

# Solvency and Financial Condition Report

[year-end 30 September 2025]

## The Equine and Livestock Insurance Company Limited

COMPANY NUMBER  
294940

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# Executive Summary

The principal activity of The Equine and Livestock Insurance Company Limited (“**the Company**”) is the underwriting of general insurance policies. The Company is authorised to effect and carry out contracts for the following insurance classes:

- Damage to property
- Fire and natural forces
- General liability
- Legal expenses
- Liability for ships
- Miscellaneous financial loss
- Ships

These are classified as “Miscellaneous Financial Loss” and “General Liability” and “Fire and Other Damage to Property” under the Solvency UK regime.

The Company underwrites business in the UK, Channel Islands and Isle of Man.

This Solvency and Financial Condition Report (“**SFCR**”) has been provided as part of the Company’s reporting requirements under the Solvency UK Directive, effective from 31 December 2024. This is disclosed publicly to meet the public disclosure requirements of the Prudential Regulation Authority (“**PRA**”) Rulebook.

The SFCR has been completed using data and results published in the Own Risk & Solvency Assessment (“**ORSA**”) report and year-end data contained within the PRA return. The ORSA provides a comprehensive assessment of the Company’s risk profile and solvency position for use in decision making. It is also used for a forward-looking view of potential risk scenarios that could impact the Company’s business plans over the next 5 years. The SFCR sets out the Company’s business performance, system of governance, risk profile, valuation for solvency purposes and capital management practices.

The SFCR details all currently available information on the Company’s risk exposures and their potential capital impacts and provides an overview of the way in which the Company views these elements of its business. It also describes the Risk Management Framework and processes which the Company employs to manage risk within the Governing Body’s stated appetite and with the objective of providing protection for its policyholders.

## Business and Performance Summary

The Company is a private limited company; a composite general insurer committed to the provision of personal lines insurance products to targeted consumer groups. The Company is dedicated to providing insurance products that provide comprehensive cover at an affordable price; the Company’s business model is based on providing underwriting and claims solutions that will meet the needs of consumers.

The Company made a total profit before tax of £2.5m for the year ending 30 September 2025 (2024: £1.5m). The Company’s capital was at 198% of its Solvency Capital Requirement (“**SCR**”), (2024: 232%).

## System of Governance Summary

The Governing Body is responsible for the overall control of the Company via careful and prudent management; they are concerned with the business strategies and the day-to-day detail of insurance operations. The Company's Governing Body, as of the date of this report, consists of three Executive and two Non-Executive Directors. Full details are provided under "System of Governance."

## Risk Profile Summary

The Company is exposed to risks that are high in frequency and low in severity. These are identified in the Company's Risk Management Framework.

The Company does not actively seek out new risks as a means of generating a return on capital but instead manages the risk to which it is exposed in the fulfilment of its governing objectives to ensure it maintains sufficient capital.

The Company's risk philosophy is to explicitly recognise the uncertainty inherent in its activities, and to manage the risk resulting from this uncertainty in a way which creates and protects its ability to achieve its objectives whilst also ensuring good outcomes for its policyholders (which are consistent with Consumer Duty) and balances the interests of all its stakeholders.

The largest component of the Company's risk profile is insurance risk, particularly underwriting risk: the risk that inaccurate and/or inappropriate assessment of risks accepted by the Company in the policy development and exclusion lists which could result in unanticipated significant increases in the Company's cost of claims and impact premium earnings. The Company mitigates this risk by controlling pricing, underwriting and reserving assumptions.

There has been no material change in the Company's risk profile since the 2024 SFCR.

## Valuation for Solvency Purposes Summary

The Company's assets and liabilities have been valued in line with Solvency UK regulations.

As at 30 September 2025 the Company had own funds of £48.9m compared to £52.9m at 30 September 2024.

## Capital Management Summary

The Company has a strong capital position with solvency capital surplus of £24.2m (2024: £30.0m) in excess of the SCR.

The Company's Governing Body set its SCR Capital Risk Appetite tolerance during the year to 30 September 2025 to be 130% of the SCR with a target of 140%.

## Basis of Preparation

In line with the Company's previous SFCRs, this document is a Solo SFCR for the Company. The figures disclosed in this report are prepared under the Solvency UK regime using the Standard formula, adjusted for the use of an Undertaking Specific Parameter ("USP") for the calculation of the Premium Risk for the Miscellaneous Financial Loss segment of business (as detailed in the Capital Management section). The Governing Body considers the use of the Standard Formula and the USP provides an SCR that is prudent and appropriate for the Company having regard to the size, nature and complexity of the business.

# Business and Performance

## Business and External Environment

The Equine and Livestock Insurance Company Limited, Thorpe Underwood Hall, Ouseburn, York, YO26 9SS is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority (“**PRA**”). The Company’s Financial Services Register Number is 202748. The Company has been categorised as a category 4 firm by the PRA and a category 4 firm by the Financial Conduct Authority (“**FCA**”). The Company’s company registration number is 294940.

The FCA’s registered address is:

Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

The PRA’s registered address is:

Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

The Company’s external auditors are:

BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Company’s internal auditors are:

RSM Risk Assurance Services LLP  
14th Floor  
20 Chapel Street  
Liverpool  
L3 9AG

The Company obtains assistance in certain actuarial matters from:

Lane, Clark & Peacock LLP  
95 Wigmore Street  
London  
W1U 1DQ

The Company is a general insurance company with three appointed representatives:

- Entertainment & Leisure Insurance Services Ltd [FRN: 402233]
- Entertainment and Leisure Insurance Services (Jersey) Ltd [FRN:601637]
- Lifestyle Policy Ltd [FRN:920942]

Entertainment & Leisure Insurance Services Ltd and Lifestyle Policy Ltd are related to the Company by virtue of common management systems and structures.

The Company is a wholly-owned subsidiary of Foxlow Limited, a company incorporated and registered in the BVI.

The Company's financial year-end is 30 September each year. There were no significant business (or other) events during the period under review that had a material impact on the Company.

## Company Strategy & Underwriting Performance

The Company currently underwrites risks located in the UK, Channel Islands and Isle of Man only. Customers are private individuals, professionals and semi-professionals residing in the United Kingdom and Channel Islands.

The Company is a specialist general insurer selling a suite of products to consumers through non-advised sales. Distribution is through three appointed representatives.

The Company writes a range of niche personal lines of business. The business is predominantly animal, split largely between Pet with some pleasure Horse. Non-animal business is also transacted and categorised into a separate grouping and includes Caravan, Musical Equipment, Wedding, Golf, Marine / Leisure Boats, Photographic, Cycle and Student possessions covering property risk and minimal associated ancillary risk.

The Company's vision during the 2024 / 2025 financial year was to:

- Improve the value of the business by becoming a streamlined insurer engaging in only core activities (including Capital Utilisation, Risk Management, Actuarial, Underwriting, and Claims),
- To enhance the strategic relationship with Lifestyle Policy Limited ("LPL") such that the distributor handles all non-core activities such as those policyholder facing activities (Marketing, Distribution, and Policyholder Servicing) and in doing so supporting the vision as set out above.

To achieve its Vision, the Company has identified four focus areas as set out below:

- **People:** defined broadly to encompass the shareholder, employees, policyholders and potential policyholders, and other stakeholders such as regulators. The Company will seek to cultivate a positive and performance driven culture.
- **Automation:** considered to be of primary importance particularly when combined with developments in AI and emerging technologies. This will drive not only operational efficiency but also enhanced policyholder experience.
- **Simplification:** simplification of the Company's business model including the AR structure, product offerings, branding, systems, and processes. This will reduce errors resulting in cost efficiencies and a better stakeholder experience.
- **Sustainability:** in the widest context this is all-encompassing, incorporating culture, an ESG-compliant framework, operational resilience, stakeholder relationships, business longevity, and building sustainable value (this is not restricted to monetary value).

The Company's key strategy is to ensure continued delivery of good outcomes for its customers (which are consistent with Consumer Duty), ensure profitability and grow business levels by evolving and developing the strategic relationship with its Appointed Representatives.

During the year ending 30 September 2025, gross written premiums increased 4.2% compared to the prior year (2024: decrease 2.4%) and gross claims incurred increased 3.8% before reinsurers share (2024: decreased 1.1%). The Company reported Net Underwriting Income before expenses of £6.8m (2024: £5.5m).

A summary of the Company's underwriting performance for this period is shown below:

	<b>2024 Total £000</b>	<b>2025 General Liability</b>	<b>2025 Miscellaneous Financial Loss</b>	<b>2025 Property</b>	<b>2025 Total £000</b>
<b>Gross Written Premium</b>					
Gross Direct Business	67,163	1,049	66,836	2,100	69,985
Reinsurers Share	(27,944)	(4)	(326)	(11)	(341)
<b>Net Premiums Written</b>	<b>39,219</b>	<b>1,045</b>	<b>66,510</b>	<b>2,089</b>	<b>69,644</b>
<b>Gross Earned Premium</b>					
Gross Direct Business	66,978	1,047	66,663	2,094	69,804
Reinsurers Share	(30,928)	(6)	(363)	(11)	(380)
<b>Net Premiums Earned</b>	<b>36,050</b>	<b>1,041</b>	<b>66,300</b>	<b>2,083</b>	<b>69,424</b>
<b>Other Technical Income</b>	<b>8,655</b>	-	-	-	-
<b>Total Income</b>	<b>44,705</b>	<b>1,041</b>	<b>66,300</b>	<b>2,083</b>	<b>69,424</b>
<b>Claims Incurred</b>	<b>60,337</b>	<b>940</b>	<b>59,839</b>	<b>1,880</b>	<b>62,659</b>
Reinsurers Share	(21,159)	-	-	-	-
<b>Net Claims Incurred</b>	<b>39,178</b>	<b>940</b>	<b>59,839</b>	<b>1,880</b>	<b>62,659</b>
<b>Net Underwriting Income</b>	<b>5,527</b>	<b>101</b>	<b>6,461</b>	<b>203</b>	<b>6,765</b>
Expenses Incurred	7,755	116	7,415	233	7,764
<b>Net Technical Result</b>	<b>(2,228)</b>	<b>(15)</b>	<b>(954)</b>	<b>(30)</b>	<b>(999)</b>
Investment Income	3,732	53	3,344	105	3,502
<b>Profit Before Taxation</b>	<b>1,504</b>	<b>38</b>	<b>2,390</b>	<b>75</b>	<b>2,503</b>

## Gross Claims Paid (non-cumulative)

(absolute amount £000)

Year	Development Year										10 &+	In current year	Sum of years  (cumulative)
	0	1	2	3	4	5	6	7	8	9			
Prior											-	-	-
2016	21,124	11,854	272	13	44	-	-	-	-	60		60	33,367
2017	24,381	10,698	83	56	37	-	-	32	-			-	35,288
2018	52,255	3,912	133	148	140	40	12	1				1	56,643
2019	65,422	4,845	101	74	230	182	97					97	70,952
2020	57,717	6,162	153	138	27	413						413	64,609
2021	65,554	8,770	104	66	60							60	75,554
2022	61,239	5,880	113	-								-	67,232
2023	56,237	4,348	79									79	60,665
2024	55,432	5,010										5,010	60,442
2025	56,877											56,877	56,877
												<b>62,598</b>	<b>580,629</b>

## Performance from Investment Activities

The Company will continue to invest its regulatory capital in low-risk bank deposits, Treasury Bills and property, resulting in conservative investment returns for its cash balances and higher returns for its property portfolio. The objective is to avoid potential adverse fluctuations in the reserves.

The Company did not invest in equity or investments in securitisation assets.

The Company aligns its strategy with its capital requirements by calculating the Solvency Capital Requirement (“SCR”) and Minimum Capital Requirement (“MCR”) based on its business plan, to enable it to plan for future capital needs.

Investment income from investments is as:

	2024 £000	2025 £000
Bank, Treasury Bills & Other Interest	2,852	2,388
Property	577	511
Realised Gains on Investments	-	571
Unrealised Gains on Investments	303	32
<b>Total Investment Income</b>	<b>3,732</b>	<b>3,502</b>

## Performance of Other Activities

The Company's net operating costs and expenses incurred for all activities were as follows:

	<b>2024</b>	<b>2025</b>
	<b>£000</b>	<b>£000</b>
Acquisition Costs	728	740
Administrative Expenses	4,998	5,057
<b>Net Operating Expenses</b>	<b>5,726</b>	<b>5,796</b>
Claims Expenses	2,029	1,967
<b>Expenses Incurred</b>	<b>7,755</b>	<b>7,764</b>

## Any Other Disclosures

Each insurance product offered by the Company reflects the demand from its policyholders and gaps identified in the current market following market research analysis reports. These reports analyse a variety of areas from industry overview, target market, competition analysis to market regulations and restrictions, this assists the Company in determining if the current offerings are still compliant with customer needs and requirements.

