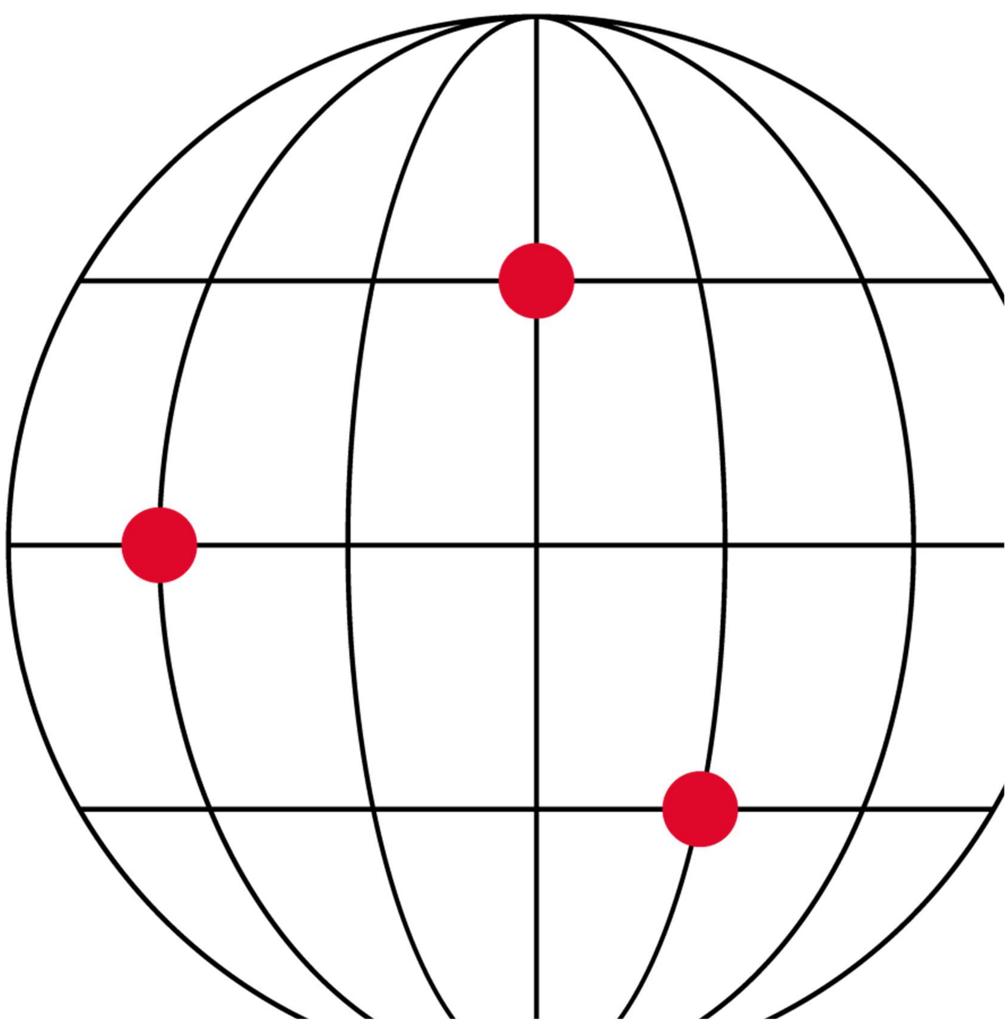
SOMPO

Endurance Worldwide Insurance Limited

Solvency and Financial Condition Report

For the year ended 31 December 2023



Contents

Summary

The Solvency and Financial Condition Report ("SFCR") is an element of the improved disclosure and reporting introduced under Solvency II, intended to strengthen market discipline for insurers and provide stakeholders with additional information over and above that contained in the annual financial statements. The purpose of the SFCR is to provide an understanding of the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management.

Basis of preparation

The SFCR has been prepared in compliance with the PRA Rulebook for Solvency II firms and Commission delegated regulation (EU) 2015/35 ("the Delegated Regulation"), being the applicable European Union regulation, currently retained as UK regulation, using the structure set out in annex XX of that document, and in accordance with the Guidelines on reporting and public disclosure (BoS-15/109) as issued by the European Insurance and Occupational Pensions Authority ("EIOPA") as adopted for use in the UK.

Quantitative information is prepared in US dollars, which is the presentational and functional currency of the Company and rounded to the nearest thousand. Rounding differences of +/- one unit can occur.

Business and performance

Endurance Worldwide Insurance Limited ("the Company") is a UK authorised insurer and a wholly owned subsidiary of Sompo International Holdings Ltd. ("SIH" or "Sompo International"), which is based in Bermuda. SIH operates centralised Actuarial, Investment Management, Reinsurance, Financial Accounting and IT functions that provide services for the Company. The direct parent is Endurance Worldwide Holdings Limited, a UK holding company and wholly owned subsidiary. The ultimate parent entity is Sompo Holdings, Inc. ("Sompo Holdings"), a holding company headquartered in Japan and publicly traded on the Tokyo Stock Exchange. A Group structure chart is presented in Section A.

The Company has a diversified product offering across multiple lines of business. The most material lines include General liability and Fire and other damage to property representing 65.0% of total gross written premium. The Company operates on a global basis; the most material geographical areas using the Solvency II criteria for classification to country include the United Kingdom and the United States of America representing 67.9% of total gross written premium. The following key performance indicators are prepared under UK GAAP basis.

Amounts in USD'000 unless stated	31 Dec 2023	31 Dec 2022	Movement
Gross written premium	1,576,772	1,368,900	207,872
Net earned premiums	412,940	375,439	37,501
Underwriting result	120,232	128,222	(7,990)
Net claims ratio	68.0 %	63.4 %	4.6 %
Underwriting ratio	70.9 %	65.8 %	5.1 %
Combined operating ratio	87.0 %	76.0 %	11.0 %

The underwriting ratio is calculated as claims incurred, plus acquisition costs and reinsurance commission, as a percentage of earned premiums, all net of reinsurance.
The combined operating ratio is calculated as the underwriting ratio plus administrative expenses as a percentage of earned premiums, net of reinsurance.

The Company's success continues to be driven by the core underwriting principles of proper selection, pricing and ongoing management of the addition of risks. Throughout 2023, the Company has further strengthened its underwriting talent pool, both through internal development and external hires enhancing our capabilities and contributing to the sustained growth of the Company. The growth we achieved was still subject to the business opportunities being within our risk appetite and indeed where market conditions have not met our appetite, we have restricted the growth, or for that matter made the decision to reduce our exposure.

The Company strategic objective remains to grow the business organically to meet its vision of becoming a leading (re)insurer globally. We continue our initiative to challenge the status quo across all business units; look to expand both our geographical footprint and our product offering; and strive to reduce reliance on the business generated through the London Market by developing our UK Commercial Lines proposition. During 2023, we have made great progress towards this vision, by investing in the workforce across both London and the opening of our Birmingham office, to create the strong foundations to drive diversified growth into 2024 and beyond.

Gross written premium outperformed the previous year by 15.2%, increasing from $1,368.9m in 2022 to $1,576.8m in 2023. The increase is predominately from the Insurance book where premium increased to $1,331.6m from $1,139.2m driven by a resilient renewal book, strong rate increases and new business across many classes, most significantly across Aviation, Casualty, Energy and Specialty Lines. The Reinsurance book increased by $15.4m to $245.1m in 2023 despite challenging market conditions with growth experienced across Casualty, Energy and Professional lines.

Net claims experience during 2023 is adverse to 2022 with a claims ratio of 68.0% (2022: 63.4%) for the year ended 31 December 2023. Current accident year favourable experience was largely driven by relatively benign catastrophe ("CAT") loss activity which was partially offset by precautionary increases on non-CAT claims reserves against some of its long-term lines. There has also been some adverse prior year development driven by macroeconomic drivers, its impact on inflation and the servicing of claims, an increase in cladding losses, lengthening of claims profiles and margin strengthening. The Company continues to benefit from its outward reinsurance program to manage exposure to such losses.

The Company generated an underwriting profit of $120.2m for the year (2022: $128.2m), representing a combined ratio of 87.0% (2022: 76.0%). The results for the year show a profit on ordinary activities before tax of $157.6m (2022: $(40.9)m loss), primarily driven by unrealised gains on investments of $55.8m (2022: $(108.0)m losses) and investment income of $49.9m (2022: $26.7m). The increase in investment income in 2023 compared to the prior year was driven by a higher interest rate environment with reinvestment yields being higher in 2023. The portfolio also benefited from large cash inflows in 2023, with approximately an 18% increase in the book value. The unrealised investment gains in 2023 are as a result of positive mark-to-market impact of interest rate volatilities. Total foreign exchange gains of $11.2m arose from fluctuations in foreign exchange rates, more specifically Pounds Sterling and Euro against the US Dollar, which was higher than during 2022.

The Company closely monitors the indirect impact of risks relating to external global events on the Company's financial condition due to the impact on global inflation and recessionary pressures, and the increased volatility in the financial markets. The Company does not have material exposure to any recent external events (e.g. Israel/Hamas conflict), however we continue to monitor our financial resilience and adapt our risk management in order to manage any adverse impact to the Company from the current geopolitical and macroeconomic uncertainty.

Headline Consumer Prices Index ("CPI") inflation in recent periods has been significantly higher than the long-run average between 2011-19, which has increased the level of uncertainty in our reserve estimates. In response to this increased uncertainty, the Company has built a bespoke inflation reserve model to estimate the potential impact of elevated inflation on the reserves. The model applies inflation forecasts for key claims drivers to future calendar year reserve payments by year and major portfolio. The results of this model have been used to set explicit provisions in the Company's year end 2023 Actuarial Central Estimate ("ACE") reserves.

Further detail on the performance of the Company, including technical performance by Solvency II line of business and region and the investment performance, is reported in section A.

System of governance

The Board of Directors is the governing body of the Company. The Board is responsible for the strategic oversight of the Company and for the establishment and maintenance of a governance environment. The Board is supported by four oversight committees; the Audit Committee, the Risk & Compliance Committee, the Remuneration Committee and the Nomination Committee.

The following four Key Functions have been identified as those that support the governance of the firm:

- An Actuarial Function which is responsible for the calculation of technical provisions, the appropriateness of the methods and assumptions used in the calculation of technical provisions, for the assessment of the data used in the calculation of technical provisions, for expressing various opinions as required by the Solvency II Directive, and for contributing to the effective implementation and operation of the Company's system of risk management. The Actuarial Function reports to the Audit Committee and the Board of the Company on a regular basis.
- An Internal Audit Function which is responsible for the evaluation of the adequacy and effectiveness of the Company's internal control system. The Internal Audit Function reports to the Audit Committee and the Board of the Company on a regular basis.
- A Compliance Function which is responsible for advising the Company on compliance with all relevant regulations and legislation to which the Company is subject; as well as for assessing and advising on the impact of any changes in such provisions on the operations of the Company, and for the identification and assessment of compliance and regulatory risk. The Compliance Function reports to the Risk & Compliance Committee and the Board of the Company on a regular basis.
- A Risk Management Function which is responsible for the implementation of the Company's system of risk management, as well as designing and developing the Company's risk register. The Risk Management Function reports to the Risk & Compliance Committee and the Board of the Company on a regular basis.

No material changes to the system of governance took place over the course of the reporting period. Further detail on the system of governance of the Company, including the risk management system and Own Risk and Solvency Assessment ("ORSA"), is reported in section B.

Risk profile

The Company is exposed to a range of risks that arise out of its underwriting and investment activities as well as its general operations. As determined by the Standard Formula, insurance risk is the most material risk to the Company, with non-life underwriting risk identified as the predominant insurance risk. The comprehensive reinsurance in place both for specific lines of business and across the whole account substantially limit the net loss potential from any single occurrence or aggregation of loss events.

Market risk and counterparty default are other significant risks for the Company, further detail on the current risk profile of the Company and related risk management techniques are reported in section C.

The risk profile and corresponding capital requirement for the Company increased during 2023 as the Company continues to grow.

Valuation for solvency purposes

Solvency II provides an assessment of an insurance company's balance sheet based on the principle of market-consistent valuations. Essentially, this means that the value of assets and liabilities reflect the current value at which they could be traded in financial markets, rather than their UK GAAP accounting value.

Different approaches are required to determine market-consistent values of an insurance company's assets and liabilities. Some investment assets are traded in sufficiently liquid markets that provide readily available prices, which are generally taken to be market values. Assets not actively traded are fair valued using a Solvency II compliant model.

No such market generally exists for insurance liabilities, which are specific to the contract between the firm and the policyholder. Solvency II's interpretation of the market value of insurance liabilities requires insurers to forecast expected future liability cash flows and then discount them using risk-free interest rates of an appropriate maturity, to arrive at a 'best estimate'. A 'risk margin' is added to this best estimate in order to produce a market-consistent value.

The transitional arrangements related to risk-free interest rate-term structure and deductions referred to in PRA - Rule 10 (Risk-free interest rate transitional measure) and Rule 11 (Transitional deduction from technical provisions) of the Transitional Measures Part of the PRA Rulebook for Solvency II firms (Risk-free interest rate transitional measure) (formerly, Article 308c of Directive 2009/138/EC) are not applied in the calculation of technical provisions.
In addition, the Company has opted not to apply the Matching Adjustment (Rule 6) and Volatility Adjustment (Rule 8) of the Technical Provisions Part of the PRA Rulebook for Solvency II firms.

Further detail on Solvency II valuation methods is reported in section D.

Capital management

The Company applies the Standard Formula, a standardised calculation method prescribed in the Delegated Regulation, to calculate its Solvency Capital Requirement ("SCR"), which is a quantity of capital that is intended to provide protection against unexpected losses over the following year up to a 99.5% confidence level. The Standard Formula follows a modular approach where the overall risk which the Company is exposed to is divided into risk modules, and for each module a capital requirement is determined.

The Company has complied continuously with both the Minimum Capital Requirement ("MCR") and SCR throughout the reporting period.

Amounts in USD'000 unless stated	31 Dec 2023	31 Dec 2022	Movement
Eligible own funds to meet SCR	812,940	653,537	159,403
Eligible own funds to meet MCR	812,940	651,413	161,527
Solvency capital requirement	419,275	381,138	38,137
Minimum capital requirement	143,613	132,566	11,047
Ratio of own funds to SCR	193.9%	171.5%	22.4 %
Ratio of own funds to MCR	566.1%	491.4%	74.7 %

Eligible own funds have increased during the period by 24.4% whilst the SCR has increased by 10.0%. This has resulted in an increase in the Solvency ratio from 171.5% in 2022 to 193.9% in 2023. The primary driver of the increase in the SCR was the increased business volumes, economic balance sheet and technical reserves. The main factors for the increase in own funds are materially driven by growth in the business, increase in discounting and a reduction in Solvency II risk margin which is driven by the reduction in the cost of capital percentage from 6% to 4% as at 31 December 2023.

Own funds classified by tiers are as follows:

Amounts in USD'000	31 Dec 2023	31 Dec 2022	Movement
Tier 1	812,940	651,413	161,527
Tier 2	—	—	—
Tier 3	—	2,124	(2,124)
	812,940	**653,537**	**159,403**

Tier 1 own funds consists of ordinary share capital and share premium account relating to ordinary share capital of $346.3m and $311.9m respectively (2022: $346.3m and $311.9m) and a reconciliation reserve of $154.7m (2022: ($6.8)m). These basic own fund items are immediately available to absorb losses and have no duration restrictions. The reconciliation reserve consists of excess of assets over liabilities, after the deduction of basic own funds items.

Tier 3 own funds relate to an amount equal to the value of net deferred tax assets. At 31 December 2023, the Company did not recognise any deferred tax assets as Tier 3 capital (2022: $2.1m).

All Tier 1 own funds are eligible to cover the MCR and all own funds are eligible to cover the SCR.

Further detail on capital management is reported in section E.

A. Business and Performance

A.1 Business

A.1.1 Name and legal form

The Company is a limited liability company incorporated in England.

The Company is fully owned by its immediate parent company, Endurance Worldwide Holdings Limited (“EWHL”) incorporated in London, England. The ultimate parent entity is Sompo Holdings, Inc. (“Sompo Holdings”), a holding company headquartered in Japan and publicly traded on the Tokyo Stock Exchange.

A.1.2 Supervisory authority and group supervisor

The Company is supervised by both the PRA and the Financial Conduct Authority (“FCA”). Their respective contact details are:

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA
United Kingdom
+44 20 3461 7000
PRA.FirmEnquiries@bankofengland.co.uk

Financial Conduct Authority Bank of England
12 Endeavour Square,
London E20 1JN
United Kingdom

SIH's Group supervisor is:

The Bermuda Monetary Authority
BMA House, 43 Victoria Street
Hamilton HMJX
Bermuda
+ 441 295 5278
insuranceinfo@bma.bm

Sompo Holdings’ group supervisor is:

Japan Financial Services Agency
3-2-1 Kasumigaseki Chiyodaku Tokyo, 100-8967, Japan
+81-(0)3-3506-6000
equestion@fsa.go.jp

A.1.3 External auditor

Ernst & Young LLP

25 Churchill Place

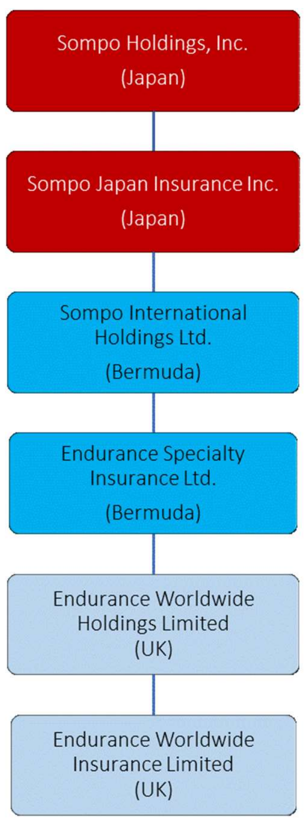
London E14 5EY

United Kingdom

A.1.4 Group structure

Sompo Holdings operates worldwide and is publicly traded on the Tokyo Stock Exchange. The Company is a fully owned member of a sub-group (Sompo International Holdings Ltd, "SIH") which at 31 December 2023 wrote insurance and reinsurance business through its 22 operating subsidiaries domiciled in and across North America, South America, Europe and Asia. Figure A.1.5 below depicts an abridged structure chart for the relevant UK legal entities and their position within the wider Group.

Fig. A.1.5



A.1.5 Material lines of business and material geographical areas

The Company has a diversified product offering, across multiple lines of business. The following table sets out the gross premiums written by material Solvency II line of business.

Amounts in USD'000	31 Dec 2023	31 Dec 2022	Movement
Fire and other damage to property insurance	523,781	486,810	36,971
General liability insurance	496,826	434,807	62,019
Marine, aviation and transport insurance	208,261	202,655	5,606
Non-proportional casualty reinsurance	137,939	128,577	9,362
Credit and surety insurance	99,334	79,074	20,260
Other	110,631	36,977	73,654
Total gross written premiums	**1,576,772**	**1,368,900**	**207,872**

The Company operates on a global basis; the following table sets out the gross premiums written by material geographical area using the Solvency II criteria for classification to country.

