

Financial
& Legal

Solvency and Financial Condition Report (SFCR)

For the year ending 31st December 2025

EXECUTIVE SUMMARY	3
A: BUSINESS AND PERFORMANCE	6
A1. BUSINESS AND EXTERNAL ENVIRONMENT	6
A2. PERFORMANCE FROM UNDERWRITING ACTIVITIES	7
A3. PERFORMANCE FROM INVESTMENT ACTIVITIES	8
A4. OPERATING/OTHER EXPENSES.....	8
A5. ANY OTHER DISCLOSURES.....	8
B: SYSTEM OF GOVERNANCE	9
B1. GENERAL GOVERNANCE ARRANGEMENTS.....	9
B2. FIT AND PROPER REQUIREMENTS	13
B3. RISK MANAGEMENT SYSTEM	15
B4. ORSA (OWN RISK AND SOLVENCY ASSESSMENT)	18
B5. INTERNAL CONTROL SYSTEM	20
B6. INTERNAL AUDIT FUNCTION.....	20
B7. ACTUARIAL FUNCTION.....	20
B8. OUTSOURCING	22
B9. ANY OTHER DISCLOSURES.....	23
B10. GOVERNANCE MAP.....	24
C: RISK MANAGEMENT	25
C1. UNDERWRITING RISK.....	25
C2. MARKET RISK	26
C3. CREDIT COUNTERPARTY RISK	26
C4. LIQUIDITY RISK	27
C5. OPERATIONAL RISK.....	27
C6. OTHER MATERIAL RISKS	27
D: VALUATION FOR SOLVENCY PURPOSES.....	29
D1. ASSETS.....	29
D2. TECHNICAL PROVISIONS	29
D3. OTHER LIABILITIES	30
D4. ANY OTHER DISCLOSURES	30
E: CAPITAL MANAGEMENT	31
E1. OWN FUNDS	31
E2. MINIMUM CAPITAL REQUIREMENT (MCR) AND SOLVENCY CAPITAL REQUIREMENT (SCR)	31
E3. THE OPTION SET OUT IN ARTICLE 305B USED FOR THE CALCULATION OF ITS SOLVENCY CAPITAL REQUIREMENT.	31
E4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODELS USED.....	31
SFCR TEMPLATES.....	33

Executive Summary

Introduction

This report relates to Financial and Legal Insurance Company Limited (the Company) which is authorised by the PRA and jointly regulated by the FCA and PRA. (FRN 202915)

The purpose of the Solvency Financial Condition Report (SFCR) for Financial and Legal Insurance Company Limited (the Company) is to provide information required by the Solvency II (SII) regulatory frameworks as of 31st December 2025, based on the financial position as of 31st December 2025.

This report sets out aspects of the Business and Performance of the Company, its System of Governance, Risk Management, Valuation for Solvency Purposes, and Capital Management. The ultimate administrative body that has the responsibility for all of these matters is the Company's board of directors, with the help of various governance and control functions that it has put in place to monitor and manage the business.

Business and Performance

Historically, the Company operated as a specialist legal expenses insurer primarily providing Before the Event ("BTE") and After the Event ("ATE") legal expenses insurance policies. However, since 2021 the Company made a strategic decision to diversify into General Insurance ("GI") products with the majority of the Gross Written Premium (GWP) in 2025 being GI business. During 2023 F&L introduced reinsurance to support the growth of motor ancillary products, including GAP insurance.

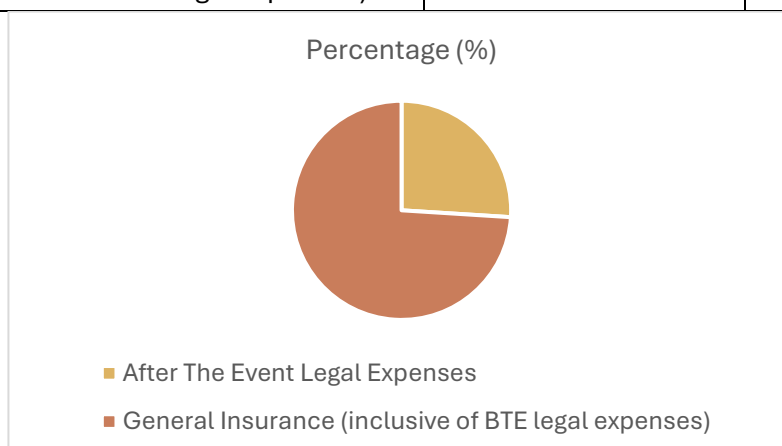
The strategy is to remain agile and has developed during 2025 to create two distinct business units, those being ATE and GI which includes the Legal expenses BTE business. The Company continues to build strategic relationships with partners underpinning our vision and values.

Our values are embedded in our vision statement:

We are *passionate* to *Drive* service *excellence* and enable exceptional outcomes for our customers. Through the *development* of, and *collaboration* with our colleagues, we will *Further* ourselves with effective *engagement* to deliver our purpose.

The current product split is below:

Category	GWP Gross of Reinsurance (£m)	Percentage (%)
After The Event Legal Expenses	6.7	26
General Insurance (inclusive of BTE legal expenses)	18.8	74



Underwriting Strategy

The Company currently has the following regulatory permissions which allow it to write a range of legal expenses and general ancillary products:

- Class 1 Accident
- Class 3 Land Vehicles
- Class 16 Miscellaneous Financial Loss
- Class 17 Legal Expenses
- Class 18 Assistance.

GI – The Company aims to further grow our Motor Ancillary business by working closely with both existing and prospective partners to explore broader opportunities. This includes reviewing an expanded product range—such as gadget, cycle, and personal possessions insurance (subject to approval)—to support our current cover holders and develop new distribution partnerships.

In 2025 sales in Motor Ancillary products, predominantly Motor Warranty and GAP insurance increased, but some of our unprofitable partnerships were exited. The GAP market has undergone a significant overhaul following the FCA review in 2024, we continue to distribute products online and commenced distribution through selected dealer and broker channels.

BTE - typically distributed by insurance brokers alongside a primary policy, such as motor, home, or landlord insurance. In recent years, the Company has broadened its offering to include a wider range of GI products, which are also commonly distributed through insurance brokers or MGAs.

ATE - The Company continues to maintain a significant volume of ATE business. Whilst the portfolio is now more diverse, including the non-injury ATE products developed, future growth is focused on personal injury and housing disrepair.

ATE business is sold principally through solicitors. ATE policies generally have a life expectancy of between six months and three years, complex and exceptional cases can be longer.

Financial Overview

In 2025 the Company experienced reduced profitability with underwriting profit falling from £4.4m to £2.0m against a budget of £2.2m. The primary reasons for the reduction are:

- an unexpected one-off significant provision made in relation to a contractual dispute, and;
- higher loss ratios than anticipated on certain GI schemes which resulted in pricing and underwriting actions being implemented during the year

Total written premium (net of reinsurance) decreased from £23.7m to £19.4m, largely due to the termination of poorer performing schemes.

Net assets increased by £1.5m year on year with a modest improvement in cash at bank balances which rose from £30.8m to £31.2m.

Systems of Governance

Section B outlines the system of governance and risk management, detailing how the Company is directed and controlled. It describes the remuneration policy and practices, as well as adherence to the 'Fit and Proper Requirements,' which are standards mandated by regulators for appointing individuals who run the business or perform key functions.

The governance system centres on the Board, the Risk Committee, the Underwriting Committee, the Audit Committee, the Remuneration Committee and various subcommittees, with some functions outsourced to external service providers. The core component of governance is the risk management system, designed to

identify all material risks, establish policies and procedures to assess these risks, consider their potential impact, and report them so they can be effectively managed or mitigated.

The Board

- Governance structure – the Company has a formal governance structure of committees to oversee risk reporting to the Board. This encourages constructive challenge on our approach and helps to ensure that our risk exposure remains appropriate and within the defined limits.
- Organisational structure – the reporting lines, roles and responsibilities of the directors and senior management to support the delivery of the Company’s strategy and implement appropriate risk policies and controls.
- Risk Management System (RMS) – is designed to help us manage our risks effectively and includes our risk appetite and policies. It is underpinned by a strong risk culture.
- Internal Control System (ICS) – methods and processes put in place to achieve effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Solvency Capital Ratio

The Company engages an external actuarial consultancy on a biennial basis to review the methodology and assumptions used in calculating the solvency capital ratio (“SCR”), which remains its primary key performance indicator.