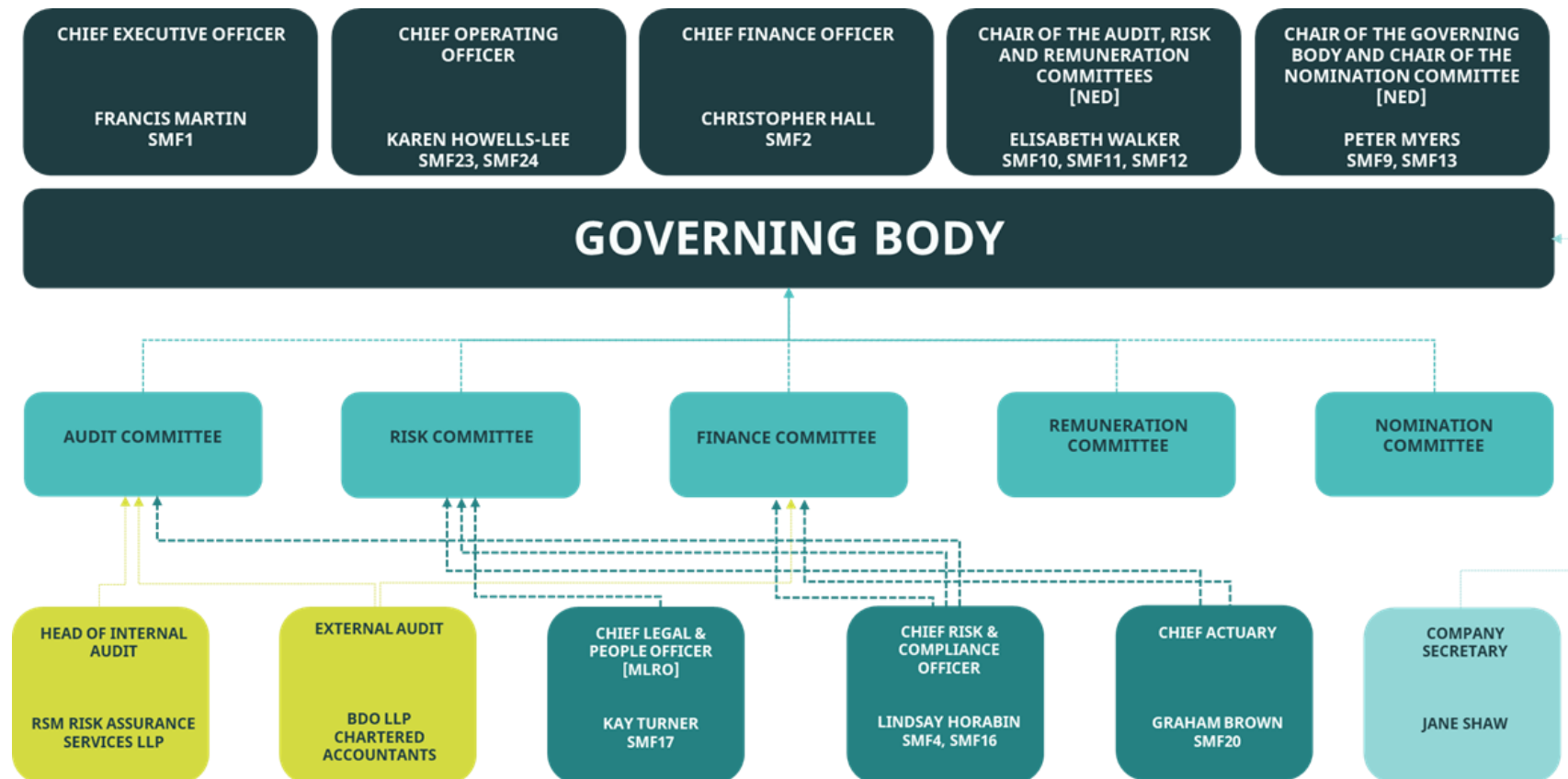
The Company has an appetite for developing new products within existing lines which reflect the Governing Body's strategy for maintaining measured long-term growth within capital constraints.

# System of Governance

## General Governance Arrangements

Under the Senior Managers and Certification Regime (“**SM&CR**”), the Financial Conduct Authority (“**FCA**”) and the Prudential Regulation Authority (“**PRA**”) define a set of Prescribed Responsibilities to be allocated to a Senior Manager.

The following Management Responsibilities Map reflects the Company’s current senior management structure:



The Company continuously evaluates its governance and senior management structure in order to ensure suitable segregation of duties along with ensuring capacity and skills within the function.

The role of the Governing Body is to determine the overall strategic direction and management of the Company and to monitor its performance. In performing its duties, the Governing Body will meet in accordance with the terms of reference and act in the best interests of the Company as a whole (including its shareholder, employees and in appropriate cases, policyholders and creditors) and ensure the Company is managed to a clear and prudent strategy and risk appetite.

The Company operates a linear management structure that ensures good communications and efficiency of working. The management team monitors every aspect of the Company's systems, controls and administrative structure in great detail. They are able to detect early signs of problems and market shifts and are able to resolve these problems at first hand.

The Prescribed Responsibilities for the Company's Senior Manager Functions are set out below.

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
<b>Peter Myers</b>	Chair of the Governing Body (NED) Chair of Nominations Committee	SMF9, SMF13	Shareholder	Fixed term appointment	None
<i>DUAL - F</i>	<i>PRA: Responsibility for leading the development and monitoring effective implementation of policies and procedures for the induction, training and professional development of all members of the firm's governing body</i> <i>FCA: Responsibility for:</i> <i>(a) leading the development of; and</i> <i>(b) monitoring the effective implementation of;</i> <i>policies and procedures for the induction, training and professional development of all members of the firm's governing body</i>				
<i>PRA - I</i>	<i>Responsibility for leading the development of the firm's culture by the governing body as a whole</i>				
<i>PRA - U</i>	<i>Responsibility for ensuring that the firm has complied with its obligations in Insurance - Fitness and Propriety to:</i> <i>(a) ensure that every person who performs a key function but does not also perform a PRA senior management function or a certification function is a fit and proper person; and</i> <i>(b) provide and obtain regulatory references</i>				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
<b>Francis Martin</b>	Chief Executive Officer	SMF1	Governing Body	Employee	CF1 (AR): Entertainment and Leisure Insurance Services (Jersey) Ltd; Entertainment & Leisure Insurance Services Ltd; Lifestyle Policy Limited
<i>DUAL - A</i>	<i>PRA: Responsibility for the firm's performance of its obligations under the senior management regime</i> <i>FCA: Responsibility for the firm's performance of its obligations under the senior managers regime</i>				
<i>DUAL - B</i>	<i>PRA: Responsibility for the firm's performance of its obligations under the certification regime</i> <i>FCA: Responsibility for the firm's performance of its obligations under the certification regime</i>				
<i>DUAL - C</i>	<i>PRA: Responsibility for compliance with the firm's obligations in relation to its management responsibilities map</i> <i>FCA: Responsibility for compliance with the requirements of the regulatory system about the management responsibilities map</i>				
<i>PRA - H</i>	<i>Responsibility for overseeing the adoption of the firm's culture in the day-to-day management of the firm</i>				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
PRA – T	Responsibility for the development and maintenance of the firm's business model by the governing body				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
<b>Karen Howells-Lee</b>	Chief Operating Officer / Chief Underwriting Officer Function / Claims Management Key Function Holder	SMF23, SMF24	Governing Body	Employee	CF1 (AR): Entertainment & Leisure Insurance Services Ltd
DUAL – G	<p>PRA: Responsibility for monitoring effective implementation of policies and procedures for the induction, training and professional development of all of the firm's key function holders (other than members of the firm's governing body)</p> <p>FCA: Responsibility for monitoring the effective implementation of policies and procedures for the induction, training and professional development of all the firm's:</p> <p>(a) SMF managers; and</p> <p>(b) key function holders; other than members of the firm's governing body</p>				
PRA – X	Responsibility for the firm's performance of its obligations in respect of outsourced operational functions and activities under Conditions Governing Business 7				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
<b>Christopher Hall</b>	Chief Finance Officer	SMF2	Governing Body	Employee	CF1 (AR): Entertainment & Leisure Insurance Services Ltd; Lifestyle Policy Limited
PRA – O	Responsibility for management of the allocation and maintenance of the firm's:				
	(a) capital; and				
	(b) liquidity				
PRA – Q	Responsibility for the production and integrity of the firm's financial information and its regulatory reporting				
FCA – Z	Responsibility for the firm's compliance with CASS				
Responsibility for identifying and managing financial risks from climate change.					

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
<b>Elisabeth Walker</b>	Non-executive Director – Committees  Chair of Risk Committee Function Chair of Audit Committee Function Chair of Remuneration Committee Function	SMF10, SMF11, SMF12	Governing Body	Fixed term appointment	None

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
DUAL – J2	PRA: The responsibility set out in rule 3.3(1) is a prescribed responsibility in the circumstances specified: (1) if a firm is not significant and outsources its internal audit function to an external third party service provider (that is, a service provider outside the firm or the firm's group), responsibility for providing for an effective internal audit function in accordance with Conditions Governing Business 5 and for overseeing the performance of the internal audit function				
	FCA: Responsibility for: (a) providing for an effective internal audit function in accordance with one of the sections of the PRA Rulebook listed in paragraph (2) of column (2) of this row (14); and (b) overseeing the performance of the internal audit function				
DUAL – M	PRA: Responsibility for overseeing the development and implementation of the firm's remuneration policies and practices				
	FCA: Responsibility for overseeing the development of and implementation of the firm's remuneration policies and practices in accordance with SYSC 19D (Remuneration Code)				
DUAL – N	PRA: Responsibility for oversight of the independence, autonomy and effectiveness of the firm's policies and procedures on whistleblowing including the procedures for protection of staff who raise concerns from detrimental treatment				
	FCA: Acting as the firm's whistleblowers' champion				
Whistleblower's Champion					
Consumer Duty Champion					

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Lindsay Horabin	Chief Risk & Compliance Officer	SMF4, SMF16	Governing Body	Employee	None
FCA – B1	Responsibility for the firm's obligations for: (a) conduct rules training; and (b) conduct rules reporting				
PRA – T2	Responsibility for performance of the firm's ORSA				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Graham Brown	Chief Actuary	SMF20	Governing Body	Employee	None

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Kay Turner	Chief Legal & People Officer	SMF17	Governing Body	Employee	None
FCA – D	Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime				

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
RSM Risk Assurance Services LLP	Head of Internal Audit	SMF5 n/a [outsourced]	Governing Body	Outsourced service contract	N/a

Name	Role	SMF	Reports to	Employment status	Other (current) FCA Directorships
Name	Role		Reports to	Employment status	Other (current) FCA Directorships
Jane Shaw	Company Secretary		Chief Executive Officer	Employee	None

## Material Transactions with the Shareholder and Directors

There were no material transactions with the Directors during the period.

Material transactions with the shareholder included interest received by the Company of £1.2m on the loan to the shareholder and dividends paid of £2.9m.

## Committees

The Governing Body has established the following sub-committees, under its authority, to manage the detail of certain functions:

- Finance Committee
- Audit Committee
- Risk Committee
- Remuneration Committee
- Nomination Committee

In addition, the Executive Directors established the executive-level Finance Forum, Risk & Compliance Forum and Executive Forum.

### Finance Committee

The Finance Committee provides oversight of, and advice on, matters relating to the Company's financial position and financial related matters. Comprising the Chairman, Non-Executive Director (Committees), CEO, COO and CFO, the Finance Committee meets at least four times a year and met 4 times during 2024 / 2025.

### Audit Committee

The Audit Committee monitors the integrity of the financial statements and formal related company announcements along with the effectiveness and objectivity of the outsourced Internal Audit providers and External Audit. Comprising the Chairman and Non-Executive Director (Committees), the Audit Committee meets at least four times a year and met 5 times during 2024 / 2025.