Amounts in USD'000	31 Dec 2023	31 Dec 2022	Movement
United Kingdom	608,034	590,677	17,357
United States of America	462,779	378,282	84,497
Australia	141,773	43,051	98,722
Canada	43,287	79,624	(36,337)
Brazil	36,131	34,065	2,066
Switzerland	29,132	21,130	8,002
Other	255,636	222,071	33,565
Total gross written premiums	**1,576,772**	**1,368,900**	**207,872**

A.1.6 Significant events during the reporting period

The following significant events occurred during the reporting period:

- The Company does not have material exposure to any recent external events (e.g. Israel/Hamas conflict), however we continue to monitor our financial resilience and adapt our risk management in order to manage any adverse impact to the Company from the current geopolitical and macroeconomic uncertainty.

- Headline Consumer Prices Index ("CPI") inflation in recent periods has been significantly higher than the long-run average between 2011-19, which has increased the level of uncertainty in our reserve estimates. In response to this increased uncertainty, the Company has built a bespoke inflation reserve model to estimate the potential impact of elevated inflation on the reserves. The model applies inflation forecasts for key claims drivers to future calendar year reserve payments by year and major portfolio. The results of this model have been used to set explicit provisions in the Company's year end 2023 Actuarial Central Estimate ("ACE") reserves.

A.2 Underwriting Performance

The Company has continued to focus on achieving a strong performance and in doing so, gross written premium increased by 15.2% from $1,368.9m in 2022 to $1,576.8m in 2023. The increase is predominately from the Insurance book where premium increased to $1,331.6m from $1,139.2m, driven by a resilient renewal book, strong rate increases and new business across many classes, most significantly across Aviation, Casualty, Energy and Specialty Lines. The Reinsurance book increased by $15.4m to $245.1m in 2023 despite challenging market conditions, with growth experienced across Casualty, Specialty and Professional lines. The Reinsurance business is conducted mainly through the Zurich branch ("EWIZ") which offers reinsurance contracts to clients in Switzerland and abroad, with a focus on European business and clients within specialty lines. Reinsurance business is also conducted in the London operation with a focus on General Liability.

The majority of growth in gross written premiums on a solvency II line of business is from new business on the Income Protection class (year on year increase of $84.6m), General Liability class (year on year increase of $62.0m), the Fire and Other Damage to Property class (year on year increase of $36.9m), and the Non-proportional casualty reinsurance class (year on year increase of $9.4m).

Net earned premiums have increased by $37.5m. The Company continues to mitigate insurance risk via reinsurance arrangements, both internal and external, through a combination of facultative, excess of loss and quota share covers. This approach provides additional capacity for growth and thereby allows further diversification of risk, contributes towards the direct expenses associated with growing an insurance franchise, and supports expansion into profitable lines of business.

The underwriting result is $120.2m for the year under UK GAAP, being earned premiums, less claims incurred, less acquisition costs, including change in deferred acquisition costs, all net of reinsurance. This differs to the presentation of the table below prepared in accordance with the requirements of S.05.01, where administrative and investment management expenses have been included with "other expenses", resulting in a technical result of $50.9m.

Amounts in USD'000	Direct and proportional				Non-proportional			31 Dec 2023
	Fire and other damage to property	**General liability**	**Marine, aviation and transport**	**Other**	**Casualty**	**Property**	**Other**	**Total**
Gross earned premium	518,825	460,887	209,409	78,444	126,983	11,531	16,341	**1,422,420**
Reinsurers' share	(380,215)	(321,770)	(147,816)	(57,840)	(78,903)	(9,845)	(13,091)	**(1,009,480)**
Net earned premium	138,610	139,117	61,593	20,604	48,080	1,686	3,250	**412,940**
Gross claims incurred	237,118	332,244	176,752	45,017	83,612	9,459	5,709	**889,911**
Reinsurers' share	(171,736)	(226,758)	(131,980)	(28,319)	(50,201)	(8,128)	(4,067)	**(621,189)**
Net claims incurred	65,382	105,486	44,772	16,698	33,411	1,331	1,642	**268,722**
Acquisition costs	1,978	8,152	1,740	2,437	(1,278)	(634)	(451)	**11,944**
Other expenses*	26,854	21,304	14,056	8,793	8,520	471	1,331	**81,329**
Technical result	**44,396**	**4,175**	**1,025**	**(7,324)**	**7,427**	**518**	**728**	**50,945**

*The table above is consistent with the requirements of S.05.01, where claims management expenses are included within expenses under SII, whereas under UK GAAP they are included within net claims incurred.

Amounts in USD'000	Direct and proportional				Non-proportional			31 Dec 2022
	Fire and other damage to property	**General liability**	**Marine, aviation and transport**	**Other**	**Casualty**	**Property**	**Other**	**Total**
Gross earned premium	478,029	405,437	176,264	83,028	122,196	11,622	10,846	**1,287,422**
Reinsurers' share	(359,095)	(277,212)	(122,280)	(60,739)	(74,571)	(10,162)	(7,925)	**(911,984)**
Net earned premium	118,934	128,225	53,984	22,289	47,625	1,460	2,921	**375,438**
Gross claims incurred	369,031	246,354	82,770	29,732	67,870	5,161	6,584	**807,502**
Reinsurers' share	(276,123)	(174,226)	(61,986)	(3,437)	(47,724)	(3,379)	(5,682)	**(572,557)**
Net claims incurred	92,908	72,128	20,784	26,295	20,146	1,782	902	**234,945**
Acquisition costs	1,524	5,036	2,585	2,252	(1,389)	(690)	(41)	**9,277**
Other expenses*	12,548	7,724	9,728	5,410	5,557	436	1,081	**42,484**
Technical result	**11,954**	**43,337**	**20,887**	**(11,668)**	**23,311**	**(68)**	**979**	**88,732**

*The table above is consistent with the requirements of S.05.01, where claims management expenses are included within expenses under SII, whereas under UK GAAP they are included within net claims incurred.

The Company recorded a gross claims ratio of 62.6% (2022: 63.4%) for the year ended 31 December 2023. Current accident year favourable experience was largely driven by relatively benign catastrophe ("CAT") loss activity which was partially offset by precautionary increases on non-CAT claims reserves against some of its long-term lines. There has also been some adverse prior year development driven by macroeconomic drivers, its impact on inflation and the servicing of claims, an increase in cladding losses, lengthening of claims profiles and margin strengthening. The Company continues to benefit from its outward reinsurance program to manage exposure to such losses. The Company continues to benefit from its outward reinsurance program to manage exposure to such losses. The gross acquisition ratio at 16.3% is stable compared to prior year. The net acquisition ratio has increased marginally from 2.5% in 2022 to 2.9% in 2023.

General and administrative expenses have increased to $66.5m (2022: $38.0m) driven by higher costs relating to professional fees and allocated shared services expenses, in pursuit of growth within the Company. Ceding commissions included within general and administrative expenses remain consistent and proportionally in line with 2022.

Amounts in USD'000	United Kingdom	USA	Australia	Canada	Brazil	Switzerland	Other	31 Dec 2023 Total
Gross earned premium	570,242	452,013	52,661	37,933	33,801	26,284	249,486	1,422,420
Reinsurers' share	(384,517)	(330,786)	(36,217)	(25,307)	(28,379)	(20,240)	(184,034)	(1,009,480)
Net earned premium	185,725	121,227	16,444	12,626	5,422	6,044	65,452	412,940
Gross claims incurred	414,568	228,217	34,284	12,253	4,953	20,546	175,090	889,911
Reinsurers' share	(272,563)	(163,698)	(23,204)	(8,055)	(3,086)	(16,509)	(134,074)	(621,189)
Net claims incurred	142,005	64,519	11,080	4,198	1,867	4,037	41,016	268,722
Total expenses*	39,576	21,025	3,374	2,873	1,160	1,978	23,287	93,273
Technical result	**4,144**	**35,683**	**1,990**	**5,555**	**2,395**	**29**	**1,149**	**50,945**

*The table above is consistent with the requirements of S.05.02, where claims management expenses are included within expenses under SII, whereas under UK GAAP they are included within net claims incurred.

Amounts in USD'000	United Kingdom	USA	Australia	Canada	Brazil	Switzerland	Other	31 Dec 2022 Total
Gross earned premium	555,127	343,267	36,043	79,927	30,759	24,999	217,300	1,287,422
Reinsurers' share	(369,370)	(251,906)	(25,080)	(55,942)	(27,286)	(17,997)	(164,403)	(911,984)
Net earned premium	185,757	91,361	10,963	23,985	3,473	7,002	52,897	375,438
Gross claims incurred	323,717	273,136	21,845	36,061	20,856	22,914	108,973	807,502
Reinsurers' share	(214,818)	(203,974)	(15,753)	(25,990)	(16,281)	(19,105)	(76,635)	(572,556)
Net claims incurred	108,899	69,162	6,092	10,071	4,575	3,809	32,338	234,946
Total expenses*	19,689	16,243	2,061	6,026	406	1,118	6,218	51,761
Technical result	**57,169**	**5,956**	**2,810**	**7,888**	**(1,508)**	**2,075**	**14,341**	**88,731**

*The table above is consistent with the requirements of S.05.02, where claims management expenses are included within expenses under SII, whereas under UK GAAP they are included within net claims incurred.

The largest increase in gross earned premium in 2023 were seen across USA, United Kingdom and Australia, with the Company's insurance premium base very much London Market centric as well as increased Group focus.

A.3 Investment Performance

Net investment income increased by $22.0m versus the prior year. The increase in net investment income is due to a higher interest rate environment with reinvestment yields being significantly higher in 2023. The overall portfolio structure is substantially unchanged from 2022.

Amounts in USD'000 unless stated	**31 Dec 2023**	**31 Dec 2022**	**Movement**
Interest income – cash and deposits	2,317	1,035	1,282
Interest income – collateralised securities	18,312	8,817	9,495
Interest income – collective investments	662	100	562
Interest income – corporate bonds	21,394	14,151	7,243
Interest income – government bonds	4,888	3,985	903
Amortisation	2,376	(1,388)	3,764
Investment expenses	(2,794)	(1,537)	(1,257)
Net investment income	**47,155**	**25,163**	**21,992**
Ending portfolio market value	1,644,563	1,296,283	348,280
Ending book yield	3.64%	2.65%	0.99 %

*The details of investment income by asset category are consistent with the requirements of QRT S.09.01

Returns from all asset classes except derivatives have been positive in 2023 as follows:

Amounts in USD'000 unless stated	**2023**		**2022**	
	Realised	**Unrealised**	**Realised**	**Unrealised**
Gains/(losses) – cash and deposits	229	537	781	(4,221)
Gains/(losses) – collateralised securities	3,297	8,393	(2,160)	(32,987)
Gains/(losses) – collective investments	—	442	—	(1,740)
Gains/(losses) – corporate bonds	4,112	38,917	(9,220)	(74,654)
Gains/(losses) – government bonds	1,955	10,113	(5,758)	(24,305)
Gains/(losses) – derivatives	(2,992)	2,659	(3,907)	1,811
	6,601	**61,061**	**(20,264)**	**(136,096)**

*The details of (un)realised gains and losses by asset category are consistent with the requirements of QRT S.09.01

There are no investment gains or losses recognised directly in equity.

A.3.1 Investments in securitisation

The Company held $565.7m of securitised assets at 31 December 2023, 34.0% of the total investment portfolio (2022: $393.4m, 30.0% of the total investment portfolio).

A.4 Performance of other activities

Due to the weakening of USD in the year (primarily against GBP and EUR), the Company recognised $11.2m of foreign exchange gains in the year ended 31 December 2023 ($(43.1)m foreign exchange losses for prior year ended 31 December 2022).

A.4.1 Leasing arrangements

The Company is party to two 10-year operating leases for land and buildings. The first was entered into on 27 January 2015 and the second was entered into on 16 February 2018. The Company had the option to terminate both lease agreements from the break date of 16 February 2023 which it did not exercise.

These are valued differently under UK GAAP to Solvency II, please refer to Sections D.1 and D.3 for further details.

The Company is not party to any material financial lease arrangements.

A.5 Any other information

There is nothing further to report regarding the business and performance of the Company.

B. System of Governance

B.1 General information on the system of governance

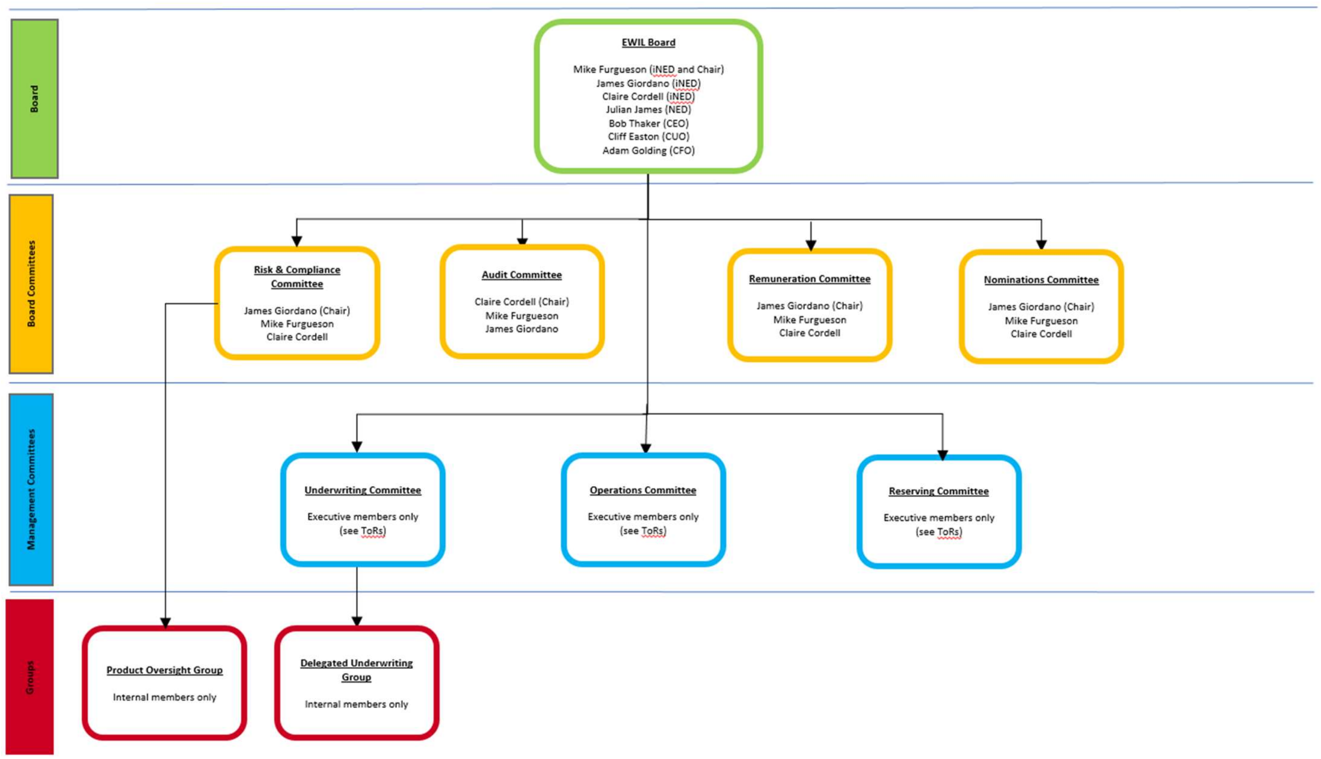
The Company adheres to high standards of corporate governance based on a framework and culture designed to ensure the responsible and effective management of the Company, its operations and to protect its customers.

The Board of Directors, which consists of both executive and independent non-executive directors, is the Company's governing body and has ultimate responsibility for the sound and prudent management of the Company. The Board is required to perform this role with integrity, due care, and professional skill. In addition to having responsibility for strategic oversight, the Board is responsible for the establishment and maintenance of a governance environment which meets the requirements and obligations of the Company's regulators and the legal framework in which the Company operates.

The Board has documented terms of reference in place, which includes a list of matters reserved to the Board. In addition, the Board is supported by four Board Committees:

- An Audit Committee, which is chaired by and includes independent non-executive directors and is responsible for oversight and challenge of the financial and internal controls of the Company and the integrity of statutory reporting and financial statements.
- A Risk & Compliance Committee, which is chaired by and includes independent non-executive directors and is responsible for the oversight of the Company's framework of risk management and compliance with regulatory requirements and expectations.
- Remuneration Committee which is responsible for oversight of the firm's remuneration arrangements including the adherence to regulatory requirements.
- Nomination Committee which is responsible for oversight of the firm's process for succession planning and the appointment of senior staff.

The Company has also established certain management committees (Operations Committee, Underwriting Committee and Reserving Committee), made up of executive management, which provide more granular oversight and review of the business and operations of the Company and which report to the Board. The Board and committee governance structure is as shown below.



B.1.1 Key Functions

As required by articles 268 to 272 of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 ("the Delegated Regulation"), the following four Key Functions and associated reporting lines are incorporated into the Company's organisational structure. These Key Functions are provided with the necessary authority and resources to carry out their role by the Board of the Company and each are operationally independent.

- The Actuarial Function is responsible for the calculation of technical provisions, the appropriateness of the methods and assumptions used in the calculation of technical provisions, for the assessment of the data used in the calculation of technical provisions, for expressing various opinions as required by the Solvency II Directive, and for contributing to the effective implementation and operation of the Company's system of risk management in particular with respect to the risk modelling underlying the calculation of the SCR and MCR and to the Company's ORSA. The Actuarial Function reports to the Audit Committee and the Board of the Company on a regular basis.
- The Internal Audit Function is responsible for the evaluation of the adequacy and effectiveness of the Company's internal control system. The Internal Audit Function reports to the Audit Committee and the Board of the Company on a regular basis.

- The Compliance Function is responsible for advising the Company on compliance with all relevant regulations and legislation to which the Company is subject; as well as for assessing and advising on the impact of any changes in such provisions on the operations of the Company, and for the identification and assessment of compliance and regulatory risk. The Compliance Function reports to the Risk & Compliance Committee and the Board of the Company on a regular basis. Whilst the ultimate responsibility for compliance rests with the Board, day to day responsibility for the Compliance function is delegated to the Head of Compliance. However, in order for the Head of Compliance to be able to carry out this role, continuous access to all Board members is assured.
- The Risk Management Function is responsible for the implementation of the Company's system of risk management, including the development and maintenance of the Company's risk register. The Risk Management Function reports to the Risk & Compliance Committee and the Board of the Company on a regular basis. The Risk Function provides consolidated reporting to the Operations Committee and Risk & Compliance Committee of the Board, escalating any control gaps/issues identified by Risk Owners through the Risk & Control Self-Assessment ("RCSA") which expose the Company to unacceptable levels of operational risk.

Key Function Holders are required to adhere to the Fit and Proper policy, the details of which are described in section B.2.

