



Accredited Insurance (UK) Limited

Single Solvency and Financial Condition Report

Year ended 31 December 2024

SINGLE SOLVENCY AND FINANCIAL CONDITION REPORT

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Introduction

The Directors of Accredited Insurance (UK) Limited (“AIUK” or the “insurance undertaking”) present the Single Solvency and Financial Condition Report (“SFCR”) for the year ended 31 December 2024.

This SFCR has been prepared to allow the Company 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”).

In accordance with the Prudential Regulation Authority (PRA) requirements, Sections D (Valuation for Solvency Purposes) and E (Capital Management) have been audited, excluding those tables marked “unaudited”. Sections A (Business and Performance), B (System of Governance) and C (Risk Profile) are unaudited.

The Company forms part of the Accredited Group (“the Accredited Group” or “Accredited”), the parent company of which is Accredited Insurance Holdings Inc. On 28th June 2024, 100% of the equity interest in Accredited was sold to Onex Corporation.

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

Summary

AIUK was incorporated to carry out the business of general insurance in the United Kingdom. On 9 August 2024, the Company obtained authorisation from the PRA and FCA to carry out the business of insurance within the following classes of general insurance business:

- Accident;
- Land Vehicles;
- Goods in Transit
- Fire & Natural Forces;
- Damage to Property;
- Motor Vehicle Liability;
- General Liability;
- Suretyship
- Miscellaneous Financial Loss; and
- Legal Expenses.

Following the authorisation, the Company has onboarded two MGAs one of which started writing business in November 2024 and generated £3.8 million in gross premiums written. The second MGA was onboarded in the last days of 2024, resulting in no premium written for 2024.

The Company takes a prudent approach and reinsures its 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.

Result for the year

The Company, through its licence to write certain non-life classes of business in the United Kingdom ('UK'), is a specialist capacity provider for UK program management business, operating through agreements with Managing General Agents ('MGAs') and ceding a significant proportion of its exposures to high quality rated reinsurers. The Company forms part of the Accredited Group, which also operates in the UK through a UK Branch of Accredited Insurance (Europe) Limited ("AIEL"), registered and domiciled in Malta. The intention of the Accredited Group is to have the Company focus mainly on the underwriting of UK retail risks. The company entered into two MGA agreements in 2024, one of which started writing business before year-end. This program covers motor insurance business, which was also reinsured externally on both a proportional and non-proportional basis.

Gross written premiums for the year amounted to £3.8m (2023: £nil) while gross earned premium amounted to £0.2m (2023: £nil). There were gross claims incurred of £0.2m (2023: £nil) during the year under review. Net earned premiums and net claims incurred were negligible.

The Company's investment portfolio generated a net investment return for the year of £0.2m (2023: £nil). This result is mainly attributed to net fair value gains on debt securities of £0.1m (2023: £nil) and interest income of £0.1m (2023: £nil) on those same debt securities.

The year also saw the material conclusion of a period of significant operational change at the Accredited Group level, driven by a number of different overarching projects aimed at automating and improving the Company's core operational systems, which have achieved efficiencies within the Company's main workstreams.

Net operating expenses for the year amounted to £3.0m (2023: £nil), driven mainly by recharges from entities under common control. The relatively high expense base compared to the underwriting volume was driven by the costs incurred to separate the Accredited Group from the R&Q Group, as well as the continued investment in growing the program business. The Directors expect that the growth in program business anticipated over the coming years will outpace the expected cost base of the Company.

These factors resulted in a loss before tax for the year of £2.8m (2023: £nil), despite a break-even program technical result.

The Company maintains a sound capital position and monitors its capital level on a regular basis. It formed the foundation of its capital base in 2024 through a capital injection of £14.5m received on 7 August 2024. At the reference date, the regulatory Solvency Capital Requirement was calculated at £3.5m, being the absolute Minimum Capital Requirement (MCR) driven by the inception of program business underwritten in late 2024. The eligible own funds available to cover this requirement amounted to £12.2m. These own funds consist of £12.2m Tier 1 unrestricted funds. Hence, the ratio of eligible own funds to SCR at the reference date was 348%.

The Company forms part of the Accredited Group which operates with a rating of A- (Excellent) from A.M. Best. This strong credit rating supports the Company in its strategy to be a market leader in the program management space.

The Company maintains a robust system of governance which, in light of the nature, scale and complexity of the Company's activities and its risk profile, is deemed to be adequate in ensuring the sound and prudent management of the Company. The system of governance revolves around the Board and its Committees, namely the Audit Committee and the Compliance and Risk Committee. Key functions are outsourced to the Group and external service providers in line with the Company's Outsourcing Policy with appropriate oversight and monitoring. One of the mainstays of the system of governance is the risk management system which is designed to ensure that all material risks are identified and that policies and procedures are in place to manage or mitigate these risks, to assess their potential impact and to ensure that they are adequately reported.

The Board's current appetite is focused on underwriting risk, credit risk arising from reinsurance associated with the programs, and given the relatively long-tailed nature of its underlying net technical provisions, on market risk.

No significant changes in the system of governance, including the risk management system, occurred during the year under review. The Board remains fit and proper, possessing a good mix of management and technical competences.

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 Company, Accredited Insurance (Europe) Limited, 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 the Company'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).

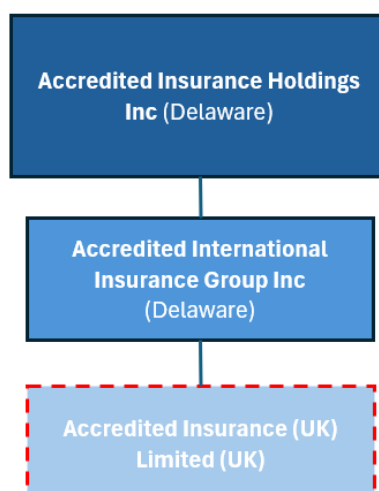
On 13 June 2024, R&Q announced that Onex provided an alternative transaction structure to that of the original Sale (the "Alternative Proposal") that could be implemented in the event that the closing conditions to the original Sale were not able to be satisfied, and on 19 June 2024, the R&Q concluded 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 Partners, for a cash consideration of \$420 million.

