by limiting as far as possible its exposure to a single counterparty or groups of counterparties. The Company has in place internal control structures to assess and monitor credit exposures and risk thresholds.

- The Company's cash is placed with quality financial institutions, thereby reducing the concentration of counterparty credit risk to an acceptable level.
- Reinsurance/retrocessional transfer is used to manage insurance risk. This does not, however, discharge the Company's liability as primary insurer/reinsurer. If a reinsurer fails to pay a claim for any reason, the Company remains liable for the payment to the policyholder/reinsured. The creditworthiness of reinsurers is monitored regularly by reviewing credit grades provided by rating agencies and other publicly available financial information, thereby ensuring the continuous monitoring of the financial strength of the reinsurer.
- The exposure to individual counterparties is also managed by other controls, such as the right to offset where counterparties are both debtors and creditors of the Group. Management information includes details of provisions for impairment on loans and receivables and on reinsurers' share of technical provisions and subsequent write-offs.

The Company monitors the reinsurers' credit ratings and that the level of any collateral remains sufficient to cover the projected size of the reserves and IBNR.

All new reinsurers proposed as counterparties on the program business are assessed using the Reinsurer Counterpart Risk tool which assesses the potential reinsurance counterparty concentration against either an individual or a parent reinsurer. Each individual reinsurer or parent reinsurer has capital attributed to it depending on its credit rating.

- In respect of the potential exposure to credit risk on receivables from MGAs, the Company mitigates this risk by holding quarterly performance meetings with MGAs (where one of the areas assessed is the MGA's financial stability), reviewing aged debt positions at least on a quarterly basis across all MGAs and chasing unpaid amounts, and where possible, ensure premium monies and claims floats are held in trust accounts in the name of the Company. Credit risk arising from sliding scale receivables is also closely monitored.

In addition, the Company has no appetite for reliance on a single program MGA for premium generation in excess of 20% of the planned Gross Written Premium (GWP), unless there is specific sign-off in place.

- The Company will, insofar as possible and practicable, support the Group in identifying potential significant concentrations to individual counterparties arising from exposure across multiple group entities.

C4. Operational Risk

This is the risk of operational issues such as inadequate information systems, breaches in internal controls, lack of internal controls over financial reporting, fraud, or failure of a service provider will result in a disruption in business and financial loss.

- **Operational - Regulatory and Legal risk:** this comprises the risk that changes in regulatory or legal environments, leading to a change in a portfolio's liability profile, and the risk of not having underwriting and claims administration agreements approved in the timeframe expected. The Company has regular meetings with its regulators and closely monitors legal developments in relevant jurisdictions and any regulatory pronouncements.

- **Operational - Outsourcing risk:** The risk that the Company is adversely affected because its outsourced service providers, including intra-group services, fail to meet their service level agreements. The Company has regular performance review meetings with major outsourced service providers and measures against service level agreements, both internal and external.
- **Operational – Business Continuity:** This comprises the risk that an external event affects its operations or the operation of one or more of the offices of the Company's outsourced service providers or MGAs. The Company benefits from the group's business continuity and disaster recovery plans which are regularly tested. Moreover, the Company rigorously reviews the business continuity plans of its MGAs as part of the due diligence processes when onboarding new MGAs.
- **Operational – Cyber risk:** The risk that the Company is adversely affected by data loss, theft of intellectual property or financial loss as a result of cyber-attacks. The Company outsources the management of its IT and cyber security to Program Management Services UK Ltd which employs a Chief Information Security Officer, responsible for ensuring that the threat of a cyber-attack is minimised. Various software and controls are deployed to mitigate the threat.
- **Operational – Process risk:** Financial transformation has been the most significant change program currently being undertaken by the Company. There is a risk to the smooth continuation of the finance function in Business as Usual, which is being mitigated by the use of external consultants and the recruitment of full-time staff.
- **Operational – Automation risk:** The risk that Company is adversely affected by new and increasing automation of processes resulting in unintended consequences, including the obsolescence of existing controls and the possibility of cascading errors. This is mitigated by reviewing the quality and appropriateness of controls, including cyber, and ensuring that data is of the right quality, consistent and validated.

C5. Other material risks

The Company is exposed to further risks which are not explicitly considered in the standard formula SCR, namely liquidity, reputational, group risk, strategic risk and capital management risk. These risks are managed in the same way as the other risk categories by operating appropriate controls to reduce the inherent risk to an agreed residual level.

- **Liquidity Risk**

The Company is exposed to regular calls on its available cash resources mainly from claims arising from insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

Management and Mitigation:

The Company manages its funds in such a manner as to ensure an adequate portion of available funds to meet such calls through cash-flow tracking to budget and forecast, quarterly Key Risk Indicators and the daily checking of bank account balance. The external investments held by the Company are marketable and liquid so are convertible into cash fairly quickly should the need

arise. In respect of specific controls in place to manage liquidity risk, a key risk indicator has been developed that monitors the percentage of net technical provisions that is maintained in cash and liquid assets.

