



LIBERTY MUTUAL
INSURANCE
EUROPE
SOCIETAS
EUROPAEA

Solvency and Financial Condition Report
As at 31 December 2025



Liberty Mutual Insurance Europe Societas Europaea

Solvency and Financial Condition Report
As at 31 December 2025

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SUMMARY

Introduction

Liberty Mutual Insurance Europe Societas Europaea (“LMIE” also referred to as “the Company”) is headquartered in Luxembourg. It is required to submit the 2025 annual Quantitative Reporting Templates (QRTs) and narrative reporting templates to the Commissariat Aux Assurances (CAA) on the 8th of April 2026 as part of the Solvency II year-end reporting requirements.

It underwrites insurance and reinsurance business from its head office in the Grand Duchy of Luxembourg (hereinafter referred to as Luxembourg) and its branches across Europe and in the UK. LMIE has been operating from its headquarters in Luxembourg since 1st March 2019.

This document sets out the Solvency and Financial Condition Report (SFCR) for LMIE in accordance with the Solvency II Regulations.

Business summary

LMIE is part of the Liberty Mutual Insurance group, which employs approximately 40,000 people in over 800 offices throughout the world. Liberty Mutual is a diversified global insurer and one of the largest Property and Casualty (P&C) insurers in the U.S. Through its subsidiaries and affiliated companies, it offers a wide range of property & casualty insurance products and services to individuals and businesses alike.

LMIE has licensed in-house cover holders in Luxembourg, Liberty Specialty Markets Europe Sarl (LSME) and Liberty Specialty Markets Europe Two Sarl (LSME2), which act as intermediary companies that underwrite on behalf of LMIE from their branches throughout Europe and the United Kingdom.

On 1 November 2025, LSME acquired 100% of the issued share capital of Liberty Mutual Surety Europe B.V (LMSE (“BV”)) from their common control parent company LUEH for a consideration equivalent to LMSE’s net carrying value, in a group reorganisation. LMSE was a Netherlands incorporated insurance intermediary with branches in Netherlands, Belgium, France, Germany, Spain and Italy and was under the supervision of AFM (Authority for the Financial Markets) prior to the merger. The combination of LMSE and LSME was achieved via a cross-border merger in which all the assets and liabilities of LMSE were transferred to LSME in accordance with provisions of article 1025-17 of the Lux Law.

The merger is in line with the Liberty Mutual Group’s objective to enhance efficiency by integrating transaction processing functions and consolidating its regulatory environment. Both companies continue to have LUEH as their parent company post-merger.

LMIE is authorised and supervised by the CAA, it has a branch in the United Kingdom supervised by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and a Branch in Switzerland supervised by the Swiss Financial Market Supervisory Authority (FINMA).

The Company’s ultimate parent company is Liberty Mutual Holding Company Inc. (LMHC), 175 Berkeley Street, Boston, Massachusetts 02116, U.S.A., a company incorporated in the U.S.A. The smallest higher group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a company incorporated and registered in the U.S.A.

Macro-Economic and Geo-Political Factors

Throughout 2025, the macroeconomic and geopolitical environments have remained volatile and complex. Key areas of focus included events in the Middle East, the Russia/Ukraine conflict, China/Taiwan tensions, and the recent US policy agenda.

The Board has considered the recent escalation of hostilities in the Middle East following the US invasion of Iran and the potential implications for LMIE. Management has reviewed underwriting exposures, reinsurance protections, liquidity and capital resources. At the reporting date, underwriting exposures remain within LMIE's approved risk appetites and tolerances.

Risk Management continue to monitor developments and potential implications to the Company in accordance with LMIE Risk Management Framework.

Business and performance

Branches and offices

LMIE operates from the head office in Luxembourg and through branches in the UK, Belgium, France, Germany, Ireland, Italy, the Netherlands, Spain, Norway, Sweden and Switzerland.

2025 Financial Performance

The Company's key financial performance indicators for the year ended 31 December 2025 were as follows:

Key Performance Indicators	2025 €'000	2024 €'000	Variance €'000	Variance %
Gross Written Premiums	3,238,486	3,004,999	233,487	7.8%
Net Earned Premiums	921,499	868,772	52,727	6.1%
Net Incurred Claims ⁽ⁱ⁾	523,887	592,768	(68,881)	-11.6%
Expenses	320,964	265,294	55,670	21.0%
Underwriting Result	76,648	10,710	65,938	615.7%
Profit / (Loss) before taxation	309,437	165,280	144,157	87.2%
Net Claims Ratio %	56.9%	68.2%		-11.3%
Net Expense Ratio %	34.8%	30.5%		4.3%
Net Combined ratio % ⁽ⁱⁱ⁾	91.7%	98.7%		-7.0%

(i) Note that ULAE is included within net incurred claims under Lux GAAP, however, is reclassified to expenses on a Solvency II basis.

(ii) The net combined ratio is the sum of the ratios of net operating expenses and net incurred claims to net earned premiums. A combined ratio of less than 100% represents an underwriting profit.

Underwriting performance

LMIE's underwriting result after expenses and excluding investment return was a profit of €76.6m (2024: €10.7m). The combined ratio improved to 91.7% (2024: 98.7%). Overall, the result for the calendar year was a profit before taxation of €309.4m (2024: €165.3m) driven by an underwriting profit of €76.6m (2024: €10.7m), an investment return of €201.4m (2024: €143.6m) and foreign exchange gains of €31.4m (2024: €11.0m).

Gross written premium increased by 7.8% year on year, predominately driven by higher volume across several classes

The Company's underwriting result represents an improvement of €65.9m compared to prior year which is attributable to an improvement in the net loss ratio of 11.3%, driven primarily by benign catastrophe experience compared to FY 2024 which had noted exposure to events such as the Dubai Floods, Storm Boris and Baltimore Bridge collapse combined with favourable reserve releases from older years.

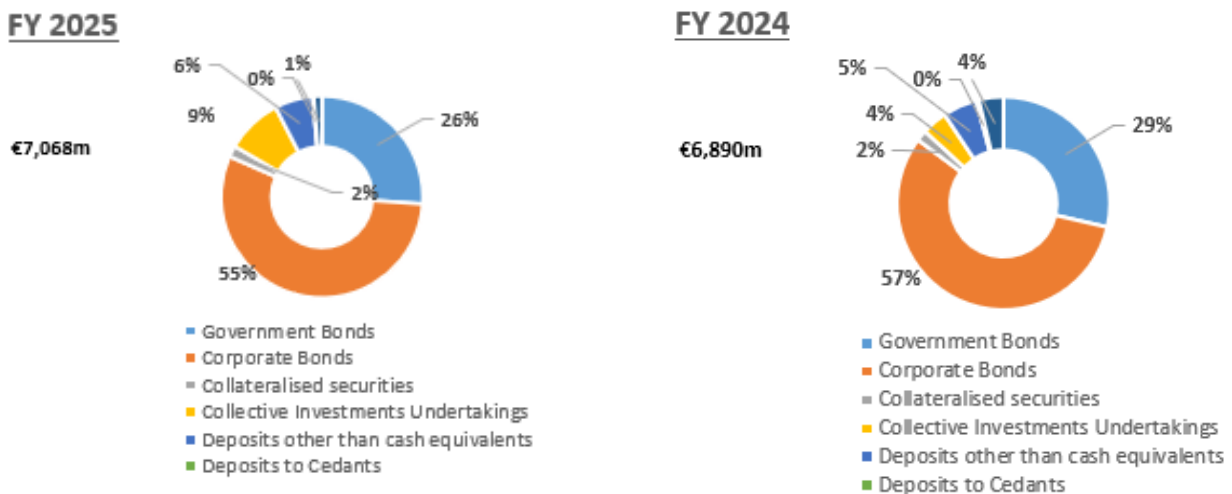
The overall expense ratio increased by 4.3% year on year, primarily driven by a bad debt provision being held against the technical cash-clearing asset held on the balance sheet.

The foreign exchange gains of €31.4m (2024: €11.0m) were driven by the translation of underlying functional currencies to USD which weakened in comparison to the reporting currency Euro, over the course of the year.

Further details are provided in Section A.2.

Investment Portfolio and Investment Return

The composition of the portfolio by category of investments has remained largely consistent since 2024, largely comprising of fixed income government and corporate bonds, as illustrated in the exhibit below.



Overall, the value of the portfolio is higher by €178m during the year, on a Solvency II basis, driven by the reinvestment of positive cash flow from premium deposits, net of claims paid, in securities or held as cash. Note that accrued interest on investments is reported separately on a Lux GAAP basis.

The Company's investment portfolio generated a return of €201.4m (2024: €151.3m), an increase on 2024, net of expenses. The uplift in investment income is largely driven by capital being reinvested at a higher yield, generating greater income on debt securities. The underlying interest income yield from bonds during the year was 3.9% (2024: 3.1%). This increase was partially offset by higher realised losses arising due to sales of lower yielding assets to acquire higher yielding investments.

The Solvency II investment income reflects a reduction in the Unrealised losses on assets held to maturity of €154.6m during the year, as bond prices have risen during FY 2025 driven by macro-economic factors.

Further details are provided in Section A.3.

Review of financial position (Lux GAAP Basis)

Financial position	2025	2024
	€'000	€'000
Gross technical provisions	9,143,392	8,933,661
Ceded technical provisions	3,031,271	2,656,748
Investments and cash	7,008,871	6,833,661
Shareholder funds	2,732,365	2,370,806

Financial investments and cash increased by €175.2m during the year, driven by the reinvestment of positive cash flow from premium deposits, net of claims paid, in securities or held as cash.

Gross technical provisions increased year on year which is in line with loss experience, claims recognition and settlement activity. Ceded technical provisions also increased following higher recoveries as a proportion of gross technical provisions, mainly due to the timing of settlements.