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	Accredited Insurance (UK) Limited (the Company)	
National Supervisory Authority	Prudential Regulation Authority 20 Moorgate, London, EC2R 6DA United Kingdom	
National Regulatory Authority	Financial Conduct Authority 12 Endeavor Square, London, E20 1JN United Kingdom	
AIUK Directors as at 31 December 2024 and up to the date of this report	Peter David Allen - appointed on 24 January 2024 Paul Edward Glen – appointed on 24 January 2024 Stuart Forbes McMurdo - appointed on 11 February 2025 Lee Curtis - appointed on 27 April 2023, resigned on 3 January 2025 Colin Johnson - appointed on 27 April 2023, resigned on 30 August 2024	
External Auditors	PKF Littlejohn LLP Thomas Seaman (Audit Partner) 15, Westferry Circus London, E14 4HD United Kingdom	
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 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 15 – Suretyship Class 16 – Miscellaneous Financial Loss Class 17 – Legal expenses

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



A2. Underwriting Performance

The numbers included in Section A are taken from the financial statements of the Company, unless otherwise stated. As a result they may differ from those shown elsewhere in this report, which are calculated using methodologies and assumptions appropriate for Solvency (i.e. regulatory) reporting. The Company has onboarded two MGAs during the year and started writing business in November 2024 through one of them, generating £3.8m (2023: nil) of Motor Damage and Motor Liability gross written direct premiums.

After taking into consideration commissions and claims handling fees paid and a loss ratio of 90%, this program produced a technical loss of £0.02m (2023: nil), before any allocation of net investment income. This business is reinsured as to 85% with quota share reinsurers. An excess of loss treaty is also in place on the Company's net retained portion of business.

During the year, the Company has also entered into an excess of loss contract on a second program, which writes property business, but that had not started writing business before year-end.

The total technical loss is summarised below by material line of business.

Year ended 31 December 2024 (in GBP)

	Motor	Property	Total
Earned premiums, net of reinsurance	21,544 -	30	21,514
Acquisition costs, net of reinsurance	- 3,294	- -	3,294
Claims incurred, net of reinsurance	- 24,575	- -	24,575
Net Underwriting Result	- 6,325 -	30 -	6,355
Other technical income	7,321	-	7,321
Claims Handling Cost and other technical expenses	- 18,582	- -	18,582
	- 17,586 -	30 -	17,616
Net Technical Result	- 17,586 -	30 -	17,616

Further detail is included within form IR.05.02.01 (attached within Appendix 2).

The Company anticipates a significant increase in premiums next year, as this will be the first full year of trading with several new programs expected to be onboarded.

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

Gross Claims Reserves

	2024
Casualty	-
General Liability	-
Motor	162,938
Property	-
Legal Expenses	-
Credit Surety	-
Misc. Fin Loss	-
Other	-
Total	162,938

A3. Investment Performance

The investment strategy covers the following:

- Invest primarily in marketable, investment grade-rated, short- and intermediate-term securities.
- Adjust asset allocation mix and fixed-income sector weightings consistent with the outlook for markets, business conditions and corporate profitability.
- Optimising the returns versus the capital charges due to investments whilst also matching the assets and liability duration with ranges deemed reasonable by the Company.
- 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
Debt Securities	14,407	-
Cash at Bank	2,019	-
Total	16,426	-

The Company registered a net investment return for the year of £0.2m (2023: £nil). This result is mainly attributed to interest income on debt securities of £0.1m (2023: £nil), and net fair value gains of £0.1m (2023: £nil).

The breakdown of the investment return is as follows:

	2024	2023
	£'000s	£'000s
Interest on debt securities	118	-
Net fair value gains on debt securities	88	-
Total	206	-

The Company enjoys a steady interest income flow on funds invested in debt securities.

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

A4. Performance of other activities

There are no further material matters to report here.

A5. Any other information

Currency exposures

The Company does not face any material foreign currency risk due to the nature of its underlying business operations. The majority of the Company's transactions are conducted in its functional currency i.e. GBP, with limited exposure to foreign currencies.

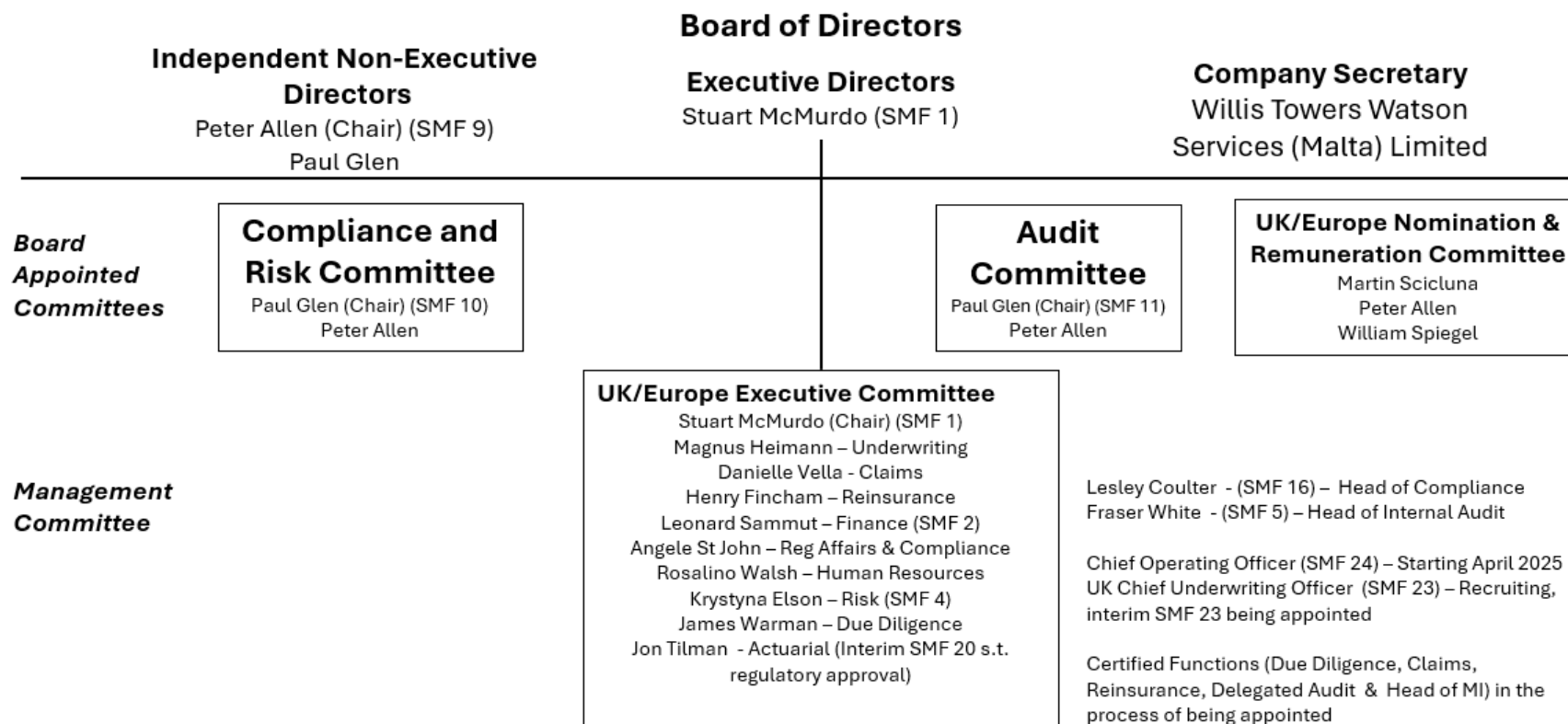
Calibration of currency exposures takes place on a quarterly basis post quarter-end and any temporary mismatches that are not a result of increased capital efficiency are adjusted post quarter-end.