B.1.2 Remuneration policy

B.1.2.1 Remuneration Policies and Performance-based Criteria

The compensation and performance based criteria currently in place for employees consists of four principal elements of compensation: base salary, annual incentive compensation, long-term incentive compensation, and employee benefits/other compensation.

Base salary is the guaranteed element of the employee's compensation structure and is paid to employees for ongoing performance throughout the year.

The annual incentive compensation program supports both the SIH Group's and the Company's strategy by linking a significant portion of its employees' total compensation to the achievement of critical business goals on an annual basis. All employees are eligible to earn annual incentive compensation, the annual target for the incentive program being dependent on the employee's level within the organisation.

The Company's Remuneration Committee along with the SIH Nomination & Compensation Committee (the "Committees") believe the inclusion of long-term incentive compensation in the SIH compensation structure fosters the appropriate perspective in management, given that the ultimate profitability of the insurance or reinsurance underwritten by SIH may not be fully known for many years. In addition, the Compensation Committee seeks to align the interests of SIH's employees with SIH's shareholders to the greatest extent practicable. Finally, long-term incentive compensation, which potentially is forfeited in the event of the departure of an employee from SIH, has the ability to retain valuable executive talent within the organisation. Each of the Senior Executive Officers, Senior Vice President and Executive Vice President level employees are eligible to earn long-term incentive compensation. The Company's Remuneration Policy also makes provision for variable remuneration payable to senior members of staff to comply with the expectations set down in Article 275 of the Solvency II Directive.

Annual incentive and long-term incentive awards are discretionary and are based upon a combination of SIH, Company and employee performance. The incentive pools are set based on achieved SIH and Company performance against agreed objectives at the beginning of the performance year. The individual award is then determined based on individual performance.

Employees are offered a market driven core set of employee benefits in order to provide a reasonable level of financial support in the event of an employees' illness or injury and enhance productivity and job satisfaction through programs that focus on employees' health and well-being. In the Company, employees' basic benefits include private medical, private dental, private GP coverage, disability insurance, critical illness insurance and life insurance. All employees are automatically enrolled in the defined contribution Personal Retirement Savings Scheme.

Non-Executive Directors of the Company's Board of Directors are paid a fixed monthly fee for their services plus agreed expenses.

B.1.2.2 Supplementary Pension and/or Early Retirement Schemes

The Company does not have any supplementary pension programs or early retirement schemes for any of the members of its Board of Directors nor any of the senior executives.

B.1.3 Material transactions during the reporting period with shareholders, persons who exercise a significant influence on the Company and with members of the board

The Company did not have any material transactions in the reporting period with persons who exercise significant influence or senior executives other than those associated with the compensation arrangements previously disclosed.

The Company enters into transactions with other Sompo Holdings group entities in the normal course of business. The most material transactions are the reinsurance cessions to the Company's parent companies, Endurance Specialty Insurance Ltd ("ESIL") and Sompo Japan Insurance Inc. ("SJI").

The Company also has a Net Worth Agreement with ESIL which will enable the Company to maintain capital resources in an amount equal to 150% of the Company's Solvency Capital Requirement. The Net Worth Agreement also has a liquidity provision should the Company have insufficient funds to make a required payment for any valid claims under the policies issued by the Company and valid claims of financial creditors as they fall due for payment.

B.2 Fit and proper requirements

There is a Fit and Proper policy to which all members of the Board, Key Function Holders, and persons within and working on behalf of the Company who might from time to time be captured by the Fit and Proper requirements set out in the Directive must adhere. Additionally, certain members of staff are required to comply with the Conduct Standards and Conduct Rules set forth by the PRA and FCA respectively. These rules apply to a differing extent according to whether individuals have been identified as being Senior Managers or Certified Persons under the Senior Managers and Certification Regime or if they are deemed to not be performing a purely ancillary role (in which case they also have to comply with the Conduct Rules).

The Fit and Proper policy requires that where a person is captured by the Fit and Proper requirements that person must be assessed against the relevant fit and proper criteria applicable to the role including but not limited to honesty, integrity, reputation, competence, capability, and financial soundness.

The Fit and Proper policy (which is supplemented by the Senior Managers and Certification Regime Policy for relevant staff) requires that an annual assessment of a person's fitness and propriety (where such person is subject to the relevant requirements) should be carried out at the time of first recruitment and on a regular (at least annual) basis thereafter. The policy states that:

- Persons (who are subject to the fit and proper requirements) should be assessed for the ability to carry out their role in compliance with relevant regulatory requirements, principles, and rules;
- Persons should be assessed for their competence, both in terms of management and technical ability;
- Persons should be subject to annual appraisal to ensure that all the key skills relating to the role remain at a suitable level; and
- Persons should be subject to a documented programme of professional development to ensure that they remain technically and professionally competent.

This annual assessment of an individual's fitness and propriety forms part of the ongoing annualised assessment of Senior Managers and Certified Persons that we are required to undertake as part of the Senior Managers and Certification Regime.

B.3 Risk management system including the Own Risk and Solvency Assessment

B.3.1 Risk management strategy

The Company's risk strategy is aligned to the business objectives of the Company. As a specialty (re)insurer operating in the international insurance and reinsurance marketplace it is central to the achievement of the Company's business objectives that it seeks insurance and investment risk through the specialty products that it underwrites, and the investments made with the assets of the business. In undertaking this activity, the Company accepts exposure to other risks that it does not seek and for which it is not rewarded.

The principles underpinning the Company's risk management strategy include:

- The Company sees risk as more than just a potential for loss, but also as a potential for opportunity;
- The Company only seeks risks that it has the capabilities and expertise to understand and to manage;
- The Company only accepts risks it seeks that provide a level of reward commensurate with the risk assumed;
- The Company uses its people, systems, processes and controls to minimise its exposure to risks that it does not seek and for which it is not rewarded, subject to cost benefit considerations; and
- The Company defines the appetite within which it will normally operate to achieve its business objectives.

The Company's approach to risk management is based upon the belief that risk management activity should be embedded across the business, leverage a diversity of skills, tools and people whilst being supported by a strong culture of risk awareness and engagement. In particular, the risk management system is designed to support the successful execution of the Company's business strategy by aligning the risk appetite to business objectives and inculcating a risk management culture that influences decisions from board level through to individual employees.
Risk management responsibilities are clearly defined across the company and are segregated across three 'lines of defence' that vary in the level of independence they have from the day-to-day running of the organisation, specifically:

- The first line of defence, business risk management, describes the infrastructure of processes, systems and controls owned by members of the business charged with responsibility for day-to-day operations. Ownership for each of the identified business risks is allocated to an appropriate member of the management team who is responsible for the design and operating effectiveness of the associated control framework in place to manage risk.
- The second line of defence, risk management, describes the risk oversight activity, encompassing risk assessment, monitoring and reporting, undertaken by both the Risk and Compliance functions. Specific attention is given to monitoring how the risk profile of the Company compares to the Board approved appetite statements. The risk function may provide support and guidance to the first line with respect to the design of their control framework.
- The third line of defence, internal audit, describes the risk assurance work done independently of the operation of the business and the risk function to determine that controls are being operated adequately, risks assessed appropriately and that the risk management framework remains effective.

The Board has overall responsibility for approving the strategy and risk appetite of the Company at least annually. The Board has delegated responsibility for overseeing the risk management framework to the Risk & Compliance Committee (R&CC) which meets quarterly to receive reports and management information from the Chief Risk Officer who has executive responsibility for the risk function.

The risk governance of the Company also benefits from group-level management committees and risk forums including the SIH Management Risk Committee, which is responsible for the implementation of the group-wide ERM framework, and its risk sub-committees; these are specialist groups responsible for the identification, assessment and management of specific drivers of risk across the enterprise.

B.3.2 Risk management system

The risk management system of the Company encompasses the following key components: risk identification, assessment, response and monitoring. The risk management system supports the business in monitoring strategy execution and also in informing decisions around the evolution of the strategy over time.

The risk management system operates in the following ways:

I) Identify: The Company has a strong risk culture promoted by business leadership and supported by the remuneration structure. Risk is seen as more than just a potential for loss, but also as a potential for opportunity. A proactive approach to developing and maintaining risk awareness is built into the Company's processes and is an important consideration spanning the management of both the asset and liability sides of the balance sheet.

II) Assess: The Company maintains a collaborative approach to assessing risk and performance, generating insight and preserving consistency by bringing an appropriate mix of disciplines, perspectives and tools together to address the challenges of quantifying risk and of understanding uncertainty. Underpinning this, the Company has established a robust framework for the development of risk intelligence internally, the acceptance of externally developed risk intelligence, and the on-going review and independent validation of utilised intelligence.

III) Respond: The Company has established processes, systems and management information to embed risk and performance analytics in the decision-making framework across the business. Systems have been established to synthesize and deliver risk insight to the point of decision making whilst processes are maintained to ensure continued engagement between decision makers and analytics teams.

IV) Monitor: The Board approves the policies, appetites and tolerances. A suite of risk management reports is provided to oversight and management committees to assist them in discharging their delegated oversight and decision-making responsibilities. The business implements a control environment which describes how the business should operate to remain within risk appetites and assigns individual accountability for identified risks and key business controls, documented in the risk register.

The Company's internal audit function considers the risk management framework in the development of its audit universe and annual risk-based audit plan. In executing the audit plan a feedback loop exists where the recommendations arising from the review of the control environment are considered by management and the risk function and, as appropriate, reflected in the risk register.

Training on the risk management framework and specifically risk appetites is provided to the Board, management and all staff, as appropriate, regularly.

B.3.3 Risk appetite framework

The Company's operations are subject to risk appetite statements defining the boundaries within which the Company is expected to operate when pursuing its strategy and that enable management and the Board to focus on meaningful high-level targets at the intersection of strategy, risk and solvency.

The Company's Risk Appetite Framework provides a structured approach to articulate, set, monitor and report on compliance with the risk appetite statements based on the following four overarching risk objectives:

1. To maintain financial strength and flexibility;
2. To ensure the financial resilience of the business;
3. To ensure the operational resilience of the business; and
4. To contribute to the group's sustainability objectives and targets.

Each objective forms a pillar within the Risk Appetite Framework structure and incorporates clearly articulated measurable Board-level and Management-level risk appetite statements designed to promote resilience and ensure the delivery of the risk objectives. Risk appetite statements are complemented by monitoring metrics with no defined tolerances or targets, which provide useful additional context around the risk profile of the business and play an important role in informing risk responses and future development of the framework.

The position against each of the Board and Management limits is monitored on a quarterly basis and reported to the Risk & Compliance Committee.

B.3.4 Risk management responsibilities

The Board has overall responsibility for approving the strategy and risk appetite of the Company at least annually. The Board has delegated responsibility for overseeing the risk management framework to the Risk and Compliance Committee which meets quarterly to receive reports and management information from the Chief Risk Officer who is responsible for the risk function.

The Board of Directors *(Governing Body)*

The Board of Directors has ultimately responsibility for the Company's risk management and will approve this Risk Management Policy, including risk appetite statements, at least annually.

Risk and Compliance Committee (R&CC) *(Oversight Body)*

To oversee risk management within the Company, the Board has formed the R&CC. The objective of the R&CC is to develop and implement an organisation-wide approach to the identification, assessment, communication, and management of risk in a cost-effective manner.

The R&CC has appointed a Chairman and meetings are attended by representatives from senior management including the Chief Risk Officer. The R&CC is responsible for:

a. Proposing to the Board of Directors the Company's approach to risk management in a manner consistent with regulatory requirements
b. On at least an annual basis reviewing the Company's risk appetite framework and presenting it to the Board of Directors for approval
c. Overseeing and challenging the risk management of the Company reporting to the Board of Directors on the adequacy of processes and controls and escalating issues as necessary
d. Monitoring the Company's overall risk profile against the approved risk appetite and tolerances
e. Reporting movements in exposures together with any resulting risk appetite breaches and reviewing remedial action taken
f. Performing such other responsibilities regarding the Company's risk management, processes and controls or activities, or other matters as the Board of Directors may assign to the Committee from time to time.

Audit Committee *(Oversight Body)*
The Audit Committee is responsible inter alia for oversight of reviews conducted by the Internal Audit Function that are designed to provide management and the Audit Committee with assurance regarding the Company's risk management processes and internal control systems.

Management Committees *(Management Committee / Body)*
The Underwriting Committee is responsible, for among other things, oversight of the Company's underwriting processes, procedures and controls, approval of any amendments to underwriting policy and guidelines, and monitoring of the Company's risk exposures. The Company's Operations Committee is responsible, for among other things, oversight of the day-to-day operations of the Company (e.g. claims handling, human resources, facilities), including the assessment and monitoring of operational risk. The Reserving Committee is mainly responsible for the review and approval of the Management Best Estimate ("MBE") reserves for the Company. The Product Oversight Group reports to the R&CC and is responsible for reviewing and managing conduct risk matters on a day-to-day basis on behalf of the R&CC.

B.3.5 Own risk and solvency assessment process

The quarterly Own Risk and Solvency Assessment process ("ORSA") is integral to the Company's risk management framework and promotes a strong risk management culture by embedding a forward-looking assessment of the risk profile into the decision-making system.

In particular the ORSA supports the understanding of the performance prospects, risk profile and on-going solvency requirements of the Company with regard to the Company's strategy, risk appetite and target solvency requirements. Specific consideration is paid to the potential shocks or risks the Company may face over its strategic planning horizon. The outputs of the ORSA guide ongoing business planning and capital management activities.

The ORSA process encompasses:

- Determination of the current and future solvency and liquidity position under expected conditions;
- Stress and scenario testing, including reverse stress testing, informed by an evaluation of the key emerging, emergent and emerged risks; and
- Ongoing solvency assessment, including the quality and quantity of funds necessary to ensure risk-based capital needs are met at all times, in line with internal risk appetite and regulatory expectations.

The ORSA process is appropriately evidenced, documented and described in the ORSA report that is prepared at least annually and reported to the Board. The Board has ultimate responsibility for ensuring the ORSA process is executed in accordance with this policy. The risk management function has day-to-day responsibility for conducting the ORSA process and producing ORSA reporting with assistance from the actuarial and other supporting functions.

B.4 Internal control system

Risk management responsibilities are clearly defined across the Company and are segregated across three 'lines of defence' that vary in the level of independence they have from the day-to-day running of the organisation, specifically:

- The first line of defence, business risk management, describes the infrastructure of processes, systems and controls owned by members of the business charged with responsibility for day-to-day operations. Ownership for each of the identified business risks is allocated to an appropriate member of the management team and subject to quarterly self-assessment.

- The second line of defence, risk management, describes the risk oversight activity, encompassing risk assessment, monitoring and reporting, undertaken by the Risk and Compliance functions. Specific attention is given to monitoring how the risk profile of the Company compares to the Board approved appetite statements. The risk function may provide support and guidance to the first line with respect to the design of their control framework.

- The third line of defence, internal audit, describes the risk assurance work done independently of the operation of the business and the risk function to determine that controls are being operated adequately, risks assessed appropriately and that the risk management framework remains effective.

The Actuarial Function is responsible for among other things, coordinating and overseeing the calculation of the Company's technical provisions, including the underlying methodologies and assumptions, as well as providing opinions on underwriting policy and the adequacy of reinsurance. The actuarial function also contributes to the implementation of the Company's risk management system, by among other things, providing inputs to the ORSA.

The Risk Management Function operates within the second line of defence and is responsible for the following activities:

- Annual strategic risk reporting to the Board;
- Maintaining the ORSA process and production of the annual/quarterly ORSA reports to the Board;
- Maintaining the emerging risk management process, including regular reporting to the R&CC;
- Supporting business risk management in developing the performance management framework;
- Maintaining the exposure management framework;
- Maintaining the risk intelligence acceptance and validation framework;
- Supporting business risk management in supporting reinsurance adequacy assessments;
- Oversight and reporting of operational risk; and
- Providing regular risk management training to the Board and company staff.

The Compliance Function operates within the second line of defence and is responsible for ensuring business activities remain in accordance with prevailing regulatory requirements and minimum standard expectations.

The Internal Audit Function acts as the third line of defence and conducts regular reviews of the Company's operations. Part of the scope of each audit is to review the relevant risks associated with the activities under audit, to test the internal controls and to provide findings to senior management, risk management and the Audit Committee with respect to any identified gaps or deficiencies in the control environment.

B.5 Internal audit function

The Internal Audit function's purpose is to help the Board and Executive Management to protect the assets, reputation and sustainability of the Company by challenging the effectiveness of the framework of controls which enable risk to be assessed and managed. It assists the Company in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation's governance, risk management and internal control. Internal Audit has a direct reporting line to the Audit Committee as part of their oversight role.

Internal Audit undertakes, objectively and independent from management, three principal activities:

- Assessing and reporting (to the Company and business unit audit and risk committees and to management as appropriate) on the effectiveness of the design and operation of the framework of controls which enable risk to be assessed and managed.
- Investigating and reporting on cases of suspected financial crime and employee fraud and malpractice.
- Undertaking designated advisory projects for management, provided that they do not threaten Internal Audit's actual or perceived independence from management.

At least annually, an internal audit plan will be submitted to senior management and the Audit Committee for review and approval. The internal audit plan is developed based on a prioritization of the audit universe using a risk-based method including the input of senior management and the Audit Committee. The plan is reviewed and adjusted, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls. Any significant deviation from the approved plan will be communicated to senior management and the Audit Committee through periodic activity reports.

A written report will be prepared and issued by the Chief Audit Executive ("CAE") - Global Markets or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Audit Committee. The internal audit report will include management's response and corrective action to be taken along with a timetable for anticipated completion. Through a standardised process, internal audit will be responsible for monitoring and reporting on the status of open findings to the Audit Committee, verifying that the risks identified have been addressed by management.

The CAE or designee will periodically report to senior management and the Audit Committee on internal audit's activities, purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, whistleblowing matters and other matters needed or requested by senior management and the Audit Committee.

B.5.1 Independence

The independence of Internal Audit from day-to-day line management responsibility is fundamental to its ability to deliver an objective coverage of all parts of Sompo International. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the internal auditors' judgment. Internal Audit is not responsible for the management of risk or the implementation of an effective control framework. These areas are the responsibility of the Board and management.

Internal auditors will exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments. Internal Auditors must have an impartial, unbiased attitude and avoid any conflict of interest. The CAE or designee will confirm to the Board, at least annually, the independence of internal audit.

B.6 Actuarial function

The Company provides for an Actuarial Function as specified under Article 48 of the Solvency II Directive.

The roles and responsibilities of various stakeholders in terms of completing, reviewing and validating the tasks of the Actuarial Function are detailed below:

- Responsibility for coordinating the calculation of the technical provisions and all supporting analysis surrounding this process lies with the Actuarial Function Holder.
- The UK Chief Risk Officer has oversight of the risk management system, with contributions from the Actuarial Function.

- The Actuarial Function provides its independent opinion on the underwriting policy. The Chief Actuary is heavily involved in providing the input for review into this process.
- The Actuarial Function provides its independent opinion on the reinsurance policy. The Ceded Reinsurance Officer is heavily involved in providing the input for review into this process.