Shareholder funds increased by €361.6m, driven by the Company's profit for the year and an improvement in the revaluation reserve following a decrease in unrealised losses on available for sale investments as a result of favourable market bond yield movements.

Details on movements in capital on a Solvency II basis as well as a reconciliation of Shareholders' funds under Lux GAAP to Solvency II net assets is provided in Section E.

System of Governance

The LMIE SE Board is responsible for the long-term success of the business within the applicable legal and regulatory framework having regard to the interests of customers, long-term financial interests, solvency and the delivery of sustainable value to the shareholder, stakeholders and policy holders. The Board is headed by an independent non-executive chairman, who is responsible for leadership and ensuring its effectiveness. The Board delegates the responsibility for the day to day running of the Company's business to the General Manager (GM).

Directors

Nigel Davenport	Non-Executive Director (Resigned 31/03/2026)
Pierre-Edouard Fraigneau	Executive Director
Fernand Grulms	Chairman and Independent Non-Executive Director
Pierre Hentgen	Independent Non-Executive Director
Martin Hudson	Independent Non-Executive Director (appointed 5 March 2025)
Virginie Lagrange	Independent Non-Executive Director
Christian Rola	Authorised General Manager and Executive Director

The Board also delegates certain matters to the following Board sub-committees in accordance with the terms of reference of those committees:

- Audit Committee
- Risk Management Committee
- Nomination Committee

- Remuneration Committee

The Board and sub-committees are supported by LMIE's key control functions of Actuarial, Risk Management, Compliance, and Internal Audit. LMIE requires all persons who perform key functions to be of good repute and integrity, as well as possess adequate knowledge and experience to enable sound and prudent management of risks facing the Company. The governance structure is further supported by Executive level "Legal Entity Committees", further details of which are provided in section B.1 below.

LMIE operates a Management Committee, the purpose of which is to provide the LMIE Dirigeant Agréé (otherwise known as the "General Manager") with oversight of the performance of LMIE and its branches.

Each branch of LMIE has a dedicated local management team, headed up by a Branch Manager. Further details on the Branches and Branch Management Committees reporting lines are provided in section B.1 below.

The UK Branch, as a Third Country Branch, operates a separate UK Branch Management Committee which is chaired by the UK Branch Manager. The UK Branch Management Committee provides the executive day-to-day branch business delivery within the strategic context set by the Board, reviews Branch performance and takes corrective actions within their delegated powers. The Committee supports the Branch Manager in discharging certain powers delegated to them in their capacity as the UK Branch Manager. The UK Branch Management Committee reports directly into the LMIE Management Committee, which is chaired by the LMIE GM.

The governance structure is reviewed on an annual basis by the Company Secretary to ensure that it is effective and appropriate for the organisation. There have been no changes to the structure of the Board and Board Sub-Committees in 2025. The Board effectiveness review externally conducted in 2025 found the Board and the Board sub-committees to be effective, with no material findings.

There were no material changes to the corporate governance structure in 2025.

Risk profile

All material risks affecting the entity are considered as part of LMIE's RMF, insofar as they may adversely impact the achievement of its goals.

The aforementioned framework covers both quantitative as well as qualitative risks (e.g., group / contagion / strategic) and is undertaken on ongoing conditions as well as part of stressed scenarios and informs both LMIE's Own Risk and Solvency Assessment (ORSA) policy, as well as its capital management strategy - including capital needs, transferability and fungibility as appropriate.

The Company has undertaken stress testing as part of its annual ORSA process. The results of this exercise provide assurance that the entity can withstand both plausible and extreme shocks over its planning horizon. The risk profile of the Company is described in Section C in relation to the following risk categories:

- Insurance risk
- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Strategic risk (including Group Risk; Sustainability Risk and Climate Change Risk)

The RMF and Internal Control Framework (ICF) have been designed to ensure that risks are managed in a controlled manner consistent with the Board's risk appetite and keeping in view the available capital, while generating risk adjusted returns to the Liberty Mutual Group.

The LMIE RMF, sets out how the company undertakes the categorisation of exposed risks. The business objectives of the RMF are to ensure that:

- All risks that could impact the ongoing viability of the company are identified.
- Identified risks are measured and managed with the most appropriate method; and
- All risks are owned by the most appropriate member of the Executive and that each risk is reported through the correct committee or working group.

The Risk management function is responsible for preparing the ORSA report. Further details are provided in Section C.

Valuation for solvency purposes

LMIE prepares its annual financial statements in accordance with Luxembourg GAAP (Lux GAAP) being the applicable reporting framework generally accepted in Luxembourg.

The Solvency II value for assets and liabilities are determined in accordance with Article 75 of the Solvency II Directive:

(a) assets shall be valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

(b) liabilities shall be valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction.

Further details around valuation and reclassification differences are described in Section D of this report. The most significant valuation difference relates to the treatment of technical provisions.

Capital Management

The purpose of own funds management is to maintain, at all times, sufficient capital to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) with an appropriate prudence margin as approved by the LMIE Board.

The Company holds quarterly Board meetings, in which the proportion of own funds over SCR and MCR are monitored and managed. As part of own funds management, LMIE prepares ongoing annual projections in addition to reviewing the structure of own funds and future requirements. The business plan forms the base of the ORSA and contains a two-year projection of funding requirements which help identify and focus actions for future funding.

The CFO Committee on a quarterly basis, monitors the Solvency II ratio and manages the efficiency of LMIE's capital.

. The capital of LMIE comprises of the following components:

- **Tier 1:** Share capital, share premium and reconciliation reserves
- **Tier 2:** Ancillary own funds

Throughout 2025, LMIE continued to experience the benefit from capital actions undertaken in prior years, including the following:

- The establishment of an Ancillary Own Fund facility; which was reduced down from \$425m to \$25m in April 2025.
- The loss portfolio transfer of the run-off ECML book of business to Enstar Group;

- The NRQS with LMIC to provide sustained capital benefit going forward; and
- Adoption of the Internal model for assessing Solvency Capital Requirements, following approval received from the CAA in March 2024.

At 31 December 2025, the Company’s eligible own funds, determined in accordance with the Solvency II valuation rules, were €3,083m (2024: €3,827m), which was in excess of the IM SCR of €1,056m (2024: €1,086m). This represented a solvency coverage ratio of 292% (2024: 352%). Further details of the IM SCR are provided in Section E.2.

The major drivers for the reduction in Available and Eligible Own Funds are as follows:

- **Reduction of the Ancillary Own Funds facility** from \$425m (€410m) to \$25m (€21m) in April 2025, impacting Tier 2 Own Funds, referenced in Section E.1.2 below.
- **Foreseeable Dividend** of \$300m (€255m) to LSMH payable in April 2026, referenced in Section E.1.2 below.
- **Reduction of Basic Own Funds** of c.€99m compared to FY 2024, illustrated in Section E.1.3 below.

The following table provides a snapshot of the key movements in the Solvency Coverage Ratio.

Capital Structure		2025	2024
		€'000	€'000
Share Capital	E.1.2.a	255,424	255,424
Share Premium	E.1.2.a	1,617,533	1,617,533
Reconciliation reserve	E.1.2.b	1,188,750	1,505,877
Available and Eligible Own Funds (to cover the MCR)		3,061,708	3,378,835
MCR	E.2.1	475,338	488,748
MCR Coverage Ratio		644%	691%
An amount equal to the value of net deferred tax assets/(liability)		-	37,372
Ancillary Own Funds	E.1.2.c	21,287	410,431
Available and Eligible Own Funds (for SCR Coverage)		3,082,995	3,826,638
SCR	E.2.1	1,056,307	1,086,106
SCR Coverage Ratio		292%	352%

The latest view on 2025 year-end solvency projects LMIE to remain towards the higher end of its capital appetite. LMIE continues to be a key strategic asset of Liberty Mutual Group, and it is expected that the group will continue to provide financial support to LMIE as and when required to support its continuing operation. Based on the existing solvency coverage, we believe there is appropriate headroom in capital to support the business over the next 12 months.

DIRECTORS' STATEMENT

Approval by the Liberty Mutual Insurance Europe SE (LMIE) Board of Directors of the Solvency and Financial Condition Report for the financial year ended 31st December 2025.

The Solvency II Directive, the Delegated Acts, related Implementation Rules, Technical Standards and Guidelines, as well as CAA rules provide the regulatory framework in which Liberty Mutual Insurance Europe SE operated in 2025. The Directors are responsible for preparing the SFCR in accordance with the regulatory framework.

Liberty Mutual Insurance Europe SE has complied with all Solvency II requirements throughout the financial year 2025. Furthermore, Liberty Mutual Insurance Europe SE reasonably believes that it will continue to comply with the Solvency II requirements for the foreseeable future.

Each of the Directors, whose names and functions are listed in Directors' Report of the Lux GAAP Financial Statements, confirm that, to the best of their knowledge:

- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- (b) Each Director has taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board.



Christian Rola

LMIE General Manager

08 April 2026



Liberty
Specialty Markets

**BUSINESS &
PERFORMANCE**

SECTION A - BUSINESS AND PERFORMANCE

This section of the report sets out the details regarding the company's business structure, key operations, market position and the financial performance for 2025.

Key elements of the section are:

- Business information;
- Underwriting performance;
- Investment performance; and
- Performance from other activities.

SECTION A.1 – Business Information

A.1.1 Name and legal form of the undertaking

Liberty Mutual Insurance Europe Societas Europaea (LMIE SE) is a regulated insurance company incorporated in Luxembourg (Registration number B232280 (Registre de Commerce et des Sociétés).

The ultimate parent Company is LMHC of Boston, 175 Berkeley Street, Boston, Massachusetts 02117, U.S.A. a Company incorporated in the United States of America.

