

Solvency and Financial Condition Report 2025
Fairmead Insurance Limited

Summary

This is the Solvency and Financial Condition Report ("SFCR") for Fairmead Insurance Limited ("the Company"). Publication of an SFCR is a mandatory requirement of Solvency II as it applies in the UK (defined in this report as "Solvency UK" or "SUK").

The Company is, via intermediate companies, a wholly owned subsidiary of Allianz Holdings plc ("AzH") which is itself owned by Allianz (UK) Limited ("AZ(UK)"). AZ(UK) and its subsidiaries are collectively referred to in this document as "Allianz UK". The Company's ultimate shareholder is Allianz Societas Europaea ("Allianz SE"), which is headquartered in Germany.

The SFCR is made up of five key sections that together give a comprehensive view of the Company's business strategy and performance, its system of governance for the sound and prudent management of the business ("System of Governance"), its risk profile, its current valuation for Solvency UK purposes, and its capital management approach and current capital position.

Section A looks at the business and performance of the Company during 2025. It starts with a section describing the legal structure of the Company before covering the two main sources of the Company's result – the underwriting of insurance and the return on the investment portfolio. The Company reported a loss before tax for the 15 month period of £2,325k (2024: £9,475k). The Company had a Whole Account Quota Share ("WAQS") reinsurance arrangement of 50% impacting the net results, the Company also had a Loss Portfolio Transfer ("LPT") arrangement of 50% impacting the net results.

Section B looks at the System of Governance. This section describes the ways in which the Company ensures that its business runs effectively and in compliance with the regulations of Solvency UK.

The Company's Board of Directors ("the Board") has overall oversight of the business, while day-to-day running is conducted by management. The actions of management take place within the confines of the System of Governance. Further details regarding the Board and its committees are provided in section B.1.

The Company operates a "Three Lines of Defence" model to risk management. The Enterprise Risk Management Framework is embedded in the operations of the Company and is managed by the Chief Risk Officer ("CRO").

The Own Risk and Solvency Assessment ("ORSA") process forms a substantial part of the Company's Enterprise Risk Management Framework. Produced at least annually, the ORSA report is provided to the Board to inform it of all risks facing the Company and outlines how these are assessed and managed. The ORSA process is overseen by the Board Risk Committee.

Finally, the section reviews how the Company relies on other companies to undertake some activities on its behalf. In section B.7, the Company has outlined the most material outsourced activities.

Section C reviews the risks which the Company faces. These include:

- Underwriting Risk;
- Market Risk;
- Credit Risk;
- Liquidity Risk; and
- Operational Risk.

Each type of risk is covered in turn. The risk itself and the methods for understanding, managing and mitigating that risk are described, and any major concentration of that risk type is identified.

This section confirms that each risk type to which the Company is exposed to is appropriately understood, managed and mitigated.

Section D looks at the Balance Sheet of the Company. The Balance Sheet is the main mechanism by which the solvency of the Company, the amount of capital it has available to protect it and its policyholders against a shock, is assessed. This section describes the methods used to value the items on that Balance Sheet in accordance with Solvency UK and explains any significant valuation differences to the valuation applied in the preparation of the Annual Report and Financial Statements.

In section D.2, Technical Provisions are considered. Technical Provisions represent the current amount required to transfer insurance obligations immediately to another insurance entity. They include the funds the Company has put aside specifically to pay future claims. Section D.2 examines in detail the separate elements that make up the Technical Provisions and explains the actuarial methods and assumptions used.

Summary

Section E refers to the capital available within the Company for the purpose of absorbing shocks. The amount of Own Funds required by Solvency UK is defined by the Minimum Capital Requirement ("MCR") and the Solvency Capital Requirement ("SCR"). The MCR is the level of Own Funds below which the Company may no longer legally continue to trade, while the SCR is the minimum level treated as acceptable in normal circumstances by the Solvency UK regime.

The Company uses the standard formula approach as prescribed by Solvency UK to determine its capital requirements. Further details on the approach used is outlined in section E.4.

As at 31 December 2025, the MCR was £3,500k and is covered by £14,061k of eligible Own Funds (tier 1 only). As at 31 December 2025 the SCR was £1,940k and is covered by £14,353k of eligible Own Funds (£14,061k tier 1 and £292k tier 3). The Solvency Coverage Ratio (that is, the percentage coverage of the SCR by Own Funds) is 740%. The Company has fully complied with the SCR throughout the period.

Further information about the quality of the Own Funds and the makeup of the SCR is provided in sections E.1 and E.2.

Finally, the following Insurance Reporting Templates ("IRTs") have been disclosed as an appendix to the SFCR;

- IR.02.01.02 Balance Sheet;
- IR.05.02.01 Premiums, claims and expenses by country;
- IR.05.04.02 Non-Life income, expenditure and business model analysis;
- IR.12.01.02 Life Technical Provisions;
- IR.17.01.02 Non-life Technical Provisions;
- IR.19.01.21 Non-life claim development;
- IR.23.01.01 Own Funds;
- IR.25.04.21 Solvency Capital Requirement; and
- IR.28.01.01 Minimum Capital Requirement – Only life or only non-life activity.

A. Business and Performance

A.1 Business

Name and legal form of undertaking

The Company is incorporated in England and Wales and domiciled in the United Kingdom ("UK"), limited by shares, under company number 00423930.

Registered office: 57 Ladymead, Guildford, Surrey, GU1 1DB

Name and contact details of the supervisory authority responsible for financial supervision

The Company is regulated by the Financial Conduct Authority ("FCA") and is authorised and regulated by the Prudential Regulation Authority ("PRA").

PRA: 20 Moorgate, London, EC2R 6DA

FCA: 12 Endeavour Square, London, E20 1JN

Name and contact details of the independent auditor

BDO LLP: 55 Baker Street, London, W1U 7EU

Description of the holders of qualifying holdings in the undertaking

The Company is a wholly owned subsidiary (via intermediate holding companies) of Allianz SE, incorporated in Germany (Registered address; Koeniginstrasse 28, 80802 München, Germany).

The structure charts below describe the position of AZ(UK) within the Allianz SE Group, including details of the holders of qualifying holdings in the Company, and also its material related undertakings.

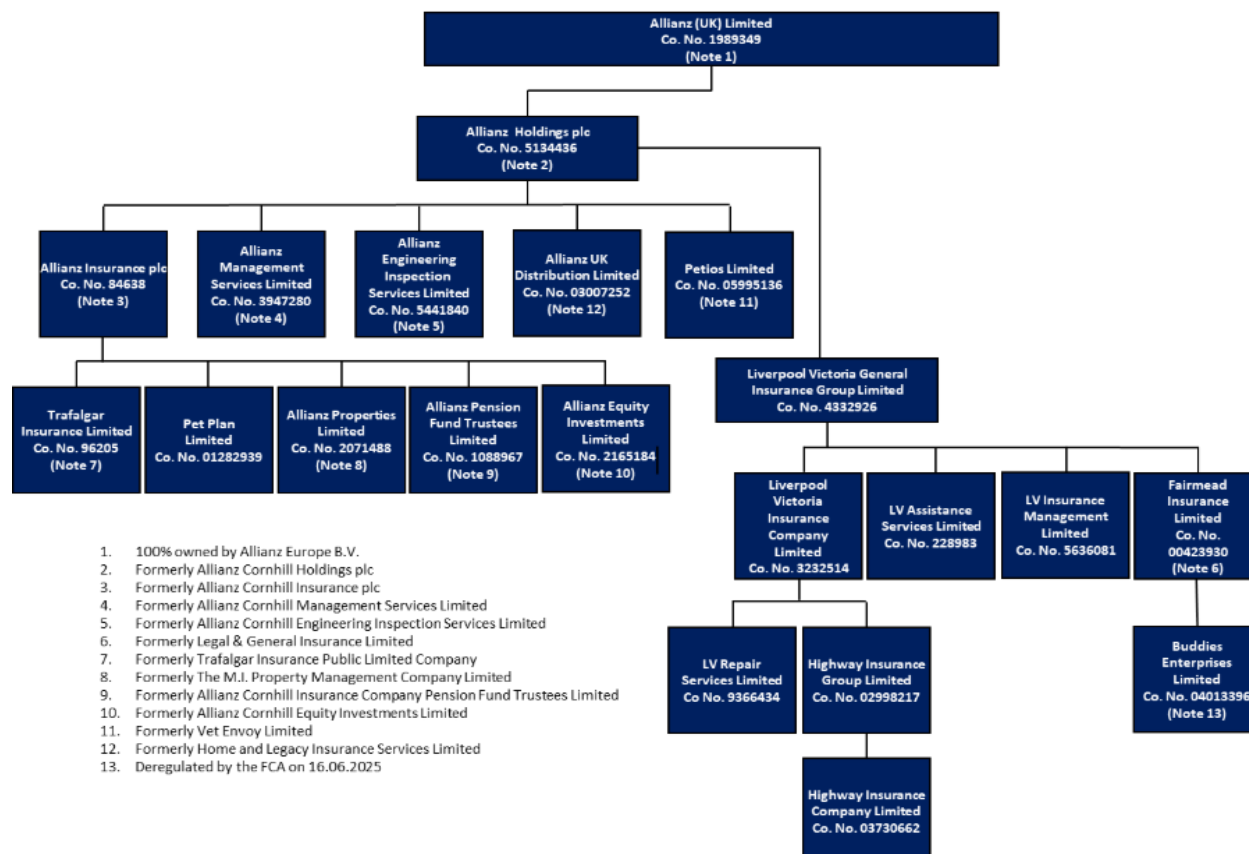


A. Business and Performance

Details of the undertakings within Allianz UK

All Allianz UK companies are incorporated in England and Wales and domiciled in the UK.

All Allianz UK companies shown on this page are private limited companies, except for AzH and Allianz Insurance plc (“AZI”) which are public limited companies.



A. Business and Performance

Material lines of business and material geographic areas

The Company's principal activity is the undertaking of general insurance business in the personal lines market. The Company has migrated all lines of business to other companies within Allianz UK. Consequently, the core activities of the business will be managing the run-off of its insurance contract liabilities. The last policy was underwritten through a delegated authority scheme via a Managing General Agent ("MGA") on 31 March 2023 and expired on 31 March 2024.

The SFCR and all tables within it are presented in pounds sterling rounded to the nearest thousand. The IRTs are presented in pounds sterling rounded to the nearest thousand. Rounding differences of +/- one unit can occur.

A.2 Underwriting performance

The Company has a 100.0% reinsurance arrangement transferring all economic risk in respect of the Household insurance business underwritten via the Managing General Agent ("MGA"). The treaty was effective from 31 December 2019 and acts before the joint catastrophe treaty.

The Company has a WAQS arrangement with an Allianz SE group reinsurance company. The arrangement is that 50.0% of net earned premiums and net incurred claims are ceded (after all other reinsurance and quota share arrangements) and the Company receives a contribution of 38.2% of ceded earned premiums against incurred expenses and commission. The Company also entered into a LPT arrangement with the same Allianz SE group reinsurance company on 1 January 2025 covering the remaining 50.0% of the net outstanding claims reserves.

Net incurred claims for the period ending 31 December 2025 were a recovery of £12,153k, driven by the impact of the initial recognition of the LPT agreement. This positive impact was offset by the reinsurance premium for the LPT recognised in negative earned premiums of £15,779k.

A. Business and Performance

A.3 Investment performance

The table below summarises the investment performance of the funds directly invested by the Company in 2025 and provides a comparison with prior year.