The Actuarial Function is made up of qualified individuals who have knowledge of actuarial and financial mathematics and who demonstrate their relevant experience with applicable professional and other standards. It operates in conjunction with multiple functions of the organisation, in particular Risk Management, Underwriting, Finance, and Claims. The Actuarial Function is provided with the necessary authority to carry out its role by the Board and is operationally independent of the Company's other Key Functions. Additionally, the Actuarial Function has access to the necessary information systems and data sources to enable it to undertake the work required.

Solvency II requires the Actuarial Function to contribute towards the Risk Management processes in place at the Company. The EWIL Risk Management Framework is based upon the Three Lines of Defence ("LOD") model. A high-level structure is provided below:

Risk Management Framework

Business Management *Risk Ownership*	**Risk Function** *Risk Oversight*	**Internal Audit** *Risk Assurance*
The first line is responsible for the identification and assessment of risk, as well as the design and implementation of the controls necessary to manage those risks.	The second line is responsible for defining the risk framework, monitoring the effectiveness of risk controls, and reporting any weakness or failures to the risk oversight committees. The risk team also partners with the business in providing advice, guidance and challenge in managing their risks.	The third line independently tests the design and operation of the control framework, reporting to the Audit Committee.

As outlined, the CRO has oversight of the Actuarial Function's general contribution to the EWIL Risk Management framework. This is demonstrated in the EWIL Risk Register within the ORSA report, which defines the categories of key risks which the company faces and the individuals with overall responsibility for managing those risks (including members of the Actuarial Function).

Details on the contribution of the Actuarial Function towards the EWIL Risk Management Framework

The EWIL Actuarial Function has input into the following wider areas of risk identification and management:

1. Risk Management
   - The ORSA process – provision of reserving data and commentary to the CRO
   - Support the development, monitoring, management and reporting of the company's reserve risk appetite and the monitoring of emerging risks.
   - Attest quarterly to the design and operating effectiveness of all actuarial related processes and controls. Also support broader operational risk management oversight through the reporting and root cause analysis of any operational incidents or near-misses.
   - The Actuarial Function develops reserve-related stress scenarios for input into various risk management processes including the ORSA.
2. Solvency Assessments
   - Internal economic capital assessments e.g. supporting data provision and review for loss distributions and certain reserving parameters, particularly around reserve volatility.
   - Provision of technical provisions output (including forecast technical provisions) to the capital modelling team; ensuring consistency with the technical provisions used as part of the internal model.
   - Regulatory capital assessments e.g. provision of actual and forecast technical provisions and balance sheets.
   - Stress and scenario testing.
   - Strategic planning.
   - Review of outputs generated by the Group Internal Model e.g. review of reserve risk results with Capital Modelling to understand movements.
   - Discussion with Capital Modelling on assumptions being derived using the Group Internal Model (and applied in the Solvency II Technical Provisions) to ensure consistency of assumptions.
3. Reserving
   - Provision of reserve performance information and metrics to the wider business audience e.g. Risk Function, underwriting teams.
   - Supporting external actuaries in performing independent reviews of reserves for the purpose of Board assurance and audit.
   - Preparation of memos/reports for the Board, Audit Committee and other committees as required, to inform management of reliability/adequacy of reserves and of any other reserving specific issues (on a GAAP and Solvency II basis).

B.7 Outsourcing

The Company has established standards, processes, roles and responsibilities for its arrangement of services to be provided by unaffiliated third parties ("outsourcer providers"). Outsourcing arrangements are supported by individual contracts and/or service level agreements ("SLA's"). Before an outsourcing arrangement is entered into, the Company assesses the impact of the proposed arrangement, including reviewing the qualifications of the service provider. For all material outsourcing arrangements based on the size and criticality of service, the Company applies the following due diligence and selection criteria:

- Formal reviews of the proposed outsourcing arrangements by the appropriate internal departments, including Legal;
- Request For Proposal ("RFP") requirements provide that single source procurement may be permitted with the approval of Legal; and
- Reviews by requester and the key management personnel to ensure that no conflicts of interest exist in engaging the outsourcer.

The selection criteria process should be agreed in advance by the requester and other reviewing parties and should consider the following factors, among others:

- demonstrated quality (financial and technical abilities);
- specialised knowledge and resources;
- control framework;
- conflicts of interest;
- value-add services as differentiators;
- long-term viability and pricing;
- availability of an adequate Business Continuity Plan; and
- risks from outsourcing and mitigation.

Outsourcing arrangements that have cleared due diligence and met the appropriate selection criteria are reviewed to determine if an RFP is applicable. Where an RFP process is deemed appropriate, a reasonable number of competitive bids should be obtained to ensure quality services are being received at an appropriate price.

For any proposed outsourcing arrangement not subject to an RFP process, the requester must provide formal justification for single source procurement and obtain approval from Legal.

In all outsourcing situations where outsourcers will access the Company's non-public information and/or systems, outsourcers will be required to sign a non-disclosure agreement.

The Company has defined key management personnel that are authorised to approve an outsourcing arrangement should the arrangement satisfy the due diligence and selection criteria. The key management personnel are recorded in the SIH

Group's "Authorised Approvers" policy document and includes the requirements for adequate specifications for the services to be entered into.

A summary of critical functions/activities outsourced, and the jurisdiction in which the service providers are located, is below:

Service	Description	Jurisdiction
Policy administration*	Data Capture & Data Quality Control, for bound Policies, endorsements and Signed Line changes. Services also include report generation, audit support, file management and contract certainty checking.	India
Credit control and cash management*	Cash management and chasing, including reconciliation and ongoing reporting of aged debt and unallocated cash.	UK and India
Claims and claims administration*	Claims review and settlement (within authority) or referral, including regular reporting and update, based on lead / follow terms.	UK
Delegated underwriting services	Chasing, upload and storage of all Delegated Underwriting Bordereaux (premiums and claims) and reporting services. Also includes the utilisation of 'BinderCloud' third party software, from the outsourced service provider.	UK and India
Investment management and accounting	Portfolio management in line with Board approved investment strategy, report generation and creation of accounting entries.	USA
Payroll	Payroll processing and payment, report generation and payslip production.	UK and Switzerland
IT helpdesk	Telephone support covering desktop and mobile devices.	USA
Delegated underwriting & claims	Delegation of claims and/or underwriting/document issuance within strict parameters and overseen by the Delegated Authority team. These arrangements are deemed critical if above a certain size, or dealing with customers deemed to be high conduct risk.	Various
Cloud outsourcing	Infrastructure & data storage from Cloud service providers, deemed critical if in support of policy administration, claims, or core financial systems.	USA

**Direct insurance and facultative reinsurance only*

Intragroup outsourcing arrangements

The Company has intragroup outsourcing arrangements in place that are governed by the Group Administrative Services Agreement. Intragroup outsourcing arrangements for the year ended 31 December 2023 primarily comprise of shared support services (including IT, finance, compliance, risk, HR and internal audit services) outsourced to service companies within the Group. These intragroup outsourcing arrangements are primarily based in the UK and the USA.

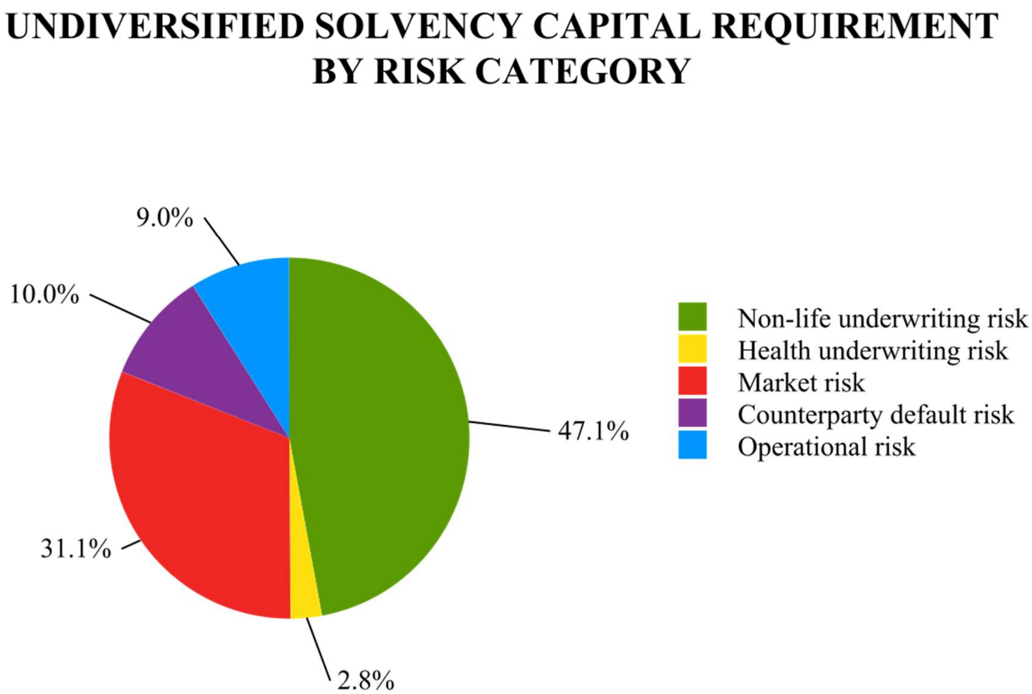
B.8 Any other information / summary

The Company considers that its system of governance is appropriate for the nature, scale and complexity of the risks inherent in its business.

C. Risk Profile

The Company is exposed to a range of risks that arise out of its underwriting and investment activities as well as its general operations. This section summarises the current risk profile of the business, and how the Company manages these risks.

The undiversified risk profile of the Company, as determined by the Standard Formula.



C.1 Underwriting Risk

The Company seeks risk through its (re)insurance underwriting activities to generate financial earnings. The main risks assumed through underwriting activity can be sub-divided into: pricing risk; catastrophe risk; and reserve risk.

- **Pricing risk** is the risk of systematic mispricing which could arise due to changes in the legal or external environment, changes to the supply and demand of capital, and companies using inadequate information to make decisions. This risk could affect multiple classes across a number of underwriting years.
- **Catastrophe risk** refers to the potential for large losses to arise from multiple independent insured policies as a result of a single cause. This definition applies to all classes of business written in all territories and includes both natural and man-made causes, for example: earthquakes, hurricanes, marine or aviation incidents, acts of terrorism, cyber events or systemic malpractice.
- **Reserve risk** describes the potential that provisions set aside to meet claims payments in respect of events that have occurred turn out to be inadequate. This risk is most pronounced for medium and long tailed business

where the typical period between loss occurrence and ultimate claim settlement can be very long; in these cases unanticipated changes in the legal landscape (e.g. tort reform) or external conditions (e.g. inflation) can have a material impact on the adequacy of claims provisions. For short-tailed business, reserve uncertainty can be significant immediately following a major event, however the typically shorter reporting and settlement periods mean this risk is unlikely to persist and compound over time.

The Company's approach to risk management for each of these is set out below.

C.1.1 Approach to Risk Management

Pricing Risk

The Company uses a range of techniques to manage this risk as set out below:

- The Company recruits experienced underwriters with proven track-records and good standing in the market. Underwriting Letters of Authority ("LOA") are the primary tool for promulgating and implementing underwriting risk preferences and limits. The LOAs document permitted lines of business, territories, maximum premium and exposure limits and the underwriters' responsibility towards the peer review process. The LOA also sets out any restrictions for classes of business or exposures that an underwriter is not permitted to underwrite. The LOAs are consistent with established underwriting strategy and guidelines and detail an underwriter's ability to legally bind contracts on behalf of the Company. The underwriting process is supported by pre- and post-bind peer reviews, as well as independent reviews, the framework and reporting of which is overseen by the Underwriting Committee.
- In addition to technical and analytical practices, underwriters use a variety of underwriting tools, including specific contract terms, to manage exposure to loss. These include occurrence limits, aggregate limits, reinstatement provisions and loss ratio caps. Exclusions and terms and conditions to eliminate particular risks or exposures deemed outside of the intent of coverage are also considered.
- The Company has fully integrated its internal actuarial and modelling staff into the underwriting and decision-making process and uses in-depth actuarial and risk analyses to evaluate transactions prior to authorisation, assessing and charting pricing changes and rate adequacy. In addition to internal actuaries and risk professionals, external specialists may also be used to provide support in developing and utilising robust risk intelligence to inform underwriting decisions.
- The Company has established a framework to enable the business to regularly assess and monitor performance drivers on a portfolio basis. The approach generates insight by integrating the analytics across a number of disciplines (including pricing, reserving, claims, capital modelling and exposure management) and engaging with underwriting teams regularly to pro-actively monitor and respond to underwriting performance trends.
- The claims team performs regular reviews of emerging claims trends and monitors changes in the legal landscape. The claims team meets with underwriting teams regularly to provide feedback on specific losses and identified trends to inform risk selection and coverage considerations. All large losses are notified to management and include underwriter commentary on the loss and underwriting response, if any.

- New business proposals, and/or opportunities that have a significant impact on the risk profile are subject to review and approval by the Underwriting Committee, including consideration of the fit of the proposal with business objectives, risk appetite and operational expertise and capabilities. Annually, business plans for the Company are reported to the Board for discussion and approval.
- Annually, the actuarial function provides an opinion to the Board on the adequacy of pricing levels reflected in the plan with due consideration to changes in the composition of the Company's portfolio, external influences, and the risks of anti-selection across the portfolio.
- Oversight of underwriting risk management is provided by the Board with day-to-day management responsibility delegated to the Underwriting Committee. The Underwriting Committee meets quarterly to receive management information and discharge its delegated oversight duties.
- Where the Company delegates underwriting authority either partially or fully to a third-party, it is exposed to the risk that the related party fails to operate within agreed guidelines or to adequately price and/or reserve for the business. The Underwriting Committee is responsible for the oversight of all delegated underwriting arrangements and is supported by a delegated underwriting group that meets quarterly to oversee delegated underwriting arrangement administration, processing and performance. Independent audits of delegated underwriting partners are performed regularly with findings reported to the Underwriting Committee.

Catastrophe Risk

The Company uses a range of techniques to manage this risk as set out below:

- Underwriting Risk Guidelines are documented for each class of business, including maximum line sizes, accumulation limits for single events and risk preferences. The risk profile of each class of business is regularly monitored against these guidelines. Material variations are reported to the Underwriting Committee where remediation actions are discussed.
- Referral Guidelines outline criteria for referring decisions to the Group Chief Risk Officer to ensure that risks or transactions potentially outside of risk appetite are suitably reviewed and approved.
- Ceded Reinsurance purchasing strategy is reviewed at least annually, with reference to the objectives of the business, risk appetite and prevailing market conditions or trading opportunities. Any changes to the strategy are reported to the Underwriting Committee prior to implementation. The Underwriting Committee reviews progress towards implementing the Ceded Reinsurance plan each quarter.
- Actuarial opinion is provided to the Board on the adequacy of Ceded Reinsurance arrangements with due consideration of the consistency with risk appetite, the ability to support solvency under stressed scenarios, and the standing and repute of counterparties.
- Proprietary and commercially available tools to quantify Catastrophe Risk are used to inform underwriting risk selection, portfolio design, and portfolio risk management. Tools include natural catastrophe, weather, casualty, aviation, credit, economic and other specialty risk models as well as deterministic scenarios for individual events.

- The SIH Exposure Management function identifies, at least annually, all realistic foreseeable sources of catastrophe risk and ensures suitable quantification of potential exposure. In addition, this function produces regular reporting of Catastrophe Risk to oversight and governance Committees.
- Oversight of Catastrophe Risk Management is provided by the Risk & Compliance Committee with day-to-day responsibility delegated to the Underwriting Committee. The Underwriting Committee meets quarterly to receive management information, including monitoring catastrophe risk levels against approved risk limits.

Reserving Risk

The Company uses a range of techniques to manage this risk as set out below:

- The actuarial function maintains a best estimate reserving process that integrates planning, pricing and exposure information to establish a feedback loop between the reserving and underwriting processes. At least annually, each class of business (including delegated business) is subject to a detailed reserve review where actuarial and statistical techniques are used to derive loss reserve estimates from the most recently available data, as well as current information on future trends in claims severity and frequency, judicial theories of liability and other factors. The Actuarial Central Estimate ("ACE") Reserving team reviews and recommends any changes to key assumptions at least once each year. Proposals for changes in assumptions or for new assumptions relating to new reserve classes are reviewed by the Corporate reserving team ahead of each quarterly reserving exercise.
- The results of the actuarial reserve reviews are discussed regularly with underwriting leaders for each product line and are monitored against the UK GAAP booked reserve estimates to ensure that in the aggregate, across all classes, booked reserves are considered adequate, as defined in the approved risk appetite. Additionally, the best estimates are compared against experience each quarter by undertaking an analysis of actual versus expected experience as well as other appropriate validations of assumptions, methodology, and results.
- In respect of individual claims and/or events where the potential for reserve development is material, reserve selections are informed by an update of the loss circumstances provided by the claims team. For large events the initial loss estimates are determined by the claims team with input from underwriting and exposure management as appropriate.
- Management Best Estimate ("MBE") Reserving Process: The quarterly booked reserves represent management's best estimate of the unpaid losses and expenses. Specifically, the MBE is defined as:
    - A point estimate selected after reviewing a range of reasonable actuarial estimates and other qualitative information deemed relevant for establishing booked reserves.
    - It incorporates risks, uncertainties, and other relevant information underlying the actuarial loss estimates; the historic volatility of the actuarial estimates and estimation error (e.g. as evidenced by longer tail lines and new exposures); and uncertainties regarding estimation of large catastrophe and systemic loss events.
    - It is within a range of reasonable estimates as defined by the Chief Reserving Actuary.
- The MBEs are recommended by the Corporate Reserving Team/Chief Reserving Actuary based on management's stated reserve risk appetite and specific discussions with management during the quarterly reserving process. The MBEs are reviewed and approved by the Group Reserve Committee ("GRC"). The GRC

may choose to book MBE reserves that differ from the actuarial central estimate. Typically, the committee would do so for two reasons:

  - To add a margin for adverse deviation in cases where the actuarial analysis and experience period do not fully reflect potential risks of adverse deviation. For example, in some cases, the actuarial central estimate would not be a true mean, as it did not fully weigh in the possibility of these tail outcomes.
  - The Committee may want to temper favorable and unfavorable movements in actuarial indications until more evidence emerges. In many cases, this approach prevents the external perception of the company being unduly affected by volatility in actuarial indications.

- The proposed MBEs for the Company are discussed with the Company's senior management who provide additional feedback to the GRC reserve meeting. The following considerations are also taken into account when reviewing the proposed Group MBEs at a legal entity level:
  - Group and legal entity reserve risk frameworks which include specific guidance on MBE reserve levels (e.g. possibly in relation to the ACE indications).
  - Specific legal entity regulatory constraints.
  - Any reserving considerations relating to the mix, volume or maturity of business within the legal entity.
- Oversight of loss reserves is provided by the Audit Committee, which meets quarterly to receive reserving information and discharge its oversight duties including monitoring reserve adequacy. Annually, the actuarial function reports on the adequacy of loss provisions established both on a GAAP and economic basis through the Actuarial Function Holder Report provided to the Board.
- A reconciliation of the data used in the reserving process to the original sources is performed by the technical accounting department. It includes a reconciliation of the earned premium, paid losses, and case incurred losses used in the reserve study to the data that is captured by the finance department. In addition, a number of reasonability checks are performed during the course of analysis and review of results with the business units, group reserve committee, and other parties.
- The reserve risk profile is monitored against approved risk appetite statements quarterly by the Risk & Compliance committee.