The immediate parent Company is Liberty Specialty Markets Holdco, S.a r.l (LSMH).

The smallest higher sub-group of companies for which group accounts are drawn up and of which this Company is a member is Liberty International Holdings Incorporated, a company incorporated and registered in the U.S.A.

A.1.2 Name of the supervisory authority responsible for the financial supervision of the undertaking and external auditor

The CAA is responsible for the supervision of the Company.

*11, Rue Robert Stumper,
L-2557 Luxembourg*

The UK Third Country Branch falls under the jurisdiction of the PRA.

*Bank of England
Threadneedle St.
London, EC2R 8AH*

The CAA continues to supervise LMIE on a solo basis. In addition, LMIE is also supervised by the Swiss Financial Market Supervisory Authority (FINMA) for the Swiss Branch.

At the global level, the Group supervision is undertaken by the Division of Insurance of the Commonwealth of Massachusetts, located in 1000 Washington Street, 8th Floor, Boston, MA 02118, US.

A.1.3 Name of the external auditor

The Company's external auditors are Ernst & Young S.A., 35E Avenue John F. Kennedy, L-1855 Grand Duchy of Luxembourg.

A.1.4 Holders of qualifying holdings

LMIE is wholly owned by its immediate parent company, LSMH.

The members of LMHC are persons or organisations appearing as the primary insured in any in-force policy, or as the principal in the case of a surety bond, issued by only the following stock insurance companies:

1. Liberty Mutual Insurance Company
2. Liberty Mutual Fire Insurance Company
3. Employers Insurance of Wausau and
4. Liberty Mutual Personal Insurance Company

A.1.5 Details of the undertaking's position within the legal structure of the group

The following is a summarised organisation structure showing LMIE’s positioning within the overall Liberty group structure.

Liberty Mutual Insurance Europe SE – Organisational Chart 26 January 2026

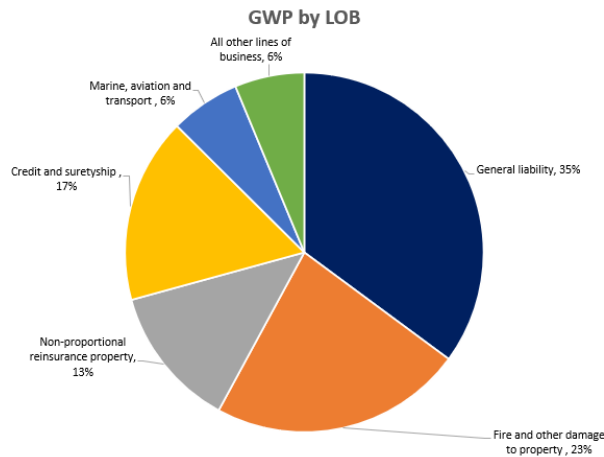


Liberty Mutual Holding Company Inc. (the "Company") is a mutual holding company organized under the laws of the Commonwealth of Massachusetts, and is the ultimate parent of Liberty Mutual Insurance Europe SE. The Company has over 2.5 million members as of January 26, 2026, and no one member holds voting membership interests greater than 5% of the Company. There are no such private person(s) who are able to control the Company because of special rights from agreement(s) between the Company and such person(s) (e.g. trust agreement, shareholders' agreement, etc.).

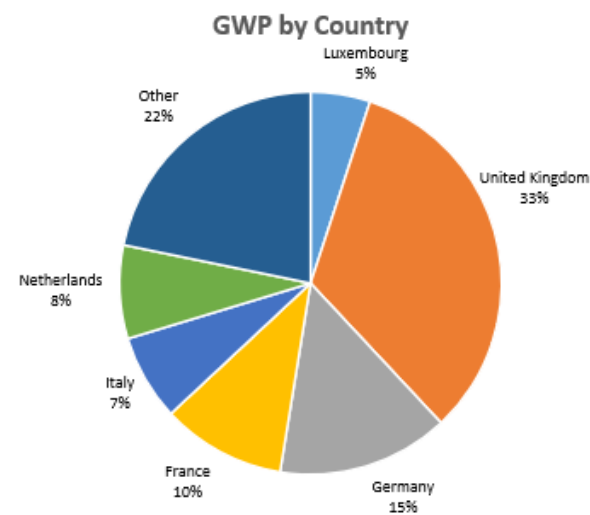
Unless otherwise stated ownership is 100%

A.1.6 The undertaking's material lines of business and material geographical areas where it carries out business

LMIE is one of the key (re)insurance entities within the Liberty Mutual Group. LMIE offers specialty and commercial insurance and reinsurance products across the UK, Europe, Middle East, US, and other international locations. The key business segments include LII/LMRe and Global Surety.



The majority of LMIE’s business is commercial and specialty insurance. Under Solvency II, insurance products are categorised into 16 lines of business (LOB). General liability continues to be the largest line of business in terms of GWP as illustrated in the exhibit alongside. Further details are provided in section A.2. below



The Company operates through its Head Office in Luxembourg, and through a branch structure in the UK and mainland Europe, consisting largely of Germany, France, Italy and Netherlands. The exhibit alongside details the split of GWP by major country and shows that the United Kingdom is the highest contributor to GWP using the country allocation basis set out by Solvency II. Further details are provided in section A.2. below.

A.1.7. Significant business or other events that have occurred over the reporting period and up to the date of the report

As a result of recent profitable business performance and a reduction in its regulatory capital requirements following the approved use of its internal model during 2024, LMIE holds surplus capital based on the standards outlined in the LMG Legal Entity Capital Management Framework.

LMIE is a wholly owned subsidiary of Liberty Specialty Markets Holdco ('LSMH'). To support Liberty Mutual Group’s efficient utilisation of surplus capital, LMIE proposes to pay an annual dividend of three hundred million United States Dollars (US\$300,000,000) to LSMH.

SECTION A.2 – Underwriting Performance

A.2.1 Underwriting performance for the year ended 31 December 2025

LMIE's underwriting performance on a Lux GAAP basis is summarised in the table below for the years ended 31 December 2025 and 2024.

Key Performance Indicators	2025	2024	Variance	Variance
	€'000	€'000	€'000	%
Gross Written Premiums	3,238,486	3,004,999	233,487	7.8%
Net Earned Premiums	921,499	868,772	52,727	6.1%
Net Incurred Claims ⁽ⁱ⁾	523,887	592,768	(68,881)	-11.6%
Expenses	320,964	265,294	55,670	21.0%
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Profit / (Loss) before taxation	309,437	165,280	144,157	87.2%
Net Claims Ratio %	56.9%	68.2%		-11.3%
Net Expense Ratio %	34.8%	30.5%		4.3%
Net Combined ratio % ⁽ⁱⁱ⁾	91.7%	98.7%		-7.0%

(i) Note that ULAE is included within net incurred claims under Lux GAAP, however, is reclassified to expenses on a Solvency II basis.

(ii) The net combined ratio is the sum of the ratios of net operating expenses and net incurred claims to net earned premiums. A combined ratio of less than 100% represents an underwriting profit.

Overview

LMIE's underwriting result after expenses and excluding investment return was a profit of €76.6m (2024: €10.7m). The combined ratio improved to 91.7% (2024: 98.7%). Overall, the result for the calendar year was a profit before taxation of €309.4m (2024: €165.3m) driven by an underwriting profit of €76.6m (2024: €10.7m), an investment return of €201.4m (2024: €143.6m) and foreign exchange gains of €31.4m (2024: €11.0m).

Gross written premium increased by 7.8% year on year, predominately driven by higher volume across several classes

The Company's underwriting result represents an improvement of €65.9m compared to prior year which is attributable to an improvement in the net loss ratio of 11.3%, driven primarily by benign catastrophe experience compared to FY 2024 which had noted exposure to events such as the Dubai Floods, Storm Boris and Baltimore Bridge collapse combined with favourable reserve releases from older years.

The overall expense ratio increased by 4.3% year on year, primarily driven by a bad debt provision being held against the technical cash-clearing asset held on the balance sheet.

A.2.2 Underwriting performance by Solvency II Lines of Business

The following tables outline the Company's key financial performance indicators for the year ended 31 December 2025 and 31 December 2024 by material Solvency II lines of business. Note that this output is based on the S.05.01 QRT. The presentation of the underwriting result differs from the Lux GAAP reporting basis. A reconciliation to the Financial Statements has been tabulated on the following page, for illustrative purposes.