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 (UK) Limited



The Board of Directors:

The Board of Directors is the body of appointed members who jointly oversee the activities of Accredited Insurance (UK) Limited (AIUK).

The Board exercises its delegated authority as determined by the Memorandum and Articles of Association of AIUK and any other applicable legislation.

The following matters are reserved for the AIUK Board:

Strategy, Shares, Compliance, Risk Management, Capital, Financial Reporting and Control, Whistleblowing and Fraud, Controls, Communication, Board Membership and Appointments, Delegation of Authority, Corporate Governance and Policies and Procedures.

The Board meets on a quarterly basis and as required on an ad-hoc basis.

The Board has established the following Board Committees:

- Compliance and Risk Committee
- Audit Committee
- UK/Europe Nomination and Remuneration Committee

The Board also exercises accountability through the oversight of a number of board appointed committees which 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 following duties are set to achieve the above:

Compliance

- To have oversight of the Compliance activity within the Company;
- To monitor compliance with legal and regulatory requirements (including the FCA Consumer Duty rules) and interaction with the regulators and report any concerns to the Board;
- To review and recommend for approval the Compliance Charter;
- To review and recommend for approval the annual Compliance Monitoring Plan, having satisfied itself that the Plan addresses the compliance risks to which the Company is exposed and is proportionate to the levels of compliance risk;
- To receive management information on breaches, conduct risk and complaints.
- To consider management's response to the issues (and breaches) identified and reported by the Compliance function and notify the Board if it is not satisfied with management's response

- To monitor progress against the Compliance Monitoring Plan; and
- To be responsible for enabling the Board to demonstrate appropriate arrangements, alongside robust systems and controls, to monitor the desired customer outcomes and to oversee vulnerable customers.

Risk

The Committee shall, unless required, otherwise by regulation carry out the duties below:

- Oversee, on behalf of the Board, the management of risk across the Company and its managed operations and to ensure the activities are appropriately integrated and aligned.
- Ensure all regulatory and reporting obligations in relation to the above are met.
- Receive the opinion of the SMF4 (Chief Risk Officer) on the reported risk profile of the Company and more specifically, any areas of current or future concern.
- Ensure that the risk management framework effectively operates in embedding risk management throughout the Company and its extended business parameters. This entails, but is not restricted to, the following:-
 - Identification and addressing of all risks pertinent to the delivery of the company's strategy, covering, but not restricted to, the following;
 - ✓ insurance risk
 - ✓ market risk
 - ✓ strategic risk
 - ✓ operational risk (see section C.4)
 - ✓ credit risk including reinsurance counterparty risk
 - ✓ liquidity risk
 - ✓ group risk
 - ✓ regulatory / legal risk
 - Determination of relevant appetites and tolerances for those identified risks (i.e. exposure that the company is willing/able to bear) and to make proposals on risk appetite and tolerance to be put forward to the Board for approval.
- Conduct a robust assessment of the company's emerging risks and the mechanisms in place to identify and assess the same.
- Receive ad hoc reports on Operational Risk to include but not limited to; Operational Resilience, Data Protection, Information Security, Finance Crime and Outsourcing, Delegated Authority.
- Formally review and recommend to the Board, appropriate company-level policies and approve the associated processes, procedures, controls and templates established for the purpose of risk management and internal control, including Risk Appetite Framework and the Risk Management Policy.
- Monitor and review the company's internal control and risk management systems, including the operation of the Committee, and, at least annually, carry out a review of their effectiveness.
- 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.
- Receive ad hoc incident reports on:

- How risk management has been embedded within the company; and
- How assurance has been attained in relation to the effectiveness of the underlying internal control framework.
- Determine its own timetable of activities annually, review and monitor adherence to the same.
- In accordance with Article 44 of the Solvency II Directive, the Committee shall ensure the company's risk management policy:
 - defines the risk categories and the methods to measure the risks;
 - outlines how the company manages each relevant category, areas of risk and any potential aggregation of risks;
 - describes the connection with the overall solvency needs assessment as identified in the forward looking assessment of the company's own risks (based on the ORSA principles), the regulatory capital requirements and the company's risk tolerance limits;
 - specifies risk tolerance limits within all relevant risks categories in line with the company's overall risk appetite; and
 - describes the frequency and content of regular stress tests and the situations that would warrant ad-hoc stress tests.

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

The Audit Committee

The Committee shall, unless required otherwise by regulation carry out the duties below:

Financial

- The Committee shall monitor the integrity of the financial statements and regulatory returns of the Company and review and report to the board on significant financial reporting issues.
- In particular, the Committee shall review and challenge, where necessary:
 - the reserves and/or technical provisions for financial accounting and solvency purposes.
 - all material information presented with the financial statements;
 - the application of significant accounting policies and any changes to them;
 - the methods used to account for significant or unusual transactions where different approaches are possible
 - whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the external auditor's views on the financial statements;
 - whether proper accounting records have been maintained and assets are adequately safeguarded;
 - whether reasonable steps have been taken for the prevention and detection of fraud and other irregularities; and

Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the Board.

Internal Controls and Management Systems

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 included in the annual report concerning internal control and the viability statement.

The Committee shall 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.

The Committee shall oversee the systems and controls in place to avoid serious conduct failings which might significantly affect the delivery of good outcomes to customers.

Internal Audit

The Committee shall:

- approve the appointment or termination of appointment of the Head of Internal Audit;
- review and approve the role and mandate of internal audit, monitor and review the effectiveness of its work, and annually approve the internal audit charter ensuring it is appropriate for the current needs of the organisation;
- review and approve the annual internal audit plan to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- ensure Internal Audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these 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;
- 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;
- carry out a regular assessment of the effectiveness of the internal audit function and as part of this assessment:
 - meet with the Head of Internal Audit without the presence of management to discuss the effectiveness of the function;
 - review and assess the annual internal audit work plan;
 - receive a report on the results of the internal auditor's work;
 - determine whether it is satisfied that the quality, experience and expertise of internal audit is appropriate for the business;

- review the actions taken by management to address the issues highlighted by internal audit and to support the effective working of the internal audit function;
- monitor and assess the role and effectiveness of the internal audit function in the overall context of the company's risk management system and the work of compliance, finance and the external auditor; and
- consider whether an independent third party review of processes is appropriate.