In addition, the Company maintains a long-term cash flow projection covering the planning period as well as a more detailed cash flow projection setting out the expected receipts and payments over the short term. The long-term cash flow projection is used to ensure the Company's business strategy encompasses a good cash flow position over the planning period. The regular cash flow projection is used to manage the cash balances in the key operating accounts across the short-term period to ensure obligations are met as they fall due.

- **Reputational Risk**

Historically, due to the legacy nature of the portfolios acquired, the Company had not been considered to have a material exposure to reputational risks (a risk that is often considered to be non-quantifiable). However, given the growth in the writing of live direct insurance business, the relative importance of reputational risk has increased. This potentially arises through AIEL's dealings with customers, usually through its MGAs and their Third-Party Administrators on claims, but also in the case of direct dealings with customers on complaints. Reputational risk may arise from any failure on the part of AIEL to meet its regulatory obligations in its Product Oversight, governance arrangements and consumer duties.

For example, the products marketed by AIEL and its agents must be suitable for the target market, be communicated clearly through an Insurance Product Information Document, customers' specific demands and needs must be identified and recorded and the nature and basis of the remuneration received relating to the product must be disclosed.

Claims and complaint procedures and contacts must be provided. Claims must be managed in accordance with the policy wording and complaints must be managed efficiently and fairly. Failure by the Company or its agents to meet these obligations could lead to reputational damage for the Company.

From a financial perspective these fronting deals are substantially Quota Share reinsured on a back to-back basis. The reinsurers are required to have at least an A- rating or provide sufficient collateral as determined appropriate on a case-by-case basis.

- **Group Risk (Contagion)**

This is the risk that adverse events or circumstances affecting one or more business units or entities damage the solvency, liquidity, results or reputation of other entities or the overall group.

These risks are not directly referenced in the capital model and its outputs for this Company. Their impacts are assessed and communicated through qualitative assessment / narratives and the use of scenarios rather than attempting to assign simple probabilistic assessments.

- **Strategic Risk**

The main strategic risk in respect of the program business would be the failure to appropriately implement the operational process and controls within the Company that relate to the underwriting of live insurance business. This risk is being mitigated by the building and embedding

of robust operational controls and a compliance framework and the necessary resources to run and manage these.

In 2016, the Company identified Brexit as a strategic risk. This risk has now been addressed with the authorisation of the UK Branch by the PRA and FCA as well as the approval of the UK sister company, AIUK, as discussed earlier.

- **Capital Management Risk**

Capital management risk is the risk that the level and composition of the Company's capital is not adequate or appropriate, and/or that the level of capital required to manage the business has been under-estimated. The Company has a low appetite for capital management risk and seeks to maintain a strong level of capital in excess of regulatory requirements to support both its existing business and potential new program and legacy transactions.

In addition to regular monitoring of capital against regulatory requirements, for each new legacy transaction and new MGA deal contemplated, a capital assessment is performed, as well as an overall quarterly assessment based on financial projections. The Company's ability to enter into a new portfolio depends on its capital level being able to assume and support the contemplated portfolio.

The Company performs sensitivity analysis on a quarterly basis and as part of the ORSA process it performs Stress and Scenario Testing ("SST") to ensure that it continues to hold capital adequate to support ongoing operations under a broad range of reasonably possible stressed scenarios.

C6. Any other information

There is no further information to be included.

D. Valuation for Solvency Purposes
D1. Assets

As at 31 December 2024, the Company held the following assets with valuation for solvency purposes as shown:

Class	Valuation (£000s)
Property, Plant and Equipment	5
Investments	
Property	-
Holdings in related undertakings	-
Equities	-
Bonds	139,006
Collective investment undertakings	147,816
Other investments	1,896
Intra-Group Loans	-
Reinsurance Recoverables	801,567
Insurance and Intermediaries Receivables	49,989
Deposits to Cedants	11,740
Deferred Tax Assets	22,803
Trade Receivables	18,874
Cash and Cash Equivalents	70,431
Total assets	1,264,128

Under Solo, the only changes to the above would be a £1.3m reduction in cash and £5k reduction in Trade Receivables.

Investments

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Equities, debt securities and collective investment undertakings

Equities, debt securities and collective investment undertakings are valued at fair value. Financial assets at fair value are part of a group of investments that is managed on a portfolio basis and whose performance is evaluated and reported internally on a fair value basis to the Board in accordance with a documented investment strategy. Assets that are part of these portfolios are designated upon initial recognition at fair value.

Deposits to cedants, reinsurance receivables, insurance and trade receivables, cash and cash equivalents

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Together with insurance and other receivables, cash and cash equivalents and

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

deposits with credit institutions, they are carried at amortised cost using the effective interest method, less any provision for impairment.