The Company’s SCR coverage ratio was 140% (2024 :147%) The reduction to the prior year was driven primarily by the weaker performance of certain GI schemes, which, as noted earlier, have either been exited or undergone rate review.

There remains a significant volume of unearned funded ATE business, largely written in 2023 and the early part of 2024. This is expected to be earned in 2026 and 2027, which is likely to bolster the SCR ratio moving forward.

A: Business and Performance

A1. Business and external environment

The Company is a United Kingdom based insurer authorised and regulated by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA). Contact details for the PRA and FCA can be found at:

Supervisory authority	Details	Link
PRA	12 Endeavour Square, London, E20 1JN +44 (0)20 7066 1000	www.bankofengland.co.uk/pra
FCA	20 Moorgate, London, EC2R 6DA +44 (0)20 7601 4444	www.fca.org.uk

Financial and Legal Insurance registered and operating office:

Financial and Legal Insurance Company Limited
5400 Lakeside
Cheadle Royal Business Park
Cheadle
SK8 3GQ

Auditors name and address:

PKF Littlejohn LLP
12 King Street,
Leeds
LS1 2HL

Shareholding structure

Nicholas Garner, who is the Chief Executive Officer, is the majority shareholder and owns 94.44% of the Company. His spouse, Serena Garner holds the remaining 5.56%.

Following a share issue in 2023, Tony Pope owns 1 ordinary share, a negligible holding out of the 1,332,002 shares in issue.

External Environment

The company has continued diversifying into new product lines, including GAP insurance. This move has necessitated a focus on the economic environment, particularly the value of vehicles. Following the shortage of vehicles throughout and after the Covid pandemic, where vehicles showed little depreciation, the market has returned to a more usual state with vehicles showing high levels of depreciation (20-40% in the first year). This shift has influenced the company's strategy and product offerings, ensuring that they remain relevant and valuable to customers in the current economic climate.

UK Economic Climate

In 2025, the UK economy appeared broadly stable despite ongoing geopolitical uncertainty. Inflation has remained above target and is expected to remain so. Although real wage growth and higher public spending have supported household demand, many consumers continue to feel the effects of elevated living costs and increasing financial vulnerability which are shaping expectations around fair-value insurance products. Market conditions have softened across most GI lines, driven by expanded capacity and broader coverage. Meanwhile, the government's growth-focused policy direction and ongoing regulatory reforms—including changes linked to Solvency II and competitiveness initiatives—continue to influence insurers' strategic planning and operational flexibility in a shifting regulatory landscape.

Regulatory development

Over the past three to five years, the Financial Conduct Authority (“FCA”) has significantly raised standards for consumer protection within the insurance sector. This has been achieved through a range of measures, including enhanced regulatory requirements, increased expectations around transparency and a strengthened focus on consumer outcomes.

As a result, the Company, in common with other participants in the retail insurance market, has experienced a material increase in the level of focus, time and cost required to ensure full compliance with these requirements. In particular, there is an increased emphasis on evidencing how the Company meets its obligations to customers and delivers fair value through the products it manufactures and distributes.

A2. Performance from underwriting activities

Historically, the Company’s distribution has been weighted towards ATE insurance products. Although ATE policy volumes are lower than those of general insurance (“GI”), higher premiums per policy have meant that ATE has traditionally been the primary driver of income and profitability.

Over the past two years, the business mix has shifted towards GI. While gross written premiums reduced in 2025, GI premium has again increased relative to ATE, supported by established volumes in GAP insurance and warranty business, with GI premium now exceeding that generated from ATE products. In response, the Company has refined its underwriting approach to reflect the broader GI product mix, with reserving and earnings patterns tailored to individual schemes and products.

In contrast, ATE business continues to exhibit a longer claims settlement profile, reflecting the nature of the underlying risks and the potential for policy cancellations or claim abandonment, which the Company actively monitors.

All products underwritten by the Company relate to risks located in the United Kingdom.

For the year ended 31 December 2025, the Company reported an underwriting profit of £2.0m (2024: £4.4m).

The summary technical account and associated loss ratios is presented below:

Technical account £'000	2025 £'000	2024 £'000
Written Premiums	19,770	23,720
Provision for unearned premium	4,068	(5,566)
Earned premium	23,838	18,154
Claims Paid	(13,885)	(9,040)
Provision for claims	(1,119)	(1,432)
Commissions	(3,645)	(548)
Operating expenses	(3,171)	(2,738)
Balance on technical account	2,018	4,395

Written premiums (net of reinsurance) decreased to £19.8m in 2025 (2024: £23.7m), reflecting actions taken to address the performance of certain underperforming schemes.

The provision for unearned premium reduced by £4.1m (2024: increase of £5.6m) primarily reflecting further earnings from the upfront ATE book where policies were written in previous periods.

Loss ratios increased materially, driven by both the ongoing shift in business mix away from ATE towards GI, as well as the impact of poorer performing GI schemes.

Commissions were adversely impacted by provisions recognised in relation to an ongoing contractual dispute.

Operating expenses increased by £0.5m to £3.2m (2024: £2.7m), reflecting continued investment in people and other costs to support the Company's growth objectives.

As a result of these factors, the balance on the technical account reduced to £0.5m (2024: £4.4m)

A3. Performance from investment activities

Cash Deposits: The Company operates a risk averse investment policy with all liquid funds currently held in cash with Barclays Bank. The total investment income generated in the year was fairly static at £1.3m (2024 £1.4m).

Related Party Loans: The Company has interest bearing secured loan arrangements with two related parties (MSL Vehicle Solutions Limited and MSL Legal Expenses Limited), which generated combined interest income of £0.5m (2024: £0.5m).

A4. Operating/other expenses

A breakdown of the operating expenses (net of salary recharges to related parties) is provided below:

Operating expenses	2025 £'000	2024 £'000
Colleague costs	(2,042)	(1,782)
Other expenses	(1,128)	(956)
Total operating expenses	(3,171)	(2,738)

A5. Any other disclosures

There are no other disclosures.

B: System of Governance

B1. General governance arrangements

The Board is responsible for the long-term sustainable success, oversight of the business and sets its strategy and risk appetite in line with the Company's values, with the goal of achieving sound and prudent management. When setting up and designing the structure, the board ensure the presence of adequate and suitably qualified personnel to support the operation. The terms of reference for the Board were reviewed in 2025 without material change to Governance

Changes to the Board structure during the 2025 year, includes Grahame Davies promotion to Managing Director of the ATE business, the necessary applications will be submitted accordingly to the FCA and PRA for their respective areas of responsibility. The Board ensures that there are adequate and suitably qualified resource to safeguard the operation of the Company.

During 2025, Board matters included challenging, approving and overseeing the evolution of the Company's purpose, strategy and values and the responses to the FCA oversight, and reviewing the longer-term product appetite including the potential application for wider product permissions.

The Board acts collectively and in accordance with the Boards terms of reference: The composition is reviewed regularly and is of sufficient size and expertise to oversee the operations of the Company. The Board has been formed to ensure it can:

- Adequately discharge its responsibilities and duties
- Upholds high standards of business conduct
- Ensures judgements and decisions are taken that preserve adequate capital and avoid conduct risk
- Considers all risks, has a full and detailed understanding of the challenges facing the Company and has the experience to deal with any issues.
- Sets the strategy and policies of the Company and reviews business performance
- Determines the nature and extent of significant risks and the appetite for risk acceptance
- Takes responsibility for the Own Risk and Solvency Assessment (ORSA)
- Consider consumer outcomes ensuring access to necessary details to ensure clarity of decisions.
- Drives and monitors the system of governance to ensure that the Company's established functions, controls and systems are effective and in line with the Company's policies and regulatory requirements. This is achieved through established policies, procedures, committee and board meetings.

The Board of Directors comprises a mix of individuals with the following skills:

- Business Strategy – a detailed understanding of the business strategy with the skills and knowledge to challenge accordingly to ensure a robust business strategy.
- Insurance and financial markets
- Financial – to interpret the financial information, identifying key issues and put into place key controls.
- Regulatory frameworks – understanding of the regulatory framework within which the Company operates, with a focus on customer outcomes.