External Audit

The Committee shall:

- consider and make recommendations to the Board in relation to the appointment, reappointment and removal of the Company's external auditor;
- develop and oversee the selection procedure for the appointment of the external audit firm;
- if an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- oversee the relationship with the external auditor. In this context the Committee shall:
 - approve their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high-quality audit to be conducted; and
 - approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- assess annually the external auditor's independence and objectivity taking into account relevant UK law, regulation, the auditor's Ethical Standard ("the Ethical Standard") and other professional requirements and the group's relationship with the auditor as a whole, including any threats to the auditor's independence and the safeguards applied to mitigate those threats including the provision of any non-audit services;
- monitor the auditor's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including the guidance on the rotation of audit partner and staff;
- assess annually the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the external audit process, which shall include a report from the external auditor on their own internal quality procedures;
- seek to ensure coordination of the external audit with the activities of the internal audit function;
- evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the external auditor's communications with the Committee;
- meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, meet with the external auditor without management being present as necessary, to discuss the auditor's remit and any issues arising from the audit;

- discuss with the external auditor the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team;
- review the findings including key judgements of the audit with the external auditor;
- review any representation letter(s) requested by the external auditor before they are signed by management;
- review the management letter and management's response to the auditor's findings and recommendations; and
- review the effectiveness of the audit process, including an assessment of the quality of the audit, the handling of key judgements by the auditor, and the auditor's response to questions from the committee.

UK/Europe Nominations and Remuneration Committee

The UK/Europe Nominations and Remuneration Committee of the Boards of AIEL and AIUK 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 shall 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 shall 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 AIUK;
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, AIUK has established a Risk Management Function as set out in the Risk Management Policy. AIUK'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.

AIUK operates within a "Three lines of Defence" model that defines clear responsibilities and accountability for risk taking, as defined in the AIUK system of governance. AIUK 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, AIUK 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. AIUK, 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.

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 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 AIUK, 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:

- Coordinate the calculation of technical provisions.
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions.
- Assess the sufficiency and quality of the data used in the calculation of technical provisions.
- Compare best estimates against experience.
- Inform the Board of the reliability and adequacy of the calculation of technical provisions
- Express an opinion on the overall underwriting and reinsurance policy.
- 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. Mr Colin Johnson was replaced by Mr Stuart McMurdo on 1 October 2024, as the new President of Accredited UK & Europe. Mr Lee Curtis, appointed director on 27 April 2023, also resigned on 3 January 2025.

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 Policy

AIUK outsources certain functions to service companies within 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 Company is committed to ensuring that its practices promote the achievement of the overall aims and objectives of the Company, 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.

During 2024, no key management personnel, or key function holders are contractually entitled to share options or to any form of variable remuneration and neither are they eligible to any supplementary pension or early retirement schemes.

Transactions with Shareholders

On 7 August 2024, the Company received a capital injection of £14.5m from the immediate shareholder in anticipation of the Company starting to trade.

B2. Fit and proper requirements**The Board of Directors and Officers**

The Company 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**

AIUK'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 AIUK'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.

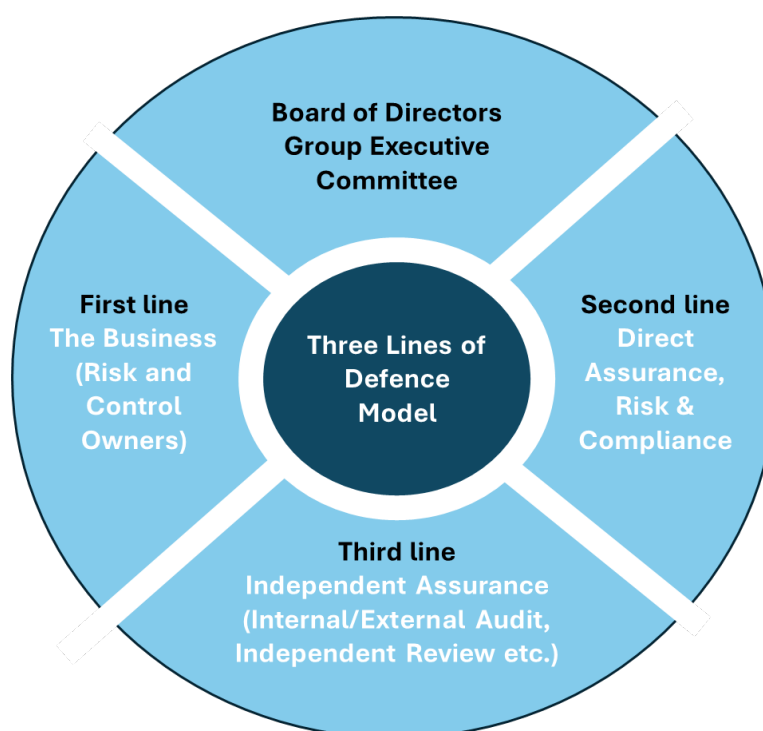
Risk Management strategies and processes

AIUK adopts the Group's risk management Framework ("RMF"), aligning it to its risk profile. The risk management framework forms an integral part of the management and Board processes. This framework enables the Board to draw assurance that the risks to which the AIUK 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 the Company's reputation are being minimised. This helps to

ensure that the achievement of the Company's performance and objectives is not undermined by unexpected events.

Risk Governance and Culture

To achieve AIUK'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 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, comprises of management and staff responsible for the daily operations of the organisation. Their primary duty involves:

- Operational decision making to execute and implement the Group's and its managed entities' strategic objectives;
- Facilitation and oversight of the business plans of the 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 AIUK Board and stakeholder expectations which includes:

- Identifying and managing risks within their areas of responsibility
- Implementing appropriate controls to mitigate these risks and ensure adherence to established processes and procedures.
- Maintaining an effective control environment and ensuring operational accountability

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.

The first line risk owners retain overall responsibility for the identification, managing and monitoring of 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 AIUK's Compliance and Risk committee and Board and, where appropriate, to the 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 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 entity and the Group. This involves raising awareness and understanding of risk across the entity and 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 AIUK, 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

AIUK adopts the Group's risk policy structure, tailoring them in regard to regulatory requirements, the Company's risk profile and the principles of proportionality. The Company's 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 AIUK when deciding whether a specific policy is required. This assessment process takes into account the Company'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.