### Risk Committee

The Risk Committee has oversight of, monitors, reviews, and reports on the Company's Risk Management Framework, SFCR, ORSA, balance sheet risks and management (including liquidity and capital) and key risk exposures. Comprising the Chairman, Non-Executive Director (Committees), CEO, COO, CFO and Chief Risk & Compliance Officer, the Risk Committee meets at least four times a year and met 5 times during 2024 / 2025.

## **Remuneration Committee**

The Remuneration Committee discharges its responsibilities to the shareholder and regulators by creating and maintaining a formal and transparent remuneration policy and associated practices that reward fairly and responsibly, with a clear link to the Company's performance and individual performance. Comprising the Chairman and Non-Executive Director (Committees), the Remuneration Committee met once during 2024 / 2025.

The Policy for Remuneration of the Governing Body is set by the Remuneration Committee and seeks to ensure that the interests of the Directors are aligned with the Company's business strategy and risk tolerance, objectives, values and the Company's long-term interests and aims to ensure the Company is able to attract and retain highly competent Directors. Total overall remuneration takes account of both the external market and Company conditions to achieve a balanced, 'fair' outcome. No performance related rewards were included during the year. The Chair or any Director will withdraw from discussions concerning their own appointment, remuneration or terms of service to avoid conflicts of interest.

## **Nomination Committee**

The Nomination Committee manages the appointment process for new members of the Governing Body and its sub-committees, coordinating with existing Governing Body discussions on Company strategy, Governing Body evaluations and succession planning. Comprising the Chairman and Non-Executive Director (Committees), the Nomination Committee met once during 2024 / 2025.

## **Finance Forum (executive-level)**

The Finance Forum develops strategic and operational financial objectives and monitors the implementation of these objectives. Comprising the CEO, COO and CFO, the Finance Forum meets at least eight times a year.

## **Risk and Compliance Forum (executive-level)**

The Risk & Compliance Forum has oversight of the Company's risk profile and reviews and challenges the risks associated with the strategy. Comprising the CEO, COO, CFO and Chief Risk & Compliance Officer, the Forum meets at least eight times a year.

## **Executive Forum (executive-level)**

The Executive Forum develops strategic and operational objectives and monitors the implementation of these objectives. Comprising the CEO, COO and CFO, the Executive Forum meets at least eight times a year.

## **Fit and Proper Requirements**

### Skills, Knowledge, and Expertise

In line with the SM&CR the Company has in place a SMCR Policy which includes a Fit and Proper Persons Assessment process. The objective of the policy is to ensure that the Company is soundly and prudently managed. In determining a person's fitness and propriety the Company will consider that persons:

- Personal characteristics (good repute, integrity etc.)
- Level of competence, knowledge and experience
- Qualifications
- Training
- Business conduct
- Compliance with conduct standards

In order to perform a Senior Management Function, a person must have the qualifications, technical competencies, training and personal characteristics as detailed within that role profile.

### Assessing Fitness and Propriety

Assessment of fitness and propriety includes:

- Recruitment: covering the consideration of duties, an appointment process matching the selected person to the requirements of the post, verifications of qualifications and probity checks.
- Documentation: including passport, evidence of address, DBS check.
- Verification: the Company must verify the information necessary in its opinion to establish the applicant has the experience necessary to fulfil the designated role and that there are no issues arising from the material that would cause the Company to reconsider its proposal to appoint that person.

Applicants may not be appointed to a Senior Management Function until approved by the Regulators.

Once appointed, applicants are expected to remain competent for the position(s) they hold, including ensuring Continued Professional Development (“CPD”), displaying appropriate business conduct and demonstrating compliance with conduct standards. The Company reviews fitness and propriety at least once annually.

Where there has been wrongdoing, the Company may make all reasonable efforts to establish grounds for taking disciplinary action and where appropriate take the action. In any case, where such matters come to light, they may be reported immediately to the FCA and the PRA.

## Risk Management System

### Risk Management Framework

<p><b>Risk Management &amp; Internal Control Policy</b>  <i>Describes the Risk Management Framework – set and approved by the Governing Body</i></p>
<p><b>Risk Management Framework</b>  <i>Overarching framework describing the key components in the governance and management of Risk</i></p>
<p><b>Risk Appetite</b>  <i>Appetite setting process and articulation of Company-wide and Principal Risk statements and tolerances – agreed at Risk Committee for the Governing Body</i></p>
<p><b>Principal Risks</b>  <i>Outline the principles to follow when managing the Principal Risks across the Company, approved by Risk &amp; Compliance Forum and the Risk Committee on behalf of the Governing Body.</i></p> <p><i>Where appropriate and business related, Principal Risks will have Tier 2 –Risk Policies aligned. Policies at Tier 2 will be approved by the Risk &amp; Compliance Forum on behalf of the Company unless there is a requirement for approval by the Governing Body</i></p>
<p><b>Risk &amp; Control Self-Assessment</b>  <i>Clear articulation of the key process risks aligned to the Principal Risks with associated controls</i></p>
<p><b>Business Unit Operational Procedures</b>  <i>Procedures for the day-to-day management of risk supporting the requirements of the Risk &amp; Control Self-Assessment</i></p>

An effective Risk Management Framework ensures that material risks receive sufficient attention from the Company’s Governing Body. The Chief Risk & Compliance Officer (“**CRCO**”), as the Chief Risk Function holder, has responsibility for risk management arrangements and ensures regular risk reviews are conducted, documented, and presented to the Governing Body via the Risk Committee.

The Company's Risk Management Framework comprises the three lines of defence model and endeavours to:

- Identify all material risks to the Company.
- Assess the identified Risks in terms of their impacts and likelihood with the use of the approved Risk Scoring matrix.
- Implement Controls to mitigate and manage the risks within the Company's approved risk appetite.
- Adhere to Governing Body set risk appetite.
- Embed the Risk Management Framework through implementation and continued evolution of the Risk & Control Self-Assessment framework.
- Report on all risk management activities within the Company including losses, risk events, and near misses.
- Report on a quarterly basis the performance of risk appetite measures to the relevant Committees including any breaches and plans to resolve these where applicable.
- Continuously work closely with the first line to support and challenge the outputs from their risk management activities and improve the internal control environment.
- Promote a risk awareness culture and risk capabilities within the Company.

Having a clear and informed view of risk capacity is a pre-requisite for meeting Solvency UK requirements as it is the baseline used in determining the SCR. This allows it to be contrasted with the other key measure of risk capacity used under Solvency UK the MCR. This is defined in the guidance for Solvency UK as the "gone measure" i.e., the funds an organisation would require to meet its liabilities in the event of a controlled winding up. It is a sub-measure of the SCR, the difference being the capital required to support ongoing business and future operations.

The volume of business taken on determines the level of gross insurance risk exposure that the Company accepts. Where the gross exposure is more than the Governing Body wishes to accept, reinsurance is used to reduce the potential exposure, producing a net level of insurance risk which is in line with the Company's capital management objectives. The cover is arranged via specialist reinsurance brokers using reinsurers with a rating of B or above in the Lloyds and company market. There is an approved Risk Appetite level authorisation which provides guidance for individuals/Committees in the Company who have authority to make decisions which affect the level of risk exposure; so that they can act with confidence and can be sure that they are implementing the Governing Body's intentions. Any individual proposing to take action which is outside the delegated authorities, must complete a "Risk Acceptance Form" with their rationale and proposal to the Risk Committee/Governing Body for approval.

All these actions and many others which are part of the everyday operation of the Company have an impact on risk profile – the total amount of risk to which the Company is exposed. By clearly stating its appetite, the Governing Body ensures that thresholds are set for the level of risk exposure allowed and the Executive Owners of the risk appetite measures understand not to exceed these thresholds, and all breaches will be reported to the Governing Body.

Managing risk within appetite is best practice and helps the Company to achieve its objectives. The Company has robust internal controls, assurance solutions and mitigations to manage the risks presented. Some of these include:

- Economic controls (e.g., reinsurance)
- External / Internal Audit
- Financial review (including reporting quarterly to the Governing Body)
- Management information review
- Policies and procedures
- Risk and Control Self-Assessment
- The Risk & Compliance Function

- The Governing Body
- Training and development of staff

As the Company acts to maintain sufficient capital to absorb losses, whatever their source, capital assessments are conducted at the aggregate level comparing total exposure to total available capital rather than looking at individual risk types in isolation.

The Company's objective in managing risk in this way, is to ensure that it holds sufficient capital to meet projected future insurance claims and to absorb the impact of unexpected losses, whatever their source, without compromising its governing objectives.

Within this aggregated total, the Company's appetite is to limit its exposure to a level, net of reinsurance, which creates available capital in line with its SCR, calculated using the Standard Formula. This cap provides an absolute limit on the risk the Company will accept.

The Company assesses its capital in a way which is proportionate to the size and complexity of its exposures to different types of risk, recognising that larger more complex exposures require greater effort than those which do not have the capacity to materially affect its capital position. This creates greatest focus on insurance risk and proportionally less on others, for example operational risk, which does not have the potential to materially affect the Company's capital strength.

There is an ongoing process to identify, assess, manage and report risk. This process is subject to continuous improvement in order to provide assurance to all relevant stakeholders, meet regulatory requirements and improve business performance. Risks are recorded in the Company's risk register and reported by exception in the risk report. All risk events are logged on the risk event log along with any associated loss, but only losses of £50K and above will formally be reported to the Risk Committee with all the details of the losses. The Risk Committee will also receive a high-level headline summary of all critical risk events experienced by the Company in the quarter.

The Risk & Compliance function will monitor and report:

- Significant Risks on a quarterly basis
- Horizon scanning
- Risk Appetite performance on a quarterly basis and escalation of breaches as required
- Periodic Risk and Control Self-Assessment
- Review of outstanding and overdue actions by way of reporting to the relevant Forum / committee on all contents of the risk management activities within the Company for the period.

The Company operates a "three lines of defence" approach to risk management:

### **First Line of Defence**

First Line are responsible for the identification, assessment and management of their risks and to implement controls to mitigate the risks. They should:

- Promote a strong risk culture and risk capabilities.
- Know and understand the risk appetite thresholds and tolerances to manage their risk exposures within their processes and operations.
- Have full ownership, accountability, and responsibility for their risks.
- Ensure ongoing monitoring of their risks and controls through the completion of the periodic Risk and Control Self-Assessment.
- Report all risk events, near misses, losses, risk matters, and all other monthly risk returns as required to the Risk & Compliance Function.
- Escalate any risk appetite breaches and significant risk events to the Executive Directors through the Risk & Compliance Function.

## Second Line of Defence: Risk & Compliance Function

The Risk & Compliance Function provides oversight and challenges to the completeness and accuracy of risk management activities of the first line of defence and the Company as a whole by:

- Providing overarching risk and compliance oversight for all activities within the Company.
- Being accountable for supporting and working with risk and control owners.
- Ensure regulatory horizon scanning is in place and reported.
- Providing support and guidance to the business on all matters relating to risk and compliance.
- Embedding the periodic Risk & Control Self-Assessment (“**RCSA**”) to manage risks more effectively and efficiently.
- Monitoring the performance of controls and validate/test them regularly.
- Following up with control owners to agree action on underperforming controls to improve the effectiveness or implement new controls.
- Reporting and sharing with the Governing Body and relevant Committees, the output from the RCSA and all other risk and compliance activities.
- Supporting appropriate risk taking via policies, frameworks, tools, aggregation and analysis.

The Risk & Compliance Function is responsible, through oversight activities, for monitoring the performance of the risk appetite measures and reporting and/or escalating any breaches to the relevant Committees.

## Third Line of Defence: Internal Audit

Internal Audit (outsourced) provides independent assurance to the Governing Body on the Company’s Internal Control environment. They do this by:

- Assessing, reviewing, and reporting on the appropriateness, robustness and effectiveness of the internal controls in place.

Internal Audit is responsible for providing independent confirmation to the Governing Body of effective implementation of internal controls. They will also make recommendations to operational areas, support functions and the Governing Body for improvements in the internal control environment.

Internal Audit have responsibility for ensuring that decisions made by delegated authorities are audited in line with the corporate governance requirements.

Assurance functions are also responsible for documenting the annual cycle in accordance with which the various policies, reports and decisions are referred to the Governing Body.