All Directors have been assessed to be fit and proper for the roles.

The Board structure as of 31st December 2025 as follows:

N D Garner:	Chief Executive Officer
A J Pope:	Chief Financial Officer
E V Parkes:	Chief Risk and Compliance Officer
J Daniels:	Managing Director GI
G Davies:	Managing Director ATE (subject to approval) w.e.f. 1 st November 2025
C J Gibson:	Chair of the Board and the Audit Committee and Non-Executive Director
K A Beales:	Non-Executive Director

A S Hughes: Non-Executive Director
D Ross: Non-Executive Director

The Company Secretary is Serena Garner.

Senior Insurance Management Functions are allocated as follows:

Role	Name	SMF/CF
Chief Executive	Nick Garner	SMF1
Chief Finance Officer	Tony Pope	SMF2 & SMF3
Chief Risk and Compliance Officer	Elaine Parkes	SMF4 & SMF16
Chair of the Governing Body & Chair of Audit Committee	Colin Gibson	SMF9 & SMF11
Money Laundering Reporting Officer (MLRO)	Tony Pope	SMF17
Managing Director	Jon Daniels	SMF23 & SMF3
Managing Director	Grahame Davies*	SMF3
Director (Appointed Representative)	Nick Garner	CF1
Non-Executive Director	Karen Beales	N/A
Non-Executive Director	Anthony Hughes	N/A
Non-Executive Director	David Ross	N/A

*Subject to regulatory approval.

There are also three managers, Head of Underwriting and Claims (ATE), Head of Claims GI and Head of Product Governance and Oversight plus c 45 other colleagues. As part of the overall governance strategy, each senior manager has a clearly defined role with ownership and responsibilities to act as the first line of risk defence (referred to below). The Board continually review the resources to ensure there are sufficient resources and/or development in infrastructure to support such growth.

The Board and Board Committee Structure

The Board Committees

The Board of the Company appointed various committees to assist it in its governance role, however it still retains the ultimate responsibility for these functions. The Board Committees each perform a function on behalf of the Board

Audit Committee

The purpose of the Audit Committee is to provide oversight and assessment of the integrity and accuracy of the financial reporting, along with the effectiveness of the internal controls. It is also responsible for the management, coordination and oversight of the internal and external audit functions. All members are independent NEDs.

Remuneration Committee

Is responsible for the remuneration for the setting and oversight of the Remuneration Policy: This has been revised during the last 12 months. It details how Senior Managers, and colleagues are compensated, is structured around prioritising the needs and satisfaction of customers. This means that the policy is designed to reward behaviours and actions that enhance the customer experience and fulfil the four outcomes outlined in Consumer Duty regulations. These outcomes typically focus on ensuring fair treatment, appropriate products and services, effective communication, and overall customer satisfaction. So, the remuneration policy incentivises colleagues to prioritise customer needs and uphold their rights and interests in line with regulatory standards.

Risk Committee

The risk committee oversees the implementation and performance of the Company's Risk Management Framework, Compliance Frameworks within the Regulatory Risk appetite set by the Board

Underwriting Committee

The Underwriting Committee reviews the insurance needs of the customers and the adequacy of the policies in place, meetings are held monthly it manages the balance between risk and reward, analysing and making informed decisions, evaluating the risks associated with the product ensuring that the product delivers good outcomes for the client and meets the strategic objectives.

Product Oversight Committee

Reports into the Underwriting Committee it oversees the product fair value and ensures that products both new and existing products meet the requirements of Consumer Duty and the Company's own objectives for the delivery of good customer outcomes.

Remuneration Policy and Practices

The Board is responsible for the remuneration terms under the control of the chair of the Board who has ultimate responsibility.

The Board:

- oversee the design of the remuneration architecture, the implementation of the Remuneration Rules and the respective monitoring process.
- review the Remuneration Rules regularly, at least once a year, and amend them, as necessary.
- is responsible for reviewing and monitoring implementation of this policy.

The Board including the Directors meet on at least an annual basis to review the Remuneration Policy and its implementation.

Link Between Pay and Performance

The Company operate a balanced and effectively managed remuneration system that provides for competitive total remuneration opportunities that are designed to attract, retain, motivate and reward the colleagues to deliver high performance, whilst always supporting the aims of Regulatory requirements.

1. The link between pay and performance is supported by fixed pay (i.e. base salary and benefits) and performance-related pay (bonus schemes as applicable).
2. The remuneration system is an important element of the broader risk management framework with a clear focus of the targets and measures to support customer centric behaviours. It is designed to discourage inappropriate risk taking through effective governance and a clearly defined performance management process which supports the Company's overall strategy, values and long-term interests.
3. Performance-related pay, based upon a balanced set of SMART objectives which are designed to promote sound risk management and does so by ensuring an appropriate balance between fixed and performance-based elements and ensuring sufficiently competitive fixed pay to allow non-payment of the performance-based component.
4. The Company does not pay bonuses based upon policy sales or volumes.
5. For the avoidance of doubt any instance of failure to comply with relevant legislation, regulations or internal policy will impact upon the level of any element of variable remuneration which might otherwise have been awarded. Good customer outcomes have been strengthened in the setting of objectives for each individual throughout the Company and are monitored frequently, with clear reportable outcomes.

The Board carries out its other duties by:

- Attending monthly board meetings to discuss issues arising from the management meetings in addition to addressing any issues requiring board approval or consent as well as addressing emerging legal, regulatory, market and performance risks and challenges.
- Providing challenge and input to relevant meetings.

B2. Fit and Proper Requirements

Skills, knowledge and expertise

The Senior Managers & Certification Regime (SM&CR) aims to strengthen individual accountability in regulated UK financial services firms.

The company's SM&CR policy sets out the approach to managing and assessing colleagues in senior roles. The policy defines minimum standards for colleagues to follow, including a Fit & Proper (F&P) assessment. The company is fully compliant with the SM&CR Regime and has provided a Responsibilities Map to the PRA and the FCA.

The Responsibilities Map contains Senior Management Functions and Key Function Holders. As an insurer the Company must assess that certain colleagues within the firm are fit and proper and maintain skills, knowledge and expertise to do their job.

The SM&CR policy defines the following requirements on skills and experience:

- Senior management and certified functions must meet the Fitness and Propriety policy standards before commencing their role. Ongoing compliance that standards are met is certified at least annually thereafter
- The Chair of each Group entity is accountable for ensuring that their respective Board has the relevant skills and training to exercise their duties. This includes ensuring that Non-Executive Directors are fit and proper to perform their role on an ongoing basis
- Senior Management Functions role holders are accountable for understanding their role and accountabilities under SM&CR. This includes compliance with the Conduct Rules, completing required training, and ensuring they have documented reasonable steps and frameworks
- Certified function role holders are responsible for ensuring that they have an up-to-date certificate at all times, informing the People function of relevant changes
- Where applicable, colleagues must comply with related policies and procedures to ensure competence, that Group standards are maintained, and performance is managed appropriately.

We assess the above colleagues on an ongoing basis, and at least once a year. The assessment considers relevant FCA rules around the qualifications, training, competence, and personal characteristics required for the role (where applicable).

Assessing fitness and propriety

All relevant colleagues must be fit for their role and responsibilities and hold the qualifications, knowledge and experience relevant to the role to ensure that it is performed in a professional manner with the appropriate degree of management and professional competence.

Appointment of all individuals must comply with the rules as set out in the rules and guidelines. When carrying out the assessment we consider the following for a colleague:

- Honesty, integrity and reputation
- Competence and capability, including whether the colleague satisfies any relevant FCA training and competence requirements.
- Financial soundness

In addition to the assessments, we also collect other evidence:

- Disclosure and Barring Service (DBS) checks regularly
- Previous employment references
- Request regulatory references for new colleagues, where the colleague has worked within a PRA / FCA regulated firm.
- Politically exposed persons and sanctions checks
- Verification of qualification and satisfactory personal and professional references.

Obtaining the above helps us to make better-informed decisions about new or existing colleagues.

All senior managers have a Statement of Responsibility (SOR), which sets out their responsibilities and what is expected of them.

In addition to the above, we also request certain other colleagues within the firm to complete a fitness and propriety declaration each year. The declaration is signed by a colleague confirming whether they remain fit and proper to undertake their duties.