£000	Carrying Value 30/09/2023	Net Additions/(Disposals)	Net unrealised gains/(losses)	Carrying value 30/09/2024	Net Additions/(Disposals)	Net unrealised gains/(losses)	Carrying value 31/12/2025	2025			2024		
								Net realised gains/write downs	Income	Expense	Net realised gains/write downs	Income	Expense
Government Bonds	20,270	(8,056)	408	12,622	(7,746)	107	4,983	-	116	(1)	-	61	21
Corporate Bonds	46,976	(41,134)	3,758	9,600	123	(56)	9,667	-	51	-	(1,895)	495	21
Loans	1,066	11,513	-	12,579	(6,103)	-	6,476	-	942	-	-	669	-
Total	68,312	(37,677)	4,166	34,801	(13,726)	51	21,126	-	1,109	(1)	(1,895)	1,225	42

The Company's investment portfolio is managed by the asset manager, PIMCO Europe Ltd, and is reducing in size in line with the run-off of the Company's insurance liabilities. The investment strategy of the Company has been to invest in a high-quality, well-diversified investment portfolio that maximises investment return, subject to solvency, liquidity, asset liability matching and other constraints.

The Company is exposed to the impact of adverse economic conditions on its investment portfolio. The Company's investment holdings are gradually maturing and the proceeds are being retained in cash to settle the run-off of the insurance reserves.

The Company's investment portfolio is invested into high-quality government and covered bonds, and cash. The Company generated £1,109k in investment income in the period.

A. Business and Performance

A.4 Performance of other activities

During the period ended 31 December 2025, the Company received £392k (2024: £2,667k expense) management recharge income from a fellow Group undertaking for staff related costs.

A.5 Any other information

The Company ceased underwriting activity in 2023 and since that date has been actively managing the settlement and run-off of the remaining insurance contract liabilities.

Allianz SE is the parent of the largest and smallest group of undertakings for which consolidated group SFCRs are drawn up and which the Company is a member.

B. System of Governance

B.1 General information on the system of governance

Boards and committees

On 31 December 2025, the Board of the Company comprised of three directors.

The Directors comprise of the Allianz UK Chief Financial Officer (“CFO”), Managing Director of Retail and the Company’s CFO. The role of the Chair is undertaken by the Allianz UK CFO. The Chair is responsible for the effectiveness of the Board, including facilitating objective debate to ensure effective decision-making.

At each quarterly Board meeting, the Board receives business updates from each of the Directors on the performance of their respective areas of responsibility for the business conducted by the Company. A more detailed review of the underlying businesses’ financial performance is contained in the monthly Executive management information report. At each quarterly Board meeting, the Board also receives a report from the CRO on prudential, operational and conduct risks impacting the Company. The Allianz UK Chief Actuary also submits a report updating the Board on the Technical Provisions. The Board of the Company considers the external reporting of the Company.

The Company leverages the governance structure of Allianz UK. The board of AzH, which has the same composition and meets alongside the boards of AZI, Liverpool Victoria Insurance Company Limited (“LVIC”) and Highway Insurance Company Limited (“HICO”) (collectively the “Combined Board”), is responsible for deciding the business strategy and for ultimate oversight of the conduct and performance of the Group as a whole. The Combined Board has established several committees and a system of internal control to ensure the efficient and effective operation of Allianz UK. The committees include the Audit Committee, the Risk Committee, the Customer & Conduct Committee and Compensation & Nomination Committee. In 2025, all of the Combined Board’s committees were chaired by a non-executive director, who provided constructive challenge and oversight across the work carried out by those committees. The committees carry out their duties within their terms of reference for the Combined Board entities and at a group level for Allianz UK. Rolling forward agendas are reviewed at committee meetings and updated as required, to ensure members have an advanced view of the key matters for consideration throughout the year. The Company’s Board is satisfied that the governance structure is appropriate and that the committees effectively consider matters at Allianz UK level on behalf of the Company.

The Company’s Board reserves to itself matters within its terms of reference and as required by its articles of association. The Combined Board develops the strategy of Allianz UK including the Company, but the Company’s Board monitors its performance and has oversight of the conduct of the Company.

Memberships of the Combined Board committees for the year ended 31 December 2025 are detailed below.

		Risk Committee	Audit Committee	Compensation & Nomination Committee	Customer Conduct Committee
O R P Corbett	Non-Executive Director	X	Chair	Chair*	X
P J Evans	Non-Executive Director – Chair	X	X	X	X
C A Guthrie	Non-Executive Director	X**		X*	X**
C J Holmes	Chief Executive Officer (“CEO”)				***
D J Larnder	Non-Executive Director	X	X		X
T Robson-Capps	Non-Executive Director	X	X	X	Chair
M F Ruf	CFO				
C G Townsend	Non-Executive Director				
J R Vazquez	Non-Executive Director	Chair	X		X

*O R P Corbett stepped down as Chair of the Compensation & Nomination Committee effective 31 December 2025 23:59 and C A Guthrie was appointed Chair effective 1 January 2026 00:01.

**C A Guthrie became a member of the Customer & Conduct Committee, Compensation & Nomination Committee and Risk Committee effective 19 November 2025.

B. System of Governance

*** the Customer & Conduct Committee terms of reference were updated to limit the memberships to those of non-executive directors with effect from 16 December 2025

Potential conflicts of interest are regularly considered and managed. The processes in place to manage such conflicts, in accordance with the Board Conflicts of Interest Policy, include documented requirements for governance and appropriate independence. The Company's Board maintains and regularly reviews a register of the interests of the Directors.

The Customer & Conduct Committee is responsible for oversight of material customer and conduct matters both current and emerging, including reviewing matters from a customer impact perspective and implementation of the Consumer Duty requirements. The committee is responsible for highlighting such matters that may require attention by the Combined Board. Membership of the committee as per its terms of reference comprises of an independent non-executive director who acted as chair, at least three other members who were independent non-executive directors, one of whom is the Risk Committee chair.

The Risk Committee is responsible for oversight of risks (current and emerging) that the Company faces and the links between different risks, the Enterprise Risk Management Framework within which the Company manages those risks, and the activities of the Risk function. The committee is also responsible for highlighting any risk issues that may require attention by the Combined Board. Membership of the committee as per its terms of reference comprises an independent non-executive director who acts as chair and at least three other independent non-executive directors.

The Audit Committee is responsible for the oversight of policies and procedures relating to internal control and financial/regulatory reporting, to ensure the independence and effectiveness of internal and external audit functions and the integrity of financial and narrative statements for the Company. The committee is responsible for highlighting such matters that may require attention by the Combined Board. Membership of the committee as per its terms of reference comprises an independent non-executive director, who acts as chair, and at least two other members who must be independent non-executive directors.

The Compensation & Nomination Committee is responsible for oversight of all compensation matters relating to executives and employees of Allianz UK and nomination matters for the Board. The committee's responsibilities include matters such as oversight of the design, governance and operation of Allianz UK's compensation system; identifying local material risk takers and controlling their compensation according to applicable regulations; reviewing the size, structure, and composition of the Combined Board; identifying non-executive director candidates when vacancies arise; reviewing the leadership needs of the organisation; and reviewing gender pay gaps and diversity and inclusion matters. The committee is responsible for highlighting matters that may require attention by the Combined Board. Membership of the committee as per its terms of reference comprises an independent non-executive director who acts as Chair and at least two other members who must be independent non-executive directors. The Chair of the Risk Committee is invited annually to participate in the committee's discussions around rewards reflecting risk taking and conduct issues. The committee also reviews any Board performance evaluation process and recommendations.

The implementation of the Company's strategy is delegated by the Combined Board to the Allianz UK CEO who is supported in this by the Allianz UK Executive Committee and its sub-committees consisting of the accountable executives for Allianz UK.

The Allianz UK Executive Committee meets at least 10 times each year and otherwise as required. The members of the Allianz UK Executive Committee as at 31 December 2025 were:

- CEO, ("The Chair");
- CFO;
- Managing Director, Commercial;
- Managing Director, Personal;
- Managing Director, Specialty;
- Chief People and Culture Officer;
- Chief Operating Officer;
- CRO;
- Chief Compliance and Corporate Affairs Officer ("CCCAO");
- Chief Legal Officer and Company Secretary;
- Chief Actuary;
- Chief Audit Officer ("CAO")
- Chief Transformation Officer (CTO); and
- Chief Claims Officer

B. System of Governance

The sub-committees of the Allianz UK Executive Committee comprise:

- Change & Investment Committee;
- Executive Conduct Committee;
- Executive Risk Committee;
- People Committee;
- Insurance Committee;
- Governance & Control Committee;
- Financial Reporting & Disclosure Committee; and
- Finance & Investment Committee.

Defined Roles and Responsibilities

The following four key functions required by Solvency UK are each headed by the following individuals:

- Risk Function: Hanna Kam – CRO;
- Compliance Function: Alison Rayner – CCCAO;
- Actuarial Function: Laurence Townley – Chief Actuary; and
- Internal Audit Function: Jennifer Yeo – (Interim) Chief Internal Audit Officer. David Kelly joined as the Chief Internal Audit Officer on 2 March 2026.

In addition, Allianz SE Group has designated the following as additional key functions:

- Legal Function: Christopher Twemlow – Chief Legal Officer and Company Secretary; and
- Accounting and Reporting Function: Christoph Rosenfeld – Group Financial Controller.

Key function authority, operational independence and resources are described in sections B.3 – B.6 of this report. Where required, members of the Company's Board and the Allianz UK Executive Committee, the heads of the key functions and certain other senior managers have been approved by the PRA and/or the FCA.

The Senior Managers and Certification Regime ("SM&CR") sets out the prescribed responsibilities which must be allocated to specific individuals in insurance companies. The following table sets out which role within the Company is responsible for the execution of each specific responsibility.

Prescribed Responsibility	Allocation
Senior Managers Regime	SMF9
Certification Regime	SMF9
Conduct rules training and reporting	SMF1
Management Responsibilities Map	SMF16/17
Anti-financial crime policies and controls	SMF1
Induction, training and professional development of all members of the firm's governing body	SMF9
Induction, training and professional development of all the firm's SMF managers and key function holders	SMF1
Overseeing adoption of the firm's culture in the day-to-day management of the firm	SMF1
Leading development of the firm's culture by the governing body as a whole	SMF9
Development and implementation of remuneration policies and practices	SMF1
Oversight of the independence, autonomy and effectiveness of Whistleblowing policies and procedures	SMF1
Management of the allocation and maintenance of the firm's capital and liquidity	SMF2
Responsibility for production and integrity of firm's financial information and its regulatory reporting	SMF2
Development and maintenance of the firm's business model by the governing body	SMF1

B. System of Governance

Responsibility for the performance of the firm's ORSA	SMF4
Obligations in Insurance for Fitness and Propriety	SMF9
Obligations in respect of outsourced operational functions and activities	SMF1

An insurance undertaking must have in place an effective system of governance which provides for sound and prudent management of its business (its "System of Governance"). UK legal and regulatory requirements and Solvency UK require that the System of Governance be subject to regular internal review. Allianz UK, including the Company, conducts this review annually. It is a consolidated cross-functional assessment of elements of the System of Governance through all relevant sources for evaluation. Entity level control assessment testing forms part of the review, and is carried out by the Risk and Internal Audit functions. An adequacy assessment of certain selected System of Governance elements is also conducted.