There are five material Solvency II Lines of Business (LOB) driving the underwriting performance for LMIE which together comprise in excess of 90% of the LMIE GWP. These are discussed in more detail below:

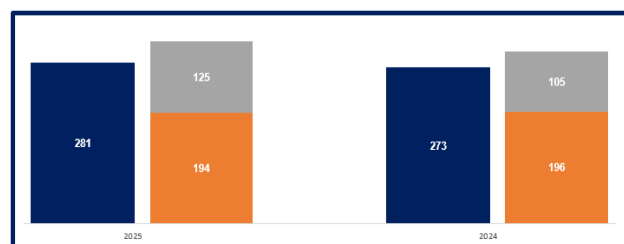
	2025	Gross Written Premiums €'000	Net Earned Premiums €'000	Net Incurred Claims €'000	Expenses €'000	Underwriting Performance €'000
General liability		1,136,760	281,057	194,081	125,316	(38,340)
Fire and other damage to property		739,256	259,316	155,464	94,719	9,133
Non-proportional reinsurance property		415,060	150,116	38,889	40,537	70,691
Credit and suretyship		539,943	93,749	38,373	42,187	13,189
Marine, aviation and transport		204,180	65,827	40,813	22,592	2,422
All other lines of business		203,292	71,435	34,725	25,675	11,035
A TOTAL		3,238,491	921,499	502,345	351,025	68,129
B Reclassification of ULAE to Expenses				21,542	(21,542)	
C* Removal of Other expenses included in S.05.01					(8,519)	8,519
D Revised Result (A+B+C)		3,238,491	921,499	523,887	320,964	76,648
E LUX GAAP Financial Statements		3,238,486	921,499	523,887	320,964	76,648

* Primarily investment management expenses

	2024	Gross Written Premiums €'000	Net Earned Premiums €'000	Net Incurred Claims €'000	Expenses €'000	Underwriting Performance €'000
General liability		1,077,162	272,740	196,331	102,185	(25,776)
Fire and other damage to property		697,162	126,264	136,580	31,458	(41,775)
Non-proportional reinsurance property		335,488	211,318	114,019	65,632	31,667
Credit and suretyship		520,121	130,020	46,296	59,084	24,640
Marine, aviation and transport		168,861	56,992	30,495	10,276	16,221
All other lines of business		206,205	71,439	51,603	21,733	(1,897)
A TOTAL		3,004,999	868,773	575,324	290,369	3,079
B Reclassification of ULAE to Expenses				17,444	(17,444)	
C* Removal of Other expenses included in S.05.01					(7,631)	7,631
D Revised Result (A+B+C)		3,004,999	868,773	592,768	265,294	10,711
E LUX GAAP Financial Statements		3,004,999	868,772	592,768	265,294	10,711

* Primarily investment management expenses

General Liability



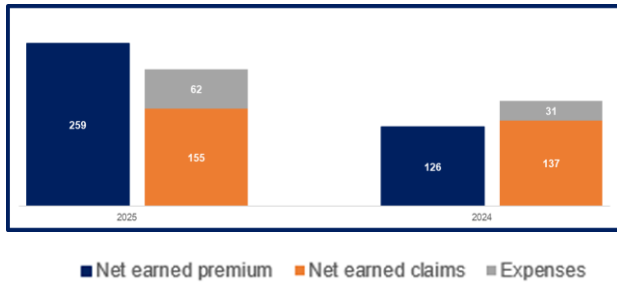
■ Net earned premium ■ Net earned claims ■ Expenses

General Liability is the largest Solvency II LOB contributing to c.35% of entity GWP (Q4 2024:33%). It generated an underwriting loss of €38.3m (Q4 2024: €28.5m loss), resulting in a net combined ratio of 114% (Q4 2024: 109%).

The **net loss ratio** of 69% (Q4 2024: 72%) is impacted unfavourably in FY 2025 by deterioration in relation to prior year Market Facilities business.

The **net Expense ratio** is higher at 45% (Q4 2024: 37%), consistent with expectations and the loss experience, given revisions both to the expense allocation methodology ensuring equitable allocation across SII LOB, as well as product code mappings.

Fire & Other Damage to Property



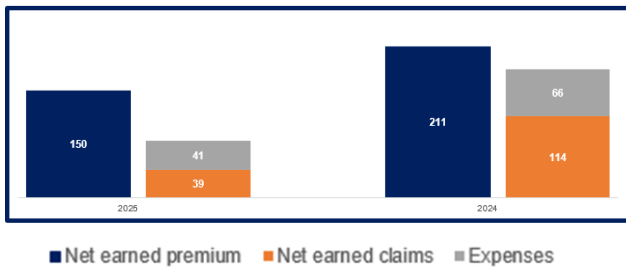
Fire and other damage to property generated an underwriting profit of €9m (Q4 2024: €41.8M loss) resulting in a net combined ratio of 84% (Q4 2024: 133%), while contributing to c.23% of entity GWP (2024: 22%).

Although the GWP has remained relatively consistent, the significant increase in Net earned premium for this line of business is due to revisions of underlying class of business mappings in relation to LMR classes resulting in reallocations across Proportional & Non-Proportional classes. It also leads to a reduction in NEP for the Non-Proportional Reinsurance Property class listed below.

The **net loss ratio** is lower at 60% (Q4 2024: 108%). CAT exposures during 2024 (c.€18m) related to UAE floods, as well as prior year deterioration on Italian Hailstorms & Covid-19. In contrast FY 2025 saw net releases (c.6m) on prior year CAT exposures including Dubai floods, Hurricane Ida & French Hailstorm.

The **net expense ratio** is relatively consistent at 24% (Q4 2024: 25%), in line with expectations. The expense allocation methodology is subject to periodic review to ensure equitable allocation across SII LOBs, following on from revision of product code mappings.

Non-Proportional Reinsurance Property

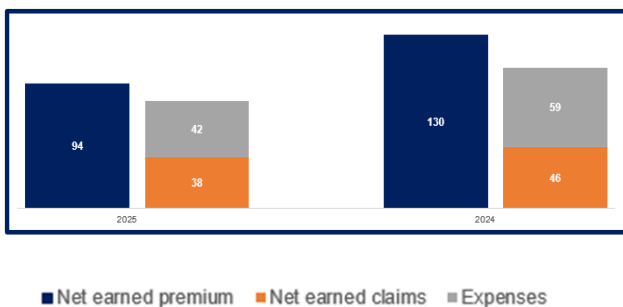


The **Non-Proportional Reinsurance Property** line of business earned an underwriting profit of €71m (Q4 2024: €31.7m), resulting in a net combined ratio of 54% (Q4 2024: 85%).

The **net loss ratio** is lower at 26% (Q4 2024: 54%). FY 2025 has noted relatively lower CAT exposure primarily relating to the LA WildFires (c.€4.2), Hurricane Melissa (c.€0.9m), offset by releases against Storm Boris, Italian Hailstorm & French Hailstorm. 2024 CAT losses (c.€53m) arose primarily from exposure to Dubai Floods, Baltimore Bridge and Storm Boris.

The **net expenses ratio** is slightly lower at 27% (Q4 2024: 31%), consistent with the slight reduction in Earned Premium and loss experience.

Credit and Suretyship

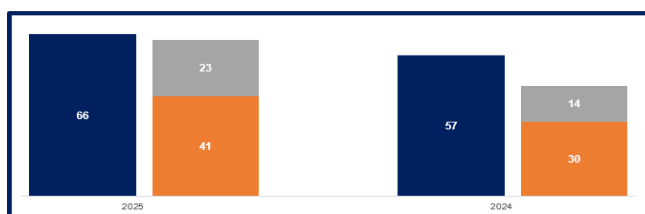


Credit and Suretyship incurred an underwriting profit of €13.1m (Q4 2024: €24.6m), resulting in a net combined ratio of 86% (Q4 2024: 72%), while contributing c.17% of entity GWP (Q4 2024: 16%)

The **net loss ratio** is slightly higher at 41% (Q4 2024: 36%), following favourable attritional experience across Short Term Credit, Surety, Financial risk & Structured Risk.

The **net expense ratio** is consistent at 45% (Q4 2024: 45%), in line with expectations.

Marine, Aviation & Transport



■ Net earned premium ■ Net earned claims ■ Expenses

The **Marine, Aviation & Transport** line of business achieved an underwriting profit of €2.4m (2024: €12.2m profit), resulting in a net combined ratio of 96% (2024: 79%), while contributing c.6% of entity GWP (Q4 2024: 5%).

The **net loss ratio** is higher at 62% (2024: 54%) largely as a result of an increase in CAT exposures to the UPS Plane Crash (c.€3.2m) and PY worsening on exposures to the Ukraine Invasion (c.€20m.).

The **net expense ratio** is higher at 34% (2024: 25%), resulting from a higher proportion of claims costs being allocated to this LOB, given the loss experience.

A.2.3 Underwriting result by material geographical area

The following table summarises the underwriting performance of the Company by its material geographic areas. The information is prepared in accordance with the criteria laid out for the Solvency II QRT S.04.05.01 Premiums, Claims and Expenses by risk location on a Gross basis and therefore is not entirely representative of the respective Branch results.

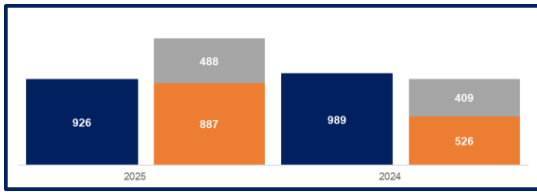
As at 31st December 2025	Gross Written Premiums €'000	Gross Earned Premium €'000	Gross Claims Incurred €'000	Expenses Incurred €'000	Underwriting Result (Gross) €'000
Luxembourg	142,336	145,300	59,639	73,114	12,547
United Kingdom	930,128	926,400	886,760	487,818	(448,178)
Germany	410,054	413,261	113,687	206,362	93,212
France	296,310	304,554	154,973	138,662	10,920
Italy	204,760	218,618	42,744	111,051	64,824
Netherlands	222,623	220,892	46,753	134,302	39,837
Other	1,032,280	935,612	550,816	497,104	(112,309)
TOTAL	3,238,491	3,164,637	1,855,373	1,648,412	(339,148)

LMIE's geographical footprint continues to focus on the UK and European markets. The strategy focuses and supports its European growth plans and its continued presence in the UK post the UK leaving the EU (Brexit). As part of the Brexit strategy LMIE has licensed in-house cover holders in Luxembourg, Liberty Specialty Markets Europe Sarl (LSME) & Liberty Specialty Markets Europe Sarl 2 (LSME2) which act as intermediary companies that underwrite on behalf of LMIE from their branches throughout Europe.

As illustrated in the table above, the UK remains the single largest contributor of GWP at €926m which represents 29% of total GWP. Alongside the home country Luxembourg, the other top 4 European countries by GWP – Italy, Germany, France & Netherlands contribute 39% of the total GWP (2024: 37%).

The underwriting performance for the UK & European operations is represented by the exhibits below.