The colleagues and their roles subject to the fit and proper requirements are:

Name	Role
C Gibson	Chair of the Governing Body, Chair of the Audit Committee
N Garner	Chief Executive Officer
A Pope	Chief Financial Officer
E Parkes	Chief Risk and Compliance Officer
K Beales	Non-Executive Director
J Daniels	Managing Director GI
G Davies	Managing Director ATE
D Ross	Non-Executive Director
A Hughes	Non-Executive Director
R Mycroft	Head of Claims and Underwriting (ATE)
S Morris	Head of Claims GI
C Snell	Head of Product and Governance
All Claims colleagues	
All Finance colleagues	

B3. Risk Management System

Overview of risk system

The Company is classified as a category 4 PRA authorised insurer and as such the Board has the responsibility to act as the Administration, Management and Supervisory Body to meet the requirements of the Solvency II rules. The Board also is responsible for the audit committee and as such the relevant interactions between the Board and committees referred to are managed by the Board.

- The Company's risk management system is designed to help us manage our risks effectively and includes our risk appetites and policies. It is underpinned by a strong risk culture.
- We define risk appetites to quantify the nature and level of risk we are prepared to accept to deliver our strategy. Our risk appetites are aligned to the Company's vision, values and strategy and are approved by the Board.
- Our risk policies outline the way we manage and control risks in line with our risk appetite and are embedded in all the procedures and processes that the Company follows.

These policies are reviewed at least annually but also as required in the event of any market changes. In addition, there is a monthly requirement for all risk breaches and failures to be reported on an appropriate form.

The RMS enables the Board to gain assurance that:

- The risks faced by the Company are being appropriately identified and managed within risk appetite.
- Risks that may result in significant financial loss or reputational damage are being mitigated.
- The achievement of the Company's objectives is not undermined by unexpected events.

The Company operates a three lines of defence model

Three lines' model

Effective risk management in day-to-day activities and decision making is demonstrated across our 'three lines' model. The model defines the ownership of and responsibilities for risk and provides internal assurance on our risk management practices

First Line

Provided by front line managers, colleague, and operational management. The systems, internal controls, the control environment, and culture developed and implemented by the business is crucial in anticipating and managing risk. The senior managers will have responsibility and ownership of the first line of defence

Second Line

This is Risk, Compliance. These functions provide an oversight and the tools, systems, and advice necessary to support the first line of defence in identifying and monitoring risks.

Third Line

Provided by internal audit. This provides a level of independent assurance that the risk management and internal control framework is working as desired. The Board have appointed two independent external consultants to undertake its independent internal audit dependent on the area of focus each year.

Overview of risk appetite & Underwriting Committee

The risk appetite of the business is reviewed regularly and is the cornerstone of the risks we will and will not accept. All new business or enhancements to existing products must meet the criteria in the Underwriting manual and as detailed in the risk appetite with approval processes to ensure we meet our criteria.

Any opportunity outside the risk appetite has to receive board approval and be submitted with a business and financial case as to why we should accept it.

The Company operates a Product Oversight Committee (POC) which reviews all new products / schemes and changes to any existing products. It considers the product value, customer outcomes and ensuring the target market is considered and understood before progressing to commercial considerations. The Product Assessment documentation has recently been updated to ensure a more robust approach to product oversight from the offset. The revised process has been finalised with the assistance of an outsourced Compliance Consultancy to ensure a robust process.

If the POC approves a product it may require referral to the Underwriting Committee which considers new products, individual business opportunities, and general account performance. The Committee will consider, challenge and may approve the proposition.

However, where the product is a new product not previously underwritten, the Underwriting Committee is required to make a recommendation to the Board who may also challenge and ultimately has the responsibility for approval or rejection. This process ensures all management and board colleagues within the business are also fully aware of all new products and opportunities.

Summary of how emerging risks are managed – risk register, risk scoring and new and emerging risks.

Risk Management Process



As part of the overall risk governance and appetite the Company:

- Monitor emerging risks by perusing the insurance and trade press, ICO, PRA, ABI, FCA websites and consultations and MOJ statements as well as statements from the Law Society, APIL, FOIL and MASS. In addition, any intelligence from business partners and competitors is also carefully monitored and further enquiries made where appropriate. Where an emerging risk is identified it is evaluated and reported at the next monthly management and/or board meeting.
- In addition, any issues with a particular business partner or lost case that may have wider ramifications is reported on and remedial action taken where appropriate.
- All new products have to be agreed by the Board with a business case and confirmation that they meet risk appetite, treat customers fairly and, if necessary, the ORSA will be re-run with stress testing to ensure the efficacy of our capital position before launch.
- Risk breaches and risk failures are reported monthly.

- All complaints are monitored with root cause analysis and subsequent action.
- Each month a statement is produced and circulated to all managers and key colleagues providing monthly updates from FCA, PRA, FOS, ICO and MOJ.

Risk register - Summary of legal and industry risks including new emerging and possible merging risks

The Company's risks are classified into:

- Operational Risks
- Insurance Risks
- Financial (including Liquidity and Credit Risks and Capital Constraints) Risks
- Compliance and Legal Risks
- Strategic Risks
- Reputational Risks

In assessing the risks under each classification, the Company reviews Impact, likelihood and mitigation to produce a score and a financial value to attach to each risk following an evaluation of these risks. The outcome of this financial assessment is then built into Financial and Legal Insurance Company's ORSA calculations.

Summary of documented process for analysing new, emerging and possible future risks

The Company has processes in place to identify and analyse current and new / emerging risks.

In assessing the risks in each of the classifications the Company reviews impact, likelihood and mitigation using a scoring methodology to produce a RAG status. A financial value is placed upon each of these and built into the Company ORSA calculations.

B4. ORSA (Own Risk and Solvency Assessment)

The ORSA process is connected to the business planning process and is conducted as part of the overall governance and control system.

A Company ORSA is produced.

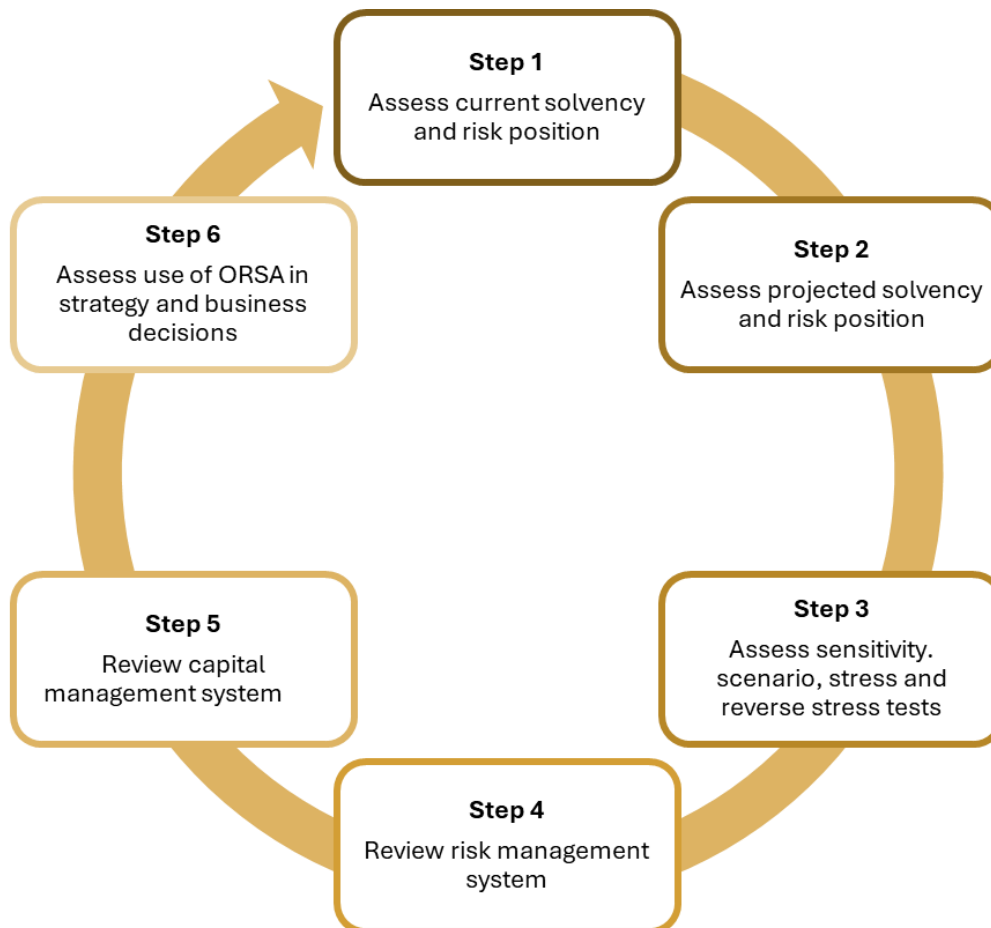
Purpose of the ORSA

The ORSA policy:

- Establishes **policies, processes, and procedures** for ORSA development.
- Identifies **source documents and management information** used for ORSA production.
- Outlines key assumptions and review frequencies for management information.
- Defines the Board's **role** as the Administration, Management, and Supervisory Body.
- Sets **reporting timelines** and the **communication methodology** for internal stakeholders.
- Ensures that all parameters and risk assessments undergo **thorough Board review, challenge, and ultimate agreement** before finalising the ORSA.