The requirement to conduct the System of Governance review is reflected in the Allianz UK Governance and Control Policy. The System of Governance review is assessed by the Governance & Control Committee, which is a sub-committee of the Allianz UK Executive Committee. The System of Governance review is then considered by the Allianz UK Executive Committee, and the Risk Committee before being approved by the Combined Board, ahead of a Statement of Accountability Attestation being completed by the CEO and CFO and returned to Allianz SE Group.

The System of Governance review for 2025 concluded that Allianz UK has in place an effective System of Governance. There have been no material observations for further improvement of the System of Governance for inclusion in the Statement of Accountability provided to Allianz SE Group.

The Company remuneration framework has been constructed to ensure that it is competitive and provides a balance of both fixed and variable pay but does not encourage excessive risk taking. The framework and the processes within it are reviewed by the Compensation & Nomination Committee. The review also monitors the remuneration framework's consistency with Allianz UK's identified risk appetite.

The Compensation & Nomination Committee is responsible for the sign-off of all remuneration decisions affecting the senior executive managers of Allianz UK. This ensures impartiality of decision-making and ensures there are no conflicts of interest in respect of remuneration decisions and is guided by Allianz UK and Allianz SE Group principles and requirements.

The remuneration of all employees comprises a combination of basic salary, appropriate benefits and a performance-related bonus. In the case of some senior employees the bonus is paid as a combination of cash and long-term equity incentives whose value is related to the price of Allianz SE shares. The performance-related bonus is based upon a combination of Allianz UK performance against targets and personal performance against specific personal objectives. Personal objectives comprise both business and behavioural components which receive equal emphasis. The most senior managers complete a 360-degree feedback process to contribute to their assessment. There is also a standard compliance objective. It is the responsibility of managers to ensure that personal targets which are in place are objective and understood by the participants.

Independent non-executive directors receive fixed remuneration.

B.2 Fit and proper

The Company requires that all Directors and other senior managers possess integrity, good reputation, specific skills, knowledge and the experience necessary to execute their respective roles. This requirement aligns to the requirements of the PRA and FCA within the UK regulatory SM&CR, and includes all managers identified as senior management function holders or certified staff. The individuals, with the support of their line managers, are responsible for ensuring that their skills, knowledge and experience remain adequate and kept up to date.

Processes are in place to assess the fitness and propriety of individual managers and Directors subject to the SM&CR prior to those persons joining the Company or assuming a relevant position. Thereafter, annually throughout their employment, a detailed attestation is required from the relevant individual. This includes declarations concerning:

- Criminal proceedings or investigations against them (or any firm over which they have held influence);
- Civil proceedings and bankruptcy orders or liquidation or similar proceedings against them (or any firm over which they have held influence);
- Disciplinary proceedings or findings against them;

B. System of Governance

- Regulatory proceedings or findings against them (or any firm over which they have held influence);
- Compliance with procedures concerning personal account dealings in Allianz SE and other securities; and
- Potential or actual conflicts of interest.

B.3 Risk Management system including ORSA

Enterprise Risk Management Framework

The Board oversees the Enterprise Risk Management Framework and the activities of the Risk Function.

The Enterprise Risk Management Framework encompasses all levels of the Company's management and is embedded in the operations of the organisation, as well as being documented within the Risk Policy Framework.

The Enterprise Risk Management Framework is built around the Three Lines of Defence model:

- The First Line of Defence comprises risk taking units which are responsible for delivering profit or loss;
- The Second Line of Defence comprises independent risk controlling units, including Risk and Compliance, which oversee the framework in which the business works, and validate risk and control information coming from the First Line; and
- The Third Line of Defence is the Internal Audit function, which independently reviews the activities of both First and Second Lines of Defence.

The Board is accountable for setting the Company's strategic objectives, monitoring performance against those objectives and directly overseeing the business activities undertaken by the Company, whilst operating within the framework and overall strategy defined by the Board of Allianz Holdings plc. The role of management is to deliver the strategy within the framework and standards set by the Board.

The Board of Allianz Holdings identifies and prioritises all the material risks facing its business, supported by the Fairmead Board and its subcommittee (Fairmead Leadership Team). After the risks have been identified, the ERC ensures that arrangements are put in place to control those risks.

To ensure risk management is fully integrated into the business, and effective control is maintained, key risks and controls are owned by members of the ERC and other senior managers. As appropriate to their roles, the members of the ERC and senior managers assume First Line accountability for the identification and management of all risks in the organisation.

The CRO is supported by an independent Risk function consisting of risk and actuarial professionals. Its main objectives are:

- Providing independent oversight and challenge of the risk taking and controls by the First Line of Defence;
- Defining the overarching control frameworks within which the Company operates, reviewing the control design environment and evaluation/validation of the control operating environment, and performing oversight on the First Line's adherence to control frameworks and challenge of business decisions;
- Supporting the First Line of Defence by helping to ensure employees at all levels of the Company are aware of the risks related to their business activities and how to properly respond to them so that potential risks are identified, assessed and managed effectively;
- Supporting the Allianz UK Executive Committee and the Combined Board with development and approval of a risk strategy and risk appetite; and
- Monitoring of the risk profile to ensure it remains within the approved risk appetite and following up on instances of any risk appetite breaches (i.e. via resolution directly with the First Line of Defence and other stakeholders or escalation to the Allianz UK Executive Committee or the Combined Board).

In order to ensure comprehensive coverage of the risk landscape Allianz UK has a Risk Register that provides a comprehensive view of the risks Allianz UK is exposed to. It consists of three levels:

- Level 1 (L1) risks are groupings at Board level – the broad risk types Allianz UK are exposed to;
- Level 2 (L2) are Management Level risks within each L1; and

B. System of Governance

- Level 3 (L3) more detailed risks that also map to the Group's Non-Financial Risk Management Framework ("NFRM") risk vectors.

Risk analysis is undertaken within this taxonomy. Level 1 risks consist of the following:

- Insurance Risk;
- Market Risk;
- Credit Risk;
- Strategic Risk;
- Business Risk;
- Operational Risk;
- Liquidity Risk;
- Reputational Risk; and,
- Conduct Risk;

Exposures and capital requirements relating to Insurance (Underwriting), Market, Credit, Business and Operational risks are quantified using the standard formula and recalculated in full each quarter. Risk tolerance limits are used to monitor quantifiable risks regularly. A number of qualitative risk assessment processes covering all risks are undertaken by the First Line of Defence, with support, challenge and oversight from the Risk function. The results of these assessments are used to inform key business decisions and planning.

Own Risk and Solvency Assessment

The ORSA process forms a substantial part of the risk management framework described above. The ORSA consists of a number of interlinked sub-processes, including but not limited to:

- Business Strategy and Planning;
- System of Governance and Control Framework;
- Top Risk and Emerging Risk Assessments;
- Solvency Calculations, including Stress and Scenario Testing; and
- Forward Looking Assessment.

The Company manages risk in line with the stated risk appetite through its Enterprise Risk Management Framework. This consists of ORSA processes, which identify, evaluate, mitigate and monitor events or a combination of events, so that through an informed decision making process the likelihood and consequences of occurrence are within limits considered acceptable by the Board.

The ORSA covers the overall solvency requirements from a forward-looking perspective, taking into account the Company risk profile, approved risk tolerance limits, the business strategy and the significance with which the Company risk profile may deviate from the assumptions underlying the standard formula. The ORSA is an integral part of the development and monitoring of the business strategy and is considered on an ongoing basis in strategic decisions. Roles and responsibilities relating to the ORSA include the Board setting process requirements and challenging and approving the ORSA report.

The ORSA report is produced annually in alignment with the corporate planning process. A full non-regular ORSA process may be required after any event that could substantially alter the risk profile or solvency position of the Company. Potential trigger events for a non-regular ORSA are documented within the Company's ORSA policy.

The ORSA process is underpinned by individual accountabilities and processes undertaken by First Line managers across the Company. These include but are not limited to defined authority levels for claim handling and underwriting, and limits on investment risk-taking.

The Company uses the Standard Formula to determine its solvency needs (refer to section C). The Standard Formula is used as the primary input for decisions on capital management (refer to section E). The CFO ensures that recommendations to the Board on capital management take account of risk management activities. The Company's policy on capital management is documented and approved by the Board.

Dividends are planned through the Company's annual planning mechanisms, taking into account liquidity, available distributable reserves and the Board's requirement to hold an appropriate buffer of capital over the SCR and MCR.

B. System of Governance

The Company has received approval from the PRA for a modification to the relevant rules from the PRA rulebook, so that it is allowed to perform a single ORSA report covering the Company and the other regulated entities of Allianz UK (AZI, LVIC, HICO, Trafalgar Insurance Limited). This reflects the fact that the businesses have a common management and governance structure and ensures that an aggregated Allianz UK view is considered in addition to the legal entity view.

B.4 Internal control system

To ensure an effective internal control system, all functions cooperate to exchange necessary information and advice. Second-line and third-line functions maintain open lines of communication with first-line functions, and attend key committees at all levels of the Company's governance structure.

Regarding financial reporting integrity, the Risk function oversees internal control processes via the NFRM framework. Under this framework, controls relevant to financial reporting are tested by both the First and Second lines of defense, with results feeding into relevant committees. Additional testing is conducted by Internal Audit and external auditors. Internal Audit also complete testing on the operating effectiveness of entity-level controls.

Our senior managers across the organisation, led by the CFO and CEO, are accountable for the effective design and performance of processes within their control. The NFRM framework, including the reporting of risks outside of appetite, reasons for such assessments and remedial actions to bring them back into appetite, is monitored by the Risk Committee.

Compliance Function

Compliance is a key function within the internal control system of the Company. The function's primary responsibilities and activities are:

- To support and monitor compliance with applicable law, regulations and administrative provisions to protect the Company against compliance and conduct risks; and
- To advise senior management, committees and the Board on compliance with laws, regulations and administrative provisions adopted pursuant to Solvency UK and regulatory matters.

The activities and processes of the Compliance function are not exclusively performed by Compliance and may be delegated to, or supported by, other departments or external resources.

During the period of the report, the Compliance Department comprised a team of Compliance professionals led by the CCCAO who is a member of the Allianz UK Executive Committee. Compliance is a second-line function; independence of the function is ensured by written policy and by the oversight of the Customer & Conduct Committee. The Compliance Department produces an annual monitoring plan, in consultation with the Risk and Internal Audit functions, for approval by the Customer & Conduct Committee. Delivery of this plan, findings from monitoring exercises and remediation of those findings are overseen by the Executive Conduct Committee and the Customer & Conduct Committee.

B.5 Internal audit

The vision of Allianz UK's Internal Audit ("IA") function is to make a difference by strengthening risk focus, driving impact and enhancing collaboration within the global IA community and other control functions. The purpose of IA is to strengthen Allianz UK's ability to create, protect, and sustain value by providing the Audit Committee with independent, risk-based, and objective assurance, advice, insight, and foresight. Allianz UK's IA helps Allianz UK accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. The IA function supports the Audit Committee to deliver on their obligation to ensure or oversee the set up and maintenance of an adequate and effective Internal Control System ("ICS"). Allianz UK's IA has an Internal Audit Policy and a separate Charter, both of which are approved annually by the Audit Committee to document its vision, scope, independence, accountabilities, responsibilities, authorities, and standards.

The CAO reports functionally to the Chair of the Audit Committee and administratively (i.e. day-to-day operations) to the CEO. The CAO has unrestricted access to, and communicates and interacts directly with, the Allianz UK Executive Committee and Audit Committee, including in private meetings without management present. The CAO does not have any additional roles or responsibilities outside of Internal Audit.