Deferred tax assets

Deferred tax is recognised using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

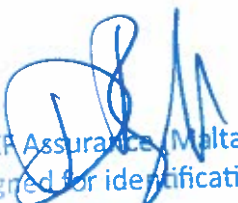
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

The transition to IFRS 17 in 2022 resulted in an increase of £6.4m in the deferred tax assets relating to the carry-forward of unused tax losses. The deferred tax asset subsequently increased to £22.3m at 31 December 2023. No additional deferred tax assets were recognised in 2024 with respect to losses incurred in 2024. The Company believes, on the basis of its most recent projections, that future taxable profits will be available against which the unused tax losses can be utilized, taking into account of the fact that the unused tax losses result from identifiable causes which will not recur and that there are no time limits on the extent to which the Company can carry-forward unused tax losses in the relevant jurisdictions.

The deferred taxation has no expiry date and is substantially non-current in nature.

Compliance with IFRS

With the exception of intangible assets (which are valued at £nil in the Group's assets for solvency purposes), deferred acquisition costs (which are excluded under the Solvency II balance sheet) and deferred taxes (as described in the preceding paragraph), the Group's valuation of assets in its financial statements (prepared under IFRS accounting standards) does not materially differ from the valuation for solvency purposes. In addition, reinsurers' share of technical provisions are adjusted to align with the Solvency II requirements by considering factors such as expected losses, credit risk and discounting.


PKF Assurance (Malta) Limited
Signed for identification
purposes only
03/04/2025

D2. Technical Provisions

SII TPs

AIEL has gross discounted best estimate Technical Provisions ("TPs") of £865.5m. The equivalent net amount is £63.9m. In addition, AIEL holds a risk margin of £5.4m.

SII Class	SII Type	SII TPs	
		Gross	Net
Credit and suretyship insurance	Direct	11,840,553	628,927
Fire and other damage to property insurance	Direct	158,797,923	20,981,801
General liability insurance	Direct	57,061,063	- 8,178,206
Legal expenses Insurance	Direct	89,618,472	- 1,769,984
Marine, aviation and transport insurance	Direct	3,307,156	- 127,820
Other motor insurance	Direct	- 7,390,307	- 4,744,033
Motor vehicle liability insurance	Direct	461,785,821	26,988,086
Miscellaneous Financial Loss	Direct	- 337,850	- 513,782
Workers' compensation insurance	Direct	33,916,011	-
Non proportional casualty reinsurance	Non Proportional	5,587,894	-
Non proportional marine, aviation and transport reinsurance	Non Proportional	1,174,773	-
Non proportional property reinsurance	Non Proportional	501,768	-
Credit and suretyship proportional reinsurance	Proportional	2,152	-
Fire and other damage to property proportional reinsurance	Proportional	4,838,601	-
General liability proportional reinsurance	Proportional	12,008,150	-
Income Protection proportional reinsurance	Proportional	- 1,983	-
Marine, aviation and transport proportional reinsurance	Proportional	1,243,444	-
Motor vehicle liability proportional reinsurance	Proportional	10,701,739	-
Other motor proportional reinsurance	Proportional	5,485	-
Workers' compensation proportional reinsurance	Proportional	521,569	-
Total Undiscounted		845,182,433	33,264,989
SII Expenses		27,954,168	27,954,168
ENIDs		58,978,884	4,020,919
Bad Debt		-	408,327
Discount		- 66,599,527	- 1,699,197
Total Discounted		865,515,958	63,949,206
SII Risk Margin		5,373,356	5,373,356
SII Technical Provisions		870,889,314	69,322,561

Methodology

In setting the gross undiscounted claim element of TPs, the starting point is the US GAAP claims reserves determined for reporting in the group financial statements, which are then translated to a SII and IFRS 17 basis.

The bases, methods and assumptions for arriving at the SII basis for each line of business are detailed below:

- TPs are estimated by the Chief Actuary and the Actuarial Function ("AF") and approved by the AIEL Board. Following the AF reserving policy, the AF determines best-estimate reserves with no margin for prudence on Solvency II basis.
- Reserves are set by homogenous risk groups according to the class of business.

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

- Claims TPs are projected using ResQ at various points through the year. AIEL selects underwriting year loss development factors using historical paid and incurred claims development triangles. Where underwriting years within a class showed significantly different development patterns, different loss development factors are selected. Where necessary, tail factors have been estimated by fitting mathematical curves.
- Since June 2024, Enstar has been responsible for all claims handling relating to the Legacy portfolios. As such, the AF relies heavily on Enstar's view of ultimate claim amounts for each portfolio.
- The AF estimates ceded recoveries by explicitly applying quota share cessions to the gross reserves and XOL programs to known large losses.
- The Bad Debt Reserve is estimated by applying a probability of default (using S&P or A.M. Best assumptions at a duration equal to the average future claims payment) and a 50% loss given default factor.

In determining the TP Claims Provisions, the US GAAP reserves are adjusted for:

- Pipeline premium and claims reserves
- Events Not In Data ("ENIDs").
- Additional expenses and Bad Debt.
- Discounting.