The Company 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 AIUK but also many other outsourced 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 AIUK and the 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 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, and 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 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 UK/Europe ESG Working Group, as well as the work carried out to meet the requirements of various regulatory requirements, such as Task Force on Climate-related Financial Disclosures.

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 Company and its subsidiaries 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 the Company.

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 the Company.

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 Company's 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 are required by both the Board and the regulator prior to approval of same. The process is supported by AIUK's outsourced actuarial, risk, finance and capital management 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 Company has in place an Internal Control System that covers the identification, measurement, management and monitoring of internal controls. The Company has developed a suite of Policy and Procedural documentation for each of its functional areas. The Governance Structure 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. within Risk Appetite and Tolerance limits.

The Company applies and maintains the agreed internal controls as a normal part of its operational activities. Any failures, or observed weakness identified by the Company 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 AIUK’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 AIUK’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 AIUK’s other functions, including those responsible for risk, compliance, governance and finance. All other functions may be subject to audit. GIA 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 AIUK’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 AIUK 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 R&Q function did.

Internal Audits Completed

No internal audits have yet been completed for AIUK.

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.

A plan for 2024 was approved by the AIUK Audit Committee in February 2024, in anticipation of regulatory approval being provided in the first half of 2024. Many of these audits extended planned work on Accredited Insurance (Europe) Limited to also cover AIUKL. With no business being written by AIUKL until November 2024 the plan was unable to be completed, save for work on AIUKL's readiness to operate once authorised.

A plan for 2025 was approved by the AIUK Audit Committee in November 2024. This extends to identifying the specific internal audits AIUK would likely be subject to in the six years 2025 to 2030 inclusive. The plan includes specific audits of AIUK's control environment as well as audits of other Accredited Group operations that service the needs of AIUK. The audit plan is reviewed quarterly and is based on the risk exposure to the business.

B6. Actuarial function

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

The objective of the Actuarial Function is to establish and maintain appropriate procedures, processes and systems sufficient to allow AIUK 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 integrated into the ORSA process working alongside the Risk Management Function.

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
R&Q Central Services Ltd <i>(ended August 2024 and replaced by PMSEU Ltd)</i>	Operational Services, Actuarial, Risk Management, Internal Audit	United Kingdom
Conning Asset Management Limited	Investment Management	United Kingdom
Program Management Services Europe Ltd (PMSEU 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
Blagrove Underwriting Agency Limited	United Kingdom
QMetric Group Limited	United Kingdom

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

- that the risks associated with outsourcing are appropriately managed and that AIUK 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 AIUK;
- 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 Company as a result of outsourcing;
- that there is no material impairment of the quality of the Company's System of Governance as a result of outsourcing a key activity or function;
- that the Company's approved policies and procedures are adhered to by the outsourced service provider;
- that there is no material impairment of the Company'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 Company 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 AIUK 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

AIUK 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, AIUK 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 AIUK.

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 AIUK Board, together with recommended actions as appropriate.

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

AIUK 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, AIUK 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 AIUK 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 AIUK's portfolio:

C1. Insurance / Underwriting Risk

The principal risk the Company 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 the Company is to ensure that sufficient reserves are available to cover its liabilities

The main insurance risks which affect the Company are as follows:

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

Management and Mitigation:

A 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:

Claims are managed by the MGAs and/or Third Party Administrators (“TPA”) through a claims handling agreement. In addition, the Company provides claims oversight through claims audits, spot checks and regular claims meetings with the MGAs and TPAs. Large losses and referral trigger points (such as conflict of interest or reputational threats) are referred to the Company 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:

The Company requires for each binder to, at the very least, have 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:

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.

- **Underwriting Risk** – This is the risk that there is inappropriate or substandard underwriting activity.

Management and Mitigation:

The Company's 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 reinsurance, 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 are required to go through an enhanced due diligence questionnaire and provide sufficient data to enable the Company and the supporting reinsurers to understand and analyse what is being proposed. Prior to agreeing to provide a program facility, the Company will carry out both an internal actuarial valuation and due diligence of the business as well as an assessment of the capital required to underwrite the business over a three-year projected timeframe. The arrangement will only proceed if the Company has sufficient capacity to underwrite the business 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 excess of loss and cat cover as appropriate.

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 the Company are:

- Interest Rate Risk
- Spread 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.

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

- **Spread Risk** – This risk relates to the Company's investment in bonds and 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..

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

The Company currently has no material 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
- 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 credit worthiness 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 Company. Management information reported to the Company includes details of provisions for impairment on receivables and on reinsurers' share of technical provisions and any 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 are assessed for 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 would look to have no 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. However, at this point in time, there is a dispensation in place for the first 18 months to allow for enough MGAs to have been onboarded to reach a level of diversification.

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.

In addition, the Company manages its reinsurance counterparty credit risk in accordance with its Reinsurance Policy.

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 is the risk that changes in regulatory or legal environments affects the Company's risk profile. The Company has regular meetings with its regulator and closely monitors legal developments in relevant jurisdictions and any regulatory pronouncements.
- **Operational – People Risk:** this is the risk that the Company is adversely affected either by the staff adequacy, lack of skillsets and/or inability to attract or retain staff. The Company has a succession plan in place and reviews its roles and responsibilities against its business plan
- **Operational - Outsourcing risk:** this is 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 maintains regular formal performance review meetings with major external outsourced service providers against service level agreements and monitors its internal service providers quarterly against their performance indicators as set out in their Master Service Agreement ("MSA") agreed by the Board.
- **Operational – Business Continuity:** this is 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:** this is 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 AMC, which is responsible for ensuring that the threat of a cyber-attack is minimized. Accredited's approach to information security is to partner with third party vendors to provide:
 - Provide best in class and state of the art information security technologies including AI/ML
 - Enforce security standards
 - Monitor, alert, and report potential network or data anomalies or breaches
 - Provide consulting and guidance as needed

Key Vendors providing information security services:

- Arctic Wolf: Managed Detection and Response and Managed Awareness
 - Xtravirt: Design and Support Office 365, and Azure. Responsible for security policies, monitoring, and secure backups
 - Xalient: Design and implement global network, including data traffic protection and monitoring
- **Operational – Process risk:** The separation of the general ledger SAP from R&Q has been the most significant project risk undertaken by the Finance function. This was successfully completed in January 2025.
 - **Operational – Automation risk:** this is the risk that the 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 (“KRI”) 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 KRI is in place to monitor 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.