B. System of Governance

Allianz UK's IA is an independent assurance function. This independence is mainly achieved through having accountability to the governing bodies, unfettered access to people, resources and data needed to complete its work, and freedom from bias, direct or indirect interference in the planning, scoping and delivery of audit services, including the assessment and communication of results. Internal Auditors maintain an unbiased attitude that allows them to perform engagements objectively. The CAO ensures that Allianz UK's IA remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content.

Allianz UK's IA prepares and presents, at least annually, a risk-based Internal Audit Plan to the Audit Committee for review and approval. Senior management and second-line assurance functions are consulted during the preparation of the plan. Over the five-year planning cycle, all applicable audit universe components and legal entities are expected to be audited, with exceptions identified to the Audit Committee for ratification.

The plan is reviewed and adjusted, as necessary, in response to changes in Allianz UK's business, risks, operations, programmes, systems, and controls. Plan performance, including the results of audits, completion of open audit findings and any significant interim changes to the internal audit plan are regularly communicated to senior management and the Audit Committee.

B.6 Actuarial Function

Solvency UK, requires that each Company has an Actuarial function to:

- Coordinate the calculation and validation of technical items under UK GAAP and Solvency UK, including Technical Provisions calculations;
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of Technical Provisions;
- Assess the sufficiency and quality of the data used in the calculation of Technical Provisions;
- Compare best estimates against experience;
- Inform the Board of the reliability and adequacy of the calculation of Technical Provisions;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements;
- Contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements;
- Prepare an annual report on the actuarial function ("Actuarial Function Report"); and
- Report the results of the reserve valuations to the Board and Allianz SE via the Audit committee.

The Actuarial function's independence is supported by written policy. It recommends the level of Technical Provisions to the Financial Reporting and Disclosure Committee. The work of the Actuarial function, and its independence, is overseen on behalf of the Board by the Audit committee.

The Actuarial function consists of the Chief Actuary who is supported by a team of actuarial professionals. The Chief Actuary holds an Institute and Faculty of Actuaries Chief Actuary Practising Certificate and is the approved SMF20 Chief Actuary Function Holder. The Actuarial function reports on compliance with the above requirements in the Actuarial Function Report.

B.7 Outsourcing

All outsourcing arrangements are entered into and managed in accordance with the requirements of the Outsourcing Policy ("the Policy"). The Policy is owned by the Chief Claims Officer and is approved by the Combined Board on an annual basis.

The Policy sets out a clear framework for making decisions on when to outsource, the requirements to contract with a service provider and the management of the outsourcing arrangement. Compliance with the Policy is overseen by the UK outsourcing function, who, with the procurement team, also provide expert advice on setting up, managing and terminating outsourcing and other contracts. Suppliers are risk-assessed by Procurement at the point of initial engagement, and at intervals throughout the lifetime of the contract, drawing advice from key functions as and where required. Risks considered include cyber risk, information security risk, business continuity risk and data privacy risk. Material outsourcers are managed closely ensuring that the appropriate monitoring and oversight is in place for these suppliers.

B. System of Governance

All requirements set out in the Policy also apply to outsourcing to another Allianz SE Group company.

All outsourcing arrangements are recorded on an Outsourcing Register. The Outsourcing Register records the rationale for outsourcing of each arrangement, the location of the outsource provider and confirmation that appropriate oversight is in place.

In 2025 the approach to oversight included the following controls:

- All outsourcing arrangements must have a signed contract incorporating standard terms and conditions or specific terms which have been fully risk assessed;
- Financial health monitoring using an automated alerting system;
- Monitoring of third-party companies and Directors against the HM Revenue & Customs (“HMRC”) Sanctions list;
- Where information is shared with third parties a series of questionnaires (including those relating to cyber risk, information security and data protection) are sent to each supplier prior to the commencement of their service and subsequently the risks are assessed against appetite;
- Privacy impact assessments are used to inform data protection;
- Due diligence is completed on all potential service providers to ensure they have the capability, capacity and authorisations required to meet the requirements of the business;
- Creation of supplier service specific business continuity and exit plans, including provisions for management of cyber risk events and alternative suppliers to be used if required; and
- Outsourcing arrangements and third-party risk across the organisation are overseen by the Outsourcing and TPRM (Third-Party Risk Management) forum. Chaired by senior procurement and TPRM leadership it brings together stakeholders from Procurement, Supplier Relationship Management, Information Security, Operational Resilience, Risk, and Compliance. The forum meets quarterly to review and report on material outsourcing providers, ensuring compliance with regulatory requirements and internal policies.

The table below outlines the critical or important functions or services that at the end of 2025, the Company outsourced, and the jurisdiction in which the service providers are located.

Activity outsourced	Fellow member of the Allianz SE Group	Outsourcing Provider's Jurisdiction
Delegated authority to handle specific claims and/or underwriting of specific segments	Y N	United Kingdom United Kingdom
Handling of claims and/or provision of specific underwriting expertise	N	United Kingdom
Provision of document preparation, printing and distribution	N	United Kingdom
Information technology services including software, hosting, development and support of business services	Y Y N	Germany India United Kingdom
Information technology infrastructure	Y	Germany
Asset and Real Estate Management	Y N	United Kingdom United Kingdom
Business support services	Y N	India United Kingdom

The Company does not outsource any of the four key functions defined by Solvency UK – Risk, Compliance, Actuarial and Internal Audit.

B. System of Governance

B.8 Additional information

The Company monitors the effectiveness and adequacy of its System of Governance, including the effectiveness of specific functions. As noted above, the annual review of the System of Governance for 2025, concluded that there was in place a System of Governance that provides for sound and prudent management of the business. In the course of 2025, certain matters arose which indicate further improvement is needed in the broader implementation and operation of the System of Governance to ensure its continued effectiveness. These matters have been identified through the operation of the System of Governance and effective improvement plans have been agreed and either have already been implemented or are in the process of being implemented.

There have been no significant changes to the structure or operations of the Company throughout 2025.

C. Risk Profile

This section provides information on the Company's overall risk profile followed by a description of each risk category in detail.

Measurement of Risk

Risk is measured and steered using a number of quantitative and qualitative tools that allow management to identify the key areas of risk exposure and make informed decisions as to whether the current levels of exposure are consistent with risk appetite:

- The main quantitative tool is the SUK Standard Formula and MCR, under which the Company derives its risk capital from potential adverse developments of Own Funds. The resulting profile provides an overview of how risks are distributed over different risk categories and determines the regulatory capital requirements in accordance with Solvency UK;
- An analysis of change is performed on the regulatory capital requirements on a quarterly basis, looking at individual risks, as well as the SCR;
- Capital and Own Funds are monitored on a regular basis and the results reported to Senior Management; and
- The Company uses a combination of methods, including expert analysis and judgement and the outputs from incident management, to identify, assess and control qualitative risks. Qualitative risks are regularly monitored by management to ensure that they do not materially impact the operational activities necessary for the achievement of business plans.

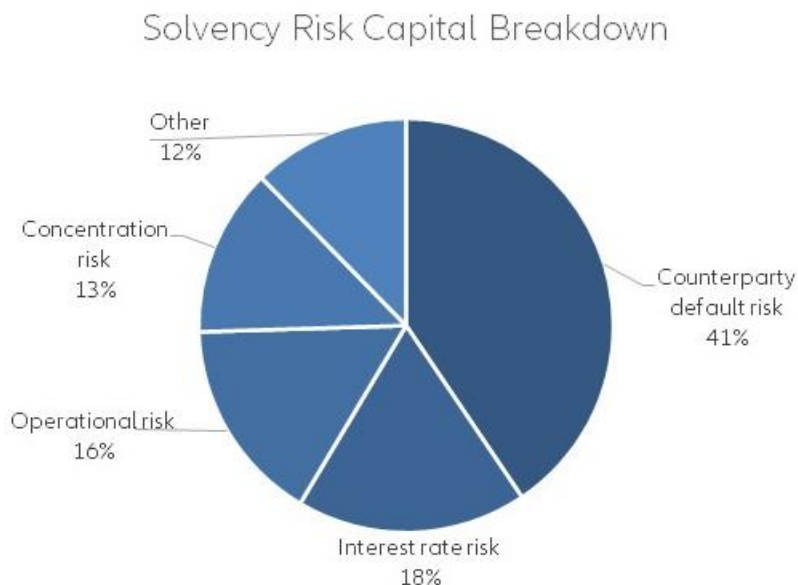
Risk Exposures Overview

The Company has insured only non-life insurance risks, which it ceased underwriting in 2023. As a result of its asset management activities to support its primary business activities, the Company is also exposed to market and credit risks.

The Company does not use Special Purpose Vehicles to transfer risk and is not exposed to risk from positions off its Balance Sheet.

During the period, there were no material changes in the methods used to assess risks. The business is now formally in run-off with the remaining exposure predominantly related to existing claims.

The chart shows the 2025 year end composition of the internal model SCR by risk type, before diversification between the categories



C. Risk Profile

Prudent Person Principle

The Company operates within an investment framework which ensures that all assets are invested in accordance with the prudent person principle (objective standards for prudent investment). All investment and strategic management decisions are set within Board approved risk appetite limits. The Company employs a Chief Investment Officer, who is supported by the global and specialist expertise of Allianz Investment Management. All investment guidelines are approved by the Board or a delegated authority of the Board

C.1 Underwriting risk

Underwriting risk consists of premium and reserve risk.

There is a concentration of underwriting risk because the outstanding reserves of the Company relate to a very small number of claims. This concentration is managed by the Company, advised by their claims and actuarial advisors. The main mitigation factor in place is the presence of reinsurance, limiting the possible adverse development.

Premium and reserve risk

The Company is in run-off and no longer holds any active policies; therefore, there is no exposure to premium risk.

The Company holds reserves for claims resulting from past events that have not yet been settled. If the claims reserves are insufficient to cover claims to be settled in the future due to unexpected changes, losses would be incurred. Claims reserves could be under-estimated if, for example, more claims had occurred in the past than have been estimated or average amounts paid per claim to settle these are higher than expected.

The Company monitors the development of reserves for insurance claims on a line of business level quarterly through a reserving exercise assessing the unpaid claims reserves both gross and net of reinsurance.

The undiversified risk capital for premium and reserve risk as at 31 December 2025 was £54k.

C.2 Market risk

Market risk arises as part of the general investment performance and the impact of discounting on liabilities.

The Company assesses its market risk exposure via quantitative and qualitative processes carried out by the Investment and Risk functions, including regular dialogue between the functions and formal reporting to the Finance & Investment Committee and the Risk Committee.

The guiding principle for the Company's investment risk management, covering market risk, credit risk and liquidity risk, is the 'Prudent Person Principle'. The Company only invests in assets it can properly identify, measure, monitor, manage, control, report and appropriately integrate in its solvency assessment. The table in section A.3 provides information on the investment portfolio as at 31 December 2025.

The capital held for market risk before diversification within this category or within other risk categories is £1,165k. The main driver is interest rate risk.

Interest rate risk

Movements in interest rates can cause the value of the Company's investments to move adversely relative to its Technical Provisions which are discounted on the SUK Balance Sheet. The undiversified risk capital for interest rate risk as at 31 December 2025 was £504k.

Credit spread risk

Credit spread is the difference in yield between two assets of similar maturity but different credit quality.