C.1.2 Assessment of Risk

As determined by the Standard Formula, underwriting risk comprises 49.9% (2022: 53.5%) of the undiversified total SCR. Whilst the primary activity of the Company is to underwrite (re)insurance business, significant levels of outwards reinsurance protection serve to materially limit the contribution of this risk to the overall risk profile of the Company.

Material Risk

The Company's exposure to catastrophe risk is managed by comprehensive outwards reinsurance protections, including intragroup stop loss reinsurance. Retained underwriting risk primarily reflects exposure to pricing and reserve risk. The lines of business that are most exposed to these risks are reflected in the capital needs of the Company as defined by the Standard Formula. For the Company, these lines of business are:

- General liability insurance and proportional reinsurance;

- Marine, aviation and transport insurance and proportional reinsurance;
- Non-proportional casualty reinsurance; and
- Fire and other damage to property insurance and proportional reinsurance.

Concentration Risk

Concentration risk arises out of accumulation of exposures to geo-physical, geo-political, economic, technological, societal and environmental threats. The Company conducts annual risk assessments which review the current strategies for identifying and managing these risks. An objective of the risk assessment process is to highlight any increases in risk exposures as well as any deficiencies in the Company's strategies to address these risks over the planning horizon and beyond.

C.1.3 Sensitivity of Risk

The Company carries out various sensitivity testing as part of its risk management process, and one such test involves gross and net impact to profit with increases to loss ratios of 10%, with all other assumptions held constant, to test the sensitivity of the loss ratio assumptions to the overall Company strategy.

Amounts in USD'000	**Change in assumption**	**Impact on gross liabilities**	**Impact on net liabilities**	**Impact on profit**	**Impact on capital and reserves**	**% of Solvency II surplus**
2023 Loss ratio	+10%	173,112	41,294	(41,294)	(31,590)	(8.0)%
2022 Loss ratio	+10%	145,038	37,544	(37,544)	(30,410)	(11.2)%

When considered alongside the Company's own funds (section E.1) and capital requirements (section E.2), this sensitivity test shows that the Company's capital base can withstand some level of systemic mispricing, but the tests highlight the importance of vigilant oversight of our underwriting controls. Nevertheless, the potential for loss ratio deterioration is limited by the intragroup stop-loss agreement with ESIL, which owns 100% of the Company's immediate parent holding company, EWHL.

Reserve risk sensitivity tests have been performed by the Company to assess the profit/loss impact of misestimation of reserve liabilities. These tests assess how the variability in the initial expected loss ratio ("IELR") and the variability in how quickly claims are reported impact the reserve estimation. The IELR was flexed up and down by 10% and the development profile was flexed slower and quicker (by 3 months for short-tailed lines and 6 months for long-tailed lines) sequentially, resulting in nine difference scenarios (including the base case of unchanged assumptions).

The results of these tests are as follows:

Potential Percentage Change in Total Loss and Loss Expense Provisions			
	Initial Expected Loss Ratio		
2023 Reporting Pattern	**10% Lower**	**Unchanged**	**10% Higher**
ST - 3 months faster LT - 6 months faster	(10.6)%	(4.5)%	1.5 %
Unchanged	(6.5)%	0.0 %	6.4 %
ST - 3 months slower LT - 6 months slower	(1.5)%	5.5 %	12.4 %
2022 Reporting Pattern	**10% Lower**	**Unchanged**	**10% Higher**
ST - 3 months faster LT - 6 months faster	(11.0)%	(5.3)%	0.3 %
Unchanged	(6.3)%	0.0 %	6.3 %
ST - 3 months slower LT - 6 months slower	(1.5)%	5.5 %	12.4 %

The results show that in the most severe scenario above (10% higher IELR and slower reporting of losses), the Company expects an 12.4%, or $164.0m, reserve increase. These tests are meant to show the sensitivity of the assumptions in the reserving method and, when considered alongside the Company's own funds (section E.1) and capital requirements (section E.2), the results show that the Company can withstand such fluctuation in the held reserves. However, it does highlight the need to be regimented with regards to reserve control processes.

The largest difference since year end 2022 is the scenario 10% higher IELR and faster reporting of losses, with a 1.5% increase in reserves at the end of 2023 compared with at 0.3% increase at year end 2022.

Also note that the effect of the reporting pattern is becoming more important over time as the proportion of reserves on older years continues to grow.

C.2 Market Risk

Market risk describes the Company's exposure to value fluctuations on the asset side of the balance sheet arising either from the risk inherent in our investments or the risk of insufficient liquid assets being available to meet liabilities as they fall due resulting in forced disposals and potential financial loss.

C.2.1 Approach to Risk Management

The Company uses a range of techniques to manage this risk as set out below:

- The Company manages market risk through both a system of limits and a strategy to optimise the interaction of risks and opportunities, both of which are documented in an investment management policy. To ensure diversification of the investment portfolio and avoid excessive aggregation of risks, limits on asset types, economic sector exposure, industry exposure and individual security exposure are placed on the Company's investment portfolio and monitored on an ongoing basis.

- Investment policies and guidelines, including sector limits, impairment scenario loss tolerances and performance targets are approved by the Company Board. The risk profile of the Company's investment portfolio is monitored against approved risk limits and targets quarterly by the Board.
- The Company uses a number of capital-at-risk models, which include scenario-based measures, value-at-risk and credit impairment calculations to evaluate its investment portfolio risk. Portfolio risk is affected by four primary risk factors: asset concentration, asset volatility, asset correlation and systematic risk. The Company continuously evaluates the applicability and relevance of the models used and makes adjustments as necessary to reflect actual market conditions and performance over time.
- The Company maintains an asset liability management strategy that involves the selection of investments with appropriate characteristics, such as duration, yield, currency and liquidity that are tailored to the anticipated cash outflow characteristics of our liabilities and the anticipated interest rate environment. Foreign currency risk is managed by seeking to match liabilities under insurance and reinsurance policies that are payable in foreign currencies with assets such as cash and investments that are denominated in such currencies.

Prudent Persons Principle

The investment strategy is reviewed by the Board, and implemented by the Investment Function, which hires third-party investment managers to invest the assets under the direction of the 'prudent person principle' aligned with the Investment Policy, and specific guidelines for each manager. A small percentage of assets are managed internally.

Prior to hiring an investment manager, a rigorous due diligence process is followed to ensure that the manager has the adequate skills, qualifications, experience and resources to carry out the duties that they have been delegated. The investment manager guidelines prescribe the types of securities that the manager may invest in and those that are prohibited. The guidelines also set individual issuer limits based on credit quality, as well as aggregate sector and credit quality limits, ensuring adequate portfolio diversification. The investment manager is given a performance benchmark with appropriate sector exposures and duration to meet the needs of the Company.

C.2.2 Assessment of Risk

As determined by the Standard Formula, market risk comprises 31.1% (2022: 28.3%) of the undiversified total SCR.

Material Risk

The Company's market risk charge is consistent with the significant amount of surplus capital it holds. Notwithstanding the high level of investable assets, the Company maintains a defensive investment portfolio and hence investment shock scenarios indicate only moderate impairments to the value of assets.

Concentration Risk

The Company is subject to concentration risk in its investments. In order to minimise its exposure to investment concentration risk, the Company has designed its investment portfolio to diversify risks to the extent practical, particularly with regard to interest rate, credit, structure and equity risks. To ensure diversification and to avoid excessive aggregation of risks, the Company has placed limits on asset types, economic sector exposure, industry exposure and individual security exposure which are monitored on an ongoing basis.

The table below shows the exposure of the Company's investment portfolio to asset types and currency:

Amounts in USD'000	GBP	USD	EUR	AUD	2023 Total	GBP	USD	EUR	AUD	2022 Total
Collateralised securities	34,402	522,664	8,602	—	**565,668**	33,998	352,616	6,765	—	**393,379**
Government bonds	37,681	264,373	8,735	—	**310,789**	36,029	299,902	9,509	—	**345,440**
Corporate bonds	235,909	450,939	48,045	—	**734,893**	223,796	303,247	28,018	—	**555,061**
Derivative assets	—	—	—	2,776	**2,776**	—	—	—	1,814	**1,814**
Collective Investments Undertakings	14,265	16,100	71	1	**30,437**	—	—	—	1	**1**
Investment portfolio cash	—	—	—	—	—	(155)	836	(93)	—	**588**
Total	**322,257**	**1,254,076**	**65,453**	**2,777**	**1,644,563**	**293,668**	**956,601**	**44,199**	**1,815**	**1,296,283**

C.2.3 Sensitivity of Risk

The majority of the Company's investments comprise cash and fixed income securities. The fair value of the Company's investments is inversely correlated to movements in interest rates. If interest rates fall, the fair value of the Company's fixed income securities tends to rise and vice versa.

The table below shows the potential impact on investment portfolio valuation resulting from fluctuations in interest rates, based on the portfolio duration, as follows:

Amounts in USD'000	2023		2022	
Change in interest rates (basis points)	**Impact on valuation**	**% of Solvency II surplus**	**Impact on valuation**	**% of Solvency II surplus**
+100 bps	(59,580)	(15.1)%	(47,298)	(17.3)%
+50 bps	(29,626)	(7.5)%	(23,720)	(8.7)%
-50 bps	29,297	7.4 %	23,852	8.7 %
-100 bps	58,265	14.8 %	47,810	17.5 %

The Company manages interest rate risk by regularly monitoring the average duration of financial investments.

The Company operates internationally and therefore has exposure to foreign exchange risk. The Company endeavors to mitigate this risk by maintaining a match of assets and liabilities in their respective currencies.

The table below shows the potential impact, by currency, on the income statement and equity resulting from fluctuations in foreign exchange rates:

Amounts in USD'000 Change in USD versus foreign currency					
2023	**GBP**	**EUR**	**AUD**	**JPY**	**Total**
+10%	8,867	3,851	3,682	315	16,715
+5%	4,645	2,017	1,928	163	8,753
-5%	(4,645)	(2,017)	(1,928)	(163)	(8,753)
-10%	(8,867)	(3,851)	(3,682)	(315)	(16,715)
2022	**GBP**	**EUR**	**AUD**	**JPY**	**Total**
+10%	5,813	2,957	(2,190)	(70)	6,510
+5%	3,045	1,549	(1,147)	(37)	3,410
-5%	(3,045)	(1,549)	1,147	37	(3,410)
-10%	(5,813)	(2,957)	2,190	70	(6,510)

The Company manages foreign exchange risk by buying or selling currency to rebalance its monetary assets and liabilities following each quarter end.

The Company is exposed to spread risk relating to its fixed income assets. The following table shows the potential impact on the income statement resulting in widening of yield spread.

Amounts in USD'000	**Fixed Income Market Value**	**2023 Loss**	**% of Solvency II surplus**	**Fixed Income Market Value**	**2022 Loss**	**% of Solvency II surplus**
Base	1,618,360			1,296,077		
10 bps widening		(5,745)	(1.5)%		(4,523)	(1.7)%
50 bps widening		(28,726)	(7.3)%		(22,617)	(8.3)%

While the Company does not place any limits on spread duration exposure, it does place limits on individual issuers and on industry sectors as a whole in order to manage its spread risk. The investment portfolio is monitored regularly for adherence to these limits.

C.3 Credit Risk

Credit risk is the risk of financial loss where a counterparty, issuer or (re)insurance obligor fails to meet their financial obligations to the Company in accordance with agreed terms.

C.3.1 Approach to Risk Management

The Company uses a range of techniques to manage this risk as set out below:

- The purchase of ceded reinsurance is coordinated by the Group Ceded Reinsurance Officer who works with the business and various functional areas to determine coverage needs, develop an appropriate reinsurance structure and build the submission to present to market. The Group Ceded Reinsurance Officer ensures that the data contained within the submission is both accurate and that the narrative outlining the business' strategy is relevant. All draft contracts undergo a legal review prior to binding.

- The Company avoids excessive and non-diversified use of reinsurance by doing business only with reinsurers of sufficient credit or financial strength. All reinsurance purchases are made through a pre-approved counterparty panel with the constituents selected on the basis of their financial strength rating (minimum A- rating required) and other background criteria. In the event of credit downgrades below the minimum required, approved counterparties may be removed from the panel.
- The Company additionally maintains internal quota-share reinsurance agreements with ESIL and Sompo Japan Insurance Inc, which includes quota-share, stop-loss reinsurance and excess of loss reinsurance. The Company regularly monitors the credit risk assumed through these internal transactions assessing what impact cessation of this protection would have on the capital and/or liquidity position of the Company under both normal and stressed conditions.
- Outwards reinsurance and other counterparty risk levels are monitored by the Risk & Compliance Committee quarterly through a series of quantitative and qualitative risk metrics. Material deviations in the risk levels from predetermined risk tolerances are notified to the Risk & Compliance Committee and remedial actions to bring risk levels within appetite are considered.

C.3.2 Assessment of Risk

As determined by the Standard Formula, credit risk comprises 10.0% (2022: 10.0%) of the undiversified total SCR.

Material Risk

Credit or counterparty risk exposures other than those associated with investments arise from exposure to default by a third party. The Company is subject to credit risk primarily with respect to its reinsurers because the transfer of risk to a reinsurer does not relieve the Company of its liability to its clients. If reinsurers experience financial difficulties, the Company may not be able to recover losses. In addition, reinsurers may be unwilling to pay, even if they are able to do so. The failure of one or more of reinsurers to honour their obligations in a timely fashion would impact cash flow and reduce net income. Depending upon the amount of reinsurance purchased, such a scenario could cause a significant loss to the Company.

Concentration Risk

When reinsurance or retrocessional reinsurance is purchased, the Company requires its reinsurers to have strong financial strength ratings. The Company evaluates the financial condition of its reinsurers and monitors its concentration of credit risk on an ongoing basis. The Company manages its credit risk in its reinsurance relationships by transacting with reinsurers that it considers financially sound and, if necessary, may hold collateral in the form of cash, trust accounts and/or irrevocable letters of credit. This collateral can be drawn on for amounts that remain unpaid beyond specified time periods on an individual reinsurer basis.

The Company identifies and accumulates credit risk exposure by entity and by credit rating to provide assurance that it is not overweight to any particular entity or to credit ratings of A- and below. The following table summarizes the major counterparty exposure, on a UK GAAP basis, by Standard & Poor's or equivalent credit rating:

Amounts in USD'000 **2023**	**AAA**	**AA**	**A**	**BBB and below**	**Other/not rated**	**Total**
RI share of claims outstanding	120,577	1,165,988	161	—	5,414	1,292,140
Cash and cash equivalents	8,440	—	59,604	—	—	68,044
Other assets	—	—	2,164	—	614	2,778
Total	**129,017**	**1,165,988**	**61,929**	**—**	**6,028**	**1,362,962**

Amounts in USD'000 **2022**	**AAA**	**AA**	**A**	**BBB and below**	**Other/not rated**	**Total**
RI share of claims outstanding	18,387	841,126	72,830	4,759	43,949	981,051
Cash and cash equivalents	—	—	69,000	—	—	69,000
Other assets	—	—	4,000	—	1,000	5,000
Total	**18,387**	**841,126**	**145,830**	**4,759**	**44,949**	**1,055,051**

The financial assets included in the 'other/not rated' column relate to reinsurers' share of claims outstanding with unrated counterparties which are either not rated or cannot be readily allocated a credit rating.

C.3.3 Sensitivity of Risk

The Company has analysed the impact of potential credit rating transitions and concluded that a downgrade of its largest reinsurer would not have a significant impact on its solvency.

C.4 Liquidity Risk

Liquidity Risk represents the risks where the short-term liability obligations cannot be met by the Company due to the inability to convert assets into cash. Such a scenario can be driven by a lack of buyers in an inefficient market.

C.4.1 Approach to Risk Management

The Company uses a range of techniques to manage this risk as set out below:

- The Company is exposed to daily calls on its available cash resources, principally from claims arising from its insurance activities. The Company's policy is to manage its liquidity position, allowing for encumbered assets and restricted fungibility of assets, so that it can reasonably meet a significant individual or market loss event.
- Liquidity analyses are prepared quarterly with a full analysis performed annually to consider the availability and fungibility of Group funds to support legal entity capital needs in the event of a major market or economic shock. Any event which might change the outcome of these analyses (such as a large catastrophic loss or significant asset encumbrance) would cause the analysis to be re-run.
- The Company maintains sufficient liquid assets, or assets that can be quickly converted into liquid assets, without any significant capital loss, to meet estimated cash flow requirements. These liquid funds are regularly

monitored and the majority of the Company's investments are in highly liquid assets which could be converted into cash in a short time frame and at minimal expense. Cash is generally bank deposits and money market funds.

- Contingent liquidity funding is provided by the Net Worth Agreement with ESIL to ensure that the Company has at all times sufficient cash funds or liquid assets to satisfy valid claims under the policies issued by the Company and valid claims of financial creditors as they fall due for payment.

C.4.2 Assessment of Risk

Material Risk

The Company's liquidity risk exposure primarily arises during periods of stress such as catastrophe events or major individual losses that require losses to be settled over a relatively short timeframe. This may be due to client needs or driven by insurance regulators in the jurisdiction of the loss event. The Company may also experience delays in the corresponding recovery of loss amounts paid from its reinsurers, potentially adding to the short-term liquidity strain.

Expected Profit included in Future Premiums ("EPIFP")

The total EPIFP has increased from $228.9m in 2022 to $342.2m in 2023 due to business growth within the Solvency II technical provisions between 2022 and 2023.

C.4.3 Sensitivity of Risk

The Company has a liquidity risk limit framework in place to ensure that there is an appropriate level and composition of liquid funds in place to meet expected future cash outflows under normal conditions.

C.5 Operational Risk

In undertaking its core underwriting and investment activity the Company accepts exposure to other risks that it does not seek and for which it is not rewarded, in particular operational risk. Operational risk refers to the loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational Risk includes Regulatory and Legal Risk. Regulatory Risk includes the risk of non-compliance with prevailing regulatory requirements; Legal Risk includes the risk of non-compliance with corporate, taxation and employee legislation in the UK, the US and other appropriate jurisdictions, as may be the case from time to time.

C.5.1 Approach to Risk Management

If not properly managed, operational risk can cause significant losses for the Company. It is virtually impossible to eliminate these risks entirely; therefore, the Company aims to limit its operational risk losses to an acceptable risk appetite, recognising the trade-off between the benefits and costs of risk mitigation.