## Own Risk and Solvency Assessment (“**ORSA**”)

The ORSA is a key element of the Company’s risk and capital management system and forms part of the supervisory process. The ORSA comprises the processes and procedures the Company uses to ensure that its overall solvency needs are met at all times, and which allow it to demonstrate achievement of this objective to both the Governing Body and the PRA. It is forward looking and considers the Company’s capital needs over each of the years for which the Company prepares business plans. The ORSA provides management with a comprehensive assessment of the Company’s risk profile, risk appetite and solvency position to enable them to understand these risks and how they translate into capital needs or require other mitigation.

The Company will carry out an ORSA at least once annually and more frequently in the event of a material change in its risk profile such as a change to the business structure or significant changes to strategy. The ORSA was produced during the year and submitted to the PRA.

The following are key inputs to the ORSA:

- The Company's risk appetite statement as reviewed and approved by the Governing Body.
- The Company's Significant Risk report.
- Outputs from the Company's Standard Formula.
- The Company's Business Plan and Corporate Strategy.
- Outputs from the Company's Capital Planning Process.
- Reports from the actuarial function, including opinions on the adequacy of technical provisions, the SCR and the Company's underwriting and reinsurance arrangements.

The scope of the Company's ORSA includes an assessment of:

- The Company's overall solvency needs taking into account its risk profile, the approved risk tolerance limits and the business strategy.
- Quantitative and qualitative elements and consideration of a range of possible outcomes.
- The Company's compliance with the capital requirements of Solvency UK in respect of the Solvency Capital Requirement ("**SCR**") and the Minimum Capital Requirements ("**MCR**"), and the calculation of technical provisions.
- Forward-looking overall solvency needs.
- Frequency of capital requirement calculations.
- Review of the Company's policies and procedures to ensure compliance with technical provision rules.
- Review of whether the ORSA process successfully supports the Company's objective to operate an effective risk and solvency assessment process which is efficient, tailored to the Company's organisation structure and risks management system, and which employs appropriate and adequate techniques to assess its overall solvency needs.

## **ORSA Governance**

The Governing Body is directly involved in the ORSA governance process through approval and challenging the ORSA result and the assumptions behind the calculation of the SCR.

The ORSA has become an embedded element of the operational process with the Finance Committee considering the requirements of the ORSA as part of its monthly meetings covering the impact on new / amended lines of business; SCR & MCR requirements and projections including stress testing carried out monthly; review of premium income and claims data on a monthly basis to support any anticipated changes to capital requirements.

The Governing Body has delegated oversight of the ORSA process and outputs to the CFO; under this delegated authority, the CFO is responsible for:

- Performing the ORSA and compiling the ORSA and ORSA Policy.
- Arranging both internal and, where appropriate, external review of both the ORSA process and its outputs.
- Escalating any material issues to the Governing Body.
- Initiating and managing the ORSA process.
- Developing communication loops within the business, which will allow the ORSA to become an embedded element of organisational processes and ensure that all key functions contribute to and are aware of risk and capital management objectives.
- Submitting the ORSA to the PRA.

## Internal Control System

The Company has in place controls in order to identify, assess, manage, mitigate and control risk. The Company's control framework consists of:

- Governance framework.
- Three lines of defence.
- Control functions.
- Internal policies, for which certain Governing Body members are accountable which detail:
  - Economic controls (e.g., reinsurance).
  - Financial review.
  - Management information.
  - Physical controls.
  - Risk reviews.
  - Training and development of staff; and
  - Whistleblowing.

Internal controls are subject to (external) Internal Audit; the Internal Audit plan is aligned to the Company's risk register.

## Control Functions

In addition to Senior Management Functions, the Governing Body has identified claims management as an area which also requires a Key Function holder as follows:

- Claims Management Key Function: Karen Howells-Lee

## Claims Management Key Function

The Claims Management Key Function holder is responsible for the effective management of the Company's claims including ensuring adequate procedures covering the overall cycle of claims: receipt, assessment, processing, settlement, complaint and dispute settlement, and reinsurance recoverables. The Claims Management Key Function holder is also responsible for considering how to prudently manage the Company's claims management strategy.

## Internal Policies

The Company has in place a number of policies which support its Risk Management Framework. These include core policies for the Principal Risks and Tier 2 risk categories, the key ones being, but not limited to:

### Tier 1 Risk Policies

- Financial Risk
- Legal & Regulatory Risk
- Strategic Risk
- Insurance Risk
- Conduct Risk
- Operational Risk

### Tier 2 Risk Policies (pertinent to the SFCR)

- Capital Risk
- Liquidity & Funding Risk
- Market & Credit Risk
- Reinsurance Risk
- Underwriting Risk
- Product Pricing
- Claims Reserving
- Claims Handling
- Complaint Handling
- Product Governance
- Information Security
- Third Party and Outsourcing
- Financial Crime
- Cyber Security
- Financial Data Governance
- Emerging Technologies
- Artificial Intelligence
- Senior Managers and Certification Regime (SM&CR)
- Climate Change
- Operational Resilience

### **Internal Audit Function**

The Company fully outsources the provision of Internal Audit activity to RSM Risk Assurance Services LLP and therefore no individual within the Company holds the SMF5 Internal Audit Function.

The Company works with its Internal Auditors to ensure a risk-based annual Internal Audit plan is in place which links to the Company's strategic objectives and is aligned to the Company's risk register. Ad-hoc assurance may also be completed as required.

Internal Audit conducts independent reviews of the Company's procedures and challenges the controls in place. In doing so, Internal Audit helps the Company to manage its risks effectively. The Internal Auditors use a risk-based approach to identify the strategic, operational, and financial risks where the Company needs assurance along with areas of control weakness. Recommendations made ensure corrective actions are implemented. Internal audit findings are reported to the Governing Body.

The Company is satisfied that the internal audit provision has adequate skills, experience, and professional qualifications, and, due to the provision being outsourced, is suitably independent.

### **Actuarial Function**

The Chief Actuary Function holder (SMF20) is responsible for managing this activity and ensuring the best estimate calculation of technical provisions allowing for the calculation of risk and premium. The Company obtains assistance on certain actuarial matters from Lane, Clark & Peacock LLP

Reports from the Actuarial Function, including opinions on the adequacy of technical provisions, the SCR and the Company's underwriting and reinsurance arrangements, are a key input to the ORSA.

## **Outsourcing**

To conduct operations as effectively and efficiently as possible, the Company may find it advantageous to outsource certain functions. The Company recognises its responsibility to ensure that where outsourcing is sought from a third party, it is done in a way which is compliant with regulatory rules, that enables it to achieve good consumer outcomes and where the risk can be effectively managed.

The Company has chosen to outsource internal audit provision, distribution and IT System hosting to businesses based in the UK. The Company uses a number of key suppliers, these include suppliers for actuarial services, reinsurance, claims loss adjusters and taxation services.

To support its approach to outsourcing, the Company has in place a Third Party and Outsourcing Risk Policy.

## **Adequacy of the System of Governance**

The Company continues to ensure its system of governance is adequate for its nature, scale and complexity of the risks inherent in its business.

The Governing Body regularly reviews recommendations and outcomes from internal audit, external audit and internal compliance monitoring. Industry guidelines and best practice are also reviewed in conjunction with internal MI, root cause analysis and risk events.

The Company's governance is significantly strengthened by the Non-Executive Directors who provide independent challenge.

## **Other Material Information**

There is no other material information regarding the system of governance of the Company.

## Risk Profile

The Company holds capital as protection against potential losses from residual risk exposures, i.e., those remaining after all the control measures to prevent the risk from materialising have been taken into account.

The Company's Risk Management Framework is used to identify, assess, respond, monitor and report risk. One of the Company's predominant risks is insurance risk, arising from the provision of its range of Pet, Horse and non-animal (including Caravan) policies.

The Company monitors its insurance risk exposure by calculating its current and future SCR and MCR on a monthly basis. In addition, monthly SCR stress tests are carried out.

Solvency Capital Requirement	Gross Solvency Capital Requirement	
	2024 £000	2025 £000
Market Risk	5,218	3,448
Counterparty Default Risk	2,589	2,667
Non-Life Underwriting Risk	17,037	19,657
Diversification	(4,363)	(3,494)
<b>Basic Solvency Capital Requirement</b>	<b>20,483</b>	<b>22,278</b>
Operational Risk	2,356	2,395
<b>Solvency Capital Requirement (SCR)</b>	<b>22,839</b>	<b>24,673</b>

### Principal Risks

The Company manages risk through the Risk Management Framework which articulates the Principal Risks and associated tier 2 risks through the risk taxonomy. The risk taxonomy is managed through the three lines of defence model.

All Risk Appetite Statements are underpinned by a series of tolerances which the Company manages / reports. Where tolerances are outside performance, the Governing Body is notified, and management action is appropriately undertaken.

The management of each identified Principal Risk is set out below.

#### Insurance Risk

Insurance Risk is the risk that an insured event may occur requiring the Company to pay a claim. It also covers the risk that an underwritten inaccurate assessment of associated risks or uncontrollable factors not included in the Policy's exclusion list may result in significant increase in the Company's cost of claims settlement and exceed earned premiums.

Insurance Risk is managed within the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Insurance	Underwriting	COO	Inaccurate and/or inappropriate assessment of risks accepted by the Company in the policy development and exclusion lists which could result in unanticipated significant increases in the Company's cost of claims and impact premium earnings.	The Company has limited appetite for an underwriting loss and would expect to make a level of underwriting profit in order to cover overheads and provide a return to the shareholder.
	Pricing	Chief Commercial Officer	Product pricing does not reflect the underlying risk of cover or associated operating costs of managing policies which leads to customer detriment, higher than expected claims ratios and loss to the Company.	The Company has no appetite for schemes that provide poor value to the customer; any schemes that do not provide fair value will be suspended as soon as this is identified. The Company has limited appetite for loss making schemes and will set de minimis volumes and timeframe targets for schemes, taking into account their position within the overall portfolio.
	Concentration	Chief Actuary	The insured risk is disproportionately skewed towards a concentrated geographical area that could result in a disproportionate number of claims for any single type of product.	The Company has no appetite for a concentration of risk with a loss potential sufficient to threaten the solvency of the financial position of the Company's undertakings.
	Reinsurance	Chief Financial Controller	An event outside of the Company's appetite is not covered by a reinsurer due to misunderstanding of the policy terms including at an appropriate cost.	The Company has limited appetite for a reinsurer being unable to settle potential claims as and when they fall due, either due to financial stability or unexpected exclusions.
	Claims Reserving	Chief Actuary	Future claims payments for policies on cover are under- or over-estimated by a material amount and/or current projections predict significant future losses.	The Company has limited appetite for a material understatement of the claims reserve.

The Company recognises that the future is subject to uncertainty and has therefore considered key stresses and scenarios which may impact upon its plans and expectations. This testing includes the exposure to a major underwriting loss event such as a major animal epidemic which could put the Company in breach of the Solvency UK SCR and the impact of inflation on the technical provisions. The Company has also considered scenarios whereby claims increase faster than premium growth, thereby eroding the profit margin. Such testing includes projected profit, loss and solvency position for these events.

#### Major Animal Epidemic

The Governing Body has identified the biggest risk to the Company is a major animal epidemic or series of epidemics to hit the United Kingdom. This risk is mitigated as all DEFRA notifiable diseases are not covered by the insurance policies underwritten by the Company as statutory compensation arrangements would apply. Moreover, it is a policy condition that all animals are vaccinated.

The Company has undertaken stress tests where 5% of insured cats were affected by Key-Gaskell Syndrome, 5% of insured dogs contracted Parvo Virus, and 5% of insured horses contracted West Nile Fever. This test

has evidenced that such losses (below epidemic status) would not lead to a breach of the SCR as the reinsurance policies would mitigate the risk.

#### Increase in Claims and Impact of Inflation

The Company has considered scenarios whereby claims increase faster than premium growth, thereby eroding the profit margin. In the event of such a scenario, with further reductions in expenses being possible along with price increases, it is unlikely that the Company would breach the SCR.

The Company's reserves and claims from underwritten policies are exposed to the risk of changes in claims development patterns arising from inflation. The Company considers the impact of excess inflation on its claims payments and technical provisions as part of its on-going stress testing.