The Company is directly exposed to credit spread risk through its investments in fixed income assets – such as bonds. Credit spread risk is mitigated by managing the credit quality of the fixed interest portfolio by monitoring the credit ratings and large exposures in the portfolio. The undiversified credit spread risk as at 31 December 2025 was £141k.

C. Risk Profile

Equity risk

The only equity risk exposure relates to the strategic participations which the Company holds. The undiversified risk capital for equity risk as at 31 December 2025 was £151k.

Concentration risk

Concentration risk captures the risks associated with the accumulation of exposures to the same counterparty.

The concentration risk exposure predominantly relates to the investment in subsidiaries, alongside a small amount of excess exposure above the threshold in relation to one investment counterparty. The concentration risk as at 31 December 2025 was £369k.

C.3 Credit risk

Counterparty default risk arises from its reinsurance counterparties and investment portfolio. The risk to the Company is that a counterparty defaults on its obligations or fails to meet them in a timely manner.

The Company has material concentration of credit risk with a fellow subsidiary of Allianz SE in respect of reinsurance and the investment in the Allianz SE cash pool. Each concentration is considered appropriate because of the financial strength of the counterparty.

The risk capital before diversification with other risk categories allocated to credit risk amounts to £1,137k.

C.4 Liquidity Risk

Liquidity risk is the risk that requirements for current or future payment obligations cannot be met. Liquidity risk is not modelled within the Standard Formula SCR because capital is not an appropriate mitigant. Instead, the Company closely monitors liquidity risk on a quarterly basis.

The Company has sufficient liquid assets to meet obligations as they fall due.

C.5 Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, or from external factors other than financial risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. The risk capital allocated to operational risk as at 31 December 2025 amounts to £448k.

The Company's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk.

The main operational risks identified are those related to Reserving, Finance Control, and Regulatory and Compliance; these are included on the top risk assessment reviewed by the Risk committee for the Board. The main concentration of operational risk relates to the provision of services by an intra-group third party company.

The key mitigants for operational risk are the development and maintenance of controls to address the risks. First Line governance forums and the Operational Risk Forum undertake monitoring of operational risks, including reviewing operational losses and key control failings on a quarterly basis. Operational risks are assessed regularly and an annual plan is produced for risk and control assessments.

C. Risk Profile

Concentration of internal operational risks is monitored and managed through first and second line review and oversight. In addition, Internal Audit assesses the effectiveness of the internal control system through planned audit reviews.

C.6 Other material risks

Strategic risk

Strategic risk consists of unexpected negative changes in the Company's value arising from the adverse effect of management decisions regarding business strategies and their implementation. Strategic risks are mitigated by the review of strategies and plans by the Board

Reputational risk

Reputational risk is the risk of an unexpected negative change in the Company's value as a result of a decline in the reputation of the Company in the eyes of its customers, regulators or other stakeholders.

The Company has limited tolerance for reputational risk and will seek to avoid and protect against all material reputational risk. Reputational risks are mitigated by the implementation of policies for external and internal communication and by active management of the relationships between the Company and its regulators. Reputational risks are regularly evaluated by the Risk function and the Corporate Communications team.

Conduct risk

Conduct risk is defined as the risk that inappropriate decisions, actions, and/or processes impact the ability to achieve good customer outcomes. Conduct risk considerations arise for all business activities and risk categories. Conduct risk is mitigated by internal processes and is reinforced by thorough training and communication programmes. It is evaluated and analysed by the first-line of defence with oversight from the Compliance department.

D. Valuation for Solvency Purposes

The scope of this section of the report is to represent the excess of assets over liabilities of the Company.

The recognition, measurement and valuation policies for UK GAAP reporting purposes applied by the Company are summarised in notes 1.4 and 1.5 within the Company Annual Report and Financial Statements. This report summarises any differences to those valuation policies for solvency purposes.

The table below shows the UK GAAP Statement of Financial Position ("SoFP") of the Company as at 31 December 2025, mapped to the Solvency UK Balance Sheet line items and the key reclassification and valuation differences between that and the Balance Sheet used for Solvency UK purposes.

	UK GAAP (£000)	Reclassifications (£000)	Valuation Difference (£000)	SUK (£000)
Deferred tax assets	3,963	-	875	4,838
Holdings in related undertakings, including participations	-	-	684	684
Government Bonds	4,966	17	-	4,983
Corporate Bonds	9,269	398	-	9,667
Loans and mortgages	-	6,476	-	6,476
Reinsurance recoverables from:				
Non-life and health similar to non-life	38,915	-	4,332	43,247
Reinsurance receivables	5,306	(2,183)	-	3,123
Receivables (trade, not insurance)	10,244	(6,891)	1	3,354
Cash and cash equivalents	325	-	-	325
Any other assets, not elsewhere shown	-	-	124	124
Total Assets	72,988	(2,183)	6,016	76,821
Best Estimate - non-life	38,915	(5,527)	7,667	41,055
Risk margin - non-life	-	-	70	70
Deposits from reinsurers	12,622	3,553	92	16,267
Reinsurance payables	209	(209)	-	-
Payables (trade, not insurance)	425	-	-	425
Any other liabilities, not elsewhere shown	105	-	-	105
Total Liabilities	52,276	(2,183)	7,829	57,922
Excess of Assets over Liabilities	20,712	-	(1,813)	18,899

D. Valuation for Solvency Purposes

D.1 Assets

Participations

Participations are valued using the adjusted equity method, that is, at their UK GAAP Net Asset Value, adjusted for Solvency UK valuation differences.

Receivables

Non-insurance receivables have been reported in the Solvency UK Balance Sheet at the value included in the Company's Annual Report and Financial Statements. This is deemed market consistent given that the receivables are due within 12 months, and therefore the discounting effect of the time value of money is not deemed significant.

In the case of insurance-related receivables, the difference between the UK GAAP and Solvency UK Balance Sheet mainly relates to the recognition of certain premiums that are included in the receivables under UK GAAP as per the table above, while they are recognised within Technical Provisions in the Solvency UK Balance Sheet, because such premiums are not yet past due by the Balance Sheet date.

Loans and mortgages

Cash pooling arrangements are recognised within loans and mortgages in the Solvency UK Balance Sheet. The UK GAAP asset value is £6,476k and the market value is £6,476k.

Cash and cash equivalents

For cash and cash equivalents there is no difference in valuation between the Solvency UK Balance Sheet and the Company's Annual Report and Financial Statements.

Investments

The Company uses a three-level fair value hierarchy for financial assets depending on the inputs used to determine fair value:

- Level 1: quoted prices in active markets for identical assets;
- Level 2: valuation technique which uses the current prices in an active market of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences; and
- Level 3: if one or more of the significant inputs is not based on observable market data.

Accrued interest on bonds is shown separately from the value of the investment under UK GAAP. As such a reclassification is required to align with the presentation under SII.

The split of investment classifications is provided in the table below.

	Level 1 (£000)	Level 2 (£000)	Level 3 (£000)	Total (£000)
Government Bonds	4,983	-	-	4,983
Corporate Bonds	-	9,667	-	9,667
Total	4,983	9,667	-	14,650

Deferred tax

Deferred taxes, except deferred tax assets arising from the carry forward of unused tax losses, are valued on the basis of the difference between the values ascribed to assets and liabilities recognised and valued in accordance with SUK, and the values ascribed to assets and liabilities as recognised and valued for tax purposes. The valuation difference relating to deferred taxes mainly results from differences in Technical Provisions and reinsurance receivables for SUK.

Temporary differences between the SUK value of the assets and liabilities and their corresponding tax base as per UK GAAP are assessed, and any deferred tax asset or liability is adjusted or set up as required. The methods used to value deferred tax assets and/or liabilities under UK GAAP are disclosed in the Company Annual Report and Financial Statements.

D. Valuation for Solvency Purposes

The tax rates used in the calculation are the applicable UK tax rates. For losses this is a rate based on the applicable rate at the time the deferred tax items are expected to reverse. Deferred tax on all other items is calculated at the rate that was in force on the reporting date.

The SUK to UK GAAP valuation differences, their applicable tax rate and the deferred tax impact are outlined below.

	Valuation differences before deferred tax (£000)	Tax rate applied %	Deferred tax impact (£000)	Net difference between UK GAAP and SUK (£000)
Holdings in related undertakings, including participations	684	0%	-	684
Non-life and health similar to non-life	4,332	25%	(1,083)	3,249
Receivables (trade, not insurance)	1	25%	-	1
Any other assets, not elsewhere shown	124	0%	-	124
Best estimate - non-life	(7,667)	25%	1,917	(5,750)
Risk margin - non-life	(70)	25%	18	(52)
Deposits from reinsurers	(92)	25%	23	(69)
Total	(2,688)		875	(1,813)

D. Valuation for Solvency Purposes

D.2 Technical Provisions

The table below shows the Technical Provisions both gross and net of reinsurance by Solvency UK line of business.

SUK Line of business	Gross (£000)				Net (£000)			
	Claims Provision	Premium Provision	Risk Margin	SUK Technical Provisions	Claims Provision	Premium Provision	Risk Margin	SUK Technical Provisions
Fire and other damage to property insurance	34,905	-	60	34,965	(2,079)	-	60	(2,019)
General liability insurance	5,921	-	10	5,931	(120)	-	10	(110)
Miscellaneous financial loss	229	-	-	229	7	-	-	7
Total	41,055	-	70	41,125	(2,192)	-	70	(2,122)

Technical Provisions are calculated in respect of all insurance obligations to policyholders.

The value of the Technical Provisions corresponds to the current amount required to transfer insurance obligations immediately to another insurance entity.

The Technical Provisions consist of the Claims Provision, Premium Provision and Risk Margin and these elements are calculated separately. Each element is calculated by line of business, both gross of reinsurance and for associated reinsurance recoveries. For each line of business, the approach taken is the same and the methods and assumptions used for each line of business are based on the actual exposure and experience of that line of business.

Methods and main assumptions

The calculation of the Technical Provisions is based on up-to-date and credible information and realistic assumptions and is performed using actuarial and statistical methods relevant to the line of business.

Since the start of 2025, the portfolio is 100% covered by reinsurance, as a result changes to the gross Claims Provision below the limit of liability will have immaterial impact on the net Technical Provisions.

The most material assumption that has an impact on provisions is:

- The majority of outstanding claims are subsidence which are exposed to very late reporting, claims estimate changes and reopenings.

There is no written but not incepted business as the Company ceased underwriting business from 31 March 2023.

Assumptions are subject to a regular review cycle with the period between reviews chosen to reflect the materiality of the assumption.

Claims Provision

The Claims Provision is based on the undiscounted UK GAAP claims reserves, with the addition of an allowance for future claims handling. A payment pattern derived from historical data for each line of business is applied to each element of the Claims Provision to obtain future cash flows, which are discounted to reflect the time value of money in line with Solvency UK requirements. A final adjustment is made as described below in respect of future premiums.

Premium Provision

There is no longer any unearned premium for any of the Company's business since 31 March 2024. Therefore, there are no claims associated with unearned business and the Premium Provision is £nil.

Risk Margin

The Risk Margin is calculated by determining the cost of providing an amount of eligible Own Funds equal to the SCR necessary to support the insurance obligations over their lifetime.

D. Valuation for Solvency Purposes

The approach to estimating future SCR is based on the current SCR as a proportion of best estimate provisions, adjusted to reflect the increased levels of risk inherent in the claims reserves over time. The cost of capital rate used in the calculation of the Risk Margin is set by the PRA at 4%.