The Company uses a range of techniques to manage this risk as set out below:

- The Company seeks to mitigate operational risks through the application of strong risk governance, processes and controls throughout its business. Individual accountability for all key business risks and controls is clear and documented in the risk register.
- Through the Risk & Control Self-Assessment ("RCSA") framework, each risk owner is responsible for identifying key operational risk exposures, assessing the design and operating effectiveness of their control environment, and, to the extent any gaps or deficiencies exist, assessing the corresponding impacts and level of operational risk / exposure to the company. The RCSAs are conducted at least annually for all areas, and more frequently (bi-annually or quarterly) on a risk-based basis. RCSA reviews consider any loss incidents, material key risk indicator/key performance indicator exceptions or other relevant factors in the period. This process is facilitated by the Risk Function with material exceptions or emerging trends reported to the Risk and Compliance Committee.
- The Company has in place an incident reporting process which consists of a set of steps that is followed by risk and control owners to report and address incidents related to operational risk. The incident reporting process typically includes identifying and classifying the incident, assessing the impact / severity of the incident, investigating the root cause, and implementing corrective actions to prevent similar incidents in the future. The process also involves reporting the incident to relevant stakeholders, such as senior management, regulators, or customers, as required. The aim of the process is to ensure that incidents are promptly and effectively addressed, with a focus on minimizing their impact on the organisation and its stakeholders.
- Oversight of compliance with regulatory requirements is provided by the Board with day-to-day management responsibility delegated to the Risk & Compliance Committee. The Risk & Compliance Committee meets at least quarterly to receive management information and discharge its delegated oversight duties. To support the Board in fulfilling its oversight responsibilities the compliance function monitors and reports upon the status of the business in meeting minimum standards expectations and regulatory requirements.
- In relation to outsourcing risk, the Company has developed policies and procedures to ensure that third parties on whom we rely to provide key business services on an outsourced basis (including, but not limited to delegated underwriting, claims processing, finance operations, IT support) are subject to appropriate due diligence and ongoing oversight with responsibilities spanning across Procurement, Legal, IT and Internal Audit, as well as relevant business owners.
- In relation to cybersecurity risk, the Company has adequate cybersecurity measures in place to identify, protect and detect security threats, as well as a robust process for responding and recovering from successful cyber-attacks. A series of detailed policies, procedures and standards are in place which collectively set out the Company’s management and control of cybersecurity risk, coordinated and overseen by a dedicated IT Security team which serves as a central point of contact regarding all cyber security concerns. The Company’s information security procedures and controls are aligned with and organized around the NIST Cybersecurity Framework. In relation to the management of cyber / information security exposure arising from third parties, the Company’s due diligence process incorporates an initial risk assessment process where operational risks (including IT, data protection and BCP risks) are considered amongst other key risks, prior to the agreement of the contract. The risk assessment is repeated at the renewal or auto-renewal of the contract.

- The internal audit function is responsible for performing an independent review of the adequacy and effectiveness of the Company's internal controls. The audit function considers the operational risk self-assessment to develop its audit universe and annual risk-based audit plan. In executing the audit plan a feedback loop exists where the recommendations arising from review of the control environment are considered by management and the risk function and, as appropriate, reflected in the risk register. All findings are reported to the Audit Committee.

C.5.2 Assessment of Risk

As determined by the Standard Formula, operational risk comprises 9.0% (2022: 8.3%) of the undiversified total SCR.

Material Risk

The Company's operational risk exposure arises primarily from activities required to support the continued business growth and product expansion in competitive and strained market conditions and heightened regulatory conditions. There are a significant number of change initiatives underway to transform the Company's operations and deliver improved operating efficiency and effectiveness, positioning the business to sustainably create value even in competitive trading conditions.

C.5.3 Sensitivity of Risk

The Company has analysed its operational risk exposure and considers that any foreseeable operational event would not have a significant impact on its solvency.

C.6 Other material risks

In addition to the risks identified above, a few key risks are outlined below:

- Strategic Risk: Risk includes the risk of missed business opportunities, non-achievement of corporate or Company strategy and impact on competitive positioning and the value of the Company brand. It includes the risks of making strategic decisions that do not add value, environmental conditions preventing the strategy from being executed, strategy is not executed effectively or consistently, a diminution of the reputation of the Company, and having inadequate crisis response management. The Company mitigates strategic risk through the recruitment of an appropriately experienced CEO with a proven track record of delivering on initiatives of strategic importance to the Company. This includes supporting the CEO with an experienced and aligned executive team that collectively possess the breadth and diversity of skills needed to challenge, inform and support the successful execution of the Company's strategy. The remuneration of the executive team is set to create strong alignment with the successful execution of the strategic priorities of the Company. The strategic priorities are set to be: specific and measurable; consistent with the corporate mission and values; and, realistic in the context of the Company's capabilities and operating environment. To support the Company's strategic efforts, the executive team ensures that the necessary resources are in place across the Company to implement its strategic plans. This includes ensuring management information is in place to measure and monitor the execution of strategic initiatives including the ability to provide timely analysis of the Company's competitive position, market dynamics, competitive threats and changes that impact markets and business environments in which the Company operates.

- Emerging Risk: Emerging risk is defined as a newly developing or changing risk which is difficult to quantify and which may have a major impact on the organisation. The Company operates various emerging risk identification processes which capture and assess the potential impact and appropriate actions necessary to manage emerging risks.
- Group Risk: Risks to the Company specifically from being a part of a wider corporate group. This includes additional risks to which the Company is exposed which arise from the interrelationships that form due to ownership and management structure of the Company, including its relationship to its ultimate corporate parent, Sompo Holdings. Types of risks include material intra-group transactions and exposures and managing accumulation and contagion risks within the Group. Group risk is mitigated through the application of strong controls and a consistent risk management framework, including risk limits, across all entities in the Group. This helps mitigate any material impairment to the Group's financial position, brand and reputation.
- Conduct Risk: Conduct risk is defined as the risk that the Company fails to pay appropriate regard to the interest of its customers and/or fails to treat them fairly at all times. Conduct risk is managed through the application of strong internal controls, compliance policies and procedures, and through the oversight of the Product Oversight Group and the monitoring of various conduct risk metrics by the Risk & Compliance Committee.
- Sustainability Risk: Sustainability risk refers to the potential negative impacts on environmental, social, and governance (ESG) factors that may affect the long-term viability and resilience of the Company.

The Company has been designing and executing its ESG strategy, a key component of which is its response to the risks associated with climate change. Climate change will have a material impact on the global economy, and as an insurer and asset manager, the Company plays a role in facilitating the world's green transition. Thus, the Company has taken a multi-faceted approach to climate change risk assessment and management, as described below. The following are key elements of climate change risk facing the Company:

◦ Physical risk involves the risk that shifts in the frequency, severity, or other characteristics of natural catastrophes due to climate change may lead to an increase in insurance payments, leading to a possible deterioration in underwriting results. The Company manages this risk through its underwriting, pricing, and catastrophe modeling processes.

◦ Transition risk involves the risk associated with the transition to a decarbonized society. Technological progress or the introduction of stricter laws and regulations aimed at transitioning toward a decarbonized society could result in structural changes to industries. Transition risk could also have an impact on the value of the Company's investment assets. It also introduces reputational risk if the Company fails to adequately address the energy transition. The Company manages this risk through its environmental policies and transition plans.

- Liability risk involves customers who may have contributed to climate change, failed to sufficiently protect their companies from the effects of climate change, or made inaccurate disclosures. The Company considers this both a prospective and retrospective risk; the latter in the form of reserve risk for its liability classes of business. The Company monitors and manages this risk through its day to day underwriting processes and guidelines.

In addition to risks associated with climate change, the Company faces other sustainability risks, such as those associated with diversity and inclusion or human rights. Sustainability risks are managed through adherence to the Company's corporate values and active engagement with stakeholders.

The existing Board-approved risk management framework sets forth the roles and responsibilities of those overseeing the implementation and monitoring of the risk management framework, which encompasses those risks facing the Company. As greater understanding of these risks develops, the Company's risk management framework continues to evolve to ensure effective management and oversight.

Additionally, the Company's ultimate parent, Sompo Holdings, has made sustainability and climate change key components of their Medium-Term Management Plan, which includes establishment of a Sustainability Management Office and a Chief Sustainability Officer, a Head of Sustainability at the Company's direct parent group, Sompo International, as well as the pursuit of several climate change related commitments. Most notably, the group has committed to becoming net zero in its underwriting and investment activities by 2050. To achieve these goals, the Company has been working to measure and reduce its carbon footprint associated with insurance and investment activities, engage its insurance customers and investees, and grow its portfolio of products designed to insure the transition. .

C.7 Other information

No material events since the reporting date to note, however we continue to monitor our financial resilience and adapt our risk management in order to manage any adverse impact to the Company from the current geopolitical and macroeconomic uncertainty. The Company and ultimate parent have considerable financial resources, undertake regular stress, scenario and reverse stress testing, and as such are well placed to manage market events

There is nothing further to report regarding the risk profile of the Company. The Company has not established any SPVs and holds no material off-balance sheet exposures.

D. Valuation for Solvency Purposes

The 'Valuation for solvency purposes' section of this report provides a description of the basis, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset / liability class under Solvency II.

D.1 Assets

D.1.1 Solvency II valuation and difference from UK GAAP valuation for each material class of asset

Amounts in USD'000				31 Dec 2023
	UK GAAP	**Re-classification**	**Valuation differences**	**Solvency II basis**
Deferred acquisition costs	216,283	—	(216,283)	—
Property, plant and equipment held for own use	4,610	—	9,352	13,962
Investments (other than assets held for index-linked and unit-linked contracts)	1,632,564	11,999	—	1,644,563
Reinsurance recoverables	1,662,329	(310,811)	(443,468)	908,050
Deposits to cedants	86,674	—	—	86,674
Insurance and intermediaries receivables	703,906	(643,565)	—	60,341
Reinsurance receivables	376,356	(56,690)	—	319,666
Receivables (trade, not insurance)	7,752	—	—	7,752
Cash and cash equivalents	68,044	—	—	68,044
Deferred tax assets	—	—	—	—
Any other assets, not elsewhere shown	17,824	(14,164)	—	3,660
Total assets	**4,776,342**	**(1,013,231)**	**(650,399)**	**3,112,712**

Amounts in USD'000				31 Dec 2022
	UK GAAP	**Re-classification**	**Valuation differences**	**Solvency II basis**
Deferred acquisition costs	147,146	—	(147,146)	—
Property, plant and equipment held for own use	2,955	—	11,587	14,542
Investments (other than assets held for index-linked and unit-linked contracts)	1,287,049	8,646	—	1,295,695
Reinsurance recoverables	1,310,515	(348,685)	(374,150)	587,680
Deposits to cedants	50,143	—	—	50,143
Insurance and intermediaries receivables	548,053	(534,497)	—	13,556
Reinsurance receivables	286,432	(116,617)	—	169,815
Receivables (trade, not insurance)	11,778	—	—	11,778
Cash and cash equivalents	69,145	—	—	69,145
Deferred tax assets	9,492	—	(7,368)	2,124
Any other assets, not elsewhere shown	14,123	(12,252)	—	1,871
Total assets	**3,736,831**	**(1,003,405)**	**(517,077)**	**2,216,349**

Unless otherwise stated, the Solvency II basis of valuation for all assets follows fair value measurement principles. There were no changes to the recognition and valuation bases over the period. Further details of the assets and explanations for material differences between Solvency II and financial statement valuation basis are set out below.

The Solvency II Balance Sheet is constructed on the basis of discounted cash flows to ultimate. The concept of unearned premium and deferred costs do not therefore exist and thus both the ceded unearned premium reserve and gross deferred acquisition costs are removed from the balance sheet.

Deferred acquisition costs ("DAC")

Deferred acquisition costs are reported as assets under UK GAAP but valued at nil under Solvency II. Cashflows relating to future acquisition costs are included in the calculation of technical provisions.

Property, plant and equipment held for own use

Property, plant and equipment is held at fair value under Solvency II. The UK GAAP depreciated historic cost value is materially equivalent with the Solvency II carrying value. Management believe that the nature of the property, plant and equipment (being predominantly office equipment and fixtures and fittings) means these assets are unlikely to appreciate in value, but rather deteriorate throughout use.

The Solvency II value includes property leases that have been capitalized in accordance with IFRS 16. The Company considers that the IFRS 16 value of the right-of-use asset and liability as remeasured at balance data is materially equivalent to the exchange value required by Solvency II. Under UK GAAP these leases are classified as operating leases and are not capitalized on the Balance Sheet.

Investments (other than assets held for index-linked and unit-linked contracts)

Under Solvency II, Investments are valued at fair value including accrued interest using the following valuation hierarchy as set out in Article 10 of the Delegated Regulation.

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities, per Article 10(2) of the Delegated Regulation.
- Level 2: Quoted prices for similar assets in markets that are active, quoted prices for identical or similar assets in markets that are not active or inputs that are observable either directly or indirectly, per Article 10(3) of the Delegated Regulation.
- Level 3: Unobservable inputs are used to measure fair value by use of valuation techniques, per Article 10(5) of the Delegated Regulation.

At 31 December 2023, all financial investments ($1,644.6m) were priced using Level 2 inputs, i.e. pricing service or index provider. The pricing services or index providers may use current market trades for securities with similar quality, maturity and coupon.

For UK GAAP, the Company also values investments at fair value, however the accrued interest is reported separately under other assets.

Derivatives

Since 2022, the Company uses forward foreign exchange derivatives in order to hedge its exposure to foreign currencies. The derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently stated at fair value through the profit and loss non-technical account, using valuation techniques for which all significant inputs are based on observable market data.

There are no differences between the Solvency II valuation and the UK GAAP valuation of derivative assets and liabilities.

Insurance and intermediaries receivables, and reinsurance receivables

Receivables include only items past due and recoveries in respect of paid claims. These are fair valued at an amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction, in accordance with Rule 2 of the Valuation Part of the PRA Rulebook for Solvency II firms (formerly Article 75 of Directive 2009/138/EC).

Receivables not yet due are reclassified and form part of the technical provisions calculation under Solvency II. For items past due and recoveries in respect of paid claims, the UK GAAP carrying value is equal to the Solvency II carrying value.

Cash and cash equivalents

Cash and cash equivalents are valued at fair value as reported to the Company by the relevant financial institution at the end of the period, per Article 10(2) of the Delegated Regulation.

There are no significant estimates or judgments used in valuing the cash holdings.

There are no differences between the Solvency II valuation and the UK GAAP valuation of deposits with cash and cash equivalents.

Deferred tax assets

Deferred tax is provided in full on all temporary differences arising between the Solvency II valuation and the tax bases of assets and liabilities. Deferred tax is calculated by tax jurisdiction such that applicable national tax rates are used for those calculations. Deferred tax assets and liabilities are netted off if the counterparty is the same tax authority and there is an ability to settle net. To the extent that there is a deferred tax asset, this will be recognised provided future taxable profits are considered sufficiently probable. This is subject to ongoing review to reflect future profit projections.

D.1.2 Changes to the recognition and valuation bases used, or on estimations during the reporting period

There have been no changes to the recognition, valuation or estimation methods used during the period.

D.2 Technical provisions

General insurance business technical provisions for solvency are calculated to reflect values based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure, with the addition of a risk margin.

General insurance business (non-life) technical provisions are comprised of the following components:

- Discounted best estimate of i) future cash-flows relating to incepted earned business (claims provisions) and ii) future cash flows relating to incepted unearned business (premium provisions) and unincepted business for which the (re)insurer is 'legally obliged' as at the valuation date.
- Discounted best estimate of loss and loss expense cash-flows relating to both earned and unearned business and both gross business and outwards reinsurance. This includes allowance for very low probability extreme events referred to as Events not in Data ("ENID") and for all expenses incurred in running-off the existing business (assuming a going-concern), including a share of the relevant overhead expenses.
- Risk margin calculated using a cost of capital approach. This approach requires the risk margin to be calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the current obligations over their lifetime.

D.2.1 Technical provisions analysed by each material line of business

Amounts in USD'000					**31 Dec 2023**
	Gross best estimate	**Risk margin**	**Gross total**	**Reinsurance**	**Net total**
Fire and other damage to property insurance	384,959	13,466	398,425	(151,233)	247,192
General liability insurance	667,586	24,623	692,209	(381,263)	310,946
Marine, aviation and transport insurance	177,610	8,158	185,768	(134,185)	51,583
Non-prop. marine, aviation and transport reinsurance	13,278	157	13,435	(8,141)	5,294
Non-proportional casualty reinsurance	324,623	16,705	341,328	(152,802)	188,526
Non-proportional property reinsurance	64,991	1,169	66,160	(52,741)	13,419
Other[1]	(18,711)	2,777	(15,934)	(27,685)	(43,619)
Total	**1,614,336**	**67,055**	**1,681,391**	**(908,050)**	**773,341**

[1] The negative Gross best estimate and reinsurance recoveries is due to the recognition of subrogation rights included within Credit and Suretyship line of business relating to Aircraft non-payment insurance claims.

Amounts in USD'000					**31 Dec 2022**
	Gross best estimate	**Risk margin**	**Gross total**	**Reinsurance**	**Net total**
Fire and other damage to property insurance	357,855	22,314	380,169	(136,104)	244,065
General liability insurance	524,006	32,595	556,601	(253,468)	303,133
Marine, aviation and transport insurance	63,622	10,027	73,649	(64,184)	9,465
Non-prop. marine, aviation and transport reinsurance	14,338	388	14,726	(7,424)	7,302
Non-proportional casualty reinsurance	227,094	22,312	249,406	(85,383)	164,023
Non-proportional property reinsurance	49,353	2,674	52,027	(20,325)	31,702
Other	(4,013)	3,479	(534)	(20,791)	(21,325)
Total	**1,232,255**	**93,789**	**1,326,044**	**(587,679)**	**738,365**

Description of bases, methods and main assumptions used

Best Estimate Liabilities

The projection of both Solvency II best estimate liabilities and UK GAAP booked reserves utilises paid and reported loss data, segmented into homogeneous risk groups. The main projection methods used include the loss development, Bornhuetter-Fergusson (which is a Bayesian estimation approach) and the Initial Expected Loss method. The selected ultimate loss may be based on one particular method, or a weighting between several methods and professional judgment. For some recent catastrophe events and specified large losses, incurred but not reported ("IBNR") will be based upon qualitative information and recommendations from the claims department and the business units.

Where applicable, reinsurance recoveries on the gross IBNR are estimated based on the Company's reinsurance program. The Company's reinsurance recoverables include amounts from both third party and intragroup reinsurance and proportional and non-proportional reinsurance arrangements.

Risk Margin

The risk margin is calculated using a 'cost-of-capital' approach. It is calculated as the present value of the cost of capital rate (a prescribed 4% from year end 2023, previously 6%) applied to all future SCRs required to support the transferred liabilities through to run-off, established on a going concern basis. The initial capital requirement with respect to initial balance sheet business (as at the model calibration date) is estimated using the Standard Formula model. This capital requirement is assumed to reduce over time in line with the square-root of the expected run-off of the claims component (including ENIDs) of the Solvency II technical provisions net of reinsurance.