United Kingdom



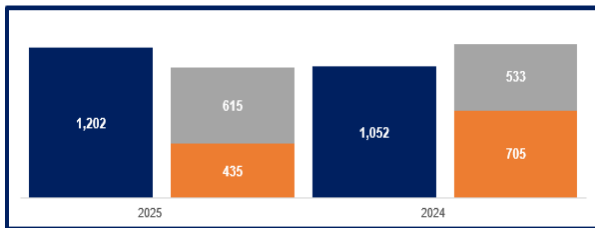
■ Gross Earned Premium ■ Gross Claims Incurred ■ Gross Expenses

The UK portfolio incurred a Gross Loss ratio of 96% (2024: 53%), and a Gross Expense ratio of 53% (2024: 41%).

The significant worsening of the UK result is driven primarily by prior year deterioration on Market Facilities business leading to strengthening for the General Liability LOB. However, the entity benefits from Quota Share arrangements against this business, thus reducing the net exposure.

The expense ratio is higher than last year, following modifications to the allocation methodology, and reflecting a higher loss experience.

Europe



■ Gross Earned Premium ■ Gross Claims Incurred ■ Gross Expenses

The top 4 European countries by GWP, along with the Home-country (Luxembourg) achieved a Gross Loss ratio of 32% (2024: 70%), and a Gross Expense ratio of 51% (2024: 54%).

The business mix for the major European countries reflects c.10% of Property business, and c.24% of General Liability, along with c.8% of Credit & Suretyship, and c.9% of non-proportional reinsurance Property. The Gross loss ratio is therefore reflective of the composite results of the respective LOBs discussed in the previous section. The favourable movement is partially driven by releases against prior year CATs to which the entity had significant exposure in 2024.

The expense ratio is slightly lower than prior year and reflects proportion of overheads & claims management costs have been allocated to service the losses incurred for the forementioned countries.

SECTION A.3 – Investment Performance

The investment portfolio is managed by Liberty Mutual Investments, the specialist investment management arm of Liberty Mutual Group, Incorporated (LMIG).

The Board approves the long-term framework and short-term strategy for the investment of assets and management of liquidity.

Limits are established by issue, counterparty, asset type and rating. Securities must be readily marketable. The Company's investment portfolio is made up predominantly of debt securities and other fixed income securities. The following table represents the income, gains and losses arising out of various categories of investments, in accordance with the QRT S.09.01.

2025 €(000)	Dividends	Interest	Rent	Net gains and losses	Unrealised gains and losses	Total performance
Government bonds	0	32,302	0	(9,617)	32,535	55,219
Corporate bonds	0	192,763	0	(27,587)	118,994	285,875
Collective Investment Undertakings	225	0	0	0	0	225
Collateralised securities (interest)	0	419	0	4	1,320	1,746
Cash and deposits	0	20,207	0	0	0	20,207
Mortgages & Loans	0	0	0	0	0	0
Total Investment income	225	245,691	0	(37,200)	154,557	363,273

2024 €(000)	Dividends	Interest	Rent	Net gains and losses	Unrealised gains and losses	Total performance
Government bonds	0	47,032	0	(15,999)	16,928	47,962
Corporate bonds	0	124,655	0	(30,908)	61,449	155,196
Collective Investment Undertakings	122	0	0	537	13	672
Collateralised securities (interest)	0	4,230	0	0	3,093	7,323
Cash and deposits	0	21,718	0	0	0	21,718
Mortgages & Loans	0	0	0	0	0	0
Total Investment income	122	197,635	0	(46,370)	81,484	232,871

Note that the Solvency II regulations require unrealised gains to be recognised within investment performance, whereas unrealised gains under Lux GAAP are recognised in the revaluation reserve. This leads to a difference in the investment income noted in the Solvency II QRTs, and the LMIE Financial Statements. In addition, the investment income reported in the tabulations above is produced in alignment with the S.09.01 QRT, which excludes investment expenses of c.€8.2m (2024: €7.8m).

The Company's investment portfolio generated a return of €208.7m (2024: €151.3m), an increase on 2024. The uplift in investment income is largely driven by capital being reinvested at a higher yield, generating greater income on debt securities. The underlying interest income yield from bonds during the year was 3.9% (2024: 3.1%). This increase was partially offset by higher realised losses arising due to sales of lower yielding assets to acquire higher yielding investments.

The Solvency II investment income reflects a reduction in the Unrealised losses on assets held to maturity of €154.6m during the year, as bond prices have risen during FY 2025 driven by macro-economic factors.

Investments in Securitisations

The Company's holdings in securitised assets are shown in the below table. Increases are noted for Collateralized Mortgage Obligations (CMO) and Asset backed Securities (ABS), due to acquisitions during the year.

€'000	2025	2024
CMO	24,782	19,641
CMBS	3,718	4,180
ABS	98,546	90,570
Total	127,046	114,392

SECTION A.4 – Any Other Information

No other matters to report.



SYSTEM OF GOVERNANCE



SECTION B – SYSTEM OF GOVERNANCE

The 'system of governance' section of the report sets out details regarding the administration and management of the company. It outlines the following key elements:

- Overview of the System of Governance.
- Fit and Proper Requirements.
- Risk Management Systems.
- Own Risk and Solvency Assessment; and
- Outsourcing Arrangements

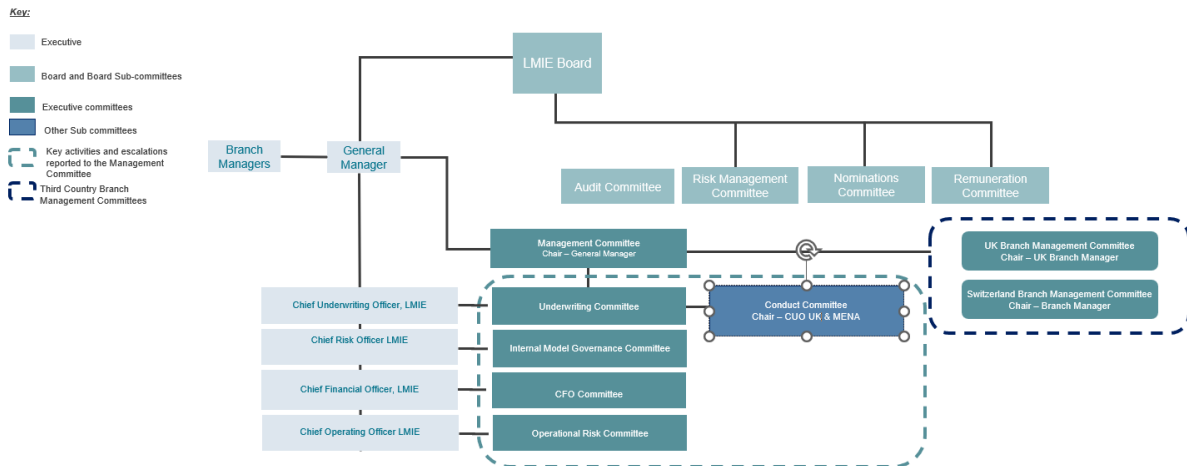
SECTION B. 1 – Corporate Governance

LMIE's corporate governance framework sets out the systems by which the Company is directed and controlled. The Board of Directors (the Board) is responsible for the governance of the Company and has established a corporate governance framework as an effective means of meeting that responsibility. LMIE adheres to the provisions of its statutes, legal and regulatory requirements, and principles of good corporate governance.

The corporate governance framework is reviewed on an annual basis to ensure that it continues to remain effective. The 2025 review concluded that the corporate governance framework was effective, with no material findings.

B.1.1 Management and Governance Structure

The ultimate supervisory body of the Company is the Board which has the responsibility of ensuring that the principles of good governance are observed throughout the organisation. The structure of the Board, Board sub-committees, Legal Entity Committees and Third Country Branch Management Committees is visually represented below followed by a description of each committee.



B.1.2 Overview of the role of the Board

Segregation of Board Responsibilities

The LMIE SE Board is responsible for the long-term success of the business within the applicable legal and regulatory framework having regard to the interests of customers, long-term financial interests, solvency, and the delivery of sustainable value to the shareholder, stakeholders, and policy holders.

The Board ensures there is a sustainable business model, a clear strategy consistent with that set by Liberty Mutual Group (LMG) including Global Risk Solutions (GRS), a system of governance and a risk framework which supports prudent and effective management, and delivery of strategic objectives and regulatory requirements applicable to the Company.

The Board is headed by an independent non-executive Chair who remains responsible for leadership of the Board and ensuring its effectiveness. The composition of the Board includes four Independent Non-Executive Directors (INEDs), whose role is to scrutinize and challenge the performance of management in terms of delivering strategic objectives, and regulatory requirements applicable to the Company. The daily management of LMIE is delegated by the Board to the General Manager (GM) who chairs a Luxembourg-based Management Committee to assist in the discharge of certain duties delegated to him by the Board. The Company Secretarial team supports the Board.

Overview of the Board sub-committees

The Board delegates certain matters to the Board sub-committees in accordance with the terms of reference of those committees. Below is an overview of each of the sub-committees.

B.1.2.1 Audit Committee

The Audit Committee (the "Committee") assists the Board of Directors in meeting its responsibilities that relate to the oversight and review of:

- financial reporting, internal controls, the audit process including monitoring the integrity of the financial statements and other statutory or regulatory financial reporting of the Company; and
- the adequacy of the design and operating effectiveness of the Company's internal controls, including the effectiveness, performance, and objectivity of the Internal and External Auditors.

The Committee membership consists of four INEDs, one of whom has recent and relevant financial experience. The Committee is attended by senior management including the Chief Financial Officer (CFO), Chief Risk Officer (CRO), Actuarial Key Function Holder, the General Manager (GM), and Head of Internal Audit, along with the external audit partner(s) and other senior managers.