This approach is based on the following assumptions:

- The non-hedgeable SCR in each future year of run-off is calculated over the full run-off of the Technical Provisions assuming no new business is written;
- This is discounted using the relevant PRA risk-free interest rate term structure; and
- The run-off SCR for each individual risk is modelled and the correlation matrices defined in the Standard Formula are used to allow for diversification to calculate an overall run-off SCR for the Company.

Uncertainty

The Solvency UK basis has inherent uncertainty around the discount benefit arising from future movements in the yield curve and payment patterns. Other than discounting, the assumptions that have the greatest effect on the movement of provisions are those that affect the expected level of claims. Uncertainty around the level of claims can arise from a number of sources, including, but not limited to:

- Claim reporting patterns being different from those expected;
- Claims settlement amounts being different in aggregate to that expected, for example, as a result of higher levels of inflation;
- Propensity for policyholders to claim and general policyholder behaviour;
- Reinsurance recoveries being different to the levels expected; and
- Claim handling costs being different from those expected.

The calculation of the Technical Provisions requires a number of assumptions in addition to those supporting UK GAAP calculations. Key additional assumptions include:

- Deteriorations in prior year claims, for example due to the re-opening of past claims or higher levels of inflation;
- Future expense assumptions are required for claims management expenses, future policy administrative expenses and future reinsurance costs (net of future recoveries) and levies; and
- Future cash flow assumptions are used for the discounting calculation.

Sensitivity analysis has been conducted to understand how the Technical Provisions react to changes in key assumptions documented above. The results are shown below:

Sensitivity	Change in net Technical Provisions (£000)	% Change in net Technical Provisions
Increase in main book reserves by 5%	(84)	4%
Increase in overhead expenses by 5%	146	(7%)
Increase risk yield by 1%	71	(3%)
Decrease risk yield by 1%	(71)	3%

Overall, these sensitivities have immaterial impact to the net Technical Provisions due to the outstanding reserves being fully reinsured.

Events Not In Data (“ENID”)

A separate reserve is held for ENID. This has been set equal to the additional management provision, on a gross and net basis.

D. Valuation for Solvency Purposes

Matching and volatility adjustments

No matching adjustment or volatility adjustment is applied to the risk-free yield curve used to discount the Technical Provisions.

Reinsurance recoverables

Reinsurance recoverables are calculated separately for the Claims Provision and Premium Provision. The following cash flows are taken into account:

Cash inflows:

- Recoverables from reinsurance contracts for claims payments and related expenses.

Cash outflows:

- Future premiums for reinsurance contracts; and
- Counterparty default adjustment.

The Company's reinsurance arrangements consist of the following:

- 100% reinsurance agreement with Allianz Re, which applies after all other reinsurance arrangements, consisting of:
 - 50% quota share agreement with no limit; and
 - 50% LPT agreement, with a limit of 200% of the reinsured amount as at 31 December 2024.
- A 100% quota share agreement to cover specified MGA business from 31 December 2019;
- A catastrophe treaty;
- An adverse development cover treaty, providing protection against deterioration of the reserves held at 31 December 2018, up to a cap of £15,200k (which is now fully exhausted);
- Flood Re cover (which is a rolling treaty covering individual risks on an excess of loss basis);
- A liability treaty for individual large liability claims (effective until 30 June 2021);
- A 100% quota share agreement to cover legal expenses for policies inception after 26 April 2018; and
- Pool Re to cover terrorism.

The reinsurance recoverable asset is unadjusted for the best estimate probability of reinsurer default as this has been estimated and judged to be immaterial. Also, there is limited counterparty default adjustment required in respect of the WAQS, since these are mostly on a funds withheld basis.

UK GAAP to Solvency UK Technical Provisions

The following table shows a breakdown of the differences between Solvency UK and UK GAAP Technical Provisions by Solvency UK line of business.

The first column shows the UK GAAP Technical Provisions net of reinsurance. The final column shows the Solvency UK net Technical Provisions including the Risk Margin.

SUK Line of business	UK GAAP (£000k)	Overhead Expenses & Levies (£000k)	Future RI Receivables/ Other (£000k)	Discounting (£000k)	Risk Margin (£000k)	SUK Technical Provision (£000k)
Fire and other damage to property insurance	(230)	2,658	(4,723)	216	60	(2,019)
General liability insurance	230	451	(831)	30	10	(110)
Miscellaneous financial loss	-	-	-	7	-	7
Total	-	3,109	(5,554)	253	70	(2,122)

Material differences in the relevant assumptions made in the calculation of the Solvency UK Technical Provisions compared to the UK GAAP reserves:

D. Valuation for Solvency Purposes

- The UK GAAP reserves do not include the Reinsurance Debtor amount for the MGA Quota share contract, which is agreed and payable with a one quarter lag. However, this is a cash flow and hence is part of the SUK Technical Provisions.
- Otherwise, the differences in valuation between the UK GAAP and SUK Technical Provisions include:
 - UK GAAP reserves held on the Balance Sheet are undiscounted. The Solvency UK Best Estimate Liability ("BEL") is instead discounted based on the latest PRA risk-free curve.
 - UK GAAP includes an additional management provision ("AMP"). In the Solvency UK BEL, this is removed to ensure the reserves are on a best estimate basis and the AMP value is instead used as the ENID provision.
 - UK GAAP does not include the expenses and levies cash flows. In the Solvency UK BEL, these are included.
 - Under the UK GAAP, there is no comparable figure to the Risk Margin, which is included in the Solvency UK BEL.

The table below shows the change in the Technical Provisions from September 2024 to December 2025, both gross and net of reinsurance.

	Gross (£000)			Net (£000)		
	2025	2024	Change	2025	2024	Change
Best Estimate	41,055	67,553	(26,498)	(2,192)	4,881	(7,073)
Risk Margin	70	243	(173)	70	243	(173)
SUK Technical Provisions	41,125	67,796	(26,671)	(2,122)	5,124	(7,246)

Overall, the net Technical Provisions have decreased by £7,246k over the period.

The Best Estimate has decreased by £7,073k over the period due to:

- Entering into a LPT contract for the remaining 50% of the outstanding liability;
- A decrease in the volume of reserves due to the reduction in exposure as all business is now in run-off;
- This is partially offset by decrease in yields which reduced the level of discount benefit; and
- Note that the net technical provision is negative because of the outstanding RI debtor from the LGAS MGA quota share.

The Risk Margin has decreased by £173k in the period. This is due to a decrease in underlying reserves, as the business is running off.

Simplifications

The calculation of the Technical Provisions is carried out using materially appropriate, complete and correct data and using valuation methods which are appropriate to the nature and complexity of the insurance technical risks. The limitations of the calculation methodology are identified and understood. Selection of the appropriate method is based on expert judgement, considering the quality, quantity and reliability of the available data and analysis of all important characteristics of the business. The assumptions and parameters used in each method are clear and explicitly identified. The key drivers and uncertainties associated with the best estimate are explored and described.

The Risk Margin is estimated using an adjusted proportional proxy method to project future SCR. It is estimated based on the current SCR as a proportion of best estimate provisions, adjusted to reflect the increased levels of risk inherent in the claims reserves over time. This method is defined by Solvency UK regulation as a simplification.

D. Valuation for Solvency Purposes

D.3 Other liabilities

Insurance and intermediaries payables and reinsurance payables are reclassified to Technical Provisions and deposits from reinsurers. The valuation difference in the deposits from reinsurers relates to differing discount rates and additional ceded investment income.

For all other classes of liability there is no difference between the UK GAAP valuation and the Solvency UK Balance Sheet valuation. Full details on valuation methodologies can be found in the Company's Annual Report and Financial Statements.

D.4 Alternative methods for valuation

The Company does not apply any alternative methods for valuation.

D.5 Any other information

There is no other material information on the valuation of assets or liabilities.

E. Capital Management

E.1 Own Funds

Capital is a resource that supports the risk bearing capacity of the Company, forming a foundation for the Company's viability and the trust of its customers.

The Company maintains a formal capital management policy, and capital management planning is embedded within the main planning process, with a time horizon of three years.

A core element of the approach to capital management is the approval by the Board of any dividends or requests for additional capital. This approval is subject to maintaining an adequate margin over the SCR.

The current liquidity plan and solvency projections reflect all planned changes in Own Funds for the next three years.

There were no material changes over the reporting period with regards to objectives, policies and processes employed by the Company for managing its Own Funds.

The table below shows the breakdown of the Own Funds by tier, and the SCR coverage.

	2025 (£000)	2024 (£000)	Movement (£000)
Ordinary shares	-	37,000	(37,000)
Reconciliation reserve	14,061	(3,172)	17,233
Total tier 1	14,061	33,828	(19,767)
Net deferred tax assets	4,838	5,195	(357)
Total tier 3	4,838	5,195	(357)
Total eligible Own Funds to meet SCR	14,353	34,532	(20,179)
SCR	1,940	4,696	(2,756)
SCR coverage ratio	740%	735%	5%
Total eligible Own Funds to meet the MCR	14,061	33,828	(19,767)
MCR	3,500	3,495	5
MCR coverage ratio	402%	968%	(566%)

Only tier 1 and tier 2 Own Funds are eligible to meet the MCR so tier 3 Own Funds have been excluded from the MCR coverage ratio. No Own Fund items for the Company are subject to transitional measures for their inclusion in tier 1. Tier 1 Capital is fully loss-absorbing and available to cover losses. There is a restriction of 15% of the SCR applied to the tier 3 capital to reduce the available Own funds to meet the SCR to the eligible Own funds to meet the SCR. There is also a restriction of 20% of the MCR applied to the tier 2 capital to reduce the available Own funds to meet the MCR to the eligible Own funds to meet the MCR. No matching adjustment portfolio exists. The Company has no subordinated debt, or ancillary Own Fund items. The reconciliation reserve is made up of retained earnings and reconciliation adjustments from UK GAAP to Solvency UK Balance Sheet only.

The changes in Own Funds over the reporting period are provided in the table below.

E. Capital Management

	£000
Loss after tax earned by the Company in the period	(1,696)
Dividend payment	(20,000)
Movement in investments - net unrealised movements	576
Movement in Technical Provisions	1,359
Movement in participations	(149)
Movement in deferred tax	(214)
Total movement over the period	(20,124)

As at 31 December 2025 there is no difference between the excess of assets over liabilities and Own Funds.

Reconciliation between UK GAAP and Solvency UK excess of assets over liabilities

The Solvency UK excess of assets over liabilities amounts to £18,899k, whereas the UK GAAP excess of assets over liabilities amounts to £20,712k. The difference of £1,813k is attributable to drivers, previously analysed in section D and summarised in the table below:

	£000
UK GAAP excess of assets over liabilities	20,712
Differences in recognition and valuation of Technical Provisions and reinsurance recoverables (Including associated receivable/payable)	(3,497)
Inclusion of participations at Solvency UK value	684
Other	125
Deferred taxes on the above mentioned Balance Sheet valuation differences	875
Solvency UK excess of assets over liabilities	18,899

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR at 31 December 2025 amounts to £1,940k and the MCR amounts to £3,500k (being equal to the absolute floor of the minimum capital requirement), the MCR is therefore the biting constraint.

The Company uses a Standard Formula basis to calculate the SCR. The approach to calculating the SCR and MCR is in accordance with Solvency UK. The Company is not using any simplifications or undertaking specific parameters in the calculation of the SCR and does not have any regulatory capital add-ons.