#### Single Caravan Site Concentration

The Company is exposed to the risk of a fire at a single site such as a caravan storage facility. The scenario tested considered 1 in 200 loss at a single site. Stress tests identified losses would fall well within tolerance for prudent capital requirements.

### **Financial Risk (Including Market, Credit and Liquidity Risk)**

Financial risk is the risk that the Company may not be able to meet with its financial and capital requirements and ensure financial reporting requirements are timely and to the required standard. Financial Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Financial	Capital	Chief Financial Controller	The Company's regulatory capital resources are inadequate to cover its regulatory capital requirements.	The Company has limited appetite for not meeting its capital regulatory requirements and will ensure eligible capital remains within regulatory requirements at all times and, as a minimum 10% above the SCR Capital Risk Appetite.
	Market, Credit & Counterparty	Chief Financial Controller	Value of financial assets or liabilities (including credit exposure and off-balance sheet instruments) are adversely affected by significant changes in underlying market values and the risk that a counterparty, including a reinsurer fails to meet its contractual financial obligations.	The Company has limited appetite for loss of investment or inability to recover amounts due, as a result of failure of a material counterparty and ensures all Banking and Reinsurance counterparties maintain the minimum credit rating of 'B' or above at all times.
	Liquidity & Funding	Chief Financial Controller	The Company is unable to meet its obligations as they fall due or can only do so at excessive cost and/or the inability to raise and maintain sufficient funding to support the business plan.	The Company has no appetite for not holding sufficient liquid assets in terms of quantum and quality, to meet a minimum of 100% of Outstanding Claims Reserves and 50% of IBNR at all times.
	Dividend	Chief Finance Officer	Declaration of a dividend does not comply with the legislative and/or regulatory requirements or results in the Company not being able to meet its financial and capital obligations.	The Company has no appetite for dividends to be distributed which are not in line with all legislative and regulatory requirements. The Company will ensure it has sufficient distributable reserves to declare a dividend and will continue to meet its financial and capital obligations following payment of any declared dividend.

## **Market Risk**

The Company currently places its assets in line with its investment strategy and in accordance with the Prudent Person Principle. The Company limits its exposure to market risk by investing in low-risk bank deposits, UK Treasury Bills and property with the objective of avoiding potential adverse fluctuations in asset values. The objectives ensure diversified splits across different types of assets and within the same asset category, while also ensuring only banks with strong credit ratings are used. The investment strategy also sets specific concentration and duration limits for the various asset classes. Investment properties are subject to an independent valuation on a periodic basis.

The Company has invested in commercial property with long term profitable tenants where the receipt of the rent is not a major risk. The Company undertakes stress testing for the adverse change in property values (by 10% and 20% of the book value) and continues to monitor property values closely. Such tests suggest that the Company would remain compliant with the SCR and MCR.

Market Risk is measured monthly via the market risk appetite measures and by reference to commercial property valuation reports in the media and the Nationwide house price index, along with changes in the Bank of England Base Rate.

## **Credit /Counterparty Risk**

The Company's credit and counterparty risk comes from its investment portfolio, including bank deposits, its reinsurance counterparties and amounts due from its insurance intermediaries.

### Investment Activities

The Company stress tests adverse changes in bank credit ratings; falls to BBB and BB have been tested. A fall to BB would not result in a breach of the SCR. A fall to B could lead to a breach, however, as the majority of cash balances are held on demand or in short-term notice deposits, there would be no penalty or delay in withdrawing funds with which to place elsewhere.

### Reinsurance

The Company's counterparty risk appetite for reinsurance counterparties is to maintain the minimum credit rating of "B" or above at all times.

Ratings are monitored on a monthly basis, and any breaches of the appetite will be reported to the Risk and Compliance function for consideration of the appropriate action, and to the Risk Committee and Governing Body in line with Risk Appetite monitoring processes.

This risk is further mitigated by the use of multiple reinsurers where possible.

### Insurance Receivables

The Company monitors receivables due from its Appointed Representatives on a monthly basis to ensure they are in line with the contractual agreements. An annual oversight review of each Appointed Representative is also carried out, which includes a credit review. Stress testing is also carried out on the receivables balance due on a monthly basis.

## **Liquidity Risk**

The Company has limited appetite for Liquidity Risk, and it carries out cash-flow matching projections to ensure that sufficient liquid funds are available to meet liabilities as they fall due.

Liquidity Risk is measured monthly by ensuring its demand cash balances are sufficient to cover the Technical Provisions.

Liquidity Risk is controlled through the Company's bank holdings which is intended to provide sufficient liquidity for the short to medium term needs. No change to holdings is permitted without Governing Body approval.

The Company monitors liquidity cover on a monthly basis through its Risk Appetite monitoring process and carries out stress testing on its liquidity position.

No expected profits are included within the future unearned premiums calculated in accordance with Article 260 (2).

## Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and/or external events. Operational Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Operational	People	Chief Legal & People Officer	Inappropriate employee behaviour, inadequate resource (people, capability, and frameworks), resulting in customer or financial detriment, and/or regulatory censure.	The Company has limited tolerance to not deliver a sustainable pipeline of competent and diverse people within required time frames and budget and has no appetite to sustain a workplace culture which does not retain talent and comply with legal and regulatory requirements, as well as business values.
	Change Management	Chief Experience Officer	Change is not designed or delivered successfully (delivery risks) and/or that the change deliverables adversely impact the Company's risk profile (associated risks of change) – this definition covers all change activities.	The Company has limited appetite for not delivering change on time, within approved budgets, and at an acceptable quality in accordance with the Company's strategic plan.
	Business Continuity	Chief Information & Technology Officer	The Company's operations are disrupted, including people, loss of premises, loss or significant disruption with a third party or system unavailability, compromising its ability to service its customers and provide good customer outcomes.	The Company acknowledges business continuity events may occur but has zero tolerance for not being able to continue to operate within impact tolerances, and limited tolerance for recovering operations outside of pre-agreed service levels.
	Third Party / Outsourcing	Chief Information & Technology Officer	Third party and/or outsourced relationships do not provide the service for which they have been relied upon to provide products and/or services which support the Company's operations and performance, compromising good customer outcomes and resulting in financial loss, reputational damage, and/or regulatory fine/censure.	The Company has limited appetite for not managing all third-party suppliers in line with a consistent, defined framework which aligns to business expectations and regulatory requirements.
	Operational Resilience	Chief Operating Officer	The Company is unable to prevent, adapt, respond to, recover and learn from operational disruptions, compromising good outcomes, including causing intolerable harm, and resulting in financial loss and/or regulatory fine/censure.	The Company has a limited appetite for not being able to prevent, adapt, respond to, recover and learn from operational disruptions.
	Financial Crime	Chief Experience Officer	The Company is subject to an act or an attempt (internal or external) to steal, defraud, manipulate, or circumvent established rules for gain, including money laundering and is unable to identify and/or prevent any resulting loss resulting in financial loss and/or regulatory fine/censure.	The Company has limited tolerance for external fraud outside defined annual budget tolerances balanced with customer outcomes not exceeding industry benchmarks, whilst complying with relevant legal and regulatory requirements. The Company has zero tolerance for internal financial crime events (including internal fraud and Anti-Bribery & Corruption) and for Money Laundering offences.

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
	Technology	Chief Information & Technology Officer	Lack of effective IT infrastructure, systems and plans to support the Company now and throughout its medium-term business plan to deliver against its strategic objectives.	The Company has limited appetite for not maintaining IT infrastructure and systems to deliver resilient and available service to customers and colleagues in line with business requirements.
	Information Security	Chief Information & Technology Officer	IT infrastructure, systems and information assets are not secure or available when required.	The Company has limited appetite for not protecting its IT infrastructure, systems and information assets from being compromised.
	Cyber Security	Chief Information & Technology Officer	Cyber-attack, whether successful or otherwise, resulting in customer detriment and/or business disruption.	The Company accepts cyber-attacks will occur but has a zero tolerance for any material customer detriment or business disruption as a result of a cyber-attack, successful or otherwise.
	Artificial Intelligence	Chief Information & Technology Officer	The Company's or its ARs' use of AI compromises customer and/or the Company/AR data and/or compromises good customer outcomes and resulting in financial loss and/or regulatory fine/censure.	The Company has no appetite for it or its ARs sharing any personal data (customer, potential customer or staff data); or any the Company/AR commercially sensitive data or identifiable information with AI; further the Company currently has limited appetite for using AI in its operations. Until such time as the Company has investigated, clearly identified and provided adequate mitigation for the risks associated with the use of generative AI, its use must be approved in advance by the appropriate HoD and two of the CEO, CFO and COO, and logged so that its purpose, the information shared, and AI system used can be monitored.

The Company manages operational risk through a framework of robust systems and controls which include:

- Risk and Control Self-Assessment (RCSA): Each business division performs regular risk and controls assessments to identify key risks and details the controls in place to manage and monitor those risks.
- Incident Reporting System: This is used by staff for reporting any operational incidents which are reviewed by the Risk & Compliance Function.
- Internal Committees and working groups reviewing and reporting material operational risks.

Stress testing is performed on operational risks by materially increasing the Company's overhead costs as a result of operational failures.

## Other Material Risks

### Strategic Risk

Strategic Risk is the risk that poor business decisions or strategy due to internal or external developments may inhibit the Company's ability to achieve its strategic objectives, profitability, sustainability, long term positioning and performance whilst impacting on the long-term interests of stakeholders. Strategic Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Strategic	Business Risk	CFO	Appropriate and proportionate process is not in place to create and monitor the performance of the Company's strategic plan including having adequate controls in place to monitor macro-economic developments which may cause harm.	The Company has limited appetite for poor product strategy which could result in products or promotions being directed at the incorrect market or which could result in writing too little / too much business which could impact on the strategic development and/or capital position.
	Culture	CEO	The Governing Body does not demonstrate, and the Company's employees do not exhibit, the right culture and behaviours due to a lack of understanding of responsibilities and inability to challenge where poor culture or behaviours are exhibited.	The Company has limited appetite for a culture that does not promote its values.
	Governance	Company Secretary	The Governing Body and executives do not operate effectively with the right skills and experience, and in a legal, ethical and transparent manner which is in the best interests of the Company.	The Company has limited appetite for poor organisational structure and governance and will preserve its reputation for fairness with customers and the regulators.
	Climate	CFO	Insufficient planning and awareness, including provision in the Company's strategy, of climate change and reduction in carbon footprint.	The Company has low tolerance for products with no exclusions for climate related disasters including man-made and natural disasters, epidemic and climate change.
	Group	CEO	Loss or negative impact arising out of intra-group transactions and/or arrangements with other companies which form part of the same group as the Company.	The Company may transact business and/or undertake arrangements with other companies of the wider group, however, it must be able to demonstrate that (a) no conflicts of interest exist OR any conflicts that do exist have been identified and have appropriate actions in place to manage and monitor them; AND (b) there is a sound commercial reason for doing so.
	Emerging Technologies (e.g., Artificial Intelligence)	CEO	The Company does not recognise or take advantage of emerging technologies in a timely manner resulting in its offering falling behind that of its competitors and/or inability to enhance operational effectiveness and realise efficiencies, resulting in reduction in profitability and sustainability.	The Company has a limited appetite for not maintaining pace with its competitors regarding the use of emerging technologies. The Company will put in place strategies and processes, and ensure that it has the right resource, to identify and understand opportunities as they arise.

### Conduct Risk

Conduct Risk is the risk of conducting business, including the Company's behaviours, operating model and culture, in a way that leads to customer detriment or unfair outcomes. Conduct Risk is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Conduct	Vulnerable Customers	Chief Experience Officer	The Company's products and services do not take into account customers with characteristics of vulnerabilities, whether permanent or transitory, compromising good customer outcomes.	The Company has zero tolerance for any negative impact that its products, processes and decisions could have on vulnerable customers and will act accordingly.