At its core, the ORSA provides a **long-term risk assessment**, incorporating financial valuations and contingency planning to ensure continuous solvency and adequate capital reserves.

The ORSA is based on a range of inputs, processes and outputs as illustrated in the diagram below



ORSA Period & Scope

- The ORSA covers **medium- and long-term risks** over a **three-year period**.
- It considers business fluctuations from policies issued before the ORSA, along with policies that will be **underwritten during the three-year period**.

Frequency of the ORSA

The ORSA will be produced:

1. **Annually**, as agreed by the Board, in line with the Company's stable nature.
2. **Upon request** by the Board or senior management team.
3. **In response to material changes** in the firm's risk profile.

B5. Internal Control System

The governance map is shown below in section B11. This map sets out the compliance functions in relation to complaints, risk register and policies (referred to in this report), risk breaches and risk failures, controls on corporate hospitality as well as treating customers fairly and customer satisfaction surveys. The functions undertaken by compliance feed into the monthly board and management meetings.

The management meetings are attended by the Chief Executive Officer, Chief Financial Officer, Chief Risk and Compliance Officer, Managing Director (GI and ATE), Head of Product Oversight and Governance, Head of Underwriting and Head of Claims. The Managing Director has the responsibility for producing the management report which provides a general overview of activity within the month, performance towards strategic plans, key performance indicators and any relevant legal or regulatory changes or updates including emerging risks.

The monthly financial accounts are also reviewed at these meetings as produced by the Chief Financial Officer with sales activity updated by the Managing Director (GI and ATE), with risk and regulatory information provided by the Chief Risk and Compliance Officer.

Internal controls are embedded into processes which include the due diligence procedure for new business partners, conformity with the Board agreed risk appetite and a robust process for new and existing business which ensures that at least two persons (one of which must be either the Chief Risk or Managing Director) formally sign off new business terms before any contractual arrangements are entered into through compliance vetting.

The process has been further enhanced with the creation of the Product Oversight Committee (POC), reporting to the Underwriting Committee. The POC is the body responsible for the product assessment and will ensure that products offer fair value to customers.

B6. Internal Audit Function

The Company engages an independent compliance consultancy specialising in insurance, along with other external consultancies with specialised skills as needed, to conduct regular internal audits of its systems and controls. Additionally, the business outsources parts of its partner audit process to seasoned auditors, each with over 20 years of experience in the relevant product line. These auditors examine partners, clients, and claims handlers, producing audit reports that are subsequently reviewed during management meetings, with any significant issues escalated to the Board as necessary.

To maintain the integrity of the internal audit, the report is always sent directly to the Chair of the Audit Committee, ensuring that the content and findings remain uninfluenced by other parties.

B7. Actuarial function

Article 48 of the Solvency II Directive sets out the requirement for firms to establish an actuarial function.

Having considered these requirements, and taken appropriate advice, the Company does not consider it necessary to appoint a full-time actuary for the following reasons:

- The Directive makes clear that the actuarial function should be proportionate to the scale, nature and complexity of the business.
- A full-time actuary would be inappropriate for a small insurer. In addition, actuarial best practice typically involves peer interaction and challenge, which would be limited in a standalone role within such a business.
- On a biennial basis, the Company engages an external actuarial firm to review its approach to, and the calculation of, the Solvency Capital Requirement (“SCR”). All material recommendations arising from the review of the 2024 SCR have been considered as part of the 2025 year-end regulatory reporting.
- In addition, the Company has engaged an in-house actuarial consultant on an as needed basis to support specific areas of actuarial analysis and oversight, including reserving, capital modelling and assumption setting
- The Board has a strong financial skillset, including an independent Chair who is a qualified accountant, and a significant accountancy presence with a detailed understanding of the business and its operations.

In summary, the Company has both strong financial oversight at Board level and access to actuarial expertise when required. As such, it does not consider the appointment of a full-time actuary to be necessary for an insurer of its size and complexity. This approach is considered consistent with the proportionality principle under Solvency II and appropriate to the Company's risk profile and appetite.

The appropriateness of this approach is reviewed at least annually, taking into account external advice where appropriate. The position will be reconsidered as the business evolves, including where new products are introduced.

B8. Outsourcing

The Outsourcing Policy establishes the general principles, tasks, processes and responsibilities in the event of outsourcing of a critical and/or important business function. The scope of this Policy is to establish the standards for implementing outsourcing arrangements for any key, critical, important operational function, in full compliance with legislative and regulatory requirements.

The Company has operational outsourcing arrangements in place except in relation to

- a. Internal audits – see above
- b. IT
- c. Claims

Item b above is operated by another company under the same ownership as the Company.

In addition to the limited operational outsourcing the business operates a B2B model whereby it permits Solicitors, managing general agents and regulated insurance intermediaries to sell policies on its behalf. The Company delegates authority to sell the policies as detailed in their Terms of Business agreement but does not permit the retailer to set the underwriting risk price nor vary any of the policy documentation without prior approval.

The Company delegates claim handling to the solicitors and a select number of claims handling companies. The Company undertakes due diligence in advance of any authorisation to handle claims and the authority to handle claims will be detailed within the Terms of Business agreement. The Company handles any complaints and / or complex claims.

To manage and mitigate potential outsourcing risk, key controls are in place, with our TPAs and include, but not limited to

- Due Diligence Reviews
- Terms of Business Agreements
- Regular monitoring
- Audits of counterparties
- Review of credit rating

Detailed line by line monthly bordereau are received from business partners to ensure that the Company has the necessary customer information it requires to complete its conduct risk reporting and monitoring of suitability of product.

The Chief Risk and Compliance Officer and team are responsible for both oversight of clients and the products sold. A revised audit approach was drafted in 2024 to improve oversight and best practice. This is based on risk-based assessment based on three risk categories:

1. Product & Value Risk.
2. Business & Operational Risk; and
3. Governance & Board Risk.

The Audit Reports provide the Board with the findings, observations, and recommendations from the audit, ensuring we have an understanding of firm's compliance strength and areas for improvement.

This comprehensive approach includes the following audit themes:

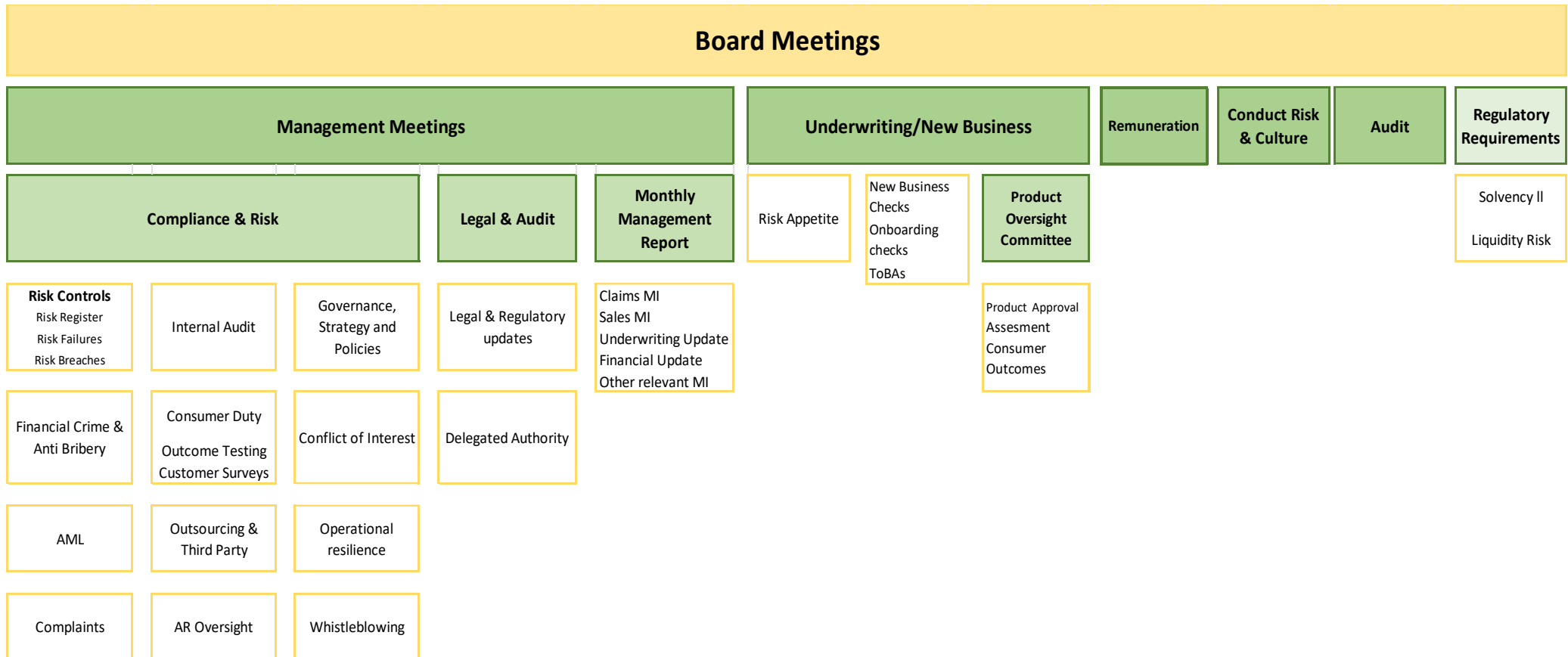
1. Governance, Risk & Controls
2. Claims Audit
3. MI/Financial

- On-Site Inspection: Physical examination of the firm's facilities, processes, and controls to assess operational efficiency and compliance.
- Interviews and Observations: In-person interviews with management and colleagues and direct observation of operations to evaluate the firm's adherence to policies and procedures.
- Verification of Records: Cross-checking on-site records with submitted documentation to ensure accuracy and completeness.
- Risk Assessment: Identifying and evaluating potential risks through a detailed analysis of the firm's operations, financial health, and governance practices.

B9. Any other disclosures

There are no other disclosures

B10. Governance Map



C: Risk Management

The Company accepts the risk of managing its business as an Insurance Company. The material risks associated with the Company are:

- Operational Risks
- Insurance Risks
- Financial (including Liquidity and Credit Risks and Capital Constraints) Risks
- Compliance and Legal Risks
- Strategic Risks
- Reputational Risks

C1. Underwriting Risk

The Company has predominantly offered Legal Expenses insurance, however over the last few years it has followed a product diversification strategy into specialist ancillary products. Compliance with the Consumer Duty rules is enhanced via product oversight through the Product Oversight Committee which reports to the Underwriting Committee. Whilst the business clearly considers its risk appetite and underwriting performance, there is a continued business focus to ensure that products offer value to the customer before policies are distributed. The approach is being refined and developed, with improvements continuing to enhance the process further.

Whilst the Company supports niche products, it will only permit new bespoke products after detailed analysis. The preference is for clients to sell the products already developed and tested by the Company ensuring of course it meets the consumer needs and that the target market is clearly defined.

Underwriting risk is mitigated via the strategy of product diversification and the purchase reinsurance support from a small number of key reinsurers. This strategy has continued through 2025. The selection of reinsurers has been approved by the Board and continues to be monitored by the Underwriting Committee.

The Company continues to refine its Underwriting Guide to ensure a consistent approach in terms of product, pricing and governance.

A key feature of the Underwriting consideration also relates to Value Measures, considering the KPIs from the regulatory reports (including but not limited to):

- Claims Frequency
- Claims cost compared to retail premiums.
- Claims Acceptance rates.
- Complaints volumes

The Company considers each product type and has a number of rating criteria and in turn reserving methodology depending upon the type of product, period of cover and product features. Claims inflation is a key consideration at the current time in light of economic climate and is considered at Board meetings when reviewing the financial performance.

Client performance is reviewed at least quarterly with the client meetings, and the premium and claims data is assessed monthly at the management meeting for each client. The clients are always updated with any potential issues and clearly discussed and recorded with actions agreed.

Inappropriate product and underwriting risk (premium)

This is managed by the Company's Product Oversight Committee and Underwriting Committees. The former reviews all new business, any products which change during the period and all products at least annually to ensure that they offer fair value to customers and there is clarity of the products, their distribution, target market and appropriate KPIs.

The POC reports to the Underwriting Committee, making its recommendations for either acceptance, changes or declination to individual products and schemes. There is clear underwriting philosophy, procedures and controls in relation to pricing, selection criteria and diversification of risks, all of which are predicted on acceptance of the product by the POC. The Company also monitors its performance by account and type of business and will negotiate revised terms where it is appropriate and prudent to do so.

The risks are also mitigated by the Underwriting Committee as determined by the Terms of Reference for the committee. Any new products or variation to existing products are referred to the Committee and if necessary, in turn, referred to the Board for review and sign off.

Lapse risk

This is the decrease in future contracts due to mid-term cancellations used in the calculation of the technical provisions. The Lapse risk is managed through the sign-up process which includes due diligence and senior manager sign off. Lapse risk is included in the non-life underwriting module of the SCR calculation below. To mitigate this risk, the lapse rates are monitored regularly, and unexpected movement is analysed to determine if this is an emerging trend across the whole book or peculiar to a particular source of work.

Risk Concentrations

The Company does not insure any class or group actions (unless approved by the Board) and as such is not generally exposed to material risk concentration. The majority of business written in the legal expense's product range are in relation to individual legal disputes which are settled independently.

To date the Board has only approved the Company's limited involvement in a very small number of class actions related to car engine emissions where the legal grounds for the case against the particular car manufacturer appeared to be well established. One of these cases (against Volkswagen) concluded successfully in 2023.

Legal changes

The Company is aware that any legal changes or court decisions can affect its business models. As such the Company has included in its business partner contracts and in its insurance policies an appropriate clause that if any legal or other similar changes occur that may affect solvency either immediately or in the future, it has the right to re-negotiate the financial terms. To reflect the emerging risk, the Company monitors relevant press and parliamentary publications, and each month provides an industry update identifying any issues and the current state of progress on these emerging issues.

Risk Sensitivities

The Company, in assessing its capital requirements both currently and forward-looking, stresses possible outcomes by assuming various percentage decreases in income and increases in claims costs.

C2. Market Risk

The Company has advanced loans to related parties under common control. The exposure is mitigated substantially by security arrangements in place, and the Board is satisfied that the total net Market Risk arising is manageable and acceptable for the Company.

Therefore, under Solvency II, the Company is exposed to three elements of Market Risk – Concentration Risk, Interest Rate Risk and Spread Risk. Concentration risk and spread risk relates to related party loans.

C3. Credit Counterparty Risk

The risks considered are that a bank or other counterparty defaults on amounts held for or due to the Company. The Company's exposure to counterparty risk has been assessed in the context of the credit worthiness of the relevant counterparties with by far the largest exposure being Barclays Bank, which is an A rated bank.

Other counterparties are reinsurance entities, comprising both rated and unrated carriers.

C4. Liquidity Risk

As of 31 December 2025, the company maintained 100% of its cash in highly liquid, short-term deposits (consistent with 2024), ensuring immediate availability to meet obligations.

The Board actively monitors liquidity through regular cash flow forecast reviews.

C5. Operational Risk

Operational risk arises from inadequate processes or controls resulting in a breach or failure causing inaccurate processing of transactions or non-compliance with regulatory or legal obligations as well as the potential for contractual disputes with business partners.

The Company has operational risk processes in place to mitigate this risk, supported by a management information system which tracks transactions through to the financial accounts, this enables any anomalies to be easily identified and rectified.