A split of the SCR by the risk modules and sub-modules modelled by the standard formula model is shown in the following table. The comparative figures for 2024 and the movement over the reporting period are also shown.

E. Capital Management

	Capital (£000)		
	2025	2024	Movement
Non-life underwriting risk	54	1,237	(1,183)
Premium and reserve risk	54	1,237	(1,183)
Market risk	1,165	1,622	(457)
Equity risk	151	183	(32)
Interest rate risk	504	821	(317)
Spread risk	141	261	(120)
Concentration risk	369	357	12
Counterparty default risk	1,137	2,403	(1,266)
Health underwriting risk	-	1	(1)
Operational risk	448	1,084	(636)
Sum of standalone risks	2,804	6,347	(3,543)
Diversification benefit	(864)	(1,651)	787
SCR	1,940	4,696	(2,756)

The total diversified SCR for the Company decreased by £2,756k over the period from £4,696k to £1,940k. The movement is predominantly driven by the reductions in exposure as the business continues to run-off. As the outstanding claims are settled and investments either mature or are liquidated, the exposure to each risk progressively diminishes.

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

The Company has not applied the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Differences between Standard Formula and any Internal Model used

This does not apply as the Company does not use an Internal Model to calculate its SCR.

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

The Company has complied continuously with the MCR and the SCR.

E.6 Any other material information

All important information regarding the capital management of the undertaking is addressed in the above sections.

Statement of Directors' Responsibilities

Financial period ended 31 December 2025

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

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 the Solvency UK Regulations as applicable to the insurer; and

b) it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in future.

The SFCR was approved by the Board of Directors on 01 April 2026 and signed on its behalf by:

A handwritten signature in blue ink, appearing to read 'M F Ruf', is positioned above the printed name.

M F Ruf

Director

Fairmead Insurance Limited

01 April 2026

Balance sheet

Entity: FIL - Fairmead Insurance Limited

Scenario: 2025 Solvency II

Period: Annual

Currency: GBP - Great British Pounds

PRA QRT: IR.02.01

Balance Sheet

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	
Deferred tax assets	R0040	4,838
Pension benefit surplus	R0050	
Property, plant & equipment held for own use	R0060	
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	15,334
Property (other than for own use)	R0080	
Holdings in related undertakings, including participations	R0090	684
Equities	R0100	
Equities - listed	R0110	
Equities - unlisted	R0120	
Bonds	R0130	14,650
Government Bonds	R0140	4,983
Corporate Bonds	R0150	9,667
Structured notes	R0160	
Collateralised securities	R0170	
Collective Investments Undertakings	R0180	
Derivatives	R0190	
Deposits other than cash equivalents	R0200	
Other investments	R0210	
Assets held for index-linked and unit-linked contracts	R0220	
Loans and mortgages	R0230	6,476
Loans on policies	R0240	
Loans and mortgages to individuals	R0250	
Other loans and mortgages	R0260	6,476
Reinsurance recoverables from:	R0270	43,247
Non-life and health similar to non-life	R0280	43,247
Life and health similar to life, excluding index-linked and unit-linked	R0315	
Life index-linked and unit-linked	R0340	
Deposits to cedants	R0350	
Insurance and intermediaries receivables	R0360	
Reinsurance receivables	R0370	3,123
Receivables (trade, not insurance)	R0380	3,354
Own shares (held directly)	R0390	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	
Cash and cash equivalents	R0410	325
Any other assets, not elsewhere shown	R0420	124
Total assets	R0500	76,820
Liabilities		
Technical provisions - total	R0505	41,124
Technical provisions - non-life	R0510	41,124
Technical provisions - life	R0515	
Best estimate - total	R0542	41,054
Best estimate - non-life	R0544	41,054
Best estimate - life	R0546	
Risk margin - total	R0552	70
Risk margin - non-life	R0554	70
Risk margin - life	R0556	
Transitional (TMTP) - life	R0565	
Other technical provisions	R0730	
Contingent liabilities	R0740	
Provisions other than technical provisions	R0750	
Pension benefit obligations	R0760	
Deposits from reinsurers	R0770	16,267
Deferred tax liabilities	R0780	
Derivatives	R0790	
Debts owed to credit institutions	R0800	
Financial liabilities other than debts owed to credit institutions	R0810	
Insurance & intermediaries payables	R0820	
Reinsurance payables	R0830	
Payables (trade, not insurance)	R0840	425
Subordinated liabilities	R0850	
Subordinated liabilities not in Basic Own Funds	R0860	
Subordinated liabilities in Basic Own Funds	R0870	
Any other liabilities, not elsewhere shown	R0880	105
Total liabilities	R0900	57,921
Excess of assets over liabilities	R1000	18,899

Premiums, claims and expenses by country

Entity: FIL - Fairmead Insurance Limited
Scenario: 2025 Solvency II
Period: Annual
Category:
Currency: GBP - Great British Pounds
PRA QRT: IR.05.02

Premiums, claims and expenses by country

		Home Country	Country (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	
R0010		C0080	C0090	C0100	C0110	C0120	C0130	C0140	
Premiums written									
Gross - Direct Business	R0110	375							375
Gross - Proportional reinsurance accepted	R0120	0							0
Gross - Non-proportional reinsurance accepted	R0130	0							0
Reinsurers' share	R0140	16,154							16,154
Net	R0200	-15,779							-15,779
Premiums earned									
Gross - Direct Business	R0210	375							375
Gross - Proportional reinsurance accepted	R0220	0							0
Gross - Non-proportional reinsurance accepted	R0230	0							0
Reinsurers' share	R0240	16,154							16,154
Net	R0300	-15,779							-15,779
Claims incurred									
Gross - Direct Business	R0310	14,558							14,558
Gross - Proportional reinsurance accepted	R0320	0							0
Gross - Non-proportional reinsurance accepted	R0330	0							0
Reinsurers' share	R0340	26,711							26,711
Net	R0400	-12,153							-12,153
Net expenses incurred	R0550	-572							-572

		Home Country	Country (by amount of gross premiums written) - life obligations						Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210	
R01400		C0220	C0230	C0240	C0250	C0260	C0270	C0280	
Premiums written									
Gross	R1410								0
Reinsurers' share	R1420								0
Net	R1500								0
Premiums earned									
Gross	R1510								0
Reinsurers' share	R1520								0
Net	R1600								0
Claims incurred									
Gross	R1610								0
Reinsurers' share	R1620								0
Net	R1700								0
Net expenses incurred	R1900								0

Current: GBP - 96

[illegible]

Entity: FII - Fairhead Insurance Limited
Scenario: 2025 Solvency II
Period: Annual
Category: Default Original Amount
Currency: GBP - Great British Pounds
PRA ORT: IR.17.01

[illegible]

Non-life claim development

Entity: FTL - Fairmead Insurance Limited
Scenario: 2025 Solvency II
Period: Annual
Currency: GBP - Great British Pounds
Category: Default Original Amount
1 - Accident year
PSA QRT: IR.19.01