The Chair of the Committee reports to the Board on the activities of the Committee. The Committee meets with the external auditors and Internal Audit Key Function Holder without members of management present.

B.1.2.2 Risk Management Committee

The Risk Management Committee (RMC) is responsible for independent oversight of the risk systems in place and giving assurances to the Board that there is an effective risk-management system comprising strategies, processes, and reporting procedures, that is well integrated into the organisational structure and decision-making processes covering all of the business. The RMC provides independent oversight of compliance with laws and regulations.

The Committee membership consists of four INEDs. The Committee is attended by senior management including the CRO, Compliance Key Function Holder, Actuarial Key Function Holder, CFO and the GM. The Chair of the Board is a member of the Committee. The Chair of the Committee reports to the Board on the activities of the Committee.

B.1.2.3. Remuneration Committee

The Remuneration Committee is responsible for governing the remuneration policy Company which is designed to appropriately reward performance and promote sound and effective risk management and to align it to the long-term interests of the Company, while complying with the firm's regulatory obligations under Solvency II and is in line with the 2015 Luxembourg Insurance Law.

The Committee membership consists of four INED's one of whom acts as the Chair. The Chair of the Board is a member of the Committee. The Committee is attended by senior management including the GM, Head of HR, UK & EMEA and the Liberty Insurance International (LII) CFO. The Chair of the Committee reports to the Board on the activities of the Committee.

The main responsibilities of the Committee include:

- Annually reviewing and approving the Remuneration Policy and ensuring its ongoing appropriateness.
- Setting remuneration policy and practices for LMIE and LII, LMRe and Surety employees seconded to or underwriting on behalf of LMIE.
- Determining the total individual remuneration package of Solvency II Identified Staff.
- Review the Company's diversity and inclusion aspects related to remuneration disclosures, as applicable.
- Considering and approving annually, the Solvency II Identified Staff Identification Methodology document, and the resulting Solvency II Identified Staff in scope for remuneration decisions in line with LMGi, legal and regulatory requirements.

Review and approve the vesting of awards under the LII and LMRe Long Term Capital Plan, grant size of awards under LMIG's Long Term Plan and short-term incentive plan by those within scope of the Committee to support alignment with long-term shareholder interests.

B.1.2.4 Nomination Committee

The Nomination Committee is responsible for ensuring that the composition of the Board remains balanced both in terms of skill and experience, and between executive and non-executive directors. It leads the process for appointments to the Board and makes recommendations to ensure there is a formal, rigorous, and transparent procedure being followed.

The Committee membership consists of four INED's, one of whom acts as the Chair, and one Group non-executive Director. The Chair of the Committee reports to the Board on the activities of the Committee.

Overview of the Legal Entity Committees

The governance structure is further supported by Executive level "Legal Entity Committees" which consider specific management information for oversight and management of LMIE operational and regulatory performance prior to presentation at the Board / Board Sub-Committees. Key activities and escalations from the Legal Entity Committees are reported to the Management Committee, and through the governance structure as appropriate. The aim of this is to support the GM in their oversight and day-to-day running of the business. Below is an overview of each of the Legal Entity Committees.

B.1.2.5 Management Committee

The Management Committee provides the executive day-to-day business delivery within the strategic context set by the Board; conducts all matters delegated from the Board; reviews performance and makes corrective actions within their delegated powers; and prepares papers for Board approval.

The Management Committee is a forum for review and challenge with a focus on business planning, identifying and effectively remediating issues and continuous process improvement. The Management Committee reports to the Board and fully engages with the Legal Entity Committees. The management Committee is chaired by the LMIE General Manager.

B.1.2.6 Underwriting Committee

The Underwriting Committee (the “UWC”) reviews, monitors, and challenges the performance of the underwriting business of the Company against business plan and the delivery of the Underwriting strategy, and promotes an effective governance, risk, and compliance culture within decision-making.

The UWC assists the Chief Underwriting Officer (CUO), RMC, and Board in considering the delivery of the Underwriting Strategy and providing oversight of the underwriting operations. It coordinates the oversight of the underwriting activities whilst ensuring LMIE remains within the insurance risk appetites.

The Committee membership consists of senior executives, including the LMIE General Manager, , LMIE CRO and is chaired by the LMIE CUO.

B.1.2.7 Internal Model Governance Committee

The Internal Model Governance Committee (IMGC) assists the RMC in overseeing the Internal Model governance and also ensures compliance with the required Solvency II Tests. It does this through review and challenge of:

- Internal model outputs use and to ensure that the model and outputs accurately reflect the LMIE risk profile.
- Internal Model policies and technical risk module documentation, where appropriate.
- Model change and ensuring appropriateness of internal and external models.
- Validation findings and ensuring they are tracked to completion; and
- Expert judgments, to ensure they have been set appropriately.

The Committee membership consists of senior executives including the LMIE General Manager, LMIE CFO and the Actuarial Key Function Holder and is chaired by LMIE CRO.

B.1.2.8 CFO Committee

The CFO Committee supports the CFO in fulfilling their role. The Committee reviews reports and information relating to relevant aspects of Actuarial and Reserving, Investments, Risk Appetites, Strategy, Business Planning, Performance, Capital and Solvency and Regulatory Reporting, including the Financial Control environment for LMIE.

The Committee membership consists of senior executives, including LII CFO, LMIE Chief Actuary and the LMIE CFO who acts as the Chair.

B.1.2.9 Operational Risk Committee

The Operational Risk Committee oversees the operational risk management framework, including operational risks and incidents, non-financial internal controls, and control assurance activity. In addition to this, the ORC oversees LMIE’s approach to Digital Operational Resilience Act (DORA) Business Continuity and Crisis Management. It ensures compliance with applicable laws and regulations throughout the jurisdictions LMIE operates in.

The Committee is chaired by the LMIE Chief Operating Officer (COO) to assist them in carrying out their duties in respect of operations as they relate to LMIE. The Committee membership consists of senior executives including the LMIE CRO.

B.1.2.10 Delegation of Board authority and decision making

The Board delegates certain decision-making powers to individuals and other bodies, including Board sub-committees and the day to day running of the Company to the GM, who is assisted by the Management Committee. The Board itself remains responsible for all decisions taken and therefore receives reports on all delegated matters.

In addition to the above, there are a variety of protocols that operate across the Company.

B.1.3 LMIE Key Functions

The following sections set out a summary of the LMIE key control functions of Actuarial, Risk Management, Compliance, and Internal Audit. Each function is headed by an individual who performs the Key Function Holder role and has received the Fit and Proper approval from the CAA.

B.1.3.1 Actuarial Function

The Actuarial Function is headed by the LMIE & LII Europe Chief Actuary, who is the approved Actuarial Function Holder for the company and resident in Luxembourg. The LMIE Chief Actuary has functional reporting lines to the Chief Actuary - LMRe and LMAL - and the LII Chief Actuary for their LII Europe responsibilities - and has an additional reporting line into the LMIE General Manager. The authority, resources and independence of the Actuarial Function are detailed in section B.6.1. The activities of the Actuarial Function are reported to the sub-committees and to the Board via the Legal Entity Committees as appropriate.

The Actuarial Function co-ordinates work carried out by the Actuarial, Capital Management, Underwriting, Exposure Management, Reinsurance and Finance teams in calculating Technical Provisions and providing an opinion on underwriting policy and reinsurance arrangements, aside from contributing to the effective implementation of the risk management system. The Actuarial Function also performs capital management activities such as determining internal and regulatory capital requirements, and applying it to business planning, ORSA reporting and strategic decision making.

The LMIE Chief Actuary is also a member of the LMIE Management Committee, which supports the LMIE GM in discharging executive day-to-day business delivery within the strategic context for the Company set by the Board.

B.1.3.2 Risk Management

The Risk Management function is headed by LMIE's CRO, who is the approved Key Function Holder for the company. The LMIE CRO reports to the LMIE GM and has an additional functional reporting line to the GRS Head of Operational Risk and Legal Entity Risk Management. The LMIE CRO also has a reporting line directly to the Chair of the RMC who is an independent Non-Executive Director.

The authority, resources and independence of the Risk Management function are detailed in section B.3. The activities of the Risk management function are reported to the RMC or the Board as appropriate, as well as through its membership to the management committee, LMIE UK Branch Management Committee, CFO Committee, Underwriting Risk Management Committee, Internal Model Governance Committee, and Operational Risk Committee.

The Company's approach to risk Management centres on the principle that 'risk' is fundamental to the way in which the Company operates. It is embedded in the roles and responsibilities of individuals and committees throughout the Company's first line functions. The Risk Management function role is purely

a second line activity in line with Solvency II requirements. The role of the risk function is to ensure that all risks are identified, managed, monitored, and reported.

The LMIE CRO is also a member of the Management Committee, which supports the LMIE GM in discharging executive day-to-day business delivery within the strategic context for the Company set by the Board.

B.1.3.3 Compliance Function

The LMIE Compliance function is led by the European Head of Compliance, who is the approved Key Function Holder for the company. The Head of European Compliance has a reporting line into the LMIE General Manager and to the regional Head of Compliance for UK, MENA and Europe.

The LMIE Compliance function provides advice and assurance to the LMIE General Manager (GM) and Board on regulatory matters. The Compliance Function is responsible for assisting the business in ensuring compliance through monitoring and oversight. The Compliance Function interprets, advises, monitors, and reports on all regulatory matters for LMIE.

The authority, resources and independence of the Compliance Function are detailed in section B.4.2. The activities of the Compliance Function and status of the LMIE compliance framework are regularly reported to the LMIE Management Committee, RMC and other governance Committees as appropriate.

The European Head of Compliance is also a member of the Management Committee, which supports the LMIE GM in discharging executive day-to-day business delivery within the strategic context for the Company set by the Board. In addition, the European Head of Compliance has direct access to the independent non-executive directors of LMIE should they need to raise any issues with them.