The Company has defined the following as the principal operational risk.

- Customer outcomes - The risk that the Group does not act to deliver good outcomes for its customers.
- Processing - The risk associated with the design and execution of business processes. This includes incorrect or poorly designed processes, data entry or loading errors, accounting and attribution errors or incorrect use of models.
- Cyber security and information security -The risk associated with protecting the customers, MI and information processing facilities from threats.
- Third party - The risk arising from outsourcing processes or obtaining key goods or services from third-party providers.
- Change The risk arising from the Company's change management processes and programmes.
- Operational resilience - The risk associated with service resilience, business continuity management and disaster recovery processes and plans.
- Technology -The risk arising from development, delivery and maintenance activity for the Group's IT infrastructure.
- Legal and regulatory the risk of material non-compliance with law, regulation, or other obligations resulting in breaches which would pose a risk:
 - to the regulators' objectives and the Group's relationships with them
 - of loss or damage to Company
 - of poor outcomes for the Company customers or members
- Financial crime: The risk that the Company's customers or assets are subject to any kind of criminal conduct relating to money or to financial services.
- Data protection: The risk that personal employee and/or customer information is unfairly or unlawfully collected, processed, retained or shared.
- People and talent: The risk associated with the Company's processes to attract and retain people with the right skills to deliver the strategy and maintain a values-based culture.

Operational risk exposures are managed through risk governance arrangements, the operational risk types listed above are reviewed on a regular basis to determine the Group's position against risk appetite.

During the year, the primary focus was on cyber and operational resilience, operational risk profile remained largely stable. However, it has been challenging given the rapidly evolving risk environment. Cyber security and IT controls will continue to be monitored in 2025.

C6. Other material risks

Strategic Risks that arise from the Company's choice of strategy or its strategic objectives. This includes the risk to business plans (including budgets and resource allocations), which could prevent the firm from achieving the business objectives. This type of risk could directly impact the Company's future, its position in the market, its profitability, and its solvency or capital adequacy. In addition, ESG risk is a sub risk of strategic risk and exposes business areas across the Company to new impacts that are to be considered as an extension to existing risk management activity.

Emerging risks are threats and opportunities that could emerge from the external environment where the potential impact is not fully known. They can create new exposures or increase the existing exposure to Strategic, Financial and Insurance, or Operational risks, or known principle risks and uncertainties that could impair the Company's financial strength, competitive position or reputation.

These risks are mitigated via the risk management system and the careful selection of non-executive directors who bring external experience and insights into the business.

D: Valuation for solvency purposes

D1. Assets

The following tables summarise the main differences between GAAP and Solvency II balance sheet valuations.

The table below shows a valuation of the Company's assets on 31st December 2025 together with comparatives for the prior year.

	2025 As per GAAP	2025 As per Solvency II	2024 As per GAAP	2024 As per Solvency II
Total Assets (£'000)				
Investments and cash at bank	31,153	31,153	30,778	30,778
Insurance receivables	13,339	-	16,177	-
Reinsurance Share of Technical Provision	15,958	11,417	18,963	13,142
Amounts Due from Related Parties	7,432	7,432	7,937	7,937
Fixed assets including intangibles	461	-	464	-
Other Assets	255	956	142	204
Total Assets	68,598	50,957	74,462	52,062

The Company's investments and cash at bank are valued for Solvency II purposes on the same basis as the UK GAAP valuation.

Amounts due from related parties comprise loans made to three companies under common ownership which are largely interest bearing. There are no estimates or judgements involved in valuing these assets.

In the Solvency II balance sheet insurance receivables only include amounts due/overdue at the valuation date. Any premium value which is not yet due, together with the unearned value of commissions are included in the technical provision calculation below as per the Solvency II PRA rulebook.

Reinsurance Share of Technical Provision has reduced due to the exit from certain under-performing GI schemes as noted earlier.

Fixed assets comprise a new computer system under development and since the Company view this as an item that cannot be sold to an external party, no value is attributed for SII purposes.

Other assets comprise accrued interest not yet received and claims floats advanced to third parties.

D2. Technical Provisions

The table below shows the calculation of the Company's technical provisions as 31st December 2025 together with comparatives for the prior year.

	2025 As per GAAP	2025 As per Solvency II	2024 As per GAAP	2024 As per Solvency II
Technical Provisions				
Technical provisions	(47,093)		(51,630)	
Best estimate of liabilities (BEL)		(21,809)		(15,171)
Risk Margin		(1,190)		(1,710)
Total Technical Provisions	(47,093)	(22,999)	(51,630)	(16,881)

GAAP technical provisions constitute the Outstanding Claims Reserve and Unearned Risk Reserve / Unearned Premium reserve.

The Best Estimate of Liabilities (BEL) is calculated based on all policies in force and on risk at the year end. Detailed analysis has been undertaken to calculate the most likely aggregate outcome in terms of premium income, claims cost, commission cost and operating expenses.

The decrease is driven by the business volumes.

The BEL comprises:

- ATE deferred premiums which remain outstanding, these premiums will produce net positive cash flows in the future after payment of all related claims and therefore the technical provision liability arising from this element is negative.
- Estimated future claims costs relating to ATE funded premiums where payment has been received upfront, but the underlying legal case is ongoing. On 31 December 2025 unearned premiums (gross of reinsurance) amounted to £14.6m (2024: £19.0m).
- Non-ATE claims reserve – settlement of all claims including both incurred but not reported and unearned.
- Non-ATE accrued income – policies incepted as at the year end where payment had not yet been received.
- Operating expenses estimated to be incurred in running off the book.

The Company is not using a volatility adjustment or matching adjustment or any transitional arrangement within the calculation of technical provisions.

D3. Other Liabilities

The table below shows the Company's other liabilities together with comparatives for the prior year.

	2025 As per GAAP	2025 As per Solvency II	2024 As per GAAP	2024 As per Solvency II
Total Liabilities (£'000)				
Technical provisions	(47,093)	(22,999)	(51,630)	(16,881)
Insurance payables	(4,142)	-	(1,833)	(5,796)
Reinsurance payables	(2,297)	-	(5,796)	-
Accruals / deferred income	(307)	-	(262)	-
Deferred Tax	-	(3,223)	-	(3,525)
Other creditors	(2,971)	(3,278)	(4,713)	(4,430)
Total Liabilities (£'000)	(56,811)	(29,500)	(64,235)	(30,633)

SII insurance payables in the prior year comprised reinsurance creditor balances. These have now been moved to Technical Provisions.

Other creditors are primarily IPT, PAYE and corporation tax due at valuation date.

D4. Any other disclosures

The Company does not use any alternative methods of valuation.

E: Capital Management

E1. Own Funds

Please see table below which summarises the capital requirement and shareholders' funds as of 31st December 2025 together with prior year comparatives.

Capital Requirements & Shareholder Funds		2025	2024
		2025	2026
Shareholders' Funds	£'000	11,787	10,227
Technical Provisions	£'000	21,809	15,171
SCR	£'000	15,279	14,583
Eligible Own Funds	£'000	21,457	21,429
Excess Funds	£'000	6,178	6,846
SCR Ratio	%	140%	147%
MCR Ratio	%	562%	588%

E2. Minimum capital requirement (MCR) and solvency capital requirement (SCR)

The tables below show the Company's MCR and SCR as of 31st December 2025 together with prior year comparatives.

Capital Requirements & Solvency Ratio	2025	2024	2025	2024
	Capital Requirement £'000	Capital Requirement £'000	Solvency Ratio	Solvency Ratio
MCR	3,820	3,646	5.62	5.88
SCR	15,279	14,583	1.40	1.47

The MCR is the greater of the absolute, linear and combined MCR.

The SCR ratio which is calculated using the Solvency II standard formula, has decreased from 147% to 140% in the year due to the reasons outlined in the Executive Summary.

E3. The option set out in Article 305b used for the calculation of its solvency capital requirement.

This section is not applicable to the Company.

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

The Company operates the standard model and therefore this section is not applicable to the company.

E5. Non-compliance with the minimum capital requirement and significant non-compliance with the solvency capital requirement

The Company complied with both its MCR and SCR at all times during the year ended 31st December 2025

E6. Any other disclosures

There are no other disclosures.