In setting the undiscounted claims TPs, the starting point is the Unearned Premium Reserves ("UPR"). This is multiplied by the Initial Expected Loss Ratio ("IELR") to determine the unearned future claims TPs. In determining these provisions, the unearned future claim amounts are adjusted for:

- Legally Obligated business.
- Expenses.
- Discounting.

Material differences are highlighted below.

- ENIDs
Solvency II requires claims reserves to be estimated as the mean of the distribution of all possible outcomes. ENIDs are low frequency, high-cost events which are not represented within the historical data and which must therefore be estimated explicitly. A simple percentage approach is taken to estimating ENIDs due to the nature of the run-off reserves and the reinsurance mitigation available on the programme business.
- BBNI and Future Premium Reserves
For Solvency II TPs, the Company must calculate the premium and claims cashflows of contracts to which it is legally obliged, whether these contracts have incepted or not (bound but not incepted, "BBNI"). The calculation of these cash-flows generates future premium reserves for both incepted and unincepted contracts.

PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

- Expenses

For Solvency II TPs, the discounted cashflows associated with the estimated cost of running all claims off to finality is required to be included in the TPs. A simple percentage approach is taken to estimating SII additional expenses due to the nature of the run-off reserves and the expected short length of run-off of the program business.

- Discounting

Solvency II best estimates represent the probability weighted average value of all future cash flows, discounted to allow for the time value of money.

Discounting has been carried out in accordance with EIOPA guidelines. Yield curves have been provided by EIOPA. Claim payment patterns used for discounting provisions were derived from the gross claim projections. Claims payment pattern are determined for each currency and currency specific discount rates have been used.

ULAE is discounted assuming the same underlying payment pattern as gross claims to which the expense has been allocated. Reinsurance recoveries are assumed to mirror gross payments.

- Risk Margin

The Risk Margin is calculated using a simplified cost of capital approach. The SCR relating to current and BBNI business is projected to each future YE, running off in proportion to the square root of the unpaid liabilities. At each future YE, the cost of capital is calculated as 6% of the SCR and then discounted to current values using risk-free GBP discount rates. The simplified method has been chosen due to the maturity of the Company and the nature of the exposures.

- Uncertainty

There is always uncertainty associated with the estimation of TPs. Future development can and does differ from past experience. These include, but are not limited to:

- Future claims being higher than expected due to random fluctuation (i.e. statistical deviation from the mean of the distribution);
- Future claims being higher than expected due to external impacts (c65% of Program reserves are in respect of Motor business which is relatively long-tailed and volatile being subject to financial risks such as inflation and changing discount rates as well as adverse judicial decisions);
- Reserve model error (i.e. over reliance on optimistic business plan assumptions or benchmarks for new MGAs or where data is scanty);
- Non-performance of reinsurance (over 90% of gross reserves are reinsured and to the extent that reinsurers will not / cannot pay, net reserves may be under-stated); and
- Future premium cashflows being incorrectly calculated (MGAs net settle claims against premiums making premium payable/receivable amounts uncertain).


PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

IFRS 17 TPs

		IFRS17 TPs	
SII Predominant Class		Gross	Net
Credit and suretyship insurance	Direct	19,143	9,132
Fire and other damage to property insurance	Direct	235,529	21,098
General liability insurance	Direct	147,486	27,010
Legal Expenses insurance	Direct	97,781	2,100
Miscellaneous financial loss insurance	Direct	612	9
Motor vehicle liability insurance	Direct	536,608	1,225
Workers' compensation insurance	Direct	34,289	-
Marine, aviation and transport insurance	Direct	3,939	-
General liability proportional insurance	Proportional	12,140	-
Income Protection proportional reinsurance	Proportional	2	-
Marine, aviation and transport proportional insurance	Proportional	1,257	-
Motor vehicle liability proportional insurance	Proportional	10,819	-
Fire and other damage to property proportional insurance	Proportional	4,892	-
Other motor insurance proportional reinsurance	Proportional	6	-
Credit and suretyship proportional insurance	Proportional	2	-
Workers' compensation proportional reinsurance	Proportional	527	-
Non-proportional marine, aviation and transport reinsurance	Non-Proportional	1,188	-
Non-proportional casualty reinsurance	Non-Proportional	5,806	-
Non-proportional property reinsurance	Non-Proportional	508	-
Total Undiscounted (Past UW Business Only)		1,112,531	58,124
Bad Debt		0	2,869
Discount		184,353	115,668
CSM		164,896	44,114
Total Discounted		1,093,075	220,775
IFRS17 Risk Margin		63,313	26,748
IFRS17 Technical Provisions		1,156,388	194,027

For the purposes of IFRS 17 and therefore statutory financial statements, technical provisions are set as follows:-

- Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together. For program business, each portfolio is divided into cohorts to align with binder periods in line with the binder agreements entered into with the MGAs. Binders lasting more than one year are divided into yearly parts. Once a binder is renewed, the new iteration is allocated to its own separate cohorts. Reinsurance contracts fall into their own groups, and the cohort periods applied to those groups are not constrained by the cohort periods used for the underlying inwards business. For legacy business, there is a one-to-one relationship between groups of contracts and portfolios. Groups/portfolios are made up of one or more reserving classes, with similar reserving classes being grouped together. Any outwards reinsurances on inwards reserving classes are treated as additional portfolios.