Assumptions and Parameters

The key parameters and assumptions used in estimation of technical provisions are set by Reserving, Capital Modelling, Finance and Financial Planning and Analysis functions. These key assumptions and parameters include: initial expected loss ratios ("IELR"s), claims emergence and payment patterns, premium payment and receipt patterns, expenses (unallocated loss adjustment expenses, investment expenses, general & administrative expenses) that would be incurred in running off the existing business, ENID loadings, reinsurance counterparty default, and currency-specific yield curves (used for discounting) prescribed by the PRA. Where yield curves for a given currency are not available, US Dollars is used; instances where this is the case are deemed to be immaterial. ENID loadings are derived using the Company's Economic Capital Model ("ECM") and are selected based on consideration of truncated reserve risk and underwriting risk distributions. Additionally, contracts due to incept after the Solvency II technical provisions valuation date but bound before the valuation date are classified as legally obliged and included in the Solvency II technical provisions. The legally obliged unincepted premium at 31 December 2023 was derived using January 2024 plan premium.

Process development

The technical provisions calculation as at 31 December 2023 has been migrated to Microsoft SQL Server Management Studio from Microsoft Access, which was used at previous year ends. This has resulted in efficiencies such as improved run time for the calculation, increased data validation and greater granularity of reporting output. The new model has been tested against the Access output for all quarterly reporting periods from 31 December 2022 to 31 December 2023. There are no unexplained material differences in any case.

D.2.2 Uncertainty associated with the value of technical provisions

While the estimation of the technical provisions reflects all available information and data as at the valuation date, the ultimate settlement value of claims may deviate, in some cases materially, from the estimated amounts.

General uncertainty

Key areas of uncertainty include:

1. *Deviation of ultimate claim settlement cost from expectations*. The actual final cost of settling both claims outstanding as at 31 December 2023 and claims expected to arise from unexpired periods of risk is uncertain. There is a range of possible outcomes, and the eventual outcome will almost certainly differ from any particular estimate made. Technical provisions can only be estimates of future liabilities, and accordingly are subject to uncertainty.
2. *UK Motor*. The current Ogden discount is -0.25%, effective from August 2019, with the next review due by 2024 at the latest. In addition to changes in the Ogden discount rate, our UK Motor excess of loss reinsurance book is impacted by other factors including life expectancy for Periodic Payment Orders ("PPO") claimants, indexation of PPO payments, PPO propensity, and recent trend of ceding companies booking reserves earlier than historically observed.
3. *Rates, claims tend, terms and conditions and IELRs*. There is considerable uncertainty around the impact that the recent period of strong rate increases will have on IELRs, particularly in light of industry concerns around social inflation, recent increases in base inflation, materials and supply chain issues, and changes in policy terms and conditions. The significant reliance on IELRs in the estimation of the liabilities for earned exposure in the current year, and unearned and unincepted exposures included in the technical provisions further increases the uncertainty of these estimates.
4. *COVID-19*. Key uncertainties around the impact of COVID-19 include legal rulings on the effectiveness of disease exclusions in policy wordings, indirect effects on long-tail and Credit lines (including potential

recessionary impacts), quantum of reinsurance recovery receivables, effects on actuarial assumptions (including claim development profiles which may be impacted by court shutdowns, for example), and the impact of future lockdowns and disease waves.

5. Current accident year. For most classes, particularly long-tailed classes, the current accident year selected ultimate loss ratio is based on plan or pricing loss ratios, which adds an element of subjectivity and uncertainty to our ultimate loss selections. Early indications show more recent accident year loss ratios trending below historical experience, which provides some comfort around the robustness of the plan loss ratios on these more recent years.
6. *Professional Lines.* The book contains a significant amount of professional liability business, where ultimate results can be sensitive to adverse trends, such as a worsening legal climate regarding security class actions and litigation impacting financial institutions. The Professional Lines book can be exposed to specific and systemic risks such as cladding and opioids. The claims team analyses cladding exposure on a quarterly basis and shares the results of this analysis with the Reserving team. The claims team has assessed EWIL's exposure to opioids to be minimal. The ceded reinsurance program, including significant proportional protection and casualty clash cover, along with the experience and strong track record of the underwriting team, helps to somewhat mitigate the exposure for this book of business to systemic issues.
7. *Claim inflation.* Whilst claim inflation is implicitly allowed for in the selected development patterns, where historical data has been used, there is added uncertainty in more recent years where underlying trends may differ to historical experience. Pricing and Plan loss ratios also make an explicit allowance for claims inflation. Headline CPI inflation in recent periods has been significantly higher than the long-run average between 2011-19, which has increased the level of uncertainty in our reserve estimates. However, it should be noted that drivers of insurance claims costs vary by class and include other factors such as social inflation, wage inflation, medical/legal costs (all of which can be correlated with headline CPI to a greater or lesser degree). In response to this increased uncertainty, we have built a bespoke inflation reserve model to estimate the potential impact of elevated inflation on the reserves. The model applies inflation forecasts for key claims drivers to future calendar year reserve payments by year and major portfolio. The results of this model have been contemplated in EWIL’s year end 2023 reserves.
8. *Russia - Ukraine.* Several exposures, notifications, and losses from the Russia-Ukraine war have been identified on the crisis management, marine war, Financial & Political Risks ("F&PR"), and Aircraft Non-Payment Insurance ("ANPI") portfolios which are being closely monitored. Outside of these, most of our in-force exposures at the start of the war are now off-risk as of 31 December 2023. However, there remains a high level of uncertainty due to the ongoing nature of the conflict, availability of reliable information on individual exposures and assets, assignment of liability to coverages/policies, and the impact of sanctions.

D.2.3 Differences between Solvency II valuation and UK GAAP valuation of Technical Provisions analysed by each material line of business

Amounts in USD'000				31 Dec 2023
Gross	**UK GAAP (net of DAC)**	**Solvency II differences**	**Risk margin**	**Solvency II basis**
Fire and other damage to property insurance	593,016	(208,057)	13,466	398,425
General liability insurance	1,023,019	(355,433)	24,623	692,209
Marine, aviation and transport insurance	367,765	(190,155)	8,158	185,768
Non-prop. marine, aviation and transport reinsurance	19,986	(6,708)	157	13,435
Non-proportional casualty reinsurance	452,912	(128,289)	16,705	341,328
Non-proportional property reinsurance	106,290	(41,299)	1,169	66,160
Other[1]	197,076	(215,787)	2,777	(15,934)
Total	**2,760,064**	**(1,145,728)**	**67,055**	**1,681,391**

Amounts in USD'000				31 Dec 2023
Net	**UK GAAP (net of DAC)**	**Solvency II differences**	**Risk margin**	**Solvency II basis**
Fire and other damage to property insurance	236,263	(2,537)	13,466	247,192
General liability insurance	412,303	(125,980)	24,623	310,946
Marine, aviation and transport insurance	158,602	(115,177)	8,158	51,583
Non-prop. marine, aviation and transport reinsurance	11,113	(5,976)	157	5,294
Non-proportional casualty reinsurance	248,240	(76,419)	16,705	188,526
Non-proportional property reinsurance	36,684	(24,434)	1,169	13,419
Other	98,828	(145,224)	2,777	(43,619)
Total	**1,202,033**	**(495,747)**	**67,055**	**773,341**

Amounts in USD'000				31 Dec 2022
Gross	**UK GAAP (net of DAC)**	**Solvency II differences**	**Risk margin**	**Solvency II basis**
Fire and other damage to property insurance	615,740	(257,885)	22,314	380,169
General liability insurance	766,072	(242,066)	32,595	556,601
Marine, aviation and transport insurance	261,642	(198,020)	10,027	73,649
Non-prop. marine, aviation and transport reinsurance	13,146	1,192	388	14,726
Non-proportional casualty reinsurance	330,725	(103,631)	22,312	249,406
Non-proportional property reinsurance	72,470	(23,117)	2,674	52,027
Other	123,938	(127,951)	3,479	(534)
Total	**2,183,733**	**(951,478)**	**93,789**	**1,326,044**

[1] The negative Gross best estimate and reinsurance recoveries is due to the recognition of subrogation rights included within Credit and Suretyship line of business relating to Aircraft non-payment insurance claims.

Amounts in USD'000				31 Dec 2022
Net	**UK GAAP (net of DAC)**	**Solvency II differences**	**Risk margin**	**Solvency II basis**
Fire and other damage to property insurance	254,735	(32,984)	22,314	244,065
General liability insurance	332,892	(62,354)	32,595	303,133
Marine, aviation and transport insurance	113,441	(114,003)	10,027	9,465
Non-prop. marine, aviation and transport reinsurance	2,645	4,269	388	7,302
Non-proportional casualty reinsurance	184,983	(43,272)	22,312	164,023
Non-proportional property reinsurance	26,793	2,235	2,674	31,702
Other	52,809	(77,613)	3,479	(21,325)
Total	**968,298**	**(323,722)**	**93,789**	**738,365**

Net Solvency II technical provisions at 31 December 2023 are 64.3% (2022: 76.3%) of net UK GAAP provisions. The differences between GAAP and Solvency II basis technical provisions are discussed further below. The items driving a reduction in the 31 December 2023 technical provisions, from GAAP basis to Solvency II basis, are the profit from Unearned Premium Reserve, profit from unincepted business and discounting benefit, which reduce the GAAP technical provisions by (28.2)%, (1.8)% and (8.8)% respectively. This is offset by items driving an increase in the 31 December 2023 technical provisions. These items are incepted future premiums (net of acquisition costs), expenses, ENIDs and risk margin, which increase the GAAP technical provisions by (8.6)%, 6.6%, 1.1% and 5.6%, respectively.

UK GAAP to Solvency II Technical Provisions Differences

The methods and assumptions used in the valuation of technical provisions under Solvency II are broadly consistent with the methods and assumptions used under UK GAAP. The transition from UK GAAP to Solvency II technical provisions consists of the following differences:

- *Removal of margin*. The Solvency II technical provisions are intended to reflect a best estimate and as such any margin of prudence in the UK GAAP technical provisions must be removed. Margin by class of business and accident year is determined by a separate actuarial analysis and deducted from the booked gross and net IBNR.
- *Reinsurance bad debt*. An allowance for counterparty default, as it relates to outwards reinsurance recoveries.
- *Profit from Unearned Premium Reserve (net of DAC)*. The Solvency II balance sheet is based on discounted cash flows to ultimate; the concept of UPR / accrual accounting does not exist. Under Solvency II, the UPR (net of DAC) is eliminated and it's replaced by the expected profit on the unearned premium.
- *Profit from Unincepted*. This adjustment reflects the expected profit on unincepted / legally obliged business included in the Solvency II technical provisions.
- *Incepted future premiums*. Future premiums due to/from incepted business which includes the cost of future reinsurance purchased for in-force gross business.
- *ENID Loadings*. An allowance for low probability extreme events not included under UK GAAP.
- *Additional Expenses*. Future expenses related to the run-off of the technical provisions as of the valuation date. The expenses include ULAE, investment and general & administrative expenses.
- *Discounting*. The Solvency II technical provisions are produced on a discounted cash flow basis. This amount reflects the benefit of discounting the Solvency II technical provisions.

- *Risk Margin*. An allowance for the amount insurance and reinsurance undertakings would be expected to require in order to take over and meet the insurance and reinsurance obligations.

Value of Technical Provisions for each material line of business

General Liability, Fire and Other Damage and Non-proportional Casualty business represent over 96% of the Company's net technical provisions. The main methods and assumptions applied in the calculation of the technical provisions for these segments are described in Section D.2 above. All assumptions are applied in a consistent manner for each line of business although the underlying values may differ by line (e.g. there is a higher discount benefit in General Liability compared to Fire and Other Damage as claims in General Liability take longer to settle and the timing of future premium cashflows).

D.2.4 Recoverables from reinsurance contracts and Special Purpose Vehicles ("SPV"s)

The Company values reinsurance recoverables using standard actuarial methods.

Future premium cash flows for incepted outwards reinsurance policies are taken directly from the GAAP balance sheet. Future premium cash flows for unincepted outwards reinsurance policies are estimated using business planning information.

Future outwards reinsurance claims cash flows in respect of earned inwards policies are estimated as part of the Company's reserving process. The approach used will vary for the type of reinsurance contract (quota share, excess of loss, stop loss) and will include consideration of net:gross ratios and reinsurance loss ratios, as well as more mechanical approaches (e.g. for quota share).

Future outwards reinsurance claims cash flows in respect of unearned and unincepted inwards policies are calculated using recovery rates parameterised from business planning and other sources.

A description of the Company's intragroup outward reinsurance programs is included in Section B of this report. The Company's third party reinsurance programs are listed below.

- Whole account quota share for insurance business
- Various other quota share reinsurance contracts covering insurance and reinsurance lines
- Various facultative reinsurance contacts on an individual policy basis
- Various excess of loss reinsurance programs for a number of insurance and reinsurance classes

The Company does not have any third party reinsurance protection from SPVs.

D.2.5 Material changes in valuation methodology since prior reporting period

The EWIL Risk Margin calculation was updated at year end 2023 to use a 4% (previously 6%) cost of capital assumption to be in line with updated PRA guidance. There are no material changes to assumptions other than routine review of IELRs, development profiles and G&A expenses.

D.2.6 Confirmations

The Company has not requested, and does not have in place, approvals to use the matching adjustment, volatility adjustment, risk-free interest rate-term structure or the deduction on technical provisions. Therefore no adjustments have been made relating to these measures.

D.3 Other liabilities

D.3.1 Solvency II valuation and difference UK GAAP valuation for each material class of liabilities

Amounts in USD'000				**31 Dec 2023**
	UK GAAP	**Re-classification**	**Valuation differences**	**Solvency II basis**
Technical provisions	2,976,347	(661,062)	(633,894)	1,681,391
Deferred tax liabilities	1,208	—	19,932	21,140
Insurance and intermediaries payables	25,165	—	—	25,165
Reinsurance payables	856,646	(352,169)	—	504,477
Payables (trade, not insurance)	47,894	—	9,831	57,725
Derivative liabilities	—	—	—	—
Any other liabilities, not elsewhere shown	116,337	—	(106,464)	9,873
Total liabilities	**4,023,597**	**(1,013,231)**	**(710,595)**	**2,299,771**

Amounts in USD'000				**31 Dec 2022**
	UK GAAP	**Re-classification**	**Valuation differences**	**Solvency II basis**
Technical provisions	2,330,879	(551,003)	(453,832)	1,326,044
Deferred tax liabilities	—	—	—	—
Insurance and intermediaries payables	3,136	—	—	3,136
Reinsurance payables	647,351	(452,402)	—	194,949
Payables (trade, not insurance)	25,947	—	11,456	37,403
Derivative liabilities	3	—	—	3
Any other liabilities, not elsewhere shown	99,965	—	(98,687)	1,278
Total liabilities	**3,107,281**	**(1,003,405)**	**(541,063)**	**1,562,813**

Liabilities other than technical provisions are valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction, in accordance with Rule 2 of the Valuation Part of the PRA Rulebook for Solvency II firms (previously, Article 75 of Directive 2009/138/EC); no adjustment is made to take account of the own credit standing of the Company. There are no significant estimates or judgments used in valuing other liabilities.

Deferred tax liabilities

Deferred tax is provided in full on all temporary differences arising between the Solvency II valuation and the tax bases of assets and liabilities. The deferred tax balances in the Solvency II balance sheet differ from those already recognised in the UK GAAP balance sheet as a result of valuation differences between the UK GAAP and Solvency II balance sheet and consequential impact on recognition of deferred tax. The largest impact arises from the revaluation of technical provisions.

Insurance and intermediaries payables, reinsurance payables, and payables (trade, not insurance)

Payables represents amounts past due to (re)insurers and intermediaries under current (re)insurance contracts, and other general payables. The amounts payable include premiums, underwriting expenses, fees, taxes and profit commissions.

Aside from reclassifications, there are no differences between the Solvency II valuation and the UK GAAP valuation of payables.

Payables (trade, not insurance)

The Solvency II value of payables (trade, not insurance) includes property leases that have been capitalized in accordance with IFRS 16. Under UK GAAP these leases are classified as operating leases and are not capitalized on the Balance Sheet.

Any other liabilities, not elsewhere shown

Included within any other liabilities is an amount relating to deferred RI commission, which is valued at nil under Solvency II akin to DAC.

D.3.2 Changes to the recognition and valuation bases used, or on estimations during the reporting period

There have been no changes to the recognition, valuation or estimation methods used during the period.

D.4 Alternative methods for valuation

There are no alternative methods of valuation used by the Company to value assets or liabilities.

D.5 Any other information

The Company has letters of credit issued by various banks totaling $176.2m (2022: $159.0m) in favour of certain ceding companies in support of claims reserves in accordance with contractual and statutory obligations, these are covered by a credit facility with Mizuho which is uncollateralised.

The Company is in receipt of a letter of credit in respect of a 100% quota share cover for adverse development with a third party reinsurer effective from 1 July 2011. At 31 December 2023 the amount due from the reinsurer in this category is $2.2m (2022: $3.6m), which is collateralised by an irrevocable letter of credit from an “A-” rated credit institution.

Except for the letters of credit noted above there is nothing further to report regarding information on the valuation of the Company’s assets and liabilities for solvency purposes.

E. Capital Management

E.1 Own funds

Objectives when managing capital are:

- to comply with the capital adequacy requirements of the Solvency II regime as implemented in the UK and meet the expectations of the PRA as to operating levels of own funds.
- to safeguard the Company's ability to continue as a going concern so that it can maintain policyholder protection;
- to identify, quantify, monitor and control the risk profile with respect to the defined risk appetite and target level of capital;
- to obtain and retain the ratings necessary to trade with its preferred policyholder base; and
- to deploy capital on opportunities to underwrite business profitably.

Own funds are monitored quarterly by the Company’s Risk & Compliance Committee against the latest capital requirements, as well as modelled over the Company’s three-year business planning horizon. In addition, own funds are governed through the Company's Capital Management policy which stipulates the considerations required before any dividends can be proposed.

E.1.1 Own funds classified by tiers

Amounts in USD’000	31 Dec 2023	31 Dec 2022	Movement
Tier 1	812,940	651,413	161,527
Tier 2	—	—	—
Tier 3	—	2,124	(2,124)
Total own funds	**812,940**	**653,537**	**159,403**

Tier 1 own funds consists of ordinary share capital and share premium account relating to ordinary share capital of \$346.3m and \$311.9m respectively (2022: \$346.3m and \$311.9m) and a reconciliation reserve of \$154.7m (2022: (\$6.8)m). These basic own fund items are immediately available to absorb losses and have no duration restrictions. The reconciliation reserve consists of excess of assets over liabilities, after the deduction of basic own funds items.

At 31 December 2023, there were no deferred tax assets recognised on the Solvency II Balance sheet and therefore no Tier 3 own funds are recognised.

All Tier 1 own funds are eligible to cover the Minimum Capital Requirement and all own funds are eligible to cover the Solvency Capital Requirement.

The Company has no basic own-fund items that are subject to Rules 4.1 and 4.2 of the Transitional Measures Part of the PRA Rulebook for Solvency II firms, formerly the transitional arrangements referred to in Article 308b(9) and (10) of Directive 2009/138/EC.