Material Risk Exposures

The majority of the Company's premium income is received upfront, and external investments are held in marketable and liquid securities. Consequently, no material liquidity risk exposures are anticipated over the business planning time period.

The Company has the following additional controls in place to manage and mitigate liquidity risk:

- Regular review of bad debt.
- Cash flow statement included in the quarterly management accounts.
- Quarterly monitoring of the liquidity KRI to ensure the sufficiency of the Company's free funds available to meet projected and actual liquidity requirements.

- **Reputational Risk**

This potentially arises through AIUK'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 AIUK to meet its obligations in its Product Oversight and Governance arrangements and Consumer duties.

For example, the products marketed by AIUK 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 Contagion Risk**

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 for Company is the failure to appropriately implement the operational process and controls within the Company relating to the underwriting of insurance business. This risk is mitigated by the existence of robust operational controls, a compliance framework and the necessary resources to run and manage these controls.

This includes a robust due diligence process and "Star Chamber 1 & 2" whose purpose is to consider and assess all opportunities prior to them being approved.

- **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 transactions.

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

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	-
Investments	
Property	-
Holdings in related undertakings	-
Equities	-
Bonds	14,473
Collective investment undertakings	-
Other investments	-
Intra-Group Loans	-
Reinsurance Recoverable	(1,548)
Insurance and Intermediaries Receivables	2,133
Deposits to Cedants	-
Deferred Tax Assets	581
Trade Receivables	-
Cash and Cash Equivalents	2,019
Total assets	17,658

Investments

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

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 through profit and loss.

Deposits, 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, other than those that the Company has designated at fair value through profit or loss. They include, inter alia, insurance and other receivables, cash and cash equivalents in the statement of financial position as well as other financial investments (comprising deposits with credit institutions).

Loans and receivables 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.

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

Compliance with FRS

With the exception of deferred acquisition costs (which are excluded under the Solvency II balance sheet) and deferred taxes (as described in the preceding paragraph), the Company's valuation of assets in its financial statements 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.

D2. Technical Provisions

SII TPs

AIUK has gross undiscounted best estimate Technical Provisions ("TPs") of £(1.4)m. The equivalent net amount is £210k. In addition, AIUK holds a risk margin of £0.4m.

SII Class	SII Type	SII TPs	
		Gross	Net
Other motor insurance	Direct	22,677	88,427
Motor vehicle liability insurance	Direct	- 1,457,882	121,421
Total Undiscounted		- 1,435,205	209,848
SII Expenses		283,803	283,803
ENIDs		638,557	95,784
Bad Debt		-	1,309
Discount		- 551,693	- 107,535
Total Discounted		- 1,064,538	483,209

Methodology

In setting the gross undiscounted claim element of TPs, the starting point is the UK GAAP claims reserves determined for reporting in the Company's financial statements. 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 AIUK 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.
- Claims TPs are projected using ResQ at various points through the year. AIUK 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.
- 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 UK 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 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 inception or not (bound but not

incepted, “BBNI”). The calculation of these cash-flows generates future premium reserves for both incepted and unincepted contracts.

- 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 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 4% of the SCR and then discounted to current values using risk-free GBP discount.

- 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 (Motor reserves are 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 where data is scanty);
- Non-performance of reinsurance (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).

AIUK's net TPs are related entirely to Motor Business.

Comparison to the Financial Statements

AIUK Technical Provisions - 31/12/2024			£000
UK GAAP	Gross Earned Claims Reserves		163
	Gross Unearned Premium Reserves		3,595
	Gross Expense Reserves		-
Total Gross UK GAAP Provisions			3,758
SII Adjustments	SII Expenses	-	3,897
	ENIDs	-	5,042
	Bad Debt	-	9
	Discount		4,526
Total Adjustments		-	4,422
Total Gross SII Provisions		-	664

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).

AIUK 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 Company held the following other liabilities with valuation for solvency purposes as shown:

Class	Valuation (£000s)
Insurance & Intermediaries Payable	453
Reinsurance Payables	-
Trade Payables	5,111
Other Liabilities	-
Total Liabilities	5,564

Insurance & intermediaries payables, reinsurance and trade payables

The Company initially recognises its financial liabilities on the date that they are originated. The Company derecognizes 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 Company's financial liabilities include insurance, reinsurance and other payables.

Provisions other than technical provisions

Provisions are recognised when the Company 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. There were no provisions of this nature for the year ended 31 December 2024.

Compliance with UK GAAP

The Company's valuation of other liabilities in its financial statements (prepared under UK GAAP), 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.

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

The Company'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 as prescribed in the PRA Rulebook amendment of 31/12/2024.
- Safeguard the Company'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 Company; and
- Provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk.

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

- Ordinary Share Capital
- Retained Earnings
- Deferred Tax Asset

In order to maintain or adjust the capital structure, the Company may issue new shares or capitalise contributions received from shareholders.

The Company utilises a 3-year time horizon for business planning purposes and the last complete business plan was for 2025-2027.

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
Basic own funds at 1 January 2024	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-
Capital injection	14,500	-	-	-	14,500
Movement in excess of assets over liabilities	-	(2,323)	-	-	(2,323)
Movement in deferred tax	-	-	-	581	581
Basic own funds at 31 December 2024	14,500	(2,323)	-	581	12,758

As at 31 December 2024, the Company's SCR was lower than the minimum than the absolute MCR. In view of this, the Company has used the MCR coverage as the reported result.

	Tier 1	Tier 2	Tier 3	Total
Basic own funds	12,177	-	581	12,758
SCR				3,061
MCR				3,500
Total available own funds to meet SCR	12,177	-	581	12,758
Total available own funds to meet MCR	12,177	-	-	12,177
SCR Cover				418%
MCR Cover				348%
Total eligible own funds to meet SCR	12,177	-	459	12,636
Total eligible own funds to meet MCR	12,177	-	-	12,177
SCR Cover				413%
MCR Cover				348%

The Company does not disclose any additional ratios other than those included in S.IR.01.01 or as shown above.

Ordinary Shares

The share capital is made up of Ordinary shares. On 7 August 2024, the immediate shareholder increased the Company's capital base by GBP 14.5 million.

Reconciliation Reserve

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

Deferred Tax Asset

The Company's deferred tax assets are temporary differences, unused tax losses and unused tax credits. They are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefit is probable.

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 Company is in a position to cover the SCR fully with its Tier 1 capital. When assessing the Company's strength, the Directors view the Company's available own funds coverage of SCR to be the most appropriate to the Company.

The Company does not hold any ancillary own funds.