B.1.3.4 Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to help LMIE accomplish its objectives, by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Risk Management, Control and Governance processes.

The Internal Audit function is led by the Head of Internal Audit, who is the approved Key Function Holder for the company and is based in Luxembourg. The LMIE Head of Internal Audit has functional reporting lines to the Chair of the LMIE Audit Committee and into the wider Liberty Mutual Global Internal Audit Function with direct access to the LMIE General Manager.

The authority, resources and independence of the Internal Audit Function are detailed in section B.5.3. Independence and Objectivity. The findings of the Internal Audit function are reported to the Audit Committee. The Chair of the Audit Committee provides a summary of the Committee's activities to the Board.

B.1.4 Group Structure

LMIE is part of Liberty Mutual Insurance Group (LMIG), which is currently listed on the Fortune 100 list of US corporations. Boston-based Liberty Mutual Insurance Group is a diversified global insurer and amongst the largest P&C insurers in the world based on GWP. Liberty Mutual Insurance Group offers a wide range of insurance products and services through three Strategic Business Units (SBU's): USRM, GRS and LMI.

B.1.5 Material changes in the system of governance

The governance structure is reviewed on an annual basis in a normal cycle of business. Included in that review is a review of the Board and its sub-committee terms of reference to ensure that they continue

to be fit for purpose, perform their duties and are acting within their authority. The annual effectiveness review ensures that the performance of the Board, its sub-committees and individual directors are formally evaluated. No material changes occurred during the year.

B.1.6. Remuneration Policy

B.1.6.1 Principles of the Remuneration Policy

The Company's remuneration policy applies to all employees and is based on the Liberty Mutual Group's compensation philosophy: to be competitive to market, to pay for performance, and to provide pay growth through promotional opportunities.

The policy describes the components of fixed and variable pay delivered to employees and demonstrates how good corporate governance and sound risk management prevent excessive risk taking which are the keystones of LMIG's compensation philosophy.

The Company is committed to ensuring that:

- Performance goals are clearly designed and communicated to all employees through a robust, but transparent, performance management process.
- Performance goals are aligned with the long-term strategy of the business and the requirements of each individual employee.
- Customers and the insurance markets are protected from any negative impact associated with mismanagement of remuneration at any level of the organization.
- Incentive schemes are designed in such a way as to reward short-term and long-term performance and ensure that employees are not incentivized to engage in inappropriate risk taking.

The Remuneration Policy is overseen and approved by the Board Remuneration Committee and reviewed annually to ensure alignment of pay practices with all relevant legislation and regulations. Further details have been provided in Section B.1.2.3.

B.1.6.2 Share options, shares, or variable components of remuneration

The Board remains responsible for ensuring that all remuneration components comply with the Remuneration Policy. Remuneration programmes may be made available to company employees through and administered by one or more Liberty Mutual Group affiliates. Remuneration elements typically consist of the following categories:

Compensation	Fixed/Variable
Base Salary	Fixed
Benefits, pre-requisites, and any allowances	Fixed/Variable
Annual Incentives	Variable
Long Term Incentives	Variable

B.1.6.3 Variable Remuneration

Variable remuneration – Short Term Performance

Short term performance is measured by achievement of individual (personal) objectives and business objectives measured over a one-year timeframe.

Business unit and overall business performance is measured against annually established targets which take account of the prior year performance, business plans and the operating environment.

Variable remuneration – Long Term Performance

There are three long-term performance plans in operation: two cash plans (one based on LII and LM Re performance and the other specific to one based on Business Unit Global Transaction Solutions (GTS) performance) and a performance-derived unit value plan (based on LMIG performance).

For the cash plan based on LII and LM Re performance, long term performance is measured by reference to combined LII's and LM Re's return-on-equity performance against the business plan over a period of three financial years, commencing with the financial year in which the award is made to eligible employees. Awards are available for payment at the beginning of the fourth year following the cycle. No new awards are being granted under this plan as participants have been transferred to the LMIG's long-term incentive plan. Any outstanding awards in the plan at the end of 2025 will be cashed out in 2026. The plan will then formally close.

For the cash plan based on GTS performance, long term performance is measured with reference to a three-year average of Year of Account (YOA) net underwriting results against a three-year average of planned net underwriting results. A proportion of the award is paid at the beginning of the fourth year following the cycle with the remaining proportion paid two years onwards, which is based on an actuarial reassessment of the net underwriting results for each YOA. No new awards are being granted under this plan as participants have been transferred to the LMIG's long-term incentive plan. The last outstanding awards will vest in 2028. The plan will then formally close.

As an unlisted mutual holding company, LMIG has no share price that can be utilised or shares to be granted through stock options, so the unit value plan uses performance derived unit values for grants to eligible employees. Awards vest pro-rata over a three-year performance period.

B.1.6.4 Supplementary pension schemes for members of the Board and other key function holders

The Company's remuneration policy does not include any supplementary pension or early retirement schemes for members of the Board or other key function holders. The Company offers all staff the opportunity of making contributions into a defined contribution scheme, which the company will match up to a limit.

B.1.6.5 Material transactions during the reporting period

No matters to report.

SECTION B. 2 – Fit and Proper Requirements

B.2.1 Specific requirements concerning skills, knowledge, and expertise applicable to the persons who effectively run the undertaking

LMIE requires all persons including those within the insurance agents who perform key functions and are classified as Authorised Persons, (being natural persons subject to supervision by the CAA) under the Law of 7 December 2015 on the Insurance Sector to be fulfilling the following requirements, on a continuous basis:

- a) Their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (**Fit**); and
- b) They are of good repute and integrity (**Proper**)."

The professional competence (**Fit**) is based on the person's experience, knowledge and professional qualifications and is dependent on the person demonstrating due skill, care, diligence, and compliance with relevant standards in the area that he/she has been working in. Such a person should also be of good repute (**Proper**), and the assessment includes taking relevant references, criminal record checks and the making of appropriately witnessed declarations of honour.

For the propriety assessment, the person in question must be assessed by LMIE to establish that they meet LMIE's minimum requirements for a 'Fit & Proper' person. These requirements include being able to demonstrate appropriate levels of probity, honesty, integrity, reputation, competence & capability, previous experience, knowledge of their area and financial soundness. In order to establish this, a person's credit & criminal record, professional qualifications (including Continuous Performance Development or equivalent training requirements) and supervisory experiences will be checked, alongside the recruitment process which will involve a CV review, interview and reference check.

In addition, every person carrying out a Solvency II Key Function or holds a Directorship or other Office for LMIE must be approved by the CAA to do so. Directors and Key Function Holders Managers must also comply with all applicable regulatory conduct standards and rules including the requirements set by the Law of 7 December 2015 on the Insurance Sector and applicable Circular letters.

Some requirements have been, or can be, assessed as 'collective knowledge', i.e., that not every member in the management body (or any function) are expected to possess expert knowledge, competence, and experience within all areas of LMIE, but that they as a whole have the ability to provide sound and prudent management of the Company.

Subsequently, on an ongoing basis, LMIE also considers whether a person remains fit and proper on their:

- Business conduct; and
- Whether the person performs their key functions in accordance with the applicable regulatory standards and requirements.

LMIE takes all reasonable steps to gather and consider information about the extent to which individuals are compliant with the requirements via a Fit and Proper annual attestation. Approved Persons shall also provide a copy of their criminal record on an annual basis as part of the Fit and Proper assessment. Compliance keeps a record of this assessment on file.

The required annual Fit and Proper assessments were performed for all LMIE Key Function Holders in Q4 2025. No concerns were identified for any of Key Function Holders. Assessment outcomes were reported to the LMIE SE Board as part of the European Compliance Officer's report.

B.2.2 Process for assessing the fitness and propriety of the persons who effectively run the undertaking

The specific requirements outlined above will be reviewed using the 'Fit & Proper' process adopted by LMIE. This evaluation will normally take place on an annual basis, or alternatively at any time that there is a material change such as promotion or internal move. The process is performed by the Compliance function and consists of the following:

- Assessment of the person's professional and formal qualifications, knowledge, and relevant experience within the insurance sector, other financial sectors, or other businesses and whether these are adequate to enable sound and prudent management; take account of the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person.
- Assessment of the person's honesty, integrity, reputation, and financial soundness based on evidence regarding their character, personal behaviour and business conduct including any criminal, financial and supervisory aspects relevant for the purpose of the assessment.

Evidence of the outcomes of this assessment must be retained. The records of this will be maintained in the following places (where appropriate); within the performance review, within the record of the recruitment process, within minutes of Board meetings which record annual performance reviews, within training records & Continuous Performance Development, and within reports relating to annual Board effectiveness reviews.

In the case of recruitment, HR will be responsible for recruiting appropriate staff.

The procedures outlined above ensure that all those holding controlled functions:

- Meet the requirements of the Regulatory 'Fit and Proper' test and follow its principles;
- Comply on an ongoing basis with their stated responsibilities; and
- Report anything that could affect their ongoing suitability

B.2.3 Process for assessing the good repute of insurance agents

A procedure is in place to periodically check the good repute of LMIE's insurance agents in accordance with the requirements in Circular Letter 24/13. LMIE's appointed insurance agencies are Liberty Specialty Markets Europe Sarl (LSME) and Liberty Specialty Markets Europe Two Sarl (LSME2). All in scope persons are subject to the requirements of the 'Fit and Proper' test as outlined above.

SECTION B. 3 – Risk Management System including Risk and Solvency Assessment (ORSA)

B.3.1 Description of the Risk Management System

LMIE's approach to risk management centres on the principle that 'risk versus reward' is fundamental to the way in which it operates, including the way decisions are made. In order to support LMIE to make risk-based decisions, a fully defined risk management process is implemented and embedded across the business.