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
	Product Governance	Chief Commercial Officer	Design of the Company's products compromises good customer outcomes, and results in significant regulatory breaches, financial loss or reputational damage.	The Company has limited appetite to design and distribute products which it believes its customers do not need, which do not offer value for money, are not promoted honestly and transparently, are not distributed and sold appropriately, and do not perform as customers have been led to expect.
	Customer Communication (inc Financial Promotions)	Chief Commercial Officer	The Company's communications with customers, including its documentation, do not meet their information needs, including, Appointed Representatives not complying with relevant regulations and ethical standards which mislead customers in to buying unsuitable or failing to buy suitable products for their needs and requirements.	The Company has limited appetite for communications, including policy documentation, which do not take into account customers' needs. The Company has limited appetite for its products being promoted in a way which is not clear, not fair or could be considered misleading.
	Customer Acquisition	Chief Commercial Officer	The Company's distributors and/or distribution arrangements compromise good customer outcomes and result in financial loss and/or regulatory censure/fine.	The Company has no appetite for distributing directly to customers. The Company has no appetite for its appointed representatives to offer advised sales or for offering products which do not meet the demands and needs of its customers. Where mis-selling occurs, and customer detriment is identified, The Company will be pro-active in undertaking remediation activity and addressing the root cause.
	Claims Handling	Chief Experience Officer	Claims are not processed in a timely, informed and quality manner as expected by our customers and in line with regulatory expectations, compromising good customer outcomes and resulting in financial loss and/or regulatory censure/fine.	The Company has limited appetite for not handling its claims as per defined processes and procedures, within agreed service levels, and to defined quality standards whilst maintaining regulatory adherence.
	Customer Servicing	Chief Experience Officer	Policy administration is not undertaken in an appropriate or timely manner, compromising good customer outcomes, and resulting in financial loss and or regulatory censure/fine.	The Company has limited appetite to take decisions or provide guidance which lead to customer detriment or harm.
	Complaint Handling	Chief Experience Officer	Complaints are not identified, managed and/or resolved in an appropriate and timely manner, compromising good customer outcomes and resulting in financial loss and/or regulatory censure/fine.	The Company has limited appetite for handling complaints in an unfair or untimely manner.

### Legal & Regulatory Risk

Legal and Regulatory Risk is the risk of non-compliance with regulatory and legal requirements and standards. This covers regulatory reporting, regulatory and legal censures, sanctions and potential fines. Legal and Regulatory is managed by the following framework:

Principal Risk	Tier 2 Risk Policy	Business Owner	Tier 2 Risk Description	Risk Appetite Statement
Legal & Regulatory	Regulatory Risk	Chief Risk & Compliance Officer	The Company breach the letter and spirit of relevant regulations, guidance, codes of practice or standards of good market practice.	The Company has zero tolerance for any material breach of its regulatory requirements and will at all times seek to achieve and maintain compliance with all relevant regulatory requirements, however it is acknowledged that unintentional breaches may occur which will be remediated as and when they transpire.
	Legal Risk	Chief Legal & People Officer	The Company does not maintain compliance with applicable laws; contractual arrangements with customers, suppliers and other 3 <sup>rd</sup> parties are not enforceable as intended or enforced in an unexpected way or do not operate as expected.	The Company has zero tolerance for non-compliance with all applicable laws and will implement and maintain effective controls to manage the risk of non-compliance with law and reduce legal risk exposure.
	Litigation	Chief Legal & People Officer	Litigation by or against the Company is not appropriately managed to protect the Company's reputation and achieve the best outcome leading to legal and/or regulatory censure, financial and reputational loss.	The Company has limited tolerance for litigation outside its actual exposure and financial tolerances.

### Other Significant and Emerging Risks

The Governing Body review significant and emerging risks on a quarterly basis, or more regularly as required through the governance structure of the Company, which includes the Governing Body, Risk Committee and the Risk & Compliance Forum.

The Company has in place an emerging risk framework which sets out how it identifies and manages emerging risks that could impact its business at some point in the future. This process ensures the identification of emerging financial and non-financial risks to facilitate the creation of early warning indicators and, where required, action plans which can be overseen by the Risk & Compliance function and challenged by the Risk Committee on behalf of the Governing Body.

Risks which have been under management during the reporting period, and which continue to be managed include:

#### **Macro-Economic Environment (including inflation and recession; as well as impacts as a result of geopolitical instability)**

Considerable focus continues to be given to the macro-economic environment, including factors such as the impact of inflation, interest rate uncertainty and geo-political instability and its effect on commodity prices and the potential for recession in the UK. These factors continue to be monitored very closely across the business, especially in terms of the impact on premium pricing, profitability with a potential fall in investment income, vets' fees inflation as a result of increased medicine costs, and the upward pressure on staff and other operational expenditure.

The Company performs monthly stress testing to assess the impact of changes in the rate of inflation, interest rates, UK property values and operational expenditure levels on its profitability and capital position.

## **Operational Resilience and Cyber Security**

Business disruption, both internally or with a key outsourced partner, cyber security, management of technical debt, and business continuity management remain areas of key focus for the Company. The Company will continue the development of its Operational Resilience framework and risks continue to be assessed and proportionally managed in these areas.

The continued strengthening of the Company's cyber resilience and data security to mitigate against the risk of a cyber-attack, remains an area of key focus. A comprehensive review was undertaken in 2024 to identify areas to enhance controls around cyber resilience from both internal and external threats. This provides a baseline from which continual review work is carried out.

## **Underwriting and Pricing**

Underwriting and pricing receives senior management monitoring and oversight to ensure the Company continually assesses its underwriting and pricing strategies. Policyholder numbers and profitability are monitored monthly to assess the impact of pricing changes and the enhanced use of data analytics platform supports evaluation of product performance. Product governance processes and procedures, including fair value assessments, are in place which also deliver against the Consumer Duty requirements.

## **Changes to Regulation**

The Company seeks to comply with all regulatory standards and to maintain awareness of, and where possible, anticipate regulatory change. Its principal financial regulators are the PRA and the FCA. Both regulatory authorities have a significant regulatory agenda with increased focus on insurers.

Volume and complexity of regulatory change continues to be monitored through the enhanced horizon-scanning process, with the use structured gap analysis, where required, to assess the impact of change on the Company. The key focus areas presently are to ensure on-going compliance with Consumer Duty requirements, the implementation of changes in the Appointed Representatives regime, PRA changes to the Solvency UK reporting regime and Solvent Exit Plan requirements.

## **Climate Change**

The impact of climate change is reviewed through the Company's Risk Management Framework and forms part of the development of its overall Environmental, Social and Governance strategy. Climate change and the ongoing assessment of climate change requirements remain as a key focus for the Company and is considered within the company's business strategy. This risk is governed by the Climate Risk policy which was developed during the year.

Risks associated with climate change are becoming of increasing importance to the Company, its regulators and customers. Along with all organisations, the Company has a duty to take seriously its impact on the environment and has taken steps to reduce its carbon footprint, manage waste, and use less energy.

The Company's financial risks from climate change arise through two primary risk factors, physical and transition. Physical risks from climate change relate to specific weather events (such as heatwaves, floods and windstorms) and longer-term shifts in the climate (extreme weather variability, sea level rise etc.). Increasing frequency, severity or volatility of extreme weather events will increase the underwriting and reserving risk for property and casualty insurers.

The Company's exposure to the physical risks of climate change is considered limited but will be mitigated through the purchase of reinsurance and the monitoring of concentration risk exposure. Reserving risk related to the physical risks of climate change are considered through the Events Not in Data ("ENID") provision, which forms part of the overall Solvency UK technical provisions. The Company also carries out stress testing on a monthly basis, including the risk of illness/death amongst pets from climate related risks.

The Company will align its investment strategy with the Climate Risk Policy, specifically in terms of its property investments. The Company will ensure all buildings meet the minimum energy efficiency

requirements and investments are in line with the Company's ESG goals and targets. The increase in the frequency and severity of extreme weather events will be the main risk the Company is exposed to from climate change through its household lines of business, and will impact the Company's view of underwriting risk, reinsurance and pricing in this area.

### **Emerging Technology and Artificial Intelligence**

The risk that the Company does not recognise or take advantage of emerging technologies, including the use of Artificial Intelligence ("AI"), is a key focus area for the business. As part of its on-going strategy, the Company has identified opportunities for the use of AI in its business and the possible solutions it could provide. An Emerging Technologies Working Group continues to review the use of such technology which has been built into the IT strategy overseen by the Governing Body. Emerging Technologies has also been added as a Tier 2 risk and a policy and set of ethical guidelines developed setting out how the Company intends to use emerging technologies, including AI. Use of emerging technologies is being built into the Next Generation architecture, with strong focus on using AI tools to enhance processes around claims fraud detection.

### **People Risk**

The challenge of recruiting and retaining staff remains a key risk to the business. The Company continues to develop its staff benefits, training and development programmes as well as monitor its succession planning.

### **Any Other Disclosures**

#### **Stress and Scenario Testing**

Stress and scenario testing forms a key part of the Company's risk management framework and comprises three key areas:

- Assessing the SCR and SCR cover's sensitivity to specific risk events. In identifying the key stresses, the Governing Body has considered each risk event contained within the Risk Register and applied appropriate, realistic and reasonably foreseeable stress events, which may impact plans and expectations.
- Stress Scenario Testing. The Company has developed specific stress scenarios, impacting operational and underwriting activities, which set out risk events which would trigger multiple risk factors over time and assesses the SCR impact over this time period. The scenarios are considered extreme in nature to evaluate the Company's capital position should it suffer a significant material loss event.
- Reverse Stress Testing. The Company uses reverse stress testing to determine events and/or circumstances which could undermine its ability to continue in operation.

The results of stress and scenario testing are a key element of the ORSA and the on-going business planning process. Stress and scenario testing continues to be evolved to respond to emerging risks and any changes in regulatory requirements and is used to inform strategic planning.

#### **Prudent Person Principle**

The assets of the Company have been invested in accordance with the 'prudent person principle.' The Company has developed a set of key risk indicators across all the risk categories in addition to information provided by third parties, including financial soundness of the banks, secured borrower and insurance intermediaries. The Company has not extended its investment activities beyond its existing activities. The Company reviews and recalculates the value of the security on a quarterly basis in order to ensure that it is sufficient to cover the secured loan and takes into account its ability to realise the assets. The Company recognises the need for low-risk assets and sets its profitability targets accordingly. The Company does not

invest in assets held or owned by businesses where there are conflicts of interest nor does the Company invest in unit-linked contracts, index-linked contracts, assets not admitted for trading on a regulated financial market, derivatives or securitised investments.

# Valuation for Solvency Purposes

## Assets

The following table details the Company's assets as at 30 September 2025:

Assets	Statutory Accounts	Solvency UK	Statutory Accounts	Solvency UK	Financial Statements	Solvency UK
	2024 £000	2024 £000	2025 £000	2025 £000		
Property, plant & equipment held for own use	2,303	2,303	2,249	2,249	Includes own building and other fixed assets for own use	As per financial statements
Investments (other than assets held for index-linked and unit-linked contracts)	5,921	5,921	5,933	5,933	Investment property at valuation	As per financial statements
Government Bonds	4,263	4,263	4,426	4,426	UK Gilts at Fair value	As per financial statements
Deferred Acquisition Cost	85	-	82	-	Costs amortised over the remaining life of annual policies	Not recognised under SUK as no future cash flow impact
Deferred Tax Debtor	27	27	30	30	Deferred Tax Asset on timing differences	Deferred Tax Asset on timing differences
Loans on Policies	270	270	329	329	Premiums due from customers	As per financial statements
Other Loans and Mortgages	22,446	24,121	20,507	20,921	Secured Loan	SUK includes the addition of future interest cash flows
Insurance Intermediaries	2,161	-	3,714	-	Premiums due from intermediaries	Included within Premium Provision (5.2)
Reinsurance Receivables	124	(104)	85	-	Includes Reinsurers Unearned Premium / share of claims	Reinsurers share of technical provisions
Receivables (trade, not insurance)	1,009	712	608	316	Includes Prepayments and other non-insurance Inter-company debtors	Prepayments not recognised under SUK as no future cash flow impact
Corporation Tax	295	295	150	150	Corporation Tax balance	As per Financial Statements
Cash and Cash Equivalents	27,704	27,704	27,225	27,225	Demand balances	As per financial statements
<b>Total Assets</b>	<b>66,608</b>	<b>65,512</b>	<b>65,338</b>	<b>61,579</b>		

## Technical Provisions

Technical Provisions represent the best estimate of the future claims, including those claims already made but not yet paid, based on past experience and judgment, along with the Provision for Unearned Premium for Premiums received relating to future periods. The Solvency UK basis differs from the Statutory Accounts basis and takes into account the discounted values of future premiums, claims and expense cash-flows relating to expired periods of claims risk and unexpired periods of premium provisions for all legal obligations at the valuation date.