Reconciliation between Solvency II excess of assets over liabilities and Equity as per UK GAAP:

	£'000s
Excess of assets over liabilities as per SII	12,758
Intangible asset not permitted under Solvency II	-
Adjustment to deferred tax assets	111
Difference in value of net TPs as explained in Section D2	458
Difference in value of net receivables/payables	(823)
Net deferred acquisition Costs not permitted under Solvency II	(79)
Equity as per UK GAAP	12,425

E2. Solvency Capital Requirement and Minimum Capital Requirement

The Company 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 at the year-end 2024, the SCR for AIUK is £3.1m with a corresponding MCR of £3.5m. The drivers of risk are detailed in the risk categories that constitute the SCR as shown in the table below:

RISK DESCRIPTIONS	£000s
As at Date	12/2024
Non-life underwriting risk	2,528
Health underwriting risk	-
Life underwriting risk	-
Market risk	424
Counterparty default risk	446
Basic SCR (diversified)	2,920
Operational risk	141
SCR	3,061
MCR	3,500
LACDT Adjustment	-
Regulatory SCR	3,500

USP and Simplifications

We have, where considered appropriate, applied simplified approaches in determining the SCR for the Company as at year end 2024 in line with the nature, scope and complexity of the Company'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 simplification of the risk mitigating effect on underwriting risk of reinsurance arrangements;

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

The MCR is determined as prescribed in the PRA Rulebook amendment of 31/12/2024. As at year end 2024, the Company's MCR reflects the Absolute Minimum MCR.

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

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

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

The Company 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

There is no other relevant information.

Appendix 1 – ART Forms

ACCREDITED

Solvency and Financial
Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	ACCREDITED INSURANCE (UK) LIMITED
Entity identification code and type of code	LEI/2138005VEW1BAY49OX95
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	IFRS
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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IR.02.01.02 - Balance sheet

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

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

IR.17.01.02 - Non-Life Technical Provisions

IR.19.01.21 - Non-Life insurance claims

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

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

IR.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	581
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	14,473
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>	14,473
R0140	<i>Government Bonds</i>	11,487
R0150	<i>Corporate Bonds</i>	2,986
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
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:	-1,548
R0280	<i>Non-life and health similar to non-life</i>	-1,548
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	2,133
R0370	Reinsurance receivables	0
R0380	Receivables (trade, not insurance)	0
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	2,019
R0420	Any other assets, not elsewhere shown	0
R0500	Total assets	17,658

		Solvency II value
Liabilities		C0010
R0505	Technical provisions - total	-664
R0510	<i>Technical provisions - non-life</i>	-664
R0515	<i>Technical provisions - life</i>	0
R0542	Best estimate - total	-1,065
R0544	<i>Best estimate - non-life</i>	-1,065
R0546	<i>Best estimate - life</i>	0
R0552	Risk margin - total	401
R0554	<i>Risk margin - non-life</i>	401
R0556	<i>Risk margin - life</i>	0
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
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	453
R0830	Reinsurance payables	1
R0840	Payables (trade, not insurance)	5,110
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basin own</i>	0
R0870	<i>Subordinated liabilities in Basin own</i>	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	Total liabilities	4,900
R1000	Excess of assets over liabilities	12,758

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010								
	Premiums written							
R0110	Gross - Direct Business	3,778						3,778
R0120	Gross - Proportional reinsurance accepted	0						0
R0130	Gross - Non-proportional reinsurance accepted	0						0
R0140	Reinsurers' share	3,355						3,355
R0200	Net	423						423
	Premiums earned							
R0210	Gross - Direct Business	-3,595						-3,595
R0220	Gross - Proportional reinsurance accepted	0						0
R0230	Gross - Non-proportional reinsurance accepted	0						0
R0240	Reinsurers' share	3,193						3,193
R0300	Net	-6,788						-6,788
	Claims incurred							
R0310	Gross - Direct Business	-164						-164
R0320	Gross - Proportional reinsurance accepted	68						68
R0330	Gross - Non-proportional reinsurance accepted	0						0
R0340	Reinsurers' share	72						72
R0400	Net	-168						-168
R0550	Net expenses incurred	-15						-15

Non-life income and expenditure : reporting period

[illegible]

Non-life income and expenditure : reporting period

R1310 Total expenditure

Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																
Premium provisions																
R0060	Gross		-1,328	104	0	0	0	0	0	0	0		0	0	0	-1,224
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		-1,632	-47	0	0	0	0	0	0	0		0	0	0	-1,679
R0150	Net Best Estimate of Premium Provisions		305	151	0	0	0	0	0	0	0		0	0	0	456
Claims provisions																
R0160	Gross		129	31	0	0	0	0	0	0	0		0	0	0	159
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		106	25	0	0	0	0	0	0	0		0	0	0	132
R0250	Net Best Estimate of Claims Provisions		22	5	0	0	0	0	0	0	0		0	0	0	27
R0260	Total best estimate - gross		-1,199	135	0	0	0	0	0	0	0		0	0	0	-1,065
R0270	Total best estimate - net		327	156	0	0	0	0	0	0	0		0	0	0	483
R0280	Risk margin		324	77	0	0	0	0	0	0	0		0	0	0	401
R0320	Technical provisions - total		-875	212	0	0	0	0	0	0	0		0	0	0	-664
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total		-1,526	-22	0	0	0	0	0	0	0		0	0	0	-1,548
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total		651	233	0	0	0	0	0	0	0		0	0	0	884

IR.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior											0	0	0
R0100	0	0	0	0	0	0	0	0	0	0		0	0
R0160	-9											0	0
R0170	-8	0	0	0	0	0	0	0	0			0	0
R0180	-7	0	0	0	0	0	0	0				0	0
R0190	-6	0	0	0	0	0	0					0	0
R0200	-5	0	0	0	0	0						0	0
R0210	-4	0	0	0	0							0	0
R0220	-3	0	0	0								0	0
R0230	-2	0	0	0								0	0
R0240	-1	0	0									0	0
R0250	0	0										0	0
R0260												0	0
Total												0	0

Gross Undiscounted Best Estimate Claims Provisions												
(absolute amount)												
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Development year										Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +	
Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0			0
R0180	-7	0	0	0	0	0	0	0				0
R0190	-6	0	0	0	0	0	0					0
R0200	-5	0	0	0	0	0						0
R0210	-4	0	0	0	0							0
R0220	-3	0	0	0								0
R0230	-2	0	0	0								0
R0240	-1	0	0									0
R0250	0	0										0
R0260												0
Total												0