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

- The contract boundary rules under IFRS 17 give rise to potential sources of mismatches when measuring gross business and the related reinsurance contracts held. On the gross side, the Company only recognizes contracts as and when it actually writes this business. On the reinsurance contracts held however, the Company is required to recognize all the cash flows it expects within the boundary, including reinsurance cash flows related to gross business already written as well as cash flows related to future gross business that has not yet been written.
- On initial recognition, groups of insurance contracts are measured at the total of :-
 - Fulfilment cash flows – comprising of estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk; and
 - The contractual service margin or CSM – representing the unearned profit that is recognised as the Company provides services under those contracts.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expense arising on initial recognition. If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

- The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage (LRC) and the liability for incurred claims (LIC).

The LRC comprises the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and any remaining CSM at that date.

The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not reported.

- The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk.
- The carrying amount of the CSM at the reporting date is the carrying amount at the start of the year adjusted for:
 - The CSM of new contracts added to the group in the year;
 - Interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows determined on initial recognition;

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

- Changes in fulfilment cash flows that relate to future services, except to the extent that:
 - Any changes in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit and loss; or
 - Any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss.
 - the effect of any currency exchange differences on the CSM; and
 - the amount recognised as insurance revenue because of the services provided in the year.
- To measure a group of reinsurance contracts, AIEL applies the same policies as are applied to insurance contracts, with the following modifications. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset for remaining coverage and the asset for incurred claims. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

AIEL measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

On initial recognition, the CSM of a group of reinsurance contracts represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date. However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then the Company recognises the cost immediately in profit or loss as an expense.

The risk adjustment for non-financial risk is the amount of risk being transferred by the Company to the reinsurer.

- The risk adjustments for non-financial risk are determined by AIEL using a confidence level technique. To determine the risk adjustments for non-financial risk for reinsurance contracts, AIEL applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results. Applying a confidence level technique, AIEL estimates the probability distribution of the expected present value of the future cash flows from insurance contracts at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the 80th percentile (the target confidence level) over the expected present value of the future cash flows.
- All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. AIEL determines the risk-free rates using the rates published by EIOPA (European Insurance and Occupational Pensions Authority), as these are provided timely and cover all the relevant currencies and maturity periods.

PKF Assurance (Mak) Limited
Signed for identification
purposes only

03/04/2025

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves are adjusted by an illiquidity premium. Illiquidity premiums are generally determined by comparing the corporate spot rates and the risk-free spot rates as published by the Bermuda Monetary Authority (the Group supervisor) and taking an adequate percentage of the difference between the two yield curves.

Other Information

The data used to determine TPs is complete and accurate and appropriate for purpose as assessed in accordance with Article 19 of Directive 2009/138/EC.

In assessing the TPs, there is no matching adjustment (Article 77b of Directive 2009/138/EC), no volatility adjustment (Article 77d of Directive 2009/138/EC), no transitional risk-free interest rate-term structure (Article 308c of Directive 2009/138/EC) and no transitional deduction (Article 308d of Directive 2009/138/EC).

AIEL took advantage of simplification on counterparty default risk on pooling arrangements under Article 107 of the Delegated Regulation 2015/35.

D3. Other Liabilities

As at 31 December 2024, the Group held the following other liabilities with valuation for solvency purposes as shown:

Class	Valuation (£000s)
Subordinated Liabilities	20,632
Insurance & Intermediaries Payable	28,526
Reinsurance Payables	245,505
Trade Payables	5,918
Provision other than Technical Provisions	5
Other Liabilities	37
Total Liabilities	300,623

Under Solo, the changes to the above are limited to a reduction of £20k in Other Liabilities, £149k in Trade Payables and £3k in Provisions other than Technical Provisions.

Subordinated liabilities, insurance & intermediaries payables, reinsurance and trade payables

The Group initially recognises its financial liabilities on the date that they are originated. The Group does not recognise a financial liability when its contractual obligations are discharged or cancelled or expired. Financial liabilities are initially recognised at cost and subsequently approximate their fair value. The Group's financial liabilities include insurance and other payables.

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

Provisions other than technical provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Such provisions are recognised at fair value.

Compliance with IFRS


The Group's valuation of other liabilities in its financial statements (prepared under IFRS accounting standards), does not materially differ from the valuation for solvency purposes.

D4. Alternative Methods for Valuation

No alternative methods for valuation of assets or other liabilities have been used.

D5. Any Other Information

There is nothing else to report.


PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

E. Capital Management**E1. Own funds**

The Group's objectives when managing capital are to:

- Comply with the insurance capital requirements to hold Eligible Own Funds to cover the Solvency Capital Requirement and Minimum Capital Requirement in terms of the Insurance Business Act, 1998, (Chapter 403, Laws of Malta) and the applicable Insurance Rules issued under the Insurance Business Act ("Insurance Rules") by the Malta Financial Services Authority ("MFSA").
- Safeguard the Group's ability to continue as a going concern and provide returns for shareholders and benefits for other stakeholders.
- Maintain financial strength to support new business growth and to provide for the capital requirements of the Group; and
- Provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

The Group aims to ensure that its "own funds" consists of "Tier 1", "Tier 2" and "Tier 3" capital as defined by Solvency II Directive. The Group's own funds shall take the form of:

- Ordinary Share Capital
- Retained Earnings
- Shareholders' Contribution
- Subordinated Debt

In order to maintain or adjust the capital structure, the companies within the Group may issue new shares or capitalise contributions received from shareholders, or issue further subordinated debt.

The Group utilises a 3-year time horizon for business planning purposes and the last complete business plan was for 2024-2026.


PKE Assurance (Malta) Limited
Signed for identification
purposes only
03/04/2025

Own funds have moved as follows:

	Share Capital Tier 1 £000s	Reconciliation Reserve Tier 1 £000s	Subordinated Debt Tier 2 £000s	Deferred Tax Asset Tier 3 £000s	Total £000s
Solo Basic own funds at 1 January 2024	97,506	(21,934)	21,574	11,603	108,750
Foreign exchange movements			(942)		(942)
Capital injection	144,976				144,976
Movement in excess of assets over liabilities		(151,841)			(151,841)
Movement in deferred tax				11,200	11,200
Solo Basic own funds at 31 December 2024	242,482	(173,775)	20,632	22,803	112,142
Movement from Solo to Group	(5,765)	6,871	-	-	1,106
Group Basic own funds at 31 December 2024	236,717	(166,904)	20,632	22,803	113,248

As at 31 December 2024, the Group's SCR and MCR coverage was as follows:

	Tier 1	Tier 2	Tier 3	Total
Basic Group own funds	69,813	20,632	22,803	113,248
Group SCR				80,953
Group MCR				20,242
Total available own funds to meet SCR	69,813	20,632	22,803	113,248
Total available own funds to meet MCR	69,813	20,632	-	90,444
Group SCR Cover				140%
Group MCR Cover				447%
Total eligible own funds to meet SCR	69,813	20,632	12,143	102,587
Total eligible own funds to meet MCR	69,813	4,048	-	73,861
Group SCR Cover				127%
Group MCR Cover				365%


 PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

As at 31 December 2024, AIEL's SCR and MCR coverage was as follows:

	Tier 1	Tier 2	Tier 3	Total
Basic Solo own funds	68,707	20,632	22,803	112,142
Solo SCR				80,790
Solo MCR				20,198
Total available own funds to meet SCR	68,707	20,632	22,803	112,142
Total available own funds to meet MCR	68,707	20,632	-	89,339
Solo SCR Cover				139%
Solo MCR Cover				442%
Total eligible own funds to meet SCR	68,707	20,632	12,119	101,458
Total eligible own funds to meet MCR	68,707	4,040	-	72,747
Solo SCR Cover				126%
Solo MCR Cover				360%

The Group does not disclose any additional ratios other than those included in S.23.01.01 or as shown above.

Ordinary Shares

The share capital is made up of Ordinary shares. The issued share capital of the Company remained unchanged during the year under review.

Shareholders' Contribution

These are contributions made by the shareholders for which settlement is neither planned nor likely to occur in the foreseeable future, for which no interest is levied by the shareholders and that are not subject to any restrictions or the fulfilment of any conditions or requirements on the part of the Group. In 2024, further contributions of \$165.1m (c. £130.6m) and £14.4m in June and December 2024 respectively, were made (2023: £5.0m), with the former being directly tied to the Accredited sale process as detailed within this report. In March 2025, a further £10.3m was injected.

Reconciliation Reserve

The Group's reconciliation reserve is made up of the excess of assets over liabilities less other Tier 1 basic own funds (being share capital and Shareholders' contribution), reduced by any restricted own funds (as further noted below).

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

Subordinated Debt

The subordinated debt is denominated in Euro, it attracts a floating rate interest charge and is due for redemption as follows:

€20,000,000 due on 5 October 2025

€5,000,000 due on 5 July 2027

The outgoing funds to make the repayment due in October 2025 will be replaced by a capital injection as required at that point in time, funded via monies already segregated in a deposit account at Accredited Group level.

Available own Funds to cover SCR and MCR

In assessing the solvency cover, the Board considers the available own funds to be a significant driver. The Group is in a position to cover the SCR fully with its Tier 1 and Tier 2 capital. When assessing the Group's strength, the Directors view the Group's available own funds coverage of SCR to be the most appropriate to the Group.

The Group does not hold any ancillary own funds.