Non-life claim development

Development year												In Current year	Sum of years (cumulative)	Gross Earned Premium - up to and including the	Estimate of future gross earned premium at the		
0	1	2	3	4	5	6	7	8	9	10 & +							
Gross Claims Paid (non-cumulative)																	
2016	2016	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	2016	C0170	C0180	C0570	C0580
2017	2017	20,000	10,000	5,000	2,000	1,000	500	200	100	50	25	12	2017	10,000	5,000	2,000	1,000
2018	2018	15,000	7,500	3,750	1,500	750	375	150	75	37	18	9	2018	5,000	2,500	1,000	500
2019	2019	10,000	5,000	2,500	1,000	500	250	100	50	25	12	6	2019	2,500	1,250	500	250
2020	2020	5,000	2,500	1,250	500	250	125	50	25	12	6	3	2020	1,250	625	250	125
2021	2021	2,500	1,250	625	250	125	62	25	12	6	3	1	2021	625	312	125	62
2022	2022	1,250	625	312	125	62	31	12	6	3	1	0	2022	312	156	62	31
2023	2023	625	312	156	62	31	15	6	3	1	0	0	2023	156	78	31	15
2024	2024	312	156	78	31	15	7	3	1	0	0	0	2024	78	39	15	7
2025	2025	156	78	39	15	7	3	1	0	0	0	0	2025	39	19	7	3
2026	2026	78	39	19	7	3	1	0	0	0	0	0	2026	19	9	3	1
2027	2027	39	19	9	3	1	0	0	0	0	0	0	2027	9	4	1	0
2028	2028	19	9	4	1	0	0	0	0	0	0	0	2028	4	2	0	0
2029	2029	9	4	2	0	0	0	0	0	0	0	0	2029	2	1	0	0
2030	2030	4	2	1	0	0	0	0	0	0	0	0	2030	1	0	0	0
2031	2031	2	1	0	0	0	0	0	0	0	0	0	2031	0	0	0	0
2032	2032	1	0	0	0	0	0	0	0	0	0	0	2032	0	0	0	0
2033	2033	0	0	0	0	0	0	0	0	0	0	0	2033	0	0	0	0
2034	2034	0	0	0	0	0	0	0	0	0	0	0	2034	0	0	0	0
2035	2035	0	0	0	0	0	0	0	0	0	0	0	2035	0	0	0	0
2036	2036	0	0	0	0	0	0	0	0	0	0	0	2036	0	0	0	0
2037	2037	0	0	0	0	0	0	0	0	0	0	0	2037	0	0	0	0
2038	2038	0	0	0	0	0	0	0	0	0	0	0	2038	0	0	0	0
2039	2039	0	0	0	0	0	0	0	0	0	0	0	2039	0	0	0	0
2040	2040	0	0	0	0	0	0	0	0	0	0	0	2040	0	0	0	0
2041	2041	0	0	0	0	0	0	0	0	0	0	0	2041	0	0	0	0
2042	2042	0	0	0	0	0	0	0	0	0	0	0	2042	0	0	0	0
2043	2043	0	0	0	0	0	0	0	0	0	0	0	2043	0	0	0	0
2044	2044	0	0	0	0	0	0	0	0	0	0	0	2044	0	0	0	0
2045	2045	0	0	0	0	0	0	0	0	0	0	0	2045	0	0	0	0
2046	2046	0	0	0	0	0	0	0	0	0	0	0	2046	0	0	0	0
2047	2047	0	0	0	0	0	0	0	0	0	0	0	2047	0	0	0	0
2048	2048	0	0	0	0	0	0	0	0	0	0	0	2048	0	0	0	0
2049	2049	0	0	0	0	0	0	0	0	0	0	0	2049	0	0	0	0
2050	2050	0	0	0	0	0	0	0	0	0	0	0	2050	0	0	0	0
2051	2051	0	0	0	0	0	0	0	0	0	0	0	2051	0	0	0	0
2052	2052	0	0	0	0	0	0	0	0	0	0	0	2052	0	0	0	0
2053	2053	0	0	0	0	0	0	0	0	0	0	0	2053	0	0	0	0
2054	2054	0	0	0	0	0	0	0	0	0	0	0	2054	0	0	0	0
2055	2055	0	0	0	0	0	0	0	0	0	0	0	2055	0	0	0	0
2056	2056	0	0	0	0	0	0	0	0	0	0	0	2056	0	0	0	0
2057	2057	0	0	0	0	0	0	0	0	0	0	0	2057	0	0	0	0
2058	2058	0	0	0	0	0	0	0	0	0	0	0	2058	0	0	0	0
2059	2059	0	0	0	0	0	0	0	0	0	0	0	2059	0	0	0	0
2060	2060	0	0	0	0	0	0	0	0	0	0	0	2060	0	0	0	0
2061	2061	0	0	0	0	0	0	0	0	0	0	0	2061	0	0	0	0
2062	2062	0	0	0	0	0	0	0	0	0	0	0	2062	0	0	0	0
2063	2063	0	0	0	0	0	0	0	0	0	0	0	2063	0	0	0	0
2064	2064	0	0	0	0	0	0	0	0	0	0	0	2064	0	0	0	0
2065	2065	0	0	0	0	0	0	0	0	0	0	0	2065	0	0	0	0
2066	2066	0	0	0	0	0	0	0	0	0	0	0	2066	0	0	0	0
2067	2067	0	0	0	0	0	0	0	0	0	0	0	2067	0	0	0	0
2068	2068	0	0	0	0	0	0	0	0	0	0	0	2068	0	0	0	0
2069	2069	0	0	0	0	0	0	0	0	0	0	0	2069	0	0	0	0
2070	2070	0	0	0	0	0	0	0	0	0	0	0	2070	0	0	0	0
2071	2071	0	0	0	0	0	0	0	0	0	0	0	2071	0	0	0	0
2072	2072	0	0	0	0	0	0	0	0	0	0	0	2072	0	0	0	0
2073	2073	0	0	0	0	0	0	0	0	0	0	0	2073	0	0	0	0
2074	2074	0	0	0	0	0	0	0	0	0	0	0	2074	0	0	0	0
2075	2075	0	0	0	0	0	0	0	0	0	0	0	2075	0	0	0	0
2076	2076	0	0	0	0	0	0	0	0	0	0	0	2076	0	0	0	0
2077	2077	0	0	0	0	0	0	0	0	0	0	0	2077	0	0	0	0
2078	2078	0	0	0	0	0	0	0	0	0	0	0	2078	0	0	0	0
2079	2079	0	0	0	0	0	0	0	0	0	0	0	2079	0	0	0	0
2080	2080	0	0	0	0	0	0	0	0	0	0	0	2080	0	0	0	0
2081	2081	0	0	0	0	0	0	0	0	0	0	0	2081	0	0	0	0
2082	2082	0	0	0	0	0	0	0	0	0	0	0	2082	0	0	0	0
2083	2083	0	0	0	0	0	0	0	0	0	0	0	2083	0	0	0	0
2084	2084	0	0	0	0	0	0	0	0	0	0	0	2084	0	0	0	0
2085	2085	0	0	0	0	0	0	0	0	0	0	0	2085	0	0	0	0
2086	2086	0	0	0	0	0	0	0	0	0	0	0	2086	0	0	0	0
2087	2087	0	0	0	0	0	0	0	0	0	0	0	2087	0	0	0	0
2088	2088	0	0	0	0	0	0	0	0	0	0	0	2088	0	0	0	0
2089	2089	0	0	0	0	0	0	0	0	0	0	0	2089	0	0	0	0
2090	2090	0	0	0	0	0	0	0	0	0	0	0	2090	0	0	0	0
2091	2091	0	0	0	0	0	0	0	0	0	0	0	2091	0	0	0	0
2092	2092	0	0	0	0	0	0	0	0	0	0	0	2092	0	0	0	0
2093	2093	0	0	0	0	0	0	0	0	0	0	0	2093	0	0	0	0
2094	2094	0	0	0	0	0	0	0	0	0	0	0	2094	0	0	0	0
2095	2095	0	0	0	0	0	0	0	0	0	0	0	2095	0	0	0	0
2096	2096	0	0	0	0	0	0	0	0	0	0	0	2096	0	0	0	0
2097	2097	0	0	0	0	0	0	0	0	0	0	0	2097	0	0	0	0
2098	2098	0	0	0	0	0	0	0	0	0	0	0	2098	0	0	0	0
2099	2099	0	0	0	0	0	0	0	0	0	0	0	2099	0	0	0	0
2100	2100	0	0	0	0	0	0	0	0	0	0	0	2100	0	0	0	0
2101	2101	0	0	0	0	0	0	0	0	0	0	0	2101	0	0	0	0
2102	2102	0	0	0	0	0	0	0	0	0	0	0	2102	0	0	0	0
2103	2103	0	0	0	0	0	0	0	0	0	0	0	2103	0	0	0	0
2104	2104	0	0	0	0	0	0	0	0	0	0	0	2104	0	0	0	0
2105	2105	0	0	0	0	0	0	0	0	0	0	0	2105	0	0	0	0
2106	2106	0	0	0	0	0	0	0	0	0	0	0	2106	0	0	0	0
2107	2107	0	0	0	0	0	0	0	0	0	0	0	2107	0	0	0	0
2108	2108	0	0	0	0	0	0	0	0	0	0	0	2108	0	0	0	0
2109	2109	0	0	0	0	0	0	0	0	0	0	0	2109	0	0	0	

Own Funds

Entity: FIL - Fairmead Insurance Limited
Scenario: 2025 Solvency II
Period: Annual
Category: Default Original Amount
Currency: GBP - Great British Pounds
PRA QRT: IR.23.01

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds	Ordinary share capital (gross of own shares)	R0010	0	0			
	Share premium account related to ordinary share capital	R0030					
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
	Subordinated mutual member accounts	R0050					
	Surplus funds	R0070					
	Preference shares	R0090					
	Share premium account related to preference shares	R0110					
	Reconciliation reserve	R0130	14,062	14,062			
	Subordinated liabilities	R0140					
	An amount equal to the value of net deferred tax assets	R0160	4,838				4,838
Other own fund items approved by the supervisory authority as basic own funds not specified above		R0180					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria		R0220					
Total basic own funds		R0290	18,899	14,062			4,838
Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300					
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
	Unpaid and uncalled preference shares callable on demand	R0320					
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
	Letters of credit and guarantees	R0340					
	Letters of credit and guarantees other	R0350					
	Supplementary members calls	R0360					
	Supplementary members calls - other	R0370					
	Other ancillary own funds	R0390					
Total ancillary own funds		R0400					
Available and eligible own funds	Total available own funds to meet the SCR	R0500	18,899	14,062			4,838
	Total available own funds to meet the MCR	R0510	14,062	14,062			
	Total eligible own funds to meet the SCR	R0540	14,353	14,062			291
	Total eligible own funds to meet the MCR	R0550	14,062	14,062			
SCR		R0580	1,940				
MCR		R0600	3,500				
Ratio of Eligible own funds to SCR		R0620	739.88%				
Ratio of Eligible own funds to MCR		R0640	401.76%				
			C0060				
Reconciliation reserve	Excess of assets over liabilities	R0700	18,899				
	Own shares (held directly and indirectly)	R0710					
	Foreseeable dividends, distributions and charges	R0720					
	Deductions for participations in financial and credit institutions	R0725					
	Other basic own fund items	R0730	4,838				
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740					
Reconciliation reserve		R0760	14,062				

Solvency Capital Requirement

Entity: FIL - Fairmead Insurance Limited
Scenario: 2025 Solvency II
Period: Annual
Category: Solvency UK: Solo Purpose
Currency: GBP - Great British Pounds
PRA QRT: IR.25.04

				C0010	
Net of loss-absorbing capacity of technical provisions	Market risk	Interest rate risk	R0140	682	
		Equity risk	R0070	504	
		Property risk	R0080	151	
		Spread risk	R0090	141	
		Concentration risk	R0100	369	
		Currency risk	R0110		
		Other market risk	R0120		
		Diversification within market risk	R0125		
		Counterparty default risk	R0130	-483	
	Life underwriting risk		R0180	1,137	
		Type 1 exposures	R0150	443	
		Type 2 exposures	R0160	766	
		Other counterparty risk	R0165		
		Diversification within counterparty default risk	R0170	-72	
		Mortality risk	R0270		
		Longevity risk	R0190		
		Disability-Morbidity risk	R0200		
		Life-expense risk	R0210		
	Total health underwriting risk	Revision risk	R0220		
		Lapse risk	R0230		
		Life catastrophe risk	R0240		
		Other life underwriting risk	R0250		
		Diversification within life underwriting risk	R0255		
			R0260		
		Health SLT risk	R0320	0	
		Health non SLT risk	R0280	0	
		Health catastrophe risk	R0290		
	Non-life underwriting risk	Other health underwriting risk	R0300		
		Diversification within health underwriting risk	R0305		
			R0310		
		Non-life premium and reserve risk (ex catastrophe risk)	R0370	54	
		Non-life catastrophe risk	R0330	54	
		Lapse risk	R0340		
		Other non-life underwriting risk	R0350		
		Diversification within non-life underwriting risk	R0355		
			R0360		
Intangible asset risk				R0400	
Operational and other risks	Operational risk	R0430	448		
	Other risks	R0422	448		
		R0424			
Total before all diversification				R0432	2,875
Total before diversification between risk modules				R0434	2,320
Diversification between risk modules				R0436	-380
Total after diversification				R0438	1,940
Loss-absorbing capacity of technical provisions				R0440	
Loss-absorbing capacity of deferred taxes				R0450	
Other adjustments				R0455	
Solvency capital requirement excluding capital add-on				R0460	1,940
Disclosed capital add-on - excluding residual model limitation				R0472	
Disclosed capital add-on - residual model limitation				R0474	
Solvency capital requirement including capital add-on				R0480	1,940
Biting interest rate scenario				R0490	Increase
Biting life lapse scenario				R0495	

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

Entity: FIL - Fairmead Insurance Limited
Scenario: 2025 Solvency II
Period: Annual
Category: Solvency UK: Solo Purpose
Currency: GBP - Great British Pounds
PRA QRT: IR.28.01

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

Linear formula component for non-life insurance and reinsurance obligations		Background information	
MCR calculation Non Life		Non-life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020		
Income protection insurance and proportional reinsurance	R0030	0	
Workers' compensation insurance and proportional reinsurance	R0040		
Motor vehicle liability insurance and proportional reinsurance	R0050		
Other motor insurance and proportional reinsurance	R0060		
Marine, aviation and transport insurance and proportional reinsurance	R0070		
Fire and other damage to property insurance and proportional reinsurance	R0080		
General liability insurance and proportional reinsurance	R0090		0
Credit and suretyship insurance and proportional reinsurance	R0100		
Legal expenses insurance and proportional reinsurance	R0110		
Assistance and proportional reinsurance	R0120		
Miscellaneous financial loss insurance and proportional reinsurance	R0130	7	
Non-proportional health reinsurance	R0140		
Non-proportional casualty reinsurance	R0150		
Non-proportional marine, aviation and transport reinsurance	R0160		
Non-proportional property reinsurance	R0170		
Linear formula component for life insurance and reinsurance obligations		MCR components	
MCR calculation Life		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210		
Obligations with profit participation - future discretionary benefits	R0220		
Index-linked and unit-linked insurance obligations	R0230		
Other life (re)insurance and health (re)insurance obligations	R0240		
Total capital at risk for all life (re)insurance obligations	R0250		
Overall MCR calculation		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	1	
MCRIL Result	R0200		
		C0070	
Linear MCR	R0300		1
SCR	R0310		1,940
MCR cap	R0320		873
MCR floor	R0330		485
Combined MCR	R0340		485
Absolute floor of the MCR	R0350		3,500
Minimum Capital Requirement		C0070	
	R0400		3,500