E.1.2 Difference between equity as shown in the financial statements and the Solvency II value excess of assets over liabilities

Amounts in USD'000	31 Dec 2023	31 Dec 2022	Movement
Net assets under UK GAAP	752,745	629,550	123,195
Valuation differences on technical provisions under Solvency II	80,607	31,223	49,384
Valuation differences on lease assets	(479)	132	(611)
Valuation difference on deferred tax asset	(19,932)	(7,368)	(12,564)
Excess of assets over liabilities under Solvency II	**812,941**	**653,537**	**159,404**

Valuation differences on technical provisions under Solvency II includes:

- the impact of the revaluation of the UK GAAP premium receivables, UPR, loss and loss expense provisions and related items to reflect values based on best-estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure; and
- General Business Risk margins: revaluations under the cost of capital (4% as at 31 December 2023, previously 6%) approach for the impact of the uncertainty associated with the probability-weighted cash flows or the compensation the Company needs in order to bear the risk of holding additional funds to meet cash flows.

The deferred tax asset valuation difference between UK GAAP and Solvency II is due to the tax impact of the risk margin and technical provision differences. The net Solvency II deferred tax asset was nil for 2023 (2022 $2.1m). This deferred tax asset can be recognised in full against the forecast future profits of the Company and all timing differences are expected to reverse within a one-year time horizon. The business undertakes a formal business planning process each year with approval from the Board and the latest approved plan shows strong future profits for the company. As a result of the robust governance around the planning process, the outputs are appropriate for deferred tax recognition purposes.

E.2 Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR")

The Company applies the Standard Formula, without modification for undertaking specific parameters. The Company has used the simplification described in article 111 of the Delegated Regulation in the calculation of the risk mitigating effect for Counterparty default risk as the most pragmatic approach given general data availability. The SCR is subject to supervisory assessment by the PRA.

Amounts in USD'000	31 Dec 2023	31 Dec 2022	Movement
Non-life underwriting risk	254,572	250,775	3,797
Health underwriting risk	15,105	6,032	9,073
Market risk	167,778	135,823	31,955
Counterparty default risk	54,260	47,792	6,468
Operational risk	48,430	39,858	8,572
Total diversification benefit	(120,870)	(99,142)	(21,728)
Loss absorbing capacity of deferred taxes	—	—	—
Solvency Capital Requirement	**419,275**	**381,138**	**38,137**
Minimum Capital Requirement	**143,613**	**132,566**	**11,047**

The MCR is calculated in accordance with chapter VII of Title I of the Delegated Regulation. The final amount is derived from a formula consisting of:

- a linear calculation that uses the Company's net written premiums and best estimate technical provisions as data inputs;
- the linear calculation's relation to the Solvency Capital Requirement; and
- an absolute floor as described in Rule 3.2 of the Minimum Capital Requirement Part of the PRA Rulebook for Solvency II Firms, formerly Article 129(1)(d) of Directive 2009/138/EC and in Article 253 of the Delegated Regulation.

For year end 2023 following the calculations specified in the Delegated Regulation, the calculation of the Company's linear MCR is more than 0.25 times the Solvency Capital Requirement but less than cap which is 0.45 times the SCR and so the MCR is equal to the linearly calculated MCR based on net written premiums and best estimate technical provisions.

The SCR has prudently not been adjusted for the loss absorbing capacity of deferred taxes due to uncertainty on how any shock loss would impact the current business plan which does not allow us to produce reliable post shock future profit forecasts.

E.2.1 Material changes to the SCR and to the MCR over the reporting period, and the reasons for any such change

The SCR has increased by approximately 10.0% while the MCR has seen a similar increase of 8.0% during the reporting period. These increased capital requirements are predominately driven by the Market risk module as result of an increase in the mark to market value of the investment portfolio followed by an increase in underwriting risk modules driven by a increase in business volumes and technical reserves.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

Not applicable.

E.4 Differences between the Standard Formula and any internal model used

Not applicable.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

The Company has complied continuously with both the MCR and SCR throughout the reporting period.

E.6 Any other information

There is nothing further to report regarding information on capital management.

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

Financial year ended 31 December 2023

The Directors are responsible for preparing the Solvency and Financial Condition Report in accordance with applicable law and regulations. The Reporting Part of the PRA Rulebook for Solvency II firms requires the Company to have in place a policy of ensuring the ongoing appropriateness of any information disclosed and to ensure that its SFCR is approved by the Directors.

We certify that:

1. the Solvency and Financial Condition Report ("SFCR") has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and

2. we are satisfied that:
   a. throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the insurer; and
   b. it is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued so to comply, and will continue so to comply to 31 December 2024.

A Golding
Director and Chief Financial Officer
4 April 2024

Report of the independent external auditor to the Directors of Endurance Worldwide Insurance Limited ('the Company') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

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

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2023:

a. The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2023, ('the Narrative Disclosures subject to audit'); and
b. Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21 and S28.01.01 ('the Templates subject to audit').

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

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

a. The 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
b. Company templates S05.01.02, S05.02.01 and S19.01.21; and
c. the written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('the Responsibility Statement').

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

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including 'ISA (UK) 800 *(Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks'* and 'ISA (UK) 805 *(Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement'*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

a. We confirmed our understanding of the Directors' going concern assessment process;
b. We obtained and evaluated the Directors' going concern assessment which covers a period of twelve months from when the financial statements are authorised for issue. This included management's forecast of its financial solvency and liquidity, including stress scenarios;
c. We considered the financial strength of a related company, Endurance Specialty Insurance Limited, in consideration of the ability of that related company to meet its obligations under reinsurance arrangements with Endurance Worldwide Insurance Limited.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the statutory financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Emphasis of matter – basis of accounting and restriction on use

We draw attention to the 'Valuation for solvency purposes', 'Capital Management' and other relevant disclosures sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency II firms. Our work has been undertaken so that we might report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

Other information

The Directors are responsible for the Other Information contained within the Solvency and Financial Condition Report.

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

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the relevant elements of the Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Solvency and Financial Condition Report

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

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

In preparing the Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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

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

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

a. We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are PRA Rules and the Solvency II regulations, and the Companies Act 2006.
b. We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and UK regulatory bodies; reviewed minutes of the Board and Audit Committee; and gained an understanding of the Company's approach to governance, compliance and internal control.

c. We assessed the susceptibility of the Company's Solvency and Financial Condition Report to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified, or that otherwise seek to prevent, deter, or detect fraud. We also considered areas of significant judgement, and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address identified fraud risk.
Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with the FCA and PRA.

a. The Company operates in the insurance industry which is a highly regulated environment. As such the Audit Engagement Partner has considered the experience and expertise of the engagement team to ensure that the team had appropriate competence and capabilities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities**.** This description forms part of our auditor's Report on the Solvency and Financial Condition Report.

Report on Other Legal and Regulatory Requirements

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

DocuSigned by:
Ernst & Young LLP
874BCD66436A452...

Ernst & Young LLP
London
4 April 2024

Notes:
1. The maintenance and integrity of the Sompo International web site, where Endurance Worldwide Insurance Limited's Solvency and Financial Condition Report is uploaded, is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Solvency and Financial Condition Report since it was approved.

Appendix 1 – Quantitative reporting templates

The templates are provided as an appendix to this document. The Company is required to disclose the following templates as set out in the Commission Implementing Regulation (EU) 2015/2452 of 2 December 2015 laying down implementing technical standards, currently retained as UK regulation, with regard to the procedures, formats and templates of the solvency and financial condition report in accordance with Directive 2009/138/EC of the European Parliament and of the Council.

Template code	Template name
S.02.01.02	Balance sheet
S.05.01.02	Premiums, claims and expenses
S.05.02.01	Premiums, claims and expenses by country
S.17.01.02	Non-life technical provisions
S.19.01.21	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement – for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	13,962
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,644,563
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	1,611,351
R0140	*Government Bonds*	310,789
R0150	*Corporate Bonds*	734,893
R0160	*Structured notes*	0
R0170	*Collateralised securities*	565,668
R0180	*Collective Investments Undertakings*	30,436
R0190	*Derivatives*	2,776
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	908,050
R0280	*Non-life and health similar to non-life*	908,050
R0290	*Non-life excluding health*	895,758
R0300	*Health similar to non-life*	12,292
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	
R0330	*Life excluding health and index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	86,674
R0360	Insurance and intermediaries receivables	60,341
R0370	Reinsurance receivables	319,666
R0380	Receivables (trade, not insurance)	7,752
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	68,044
R0420	Any other assets, not elsewhere shown	3,660
R0500	**Total assets**	3,112,712

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Balance sheet

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,681,391
R0520	*Technical provisions - non-life (excluding health)*	1,663,056
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,598,254
R0550	*Risk margin*	64,802
R0560	*Technical provisions - health (similar to non-life)*	18,335
R0570	*TP calculated as a whole*	0
R0580	*Best Estimate*	16,082
R0590	*Risk margin*	2,253
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	*Technical provisions - health (similar to life)*	0
R0620	*TP calculated as a whole*	
R0630	*Best Estimate*	
R0640	*Risk margin*	
R0650	*Technical provisions - life (excluding health and index-linked and unit-linked)*	0
R0660	*TP calculated as a whole*	
R0670	*Best Estimate*	
R0680	*Risk margin*	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	*TP calculated as a whole*	
R0710	*Best Estimate*	
R0720	*Risk margin*	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	21,140
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	25,165
R0830	Reinsurance payables	504,477
R0840	Payables (trade, not insurance)	57,725
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	9,873
R0900	**Total liabilities**	2,299,771
R1000	**Excess of assets over liabilities**	812,940

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Premiums, claims and expenses by line of business

Non-life

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Misc. financial loss	Health	Casualty	Marine, aviation and transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
	Premiums written																	
R0110	Gross - Direct Business	1,222	1,076	0	0		96,706	269,339	320,213	36,971								725,528
R0120	Gross - Proportional reinsurance accepted	0	98,257	0	0		111,554	254,441	176,614	39,166								680,033
R0130	Gross - Non-proportional reinsurance accepted													2,841	137,939	18,671	11,759	171,211
R0140	Reinsurers' share	867	8,491	0	0		151,020	375,533	350,430	55,967				799	79,747	14,257	9,993	1,047,104
R0200	Net	354	90,843	0	0		57,240	148,248	146,396	20,171				2,042	58,193	4,414	1,766	529,667
	Premiums earned																	
R0210	Gross - Direct Business	1,828	4,312	0	0		86,532	270,847	308,484	19,977								691,980
R0220	Gross - Proportional reinsurance accepted	0	11,467	0	0		122,877	247,978	152,403	40,860								575,585
R0230	Gross - Non-proportional reinsurance accepted													1,652	126,983	14,689	11,531	154,854
R0240	Reinsurers' share	1,054	9,162	0	0		147,816	380,215	321,770	47,625				950	78,903	12,141	9,845	1,009,480
R0300	Net	774	6,618	0	0		61,593	138,610	139,117	13,212				703	48,080	2,547	1,686	412,939
	Claims incurred																	
R0310	Gross - Direct Business	2,290	8,163	0	0		57,073	134,968	239,374	4,795								446,663
R0320	Gross - Proportional reinsurance accepted	0	15,582	0	0		119,679	102,150	92,869	14,186								344,467
R0330	Gross - Non-proportional reinsurance accepted													1,050	83,612	4,659	9,459	98,781
R0340	Reinsurers' share	1,413	14,686	0	0		131,980	171,736	226,758	12,220				646	50,201	3,421	8,128	621,189
R0400	Net	877	9,059	0	0		44,772	65,381	105,486	6,761				404	33,411	1,238	1,331	268,722
	Changes in other technical provisions																	
R0410	Gross - Direct Business	0	0	0	0		0	0	0	0								0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0		0	0	0	0								0
R0430	Gross - Non-proportional reinsurance accepted													0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0		0	0	0	0				0	0	0	0	0
R0500	Net	0	0	0	0		0	0	0	0				0	0	0	0	0
R0550	**Expenses incurred**	446	4,603	0	0		15,795	28,832	29,456	6,181				349	7,242	531	-163	93,272
R1200	**Other expenses**																	
R1300	**Total expenses**																	93,272

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Premiums, claims and expenses by country

Non-life

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			US	AU	CA	BR	CH	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	450,702	240,502	6,030	8,506	311	0	706,051
R0120	Gross - Proportional reinsurance accepted	61,534	198,260	128,604	34,559	31,623	15,650	470,230
R0130	Gross - Non-proportional reinsurance accepted	95,798	24,016	7,139	222	4,197	13,481	144,854
R0140	Reinsurers' share	409,243	336,086	39,091	27,119	29,006	21,195	861,740
R0200	Net	198,791	126,693	102,683	16,167	7,124	7,937	459,395
	Premiums earned							
R0210	Gross - Direct Business	425,947	234,880	6,312	6,349	710	108	674,306
R0220	Gross - Proportional reinsurance accepted	62,187	193,143	39,702	31,360	29,567	13,743	369,702
R0230	Gross - Non-proportional reinsurance accepted	82,107	23,990	6,647	224	3,524	12,433	128,925
R0240	Reinsurers' share	384,517	330,786	36,217	25,307	28,379	20,240	825,447
R0300	Net	185,725	121,226	16,444	12,626	5,421	6,044	347,486
	Claims incurred							
R0310	Gross - Direct Business	328,306	99,652	3,800	1,660	286	39	433,744
R0320	Gross - Proportional reinsurance accepted	31,043	115,775	26,008	10,466	4,486	4,065	191,842
R0330	Gross - Non-proportional reinsurance accepted	55,218	12,790	4,476	127	182	16,441	89,234
R0340	Reinsurers' share	272,563	163,698	23,204	8,055	3,086	16,509	487,114
R0400	Net	142,005	64,519	11,080	4,197	1,867	4,038	227,706
	Changes in other technical provisions							
R0410	Gross - Direct Business							0
R0420	Gross - Proportional reinsurance accepted							0
R0430	Gross - Non-proportional reinsurance accepted							0
R0440	Reinsurers' share							0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	39,576	21,025	3,374	2,873	1,160	1,978	69,987
R1200	**Other expenses**							
R1300	**Total expenses**							69,987

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Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0		0	0	0	0				0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																	0
	Technical provisions calculated as a sum of BE and RM																	
	Best estimate																	
	Premium provisions																	
R0060	Gross	-100	-627	-219	0		-23,552	-6,588	34,122	-12,517				-2,659	6,913	-2,785	7,022	-990
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-12	1,937	-302	0		-16,651	-42,229	-21,126	18,327				-3,035	507	-1,155	17,498	-46,241
R0150	**Net Best Estimate of Premium Provisions**	-88	-2,564	84	0		-6,901	35,641	55,248	-30,844				376	6,406	-1,630	-10,476	45,251
	Claims provisions																	
R0160	Gross	378	16,942	231	0		201,162	391,547	633,465	-22,276				2,136	317,710	16,063	57,969	1,615,326
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	348	11,837	150	0		150,836	193,462	402,389	-2,934				1,368	152,295	9,296	35,243	954,291
R0250	**Net Best Estimate of Claims Provisions**	30	5,105	81	0		50,326	198,085	231,075	-19,342				768	165,415	6,767	22,727	661,035
R0260	**Total best estimate - gross**	278	16,315	12	0		177,610	384,959	667,586	-34,792				-523	324,623	13,278	64,991	1,614,336
R0270	**Total best estimate - net**	-58	2,541	164	0		43,425	233,726	286,323	-50,185				1,143	171,821	5,136	12,250	706,286
R0280	**Risk margin**	34	2,085	29	0		8,158	13,466	24,623	525				104	16,705	157	1,169	67,055
	Amount of the transitional on Technical Provisions																	
R0290	Technical Provisions calculated as a whole																	0
R0300	Best estimate																	0
R0310	Risk margin																	0
R0320	**Technical provisions - total**	312	18,400	41	0		185,767	398,426	692,210	-34,268				-419	341,327	13,434	66,160	1,681,391
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	336	13,774	-152	0		134,185	151,233	381,263	15,393				-1,667	152,802	8,141	52,741	908,050
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	-24	4,626	193	0		51,583	247,192	310,947	-49,661				1,248	188,525	5,293	13,419	773,341

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Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	346,320	346,320		0	
R0030	Share premium account related to ordinary share capital	311,920	311,920		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	154,700	154,700			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
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**	0				
R0230	**Deductions for participations in financial and credit institutions**	0				
R0290	**Total basic own funds after deductions**	812,940	812,940	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	812,940	812,940	0	0	0
R0510	Total available own funds to meet the MCR	812,940	812,940	0	0	
R0540	Total eligible own funds to meet the SCR	812,940	812,940	0	0	0
R0550	Total eligible own funds to meet the MCR	812,940	812,940	0	0	
R0580	**SCR**	419,275				
R0600	**MCR**	143,613				
R0620	**Ratio of Eligible own funds to SCR**	193.89%				
R0640	**Ratio of Eligible own funds to MCR**	566.06%				
	Reconciliation reserve	C0060				
R0700	Excess of assets over liabilities	812,940				
R0710	Own shares (held directly and indirectly)	0				
R0720	Foreseeable dividends, distributions and charges					
R0730	Other basic own fund items	658,240				
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0				
R0760	**Reconciliation reserve**	154,700				
	Expected profits					
R0770	Expected profits included in future premiums (EPIFP) - Life business					
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	342,182				
R0790	**Total Expected profits included in future premiums (EPIFP)**	342,182				

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Solvency Capital Requirement - for undertakings on Standard Formula

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	167,778		
R0020	Counterparty default risk	54,260		
R0030	Life underwriting risk	0		
R0040	Health underwriting risk	15,105		
R0050	Non-life underwriting risk	254,572		
R0060	Diversification	-120,870		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	370,845		

USP Key

For life underwriting risk:
1 - Increase in the amount of annuity benefits
9 - None

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

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

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	48,430
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	419,275
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	419,275
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Not applicable

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	0
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

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

Linear formula component for non-life insurance and reinsurance obligations

		C0010
R0010	MCR_{NL} Result	143,613

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	1,142
R0030	Income protection insurance and proportional reinsurance	2,541	9,029
R0040	Workers' compensation insurance and proportional reinsurance	164	13
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	43,425	60,895
R0080	Fire and other damage to property insurance and proportional reinsurance	233,726	143,334
R0090	General liability insurance and proportional reinsurance	286,323	152,212
R0100	Credit and suretyship insurance and proportional reinsurance	0	16,687
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	0	0
R0140	Non-proportional health reinsurance	1,143	606
R0150	Non-proportional casualty reinsurance	171,821	58,386
R0160	Non-proportional marine, aviation and transport reinsurance	5,136	3,155
R0170	Non-proportional property reinsurance	12,250	747

Linear formula component for life insurance and reinsurance obligations

		C0040
R0200	MCR_L Result	0

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

Overall MCR calculation

		C0070
R0300	Linear MCR	143,613
R0310	SCR	419,275
R0320	MCR cap	188,674
R0330	MCR floor	104,819
R0340	Combined MCR	143,613
R0350	Absolute floor of the MCR	4,248
R0400	**Minimum Capital Requirement**	143,613