IR.17.01.01
Non-Life Technical Provisions

Direct business and accepted proportional reinsurance		Total Non-Life obligation
Legal expenses insurance	Miscellaneous financial loss	
C0110	C0130	C0180
377,231.00	10,996,968.00	11,374,199.00
377,231.00	10,996,968.00	11,374,199.00
		0.00
		0.00
1,426,502.00	6,770,383.00	8,196,885.00
1,426,502.00	6,770,383.00	8,196,885.00
		0.00
		0.00
1,426,502.00	6,770,383.00	8,196,885.00
-1,049,271.00	4,226,585.00	3,177,314.00
8,619,405.00	1,815,383.00	10,434,788.00
8,619,405.00	1,815,383.00	10,434,788.00
		0.00
		0.00
2,417,336.00	802,847.00	3,220,183.00
2,417,336.00	802,847.00	3,220,183.00
		0.00
		0.00
2,417,336.00	802,847.00	3,220,183.00
6,202,069.00	1,012,536.00	7,214,605.00
8,996,636.00	12,812,351.00	21,808,987.00
5,152,798.00	5,239,121.00	10,391,919.00
486,567.00	692,933.00	1,179,500.00
9,483,203.00	13,505,284.00	22,988,487.00
3,843,838.00	7,573,230.00	11,417,068.00
5,639,365.00	5,932,054.00	11,571,419.00
8,414,950.00	20,336,568.00	28,751,518.00
		0.00
8,037,719.00	9,339,600.00	17,377,319.00
		0.00
8,619,405.00	1,815,383.00	10,434,788.00
		0.00
		0.00
		0.00
		0.00
		0.00
		0.00

Best estimate
Premium provisions
Gross - Total
R0060 Gross - direct business
R0070 Gross - accepted proportional reinsurance business
R0080 Gross - accepted non-proportional reinsurance business
R0090 Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default
R0100 Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses
R0110 Recoverables from SPV before adjustment for expected losses
R0120 Recoverables from Finite Reinsurance before adjustment for expected losses
R0130 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0140 **Net Best Estimate of Premium Provisions**
R0150
Claims provisions
Gross - Total
R0160 Gross - direct business
R0170 Gross - accepted proportional reinsurance business
R0180 Gross - accepted non-proportional reinsurance business
R0190 Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default
R0200 Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses
R0210 Recoverables from SPV before adjustment for expected losses
R0220 Recoverables from Finite Reinsurance before adjustment for expected losses
R0230 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0240 **Net Best Estimate of Claims Provisions**
R0250
R0260 **Total best estimate - gross**
R0270 **Total best estimate - net**
R0280 **Risk margin**
Technical provisions - total (best estimate plus risk margin)
R0320 **Technical provisions - total**
R0330 **Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**
R0340 **Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**
Cash-flows of the Best estimate of Premium Provisions (Gross)
Cash out-flows
R0370 Future benefits and claims and allocated loss adjustment expenses
R0380 Future expenses that are not ALAE and other cash-out flows
Cash in-flows
R0390 Future premiums
R0400 Other cash in-flows (incl. Recoverables from salvages and subrogations)
Cash-flows of the Best estimate of Claims Provisions (Gross)
Cash out-flows
R0410 Future benefits and claims and allocated loss adjustment expenses
R0420 Future expenses that are not ALAE and other cash-out flows
Cash in-flows
R0430 Future premiums
R0440 Other cash in-flows (incl. Recoverables from salvages and subrogations)
R0460 Best estimate subject to transitional of the interest rate
R0470 Technical provisions without transitional on interest rate
R0480 Best estimate subject to volatility adjustment
R0490 Technical provisions without volatility adjustment and without transitional on interest rate

IR.23.01.01
Own Funds

Basic own funds

	Total
	C0010
R0010 Ordinary share capital (gross of own shares)	1,332,000.00
R0030 Share premium account related to ordinary share capital	30,375.00
R0040 Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0.00
R0050 Subordinated mutual member accounts	0.00
R0070 Surplus funds	0.00
R0090 Preference shares	0.00
R0110 Share premium account related to preference shares	0.00
R0130 Reconciliation reserve	20,102,277.00
R0140 Subordinated liabilities	0.00
R0160 An amount equal to the value of net deferred tax assets	0.00
R0180 Other own fund items approved by the supervisory authority as basic own funds not specified above	0.00

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

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	0.00
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R0290 Total basic own funds

21,464,652.00

Ancillary own funds

R0300 Unpaid and uncalled ordinary share capital callable on demand	0.00
R0310 Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0.00
R0320 Unpaid and uncalled preference shares callable on demand	0.00
R0330 A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0.00
R0340 Letters of credit and guarantees	0.00
R0350 Letters of credit and guarantees - other	0.00
R0360 Supplementary members calls	0.00
R0370 Supplementary members calls - other	0.00
R0390 Other ancillary own funds	0.00
R0400 Total ancillary own funds	0.00

Available and eligible own funds

R0500 Total available own funds to meet the SCR	21,464,652.00
R0510 Total available own funds to meet the MCR	21,464,652.00
R0540 Total eligible own funds to meet the SCR	21,464,652.00
R0550 Total eligible own funds to meet the MCR	21,464,652.00

R0580 SCR

15,278,954.14

R0600 MCR

3,819,738.54

R0620 Ratio of Eligible own funds to SCR

140.49%

R0640 Ratio of Eligible own funds to MCR

561.94%

Reconciliation reserve

	C0060
R0700 Excess of assets over liabilities	21,464,652.00
R0710 Own shares (held directly and indirectly)	0.00
R0720 Foreseeable dividends, distributions and charges	0.00
R0725 Deductions for participations in financial and credit institutions	0.00
R0730 Other basic own fund items	1,362,375.00
R0740 Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0.00
R0760 Reconciliation reserve	20,102,277.00

IR.25.04.01

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	1,286,988.00
R0080 Equity risk	0.00
R0090 Property risk	0.00
R0100 Spread risk	111,472.00
R0110 Concentration risk	2,424,284.00
R0120 Currency risk	0.00
R0125 Other market risk	
R0130 Diversification within market risk	-1,049,770.84
R0140 Total Market risk	2,772,973.16
Counterparty default risk	
R0150 Type 1 exposures	2,405,600.00
R0160 Type 2 exposures	407,925.00
R0165 Other counterparty risk	
R0170 Diversification within counterparty default risk	-216,105.00
R0180 Total Counterparty default risk	2,597,420.00
Life underwriting risk	
R0190 Mortality risk	
R0200 Longevity risk	
R0210 Disability-Morbidity risk	
R0220 Life-expense risk	
R0230 Revision risk	
R0240 Lapse risk	
R0250 Life catastrophe risk	
R0255 Other life underwriting risk	
R0260 Diversification within life underwriting risk	
R0270 Total Life underwriting risk	0.00
Health underwriting risk	
R0280 Health SLT risk	
R0290 Health non SLT risk	
R0300 Health catastrophe risk	
R0305 Other health underwriting risk	
R0310 Diversification within health underwriting risk	
R0320 Total Health underwriting risk	0.00
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	11,684,577.58
R0340 Non-life catastrophe risk	0.00
R0350 Lapse risk	925,120.00
R0355 Other non-life underwriting risk	
R0360 Diversification within non-life underwriting risk	-888,554.28
R0370 Non-life underwriting risk	11,721,143.30
R0400 Intangible asset risk	
Operational and other risks	
R0422 Operational risk	1,062,119.09
R0424 Other risks	
R0430 Total Operational and other risks	1,062,119.09
R0432 Total before all diversification	20,308,085.67
R0434 Total before diversification between risk modules	18,153,655.55
R0436 Diversification between risk modules	-2,874,701.41
R0438 Total after diversification	15,278,954.14
R0440 Loss absorbing capacity of technical provisions	
R0450 Loss absorbing capacity of deferred tax	
R0455 Other adjustments	
R0460 Solvency capital requirement including undisclosed capital add-on	15,278,954.14
R0472 Disclosed capital add-on - excluding residual model limitation	
R0474 Disclosed capital add-on - residual model limitation	
R0480 Solvency capital requirement including capital add-on	15,278,954.14
R0482 Undisclosed capital add-on - residual model limitation	
R0484 Capital add-on	0.00
R0490 Biting interest rate scenario	
R0495 Biting life lapse scenario	