Reconciliation between Group Solvency II excess of assets over liabilities and Group Equity as per IFRS:

	£'000s
Excess of assets over liabilities as per SII	92,616
Intangible asset within IFRS not permitted under Solvency II	1,088
Adjustment to deferred tax assets	(537)
Difference in value of net TPs as explained in Section D2	1,514
Difference in value of net receivables/payables	189,834
Net deferred acquisition Costs not permitted under Solvency II	(164,447)
Differences due to transition to IFRS 17 other than net TPs	(21,182)
Equity as per IFRS	98,886

E2. Solvency Capital Requirement and Minimum Capital Requirement

The Group uses the Standard Formula basis to determine its regulatory Solvency Capital Requirement (SCR) as prescribed in the 'Commission Delegated Regulation (EU) 2015/35 of 10 October 2014' including amendments within the 'Commission Delegated Regulation (EU) 2019/981 of 08 March 2019'.

As the year end 2024, the SCR for the Group is £81.0m with a corresponding MCR of £20.2m. The drivers of risk are detailed in the risk categories that constitute the SCR as shown in the table below:

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

RISK DESCRIPTIONS	£Ms (Group)	£Ms (Solo)	£Ms (Solo)
As at Date	12/2024	12/2024	12/2023
Non-life underwriting risk	35.8	35.8	36.9
Health underwriting risk	0.4	0.4	5.5
Life underwriting risk	-	-	-
Market risk	11.7	11.5	25.9
Counterparty default risk	34.8	34.7	25.2
Basic SCR (diversified)	65.5	65.4	67.6
Operational risk	19.7	19.6	20.3
SCR	85.2	85.0	87.9
MCR	20.2	20.2	19.7
LACDT Adjustment	(4.2)	(4.2)	(9.1)
Regulatory SCR	81.0	80.8	78.7

The equivalent solo SCR and MCR at the preceding year end were £78.7m and £19.7m respectively. The increase in the SCR reflects the future planned growth in AIEL's strategy as well as the achieved growth during 2024.

USP and Simplifications

We have, where considered appropriate, applied simplified approaches in determining the SCR for the Group as at year end 2024 in line with the nature, scope and complexity of the Group's risk profile. We believe these simplifications are in line with Article 88 of the Delegated Acts on proportionality. The simplified approaches were applied to:

- The determination of counterparty default risk;
- The simplification of the risk mitigating effect of reinsurance to determine catastrophe risk; and
- The allocation of Technical Provisions to Solvency II class and region, for each class.

In determining the SCR for the Group, no Undertaking Specific Parameters were incorporated.

The MCR is determined as prescribed in the 'Commission Delegated Regulation (EU) 2015/35 of 10 October 2014'. As at year end 2024, the Group's MCR reflects the Linear MCR.

E3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The Group does not make use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

E4. Differences between the standard formula and any internal model used

The Group has chosen to determine its Solvency Capital Requirements using the Standard Formula and does not implement an Internal Model.

PKF Assurance (Malta) Limited
 Signed for identification
 purposes only

03/04/2025

E5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Group was compliant with the MCR and the SCR at all times during the period and is also projected to be compliant over the business planning horizon.

E6. Any other information

In computing the SCR, the Group accounts for the loss absorbing capacity of deferred taxes (LACDT) at an amount equal to the SCR multiplied by the applicable tax rates, less any deferred tax asset recognised in the solvency balance sheet. This applies to the extent that the resulting loss absorbing capacity is expected to be utilised within 5 years, given the Company's latest business projections of future taxable profits, after providing for a haircut to account for the possibility of unforeseen events affecting future taxable profits. The 5-year time horizon acknowledges the fact that there are currently no time limits relating to the carry-forward of unused tax losses and that the reliability of projections tends to decline significantly beyond the 5-year period.


PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

Appendix 1 – ART Forms

S.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	22,803
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	5
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	288,717
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	139,006
R0140	<i>Government Bonds</i>	42,359
R0150	<i>Corporate Bonds</i>	95,793
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	854
R0180	<i>Collective Investments Undertakings</i>	147,816
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	1,896
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	801,567
R0280	<i>Non-life and health similar to non-life</i>	801,567
R0290	<i>Non-life excluding health</i>	773,937
R0300	<i>Health similar to non-life</i>	27,630
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	0
R0330	<i>Life excluding health and index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	11,740
R0360	Insurance and intermediaries receivables	49,989
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	18,874
R0390	Own shares (held directly)	0
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	70,431
R0420	Any other assets, not elsewhere shown	0
R0500	Total assets	1,264,128

PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

S.02.01.02

Balance sheet

		Solvency II value
Liabilities		C0010
R0510	Technical provisions - non-life	870,889
R0520	<i>Technical provisions - non-life (excluding health)</i>	841,967
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	836,692
R0550	<i>Risk margin</i>	5,275
R0560	<i>Technical provisions - health (similar to non-life)</i>	28,922
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	28,824
R0590	<i>Risk margin</i>	98
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	0
R0630	<i>Best Estimate</i>	0
R0640	<i>Risk margin</i>	0
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	0
R0670	<i>Best Estimate</i>	0
R0680	<i>Risk margin</i>	0
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	0
R0710	<i>Best Estimate</i>	0
R0720	<i>Risk margin</i>	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	5
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	28,526
R0830	Reinsurance payables	245,505
R0840	Payables (trade, not insurance)	5,918
R0850	Subordinated liabilities	20,632
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	20,632
R0880	Any other liabilities, not elsewhere shown	37
R0900	Total liabilities	1,171,512
R1000	Excess of assets over liabilities	92,616

PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

S.23.01.22
Own Funds

Basic own funds before deduction for participations in other financial sector

R0010	Ordinary share capital (gross of own shares)
R0020	Non-available called but not paid in ordinary share capital to be deducted at group level
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
R0060	Non-available subordinated mutual member accounts to be deducted at group level
R0070	Surplus funds
R0080	Non-available surplus funds to be deducted at group level
R0090	Preference shares
R0100	Non-available preference shares to be deducted at group level
R0110	Share premium account related to preference shares
R0120	Non-available share premium account related to preference shares at group level
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0150	Non-available subordinated liabilities to be deducted at group level
R0160	An amount equal to the value of net deferred tax assets
R0170	The amount equal to the value of net deferred tax assets not available to be deducted at the group level
R0180	Other items approved by supervisory authority as basic own funds not specified above
R0190	Non available own funds related to other own funds items approved by supervisory authority
R0200	Minority interests
R0210	Non-available minority interests to be deducted at group level
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
R0230	Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities
R0240	whereof deducted according to art 228 of the Directive 2009/138/EC
R0250	Deductions for participations where there is non-availability of information (Article 229)
R0260	Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used
R0270	Total of non-available own fund items to be deducted
R0280	Total deductions
R0290	Total basic own funds after deductions
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 under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0380	Non available ancillary own funds to be deducted at group level
R0390	Other ancillary own funds
R0400	Total ancillary own funds
Own funds of other financial sectors	
R0410	Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies
R0420	Institutions for occupational retirement provision
R0430	Non regulated undertakings carrying out financial activities
R0440	Total own funds of other financial sectors

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
43,284	43,284		0	
0	0		0	
0	0		0	
0	0		0	
0		0	0	0
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
0		0	0	0
0		0	0	0
-166,904	-166,904			
20,632		0	20,632	0
0		0	0	0
22,803				22,803
0				0
193,433	193,433	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
113,247	69,813	0	20,632	22,803
0			0	
0		0		0
0		0		0
0		0		0
0		0		0
0		0		0
0		0		0
0		0		0
0		0		0
0		0		0
0		0		0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

5.23.01.22
Own Funds

Basic own funds before deduction for participations in other financial sector

Own funds when using the D&A, exclusively or in combination with method 1

R0450 Own funds aggregated when using the D&A and combination of method

R0460 Own funds aggregated when using the D&A and combination of method net of IGT

R0520 Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0530 Total available own funds to meet the minimum consolidated group SCR

R0560 Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)

R0570 Total eligible own funds to meet the minimum consolidated group SCR (group)

R0610 Minimum consolidated Group SCR

R0650 Ratio of Eligible own funds to Minimum Consolidated Group SCR

R0660 Total eligible own funds to meet the total group SCR (including own funds from other financial sector and from the undertakings included via D&A)

R0680 Total Group SCR

R0690 Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A

Reconciliation reserve

R0700 Excess of assets over liabilities

R0710 Own shares (held directly and indirectly)

R0720 Forseeable dividends, distributions and charges

R0730 Other basic own fund items

R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

R0750 Other non available own funds

R0760 Reconciliation reserve

Expected profits

R0770 Expected profits included in future premiums (EPIFP) - Life business

R0780 Expected profits included in future premiums (EPIFP) - Non-life business

R0790 Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
0	0	0	0	0
0	0	0	0	0
113,247	69,813	0	20,632	22,803
90,444	69,813	0	20,632	
102,587	69,813	0	20,632	12,143
73,861	69,813	0	4,048	
20,242				
364.89%				
102,587	69,813	0	20,632	12,143
80,953				
126.72%				
C0060				
92,616				
0				
0				
259,520				
0				
0				
-166,904				
0				
0				
0				

PKF Assurance (Malta) Limited
Signed for identification
purposes only

03/04/2025

Solvency Capital Requirement - for groups on Standard Formula

USP Key

For life underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 9 - None

For health underwriting risk:

- 1 - Increase in the amount of annuity benefits
- 2 - Standard deviation for HSLT health premium risk
- 3 - Standard deviation for HSLT health gross premium risk
- 4 - Adjustment factor for non-proportional reinsurance
- 5 - Standard deviation for HSLT health reserve risk
- 9 - None

For non-life underwriting risk:

- 4 - Adjustment factor for non-proportional reinsurance
- 6 - Standard deviation for non-life premium risk
- 7 - Standard deviation for non-life gross premium risk
- 8 - Standard deviation for non-life reserve risk
- 9 - None

03/04/2025