IR.19.01.21.22		
Gross premium		
	C0570	C0580
	Gross earned premium at reporting reference date	Estimate of future gross earned premium
R0160	N-9	0
R0170	N-8	0
R0180	N-7	0
R0190	N-6	0
R0200	N-5	0
R0210	N-4	0
R0220	N-3	0
R0230	N-2	0
R0240	N-1	0
R0250	N	0

IR.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

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

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

R0290 Total basic own funds 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
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

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

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconcilliation reserve

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

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
14,500	14,500		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-2,323	-2,323			
0		0	0	0
581				581
0	0	0	0	0
0				
12,758	12,177	0	0	581

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

12,758	12,177	0	0	581
12,177	12,177	0	0	
12,636	12,177	0	0	459
12,177	12,177	0	0	

3,061
3,500
412.81%
347.91%

C0060
12,758
0
0
0
15,081
0
-2,323

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

Market risk		C0010
R0070	Interest rate risk	417
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	77
R0110	Concentration risk	0
R0120	Currency risk	1
R0125	Other market risk	0
R0130	Diversification within market risk	-71
R0140	Total Market risk	424
Counterparty default risk		
R0150	Type 1 exposures	408
R0160	Type 2 exposures	49
R0165	Other counterparty risk	0
R0170	Diversification within counterparty default risk	-11
R0180	Total Counterparty default risk	446
Life underwriting risk		
R0190	Mortality risk	0
R0200	Longevity risk	0
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	0
R0230	Revision risk	0
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	0
R0260	Diversification within life underwriting risk	0
R0270	Total Life underwriting risk	0
Health underwriting risk		
R0280	Health SLT risk	0
R0290	Health non SLT risk	0
R0300	Health catastrophe risk	0
R0305	Other health underwriting risk	0
R0310	Diversification within health underwriting risk	0
R0320	Total Health underwriting risk	0
Non-life underwriting risk		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	2,412
R0340	Non-life catastrophe risk	365
R0350	Lapse risk	0
R0355	Other non-life underwriting risk	0
R0360	Diversification within non-life underwriting risk	-249
R0370	Non-life underwriting risk	2,528
R0400	Intangible asset risk	0
Operational and other risks		
R0422	Operational risk	141
R0424	Other risks	
R0430	Total Operational and other risks	141
R0432	Total before all diversification	3,870
R0434	Total before diversification between risk modules	3,539
R0436	Diversification between risk modules	-478
R0438	Total after diversification	3,061
R0440	Loss absorbing capacity of technical provisions	0
R0450	Loss absorbing capacity of deferred tax	0
R0455	Other adjustments	0
R0460	Solvency capital requirement including undisclosed capital add-on	3,061
R0472	Disclosed capital add-on - excluding residual model limitation	0
R0474	Disclosed capital add-on - residual model limitation	0
R0480	Solvency capital requirement including capital add-on	3,061
R0490	Biting interest rate scenario	
R0495	Biting life lapse scenario	

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

78

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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C0020

C0030

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

	0	0
	0	0
	0	0
	327	340
	156	85
	0	0
	0	-1
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0
	0	0

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

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

C0050

C0060

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

	0
	0
	0
	0
	0

Overall MCR calculation

C0070

R0300	Linear MCR
R0310	SCR
R0320	MCR cap
R0330	MCR floor
R0340	Combined MCR
R0350	Absolute floor of the MCR
R0400	Minimum Capital Requirement

	78
	3,061
	1,377
	765
	765
	3,500
	3,500

Accredited Insurance (UK) Limited

Approval by the Board of Directors of the Solvency and Financial Condition Report

We certify that:

1. the Solvency and Financial Condition Report (“SFCR”) has been properly prepared in all material aspects in accordance with the PRA rules and Solvency UK Regulations; and
2. we are satisfied that:
 - a) throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and Solvency UK Regulations as applicable to the Company; and
 - b) it is reasonable to believe that, at the date of the publication of the SFCR, the Company has continued so to comply, and will continue so to comply in future.

For and on behalf of the Board of Directors

Date: 28 March 2025



Stuart McMurdo
Director



Peter Allen
Director

AUDITOR'S REPORT

Report on the Audit of the relevant elements of the Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by Accredited Insurance (UK) Limited (the Company) as at 31 December 2024:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company, ('the Narrative Disclosures subject to audit'); and
- Company templates IR02.01.02, IR17.01.02, IR23.01.01, IR25.01.21, IR28.01.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the Solvency and Financial Condition Report'.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates IR05.04.02, I05.02.01, IR19.01.21; and
- The written acknowledgement by the directors of their responsibilities, including for the preparation of the solvency and financial condition report.

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are total, sub-total or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of the Company as at 31 December 2024 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determination.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 and ISA (UK) 805. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of Accredited Insurance (UK) Limited. In accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the Solvency and Financial Condition Report, we have concluded that the director's use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following:

- The inspection and assessment of the Company's forecasts including an evaluation of the key inputs and assumptions to the forecasts; and
- The assessment of financial solvency under stressed conditions through inspection of the Company's Own Risk and Solvency Assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the Solvency and Financial Condition Report is authorised for issue.

Emphasis of matter – basis of accounting

We draw attention to the 'Valuation for solvency purposes' section of the Solvency and Financial Condition Report, which describes the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

Other information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material

misstatement of this Other Information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors for the Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules on which they are based.

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

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

- We determined the principal laws and regulations relevant to the Company in this regard to be those that relate to the prudential and supervisory requirements of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the Solvency and Financial Condition Report.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to, making enquiries of management and those responsible for legal and compliance matters. We also reviewed the correspondence between the Company and UK regulatory bodies and reviewed the minutes of the Board and Audit Committee to identify any indications of non-compliance.
- We also identified possible risks of material misstatement of the Solvency and Financial Condition Report due to fraud. We considered in addition to the no-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the Solvency and Financial Condition Report relating to the valuation of the insurance contract provisions. To address this, we challenged the assumptions and judgements made by management when auditing this significant accounting estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Solvency and Financial Condition Report or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is

removed from the events and transactions reflected in the Solvency and Financial Condition Report, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. The same responsibilities apply to the audit of the Solvency and Financial Condition Report.

Report on other legal and regulatory requirements

Other Information

In accordance with Rule 4.1 (3) of the External Audit Chapter of the PRA Rulebook for Solvency UK Company's, we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Use of our report

This report is made solely to the Directors in accordance with Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook for Solvency UK firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose. To the fullest permitted by law, we do not accept or assume responsibility to anyone other than the Directors, for our work, for this report, or for the opinions we have formed.

PKF Littlejohn LLP

Thomas Seaman (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 9 April 2025