The following table details the Company's technical provisions as at 30 September 2025:

Provisions	Statutory Accounts £000	General Liability Solvency UK	Miscellaneous Financial Loss Solvency UK	Property Solvency UK	Solvency UK £000	Financial Statements	Solvency UK
Premium provision	7,828	123	1,918	78	2,119	Unearned Premium element of insurance policies	Discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to future exposure arising from policies that the insurer is obligated to at the valuation date
Claims provisions	7,501	109	6,968	219	7,296	Expected future claims due on current policies	Discounted value of future claims payments
Best estimate	15,329	232	8,886	297	9,415	Total Unearned Premium plus claims provision	SUK recognises discounted value on cash flow basis
Risk margin	-	11	696	22	696	Not recognised in Financial Statements	Projected future cost of capital requirement in the event of run off
<b>Technical provisions – non-life (excluding health)</b>	<b>15,329</b>	<b>243</b>	<b>9,581</b>	<b>319</b>	<b>10,143</b>		

The following table details the Company's technical provisions as at 30 September 2024:

Provisions	Statutory Accounts £000	General Liability Solvency UK	Miscellaneous Financial Loss Solvency UK	Property Solvency UK	Solvency UK £000	Financial Statements	Solvency UK
Premium provision	7,647	121	1,680	68	1,868	Unearned Premium element of insurance policies	Discounted best estimate of all future cash flows (claims payments, expenses and future premiums) relating to future exposure arising from policies that the insurer is obligated to at the valuation date
Claims provisions	7,440	108	6,856	215	7,179	Expected future claims due on current policies	Discounted value of future claims payments
Best estimate	15,087	229	8,536	283	9,048	Total Unearned Premium plus claims provision	SUK recognises discounted value on cash flow basis
Risk margin	-	10	615	19	644	Not recognised in Financial Statements	Projected future cost of capital requirement in the event of run off
<b>Technical provisions – non-life (excluding health)</b>	<b>15,087</b>	<b>239</b>	<b>9,151</b>	<b>302</b>	<b>9,692</b>		

## Risk Margin

The risk margin covers the insurer's need to hold capital against non-hedgeable risks. This requires a projection of the solvency capital, so as to ensure that the value of the technical provisions is equivalent to the amount that another insurer would be expected to require in order to take over and meet the relevant insurance liabilities over their lifetime. This is determined using a cost of capital rate using a prescribed method.

The regulations prescribe a 4% cost of capital charge. This approximates the additional return a third party would require for holding this SCR and so represents the additional premium that would need to be paid by the Company in the event of transferring the liabilities.

There is a degree of uncertainty associated with the valuation of Technical Provisions as actual experience will differ from expectations, and the assumptions made may not be borne out in practice. The Company does not expect there to be a significant level of uncertainty, although factors affecting the uncertainty includes future legislative changes, future expenses and unearned exposures.

The Company has not made use of the transitional risk-free interest rate-term structure. The Company has not made use of the transitional deduction. There are no anticipated recoverables from reinsurance contracts and special purpose vehicles.

## Gross undiscounted Best Estimate Claims Provisions

(absolute amount £000)

Year	Development Year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9		10&+	
Prior												-	-
2016	8,500	425	65	95	-	-	-	-	-	-			-
2017	9,642	150	65	95	-	-	-	-	-				-
2018	4,288	140	65	137	-	-	-	-					-
2019	4,958	140	175	91	-	-	-						-
2020	6,417	413	172	327	-	-							-
2021	7,589	382	535	653	-								-
2022	8,284	710	835	595									578
2023	5,744	741	513										499
2024	5,212	581											565
2025	5,813												5,654
													<b>7,296</b>

## Other Liabilities

Other liabilities include Insurance Premium Tax and amounts due to reinsurers. The following table details the Company's other liabilities as at 30 September 2025:

Liabilities	Statutory Accounts 2024 £000	Solvency UK 2024 £000	Statutory Accounts 2025 £000	Solvency UK 2025 £000	Financial Statements	Solvency UK
Financial liabilities other than debts owed to credit institutions	2,268	2,268	2,189	2,189	Insurance Premium Tax and HMRC due shortly after the period end	As per Financial Statements
Payables (trade, not insurance)	35	35	122	122	Amounts due to group companies	As per Financial Statements
Any other liabilities, not elsewhere shown	735	631	274	274	Includes Reinsurance creditor, Policyholder refunds, and accruals	As per Financial Statements for current year. Reinsurance creditor included within Reinsurance receivables in prior year (5.1)
<b>Total Non-Insurance Liabilities</b>	<b>3,038</b>	<b>2,934</b>	<b>2,585</b>	<b>2,585</b>		

## Capital Management

Note: for the purpose of these calculations, the standard parameters rather than undertaking specific parameters have been used.

### Own Funds

The Solvency UK Balance Sheet position of the Company along with the SCR and MCR as at 30 September 2025 is as follows:

Solvency UK Balance Sheet at 30 September			
	2024 £000	2025 £000	Section
Total Assets	65,512	61,579	5.1
Total Technical Provisions	(9,692)	(10,143)	5.2
Non-Insurance Liabilities	(2,934)	(2,585)	5.3
<b>Own Funds</b>	<b>52,886</b>	<b>48,851</b>	
Solvency Capital Requirement	22,839	24,673	
Capital Surplus	30,047	24,178	
SCR Coverage Ratio	232%	198%	
Minimum Capital Requirement	7,228	10,112	
MCR Coverage Ratio	732%	483%	

The Company's own funds as at 30 September 2025 were £48.9 million (2024: £52.9m). These own funds comprised £32.5 million of ordinary share capital (2024: £32.5m) and £16.4 million of retained profit and loss and other reserves (2024: £20.4m).

All of the Company's own funds, with the exception of the Deferred Tax balance, are Tier 1 basic own funds and all are available to meet the SCR and the MCR without restriction.

	<b>Total</b>	<b>Tier 1 *</b>	<b>Tier 3</b>	<b>Total</b>	<b>Tier 1 *</b>	<b>Tier 3</b>
	<b>2024</b>	<b>2024</b>	<b>2024</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Ordinary Share Capital	32,450	32,450	-	32,450	32,450	-
Reconciliation Reserve	20,409	20,409	-	16,371	16,371	-
Deferred Tax	27	-	27	30	-	30
<b>Total Basic Own Funds</b>	<b>52,886</b>	<b>52,859</b>	<b>27</b>	<b>48,851</b>	<b>48,821</b>	<b>30</b>
Total available own funds to meet the SCR	52,886	52,859	27	48,851	48,821	30
Total available own funds to meet the MCR	52,859	52,859	-	48,821	48,821	-
Total eligible own funds to meet the SCR	52,866	52,859	27	48,851	48,821	30
Total eligible own funds to meet the MCR	52,859	52,859	-	48,821	48,821	-

\* Tier 1 Unrestricted

There are no ancillary own fund items and no deductions are required to be made from own funds. Non-linked assets that make up the Company's own funds are predominately invested to preserve capital values and to generate a reasonable return.

The SCR Capital Risk Appetite has been set at 130% for the year.

The Company has set an SCR Target at 10% above the SCR Capital Risk Appetite and would expect to remain above this level at all times, however falling below this level will not signify a breach in the SCR Capital Risk Appetite policy, instead close monitoring and reporting to the Governing Body (at the next meeting) will be required, in order to highlight a falling SCR Cover.

The Company calculated its SCR and Own Funds at least monthly during the year.

## Minimum Capital Requirement and Solvency Capital Requirement

The Company's MCR and SCR as at September 2025 are shown below:

Capital Requirement	2024 £000	2025 £000
Minimum Capital Requirement (£000)	7,228	10,112
Solvency Capital Requirement (£000)	22,839	24,673
Available Capital (£000)	52,886	48,851
Surplus Capital (£000)	30,047	24,178
Solvency Ratio (MCR basis, SCR basis)	732%, 232%	483%, 198%

The SCR by risk category is as follows:

Gross Solvency Capital Requirement		
Solvency Capital Requirement	2024 £000	2025 £000
Market Risk	5,218	3,448
Counterparty Default Risk	2,589	2,667
Non-Life Underwriting Risk	17,037	19,657
Diversification	(4,363)	(3,494)
<b>Basic Solvency Capital Requirement</b>	<b>20,483</b>	<b>22,278</b>
Operational Risk	2,356	2,395
<b>Solvency Capital Requirement (SCR)</b>	<b>22,839</b>	<b>24,673</b>

Non-life underwriting risk remained the main component of the SCR.

The Company calculates the capital it is required to hold against residual risk exposure on the Solvency UK basis, using the Standard Formula model, adjusted for the use of Undertaking Specific Parameters as detailed below.

### Undertaking Specific Parameters ("USP")

A USP is used in the calculation of Premium Risk for the Miscellaneous Financial Loss segment. The calibration of the "Miscellaneous Financial Loss" in the standard formula did not reflect the Company's insurance risk profile.

"Miscellaneous Financial Loss" is a generic category for insurance that is not covered by more specific categories. It includes insurance obligations which cover employment risk, insufficiency of income, bad weather, loss of benefit, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses, other financial loss as well as any other risk of non-life insurance not covered by the specific lines of business. Given the wide range of insurance obligations covered by the "Miscellaneous Financial Loss" category, it is by nature generic and hence not representative of any of the heterogeneous insurance obligations which get allocated in this category.

For the above reasons, it was the Company's view that the standard formula parameter calibration used for "Miscellaneous Financial Loss" for premium risk did not accurately reflect the Company's risk profile. As a result, the Company continues to use a USP for its insurance portfolios (aggregated within "Miscellaneous Financial Loss") to allow the Company to more closely match capital requirements to its risk profile. An annual review of the USP calculations is undertaken by the Actuarial Function, with support from its independent actuarial advisors.

Where the Standard Formula is used for any risk modules, no simplification calculations are applied.

The Company has not used any internal model in the calculation of the SCR.

The Company has not used the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement.

#### Minimum Capital Requirement – Linear Formula Component

	2024	2024	2024	2025	2025	2025
	£000	£000	£000	£000	£000	£000
MCRNL Result	7,418			10,112		
		Net (of reinsurance) best estimate TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months		Net (of reinsurance) best estimate TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
General Liability Insurance		229	718		232	1,045
Miscellaneous Financial Loss		8,536	45,721		8,886	66,510
Property		283	1,436		297	2,089
<b>Overall MCR Calculation</b>						
Linear MCR	7,418			10,112		
SCR	22,839			24,673		
MCR Cap	10,277			11,103		
MCR Floor	5,710			6,168		
Combined MCR	7,418			10,112		
Absolute Floor of MCR	3,495			3,500		
<b>Minimum Capital Requirement</b>	7,418			10,112		

The Company calculates required capital to meet three objectives:

- To demonstrate that it has sufficient capital to provide protection to its policyholders and to meet the organisation's governing objectives;
- To provide comprehensive and detailed information and analysis for decision making; and
- To provide assurance to the Governing Body and to the PRA that it can continue to meet the requirements of the Solvency UK regime.

Results confirm that the Company has sufficient capital to meet its requirements under the Solvency UK basis. The Company has a substantial capital surplus against the Solvency UK MCR basis, this means that the Company at 30 September 2025 is operating:

- Within the Governing Bodies stated tolerance for risk under the Solvency UK regime; and
- Within the regulatory requirements under the Solvency UK MCR basis.

#### **Non-compliance with the Minimum Capital Requirement and with the Solvency Capital Requirement**

The Governing Body has set its SCR Capital Risk Appetite tolerance to be 130% of the SCR with a monitoring target of 140%. There has been no non-compliance with the MCR or SCR.

#### **Any Other Disclosures**

There is no other material information to be disclosed.

## Directors Approval Statement

We acknowledge our responsibility for preparing the SFCR in all material aspects in accordance with the PRA Rules and Solvency UK Regulations.

We are satisfied that:

- a) Throughout the financial year in questions, the Company has complied in all material respects with the requirements of the PRA Rules and the Solvency UK Regulations applicable to the Company; and
- b) It is reasonable to believe that the Company has continued so to comply subsequently and will continue so to comply in future.

Francis Martin

Director and Chief Executive Officer

Date: 18 December 2025

Christopher Hall

Director and Chief Finance Officer

Date: 18 December 2025

# Appendix 1: Quantitative Reporting Templates ("QRTs")

List of reported templates:

IR. 02.01.02	Balance Sheet
IR. 05.02.01	Premium, claims and expenses by country
IR. 05.04.02	Non-life income and expenditure
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

**IR.02.01.02**
**Balance sheet**

		Solvency II value
		C0010
	<b>Assets</b>	
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	
R0040	Deferred tax assets	30
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	2,249
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	10,359
R0080	Property (other than for own use)	5,933
R0090	Holdings in related undertakings, including participations	
R0100	Equities	
R0110	Equities - listed	
R0120	Equities - unlisted	
R0130	Bonds	4,426
R0140	Government Bonds	4,426
R0150	Corporate Bonds	
R0160	Structured notes	
R0170	Collateralised securities	
R0180	Collective Investments Undertakings	
R0190	Derivatives	
R0200	Deposits other than cash equivalents	
R0210	Other investments	
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	21,250
R0240	Loans on policies	329
R0250	Loans and mortgages to individuals	
R0260	Other loans and mortgages	20,921
R0270	Reinsurance recoverables from:	
R0280	Non-life and health similar to non-life	
R0315	Life and health similar to life, excluding index-linked and unit-linked	
R0340	Life index-linked and unit-linked	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	466
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	27,225
R0420	Any other assets, not elsewhere shown	
R0500	<b>Total assets</b>	<b>61,579</b>

**IR.02.01.02****Balance sheet****Liabilities**

R0505	Technical provisions - total	10,143
R0510	Technical provisions - non-life	10,143
R0515	Technical provisions - life	
R0542	Best estimate - total	9,415
R0544	Best estimate - non-life	9,430
R0546	Best estimate - life	
R0552	Risk margin - total	728
R0554	Risk margin - non-life	728
R0556	Risk margin - life	
R0565	Transitional (TMTP) - life	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	2,188
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	122
R0850	Subordinated liabilities	
R0860	Subordinated liabilities not in Basic Own Funds	
R0870	Subordinated liabilities in Basic Own Funds	
R0880	Any other liabilities, not elsewhere shown	274
R0900	<b>Total liabilities</b>	<b>12,728</b>
R1000	<b>Excess of assets over liabilities</b>	<b>48,851</b>

**IR.05.02.01**

**Premiums, claims and expenses by country**

**Home Country - non-life obligations**

**Top 5 countries (by amount of gross premiums written) - non-life obligations**

**Total Top 5 and home country - non-life obligations**

Home country						Total Top 5 and home country
C0080	C0090	C0090	C0090	C0090	C0090	C0140

**Premiums written**

R0110	Gross - Direct Business	69,985					69,985
R0120	Gross - Proportional reinsurance accepted						
R0130	Gross - Non-proportional reinsurance accepted						
R0140	Reinsurers' share	341					341
R0200	Net	69,644					69,644

**Premiums earned**

R0210	Gross - Direct Business	69,804					69,804
R0220	Gross - Proportional reinsurance accepted						
R0230	Gross - Non-proportional reinsurance accepted						
R0240	Reinsurers' share	380					380
R0300	Net	69,424					69,424

**Claims incurred**

R0310	Gross - Direct Business	62,659					62,659
R0320	Gross - Proportional reinsurance accepted						
R0330	Gross - Non-proportional reinsurance accepted						
R0340	Reinsurers' share						
R0400	Net	62,659					62,659
R0550	<b>Net expenses incurred</b>	7,764					7,764

IR.05.04.02

Non-life income and expenditure

	All business (including annuities stemming from accepted non- life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations		
			Fire and other damage to property insurance	General Liability	Miscellaneous financial loss
			C0010	C0015	C0170
<b>Income</b>					
<b>Premiums written</b>					
Gross written premiums		69,985	2,100	1,050	66,836
Gross written premiums - insurance (direct)		69,985	2,100	1,050	66,836
Gross written premiums - accepted reinsurance					
Net written premiums		69,644	2,089	1,045	66,510
<b>Premiums earned and provision for unearned</b>					
Gross earned premiums		69,804	2,094	1,047	66,663
Net earned premiums		69,424	2,083	1,041	66,300
<b>Expenditure</b>					
<b>Claims incurred</b>					
Gross (undiscounted) claims incurred		62,659	1,880	940	59,839
Gross (undiscounted) direct business		62,659	1,880	940	59,839
Gross (undiscounted) reinsurance accepted					
Net (undiscounted) claims incurred		62,659	1,880	940	59,839
Net (discounted) claims incurred	62,659	62,659			
<b>Analysis of expenses incurred</b>					
Technical expenses incurred net of reinsurance ceded	7,764				
Acquisition costs, commissions, claims management costs	2,707	2,707	81	41	2,585
<b>Other expenditure</b>					
Other expenses					
Total expenditure	71,062				

IR.17.01.02

Non-life technical provisions

		Direct business and accepted proportional reinsurance			Total Non-Life obligation
		Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss	
		C0080	C0090	C0130	
	<b>Best estimate</b>				
	<i>Premium provisions</i>				
R0060	Gross	78	123	1,918	2,119
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				
R0150	Net Best Estimate of Premium Provisions	78	123	1,918	2,119
	<i>Claims provisions</i>				
R0160	Gross	219	109	6,968	7,296
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				
R0250	Net Best Estimate of Claims Provisions	219	109	6,968	7,296
R0260	<b>Total Best estimate - gross</b>	297	232	8,886	9,415
R0270	<b>Total Best estimate - net</b>	297	232	8,886	9,415
R0280	<b>Risk margin</b>	22	11	696	728
	<b>Technical provisions - total (best estimate plus risk margin)</b>				
R0320	Technical provisions - total	319	243	9,581	10,143
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total				
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	<b>319</b>	<b>243</b>	<b>9,581</b>	<b>10,143</b>

IR.19.01.21

Non-life insurance claims

Z0020	Accident year [AY]
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Gross Claims Paid (non-cumulative) - Development year. Total Non-Life Business

			1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
R0100	Prior											
R0160	N-9	21,124	11,854	272	13	44					60	
R0170	N-8	24,381	10,698	83	56	37			32	0		
R0180	N-7	52,255	3,912	133	148	140	40	12	1			
R0190	N-6	65,422	4,845	101	74	230	182	97				
R0200	N-5	57,717	6,162	153	138	27	413					
R0210	N-4	65,554	8,770	104	66	60						
R0220	N-3	61,239	5,880	113	0							
R0230	N-2	56,237	4,348	79								
R0240	N-1	55,432	5,010									
R0250	N	56,877										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100		
N-9	R0160	60	33,367
N-8	R0170	0	35,288
N-7	R0180	1	56,643
N-6	R0190	97	70,952
N-5	R0200	413	64,609
N-4	R0210	60	74,554
N-3	R0220	0	67,232
N-2	R0230	79	60,665
N-1	R0240	5,010	60,442
N	R0250	56,877	56,877
Total	R0260	<b>62,598</b>	580,629

Gross undiscounted Best Estimate Claims Provisions - Development year. Total Non-Life Business

			1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
R0100	Prior											
R0160	N-9	8,560	425	65	95							
R0170	N-8	9,642	150	65	95							
R0180	N-7	4,288	140	65	137							
R0190	N-6	4,958	140	175	91							
R0200	N-5	6,417	413	172	327							
R0210	N-4	7,589	382	535	653							
R0220	N-3	8,284	710	835	595							
R0230	N-2	5,744	741	513								
R0240	N-1	5,212	581									
R0250	N	5,813										

		Year end (discounted data)
		C0360
Prior	R0100	
N-9	R0160	
N-8	R0170	
N-7	R0180	
N-6	R0190	
N-5	R0200	
N-4	R0210	
N-3	R0220	578
N-2	R0230	499
N-1	R0240	565
N	R0250	5,654
Total	R0260	<b>7,296</b>

IR.23.01.01  
Own funds

	Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
	C0010	C0020	C0030	C0040	C0050
<b>Basic own funds</b>					
R0010 Ordinary share capital (gross of own shares)	32,450	32,450			
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	16,371	16,371			
R0140 Subordinated liabilities					
R0160 An amount equal to the value of net deferred tax assets	30				30
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above					
<b>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</b>					
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 <b>Total basic own funds</b>	48,851	48,821			30
<b>Ancillary own funds</b>					
R0300 Unpaid and uncalled ordinary share capital callable on demand					
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand					
R0320 Unpaid and uncalled preference shares callable on demand					
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand					
R0340 Letters of credit and guarantees					
R0350 Letters of credit and guarantees other					
R0360 Supplementary members calls					
R0370 Supplementary members calls - other					
R0390 Other ancillary own funds					
R0400 <b>Total ancillary own funds</b>					
<b>Available and eligible own funds</b>					
R0500 Total available own funds to meet the SCR	48,851	48,821			30
R0510 Total available own funds to meet the MCR	48,821	48,821			
R0540 Total eligible own funds to meet the SCR	48,851	48,821			30
R0550 Total eligible own funds to meet the MCR	48,821	48,821			
R0580 <b>SCR</b>	24,673				
R0600 <b>MCR</b>	10,112				
R0620 <b>Ratio of Eligible own funds to SCR</b>	197.99%				
R0640 <b>Ratio of Eligible own funds to MCR</b>	482.79%				

	C0060
<b>Reconciliation reserve</b>	
R0700 Excess of assets over liabilities	48,851
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	32,480
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	
R0760 <b>Reconciliation reserve</b>	16,371

**IR.25.04.21**

**Solvency Capital Requirement**

C0010

**Net of loss-absorbing capacity of technical provisions**

<b>R0140</b>	<b>Market risk</b>	<b>3,448</b>
R0070	Interest rate risk	356
R0080	Equity risk	
R0090	Property risk	2,045
R0100	Spread risk	164
R0110	Concentration risk	2,536
R0120	Currency risk	
R0125	Other market risk	
R0130	Diversification within market risk	-1,653
<b>R0180</b>	<b>Counterparty default risk</b>	<b>2,667</b>
R0150	Type 1 exposures	1,932
R0160	Type 2 exposures	891
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-157
<b>R0370</b>	<b>Non-life underwriting risk</b>	<b>19,657</b>
R0330	Non-life premium and reserve risk (ex catastrophe risk)	10,352
R0340	Non-life catastrophe risk	14,321
R0350	Lapse risk	
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-5,017
<b>R0430</b>	<b>Operational and other risks</b>	<b>2,395</b>
R0422	Operational risk	2,395
R0424	Other risks	
R0432	Total before all diversification	<b>34,994</b>
R0434	Total before diversification between risk modules	28,167
R0436	Diversification between risk modules	-3,494
R0438	<b>Total after diversification</b>	<b>24,673</b>
R0440	Loss-absorbing capacity of technical provisions	
R0450	Loss-absorbing capacity of deferred taxes	
R0455	Other adjustments	
R0460	<b>Solvency capital requirement including undisclosed capital add-on</b>	<b>24,673</b>
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	<b>Solvency capital requirement including capital add-on</b>	<b>24,673</b>

**IR.28.01.01**

**Minimum Capital Requirement - Only life or only non-life activity**

**Linear formula component for non-life insurance and reinsurance obligations**

		C0010
R0010	MCR <sub>NL</sub> Result	<b>10,112</b>

**Background information**

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0080	Fire and other damage to property insurance and proportional reinsurance	297	2,089
R0090	General liability insurance and proportional reinsurance	232	1,045
R0130	Miscellaneous financial loss insurance and proportional reinsurance	8,886	66,510

**Linear formula component for life insurance and reinsurance obligations**

		C0040
R0200	MCR <sub>L</sub> Result	

**Total capital at risk for all life (re)insurance obligations**

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits		<del> </del>
R0220	Obligations with profit participation - future discretionary benefits		<del> </del>
R0230	Index-linked and unit-linked insurance obligations		<del> </del>
R0240	Other life (re)insurance and health (re)insurance obligations		<del> </del>
R0250	Total capital at risk for all life (re)insurance obligations		<del> </del>

**Overall MCR calculation**

		C0070
R0300	Linear MCR	<b>10,112</b>
R0310	SCR	24,673
R0320	MCR cap	11,103
R0330	MCR floor	6,168
R0340	Combined MCR	10,112
R0350	Absolute floor of the MCR	3,500
R0400	<b>Minimum Capital Requirement</b>	<b>10,112</b>