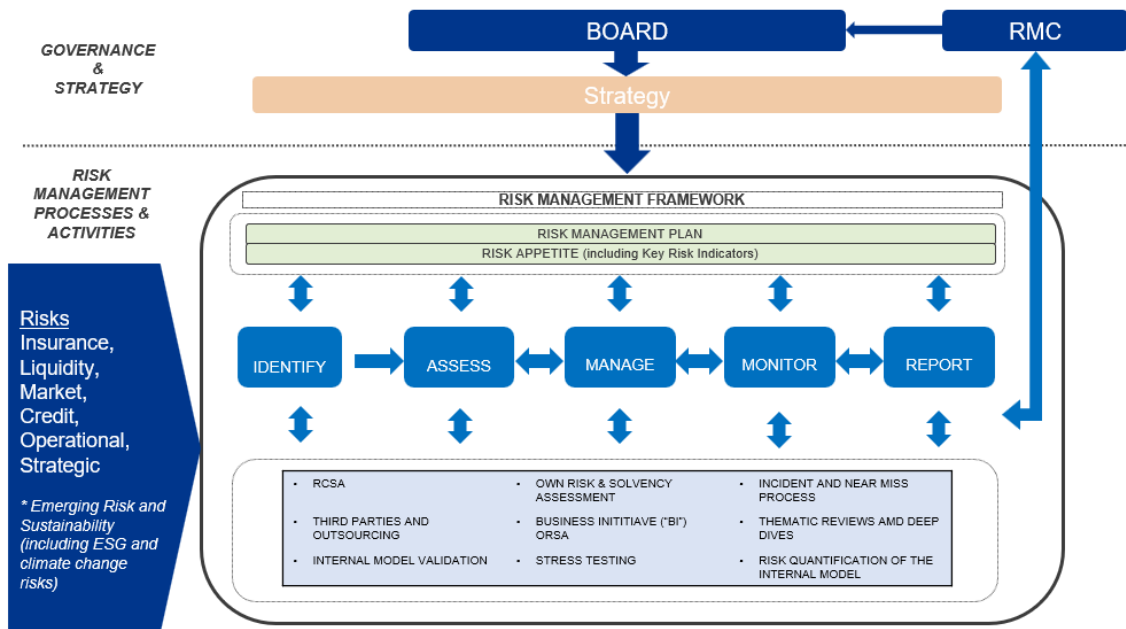
At a strategic level, the Board are supported in their risk-based decision-making process by the RMC, who provide quarterly updates on risk-related matters relevant to the Board. In turn, this enables the Board to consider key risks during the strategy setting and business planning processes (this then influences the risk appetite and Risk Management Strategy for LMIE, with input from Risk Management). The risk appetite process occurs during the business planning process.

The risk management process outlined in the RMF is focused around LMIE’s five core principles of risk management:

- I. Identifying
- II. Assessing
- III. Mitigating
- IV. Monitoring
- V. Reporting

The key stages of the process are outlined in the following diagram, which shows:

- Key roles and responsibilities highlighted to demonstrate ownership and shared responsibility between Risk Management and the business.
- The ‘Governance and Strategy’ elements of the diagram (above the dotted line) set the overall approach and context around which risk management activities operate, as described within the RMF.
- The ‘Risk Management processes and activities’ elements of the diagram (below the dotted line) are all within the scope of the RMF.



* As Emerging Risks and Sustainability (Including ESG and climate change risks) ‘cross cut’ against all risk categories, these are considered where relevant.

B.3.2 Implementation of the Risk Management System

All the key components of the risk management lifecycle (from identification to reporting) are undertaken on an ongoing basis to enable material risk exposures to be identified and addressed as quickly and effectively as possible. The risk register is a tool to enable the business to monitor its risk exposures.

The Risk Management system has multiple, iterative feedback loops to determine the significant risks to which LMIE is exposed. Risk management is considered during the strategy setting and business planning processes in identifying and assessing the underlying risks related to the strategy and business plan. Risk management is also considered during day-to-day business activities, processes, and systems, to ensure that appropriate risk-based decisions can be made. Therefore, a combination of a top-down (i.e., senior management, RMC, and Board oversight) and bottom-up (i.e., day-to-day operational management) approach helps the business to give due consideration to the inherent and unforeseen threats, residual risks, and opportunities, to make optimal risk versus reward decisions.

B.3.3 Own Risk and Solvency Assessment (ORSA)

The purpose of the ORSA is to guide LMIE's decision making process and confirmation to the Board and regulators of the adequacy of the solvency and capital profile against our risk profile on a forward-looking basis, thereby aiming to ensure that risk drivers during the coming year have been anticipated, and where necessary, contingency plans (CP) put in place.

LMIE takes the definition of the ORSA from EIOPA: The entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short-and-long term risks a (re)insurance undertaking faces or may face and determine the own funds necessary to ensure that the undertaking's overall solvency needs are met, at all times.

Methodology

Risk Management is responsible for preparing the ORSA report. This involves summarising the outcomes of the RMF and other activities performed as part of the ORSA process throughout the year, including the evolution of the risk profile, performance against risk appetites, results of various stress and scenario tests and emerging risks considerations.

Risk Management also evaluate capital requirements as calculated by the Capital Management and Actuarial teams against actual levels of capital held by LMIE.

LMIE projects its solvency capital requirements for the next three years based on the approved LMIE business plan. It then tests the impact of certain scenarios on the projected solvency as a result of changes in projected profits, own funds, and regulatory capital requirements. The details on the solvency projections are reported in the LMIE ORSA report.

The preparation of the ORSA report requires input from multiple areas around the business, including Underwriting, Finance, Actuarial, Strategy, and Capital Management. Risk Management works with these teams to obtain the relevant information for the ORSA report. Data inputs are subject to data quality standards as set out in the Data Policy.

ORSA Process

The ORSA process and reports are ultimately owned by the LMIE Board. The Board considers the ORSA reports in detail, provides comments and feedback to Risk Management before final approval. The IMGCC provides expert challenge and sign-off of the quantitative outputs of the internal model which are prepared as part of the business planning and regulatory capital-setting process and presented in the ORSA report.

The ORSA includes LMIE's regulatory capital position, by reference to the SCR and the MCR, as at 31st December 2025.

The LMIE ORSA report is prepared for review by the RMC/Board and submitted to the local regulator at least annually.

Ad-hoc ORSA reports may be prepared at any time following material changes to LMIE's risk profile. These can be identified through several ORSA triggers, including but not limited to:

1. Strategic/Business Changes:
 - Significant acquisition, merger or disposal
 - Entry into new markets or material new/exiting lines of business
 - Material changes to business model or strategy
2. Financial/Capital Changes:

- Significant deterioration in solvency ratio
 - Capital raise, dividend or large capital outflow
 - Material changes in reinsurance programme impacting capital or effectiveness of the risk transfer
3. Risk Profile/Operational Changes:
- Significant changes in risk profile
 - Material changes in risk concentrations or correlations
 - Major Model Changes

Assessing whether the current ORSA remains relevant, and identifying any new triggers for an ORSA, is an integral part of risk governance including the quarterly risk reporting process.

ORSA Report

The following components are in scope of the LMIE ORSA report and wider ORSA process:

- Strategy, performance, and business plans.
- Risk Profile.
- Capital requirement assessment.
- Forward looking assessment.
- ORSA process and RMF.

SECTION B. 4 – Internal Control System

B.4.1 Description of Internal Control System

The LMIE Internal Control Framework (ICF) is designed and implemented across all business areas of LMIE, in order to establish a control environment with controls that are designed and operated to materially reduce all risks that might have an adverse impact on LMIE's entity objectives.

The ICF is a key component of the RMF, which sets out the over-arching approach to risk management at LMIE, including the interactions between risk and control processes and practices. The ICF is a standalone policy document but strongly interrelates with the RMF, as LMIE recognises that a robust control environment materially reduces the risks to which LMIE is exposed. The main objectives of the ICF are to:

- Establish accountability for the ongoing management, monitoring, testing, remediation, and reporting of LMIE's controls.
- Support control owners in carrying out their control owner responsibilities, and to ensure they have an accurate view of the controls under their ownership.
- Enable control owners to have an accurate, real-time view of their control's performance – in turn this leads to good business practices, with minimal deviation from BAU processes and activities.
- Provide a dynamic control framework, as the control environment evolves over time with the impacts of change and technology.
- Provide management with better controls assurance across the control environment.
- Meet industry best practice and regulatory requirements.
- Provide guidance and set consistent minimum standards for:
 - Documenting a comprehensive set of internal controls that are aligned to the risk register and the risks that LMIE is exposed to.
 - Setting out a robust, consistent, and comprehensive Control Self-Assessment process (as part of the Risk and Control Self-Assessment process), so that LMIE can periodically assess the effective design and operation of controls, with appropriate action plans for all control deficiencies. This should reduce residual risk exposures and create a more robust control environment.

- The accurate identification and documentation of controls, including evidence that they are designed and operated effectively.
- The practice of control testing, which includes control owners' responsibilities for conducting management testing, and Risk Management responsibilities for conducting independent control testing (in conjunction with other stakeholders).

B.4.2 Description of how the Compliance Function is implemented

The Compliance function operates under a Board Policy and undertakes an Annual Compliance Plan (ACP) which sets out the structure of the function, priority activities and resources. The LMIE Compliance Policy is owned by the Head of Compliance, is reviewed annually and approved by the LMIE RMC and Board. The 2025 review has been completed, with only minor amendments and no significant changes to report.

The LMIE RMC provides advice, oversight and challenge necessary to embed and maintain a supportive risk and compliance culture including providing independent oversight of compliance with laws and regulations. The RMC reviews the regular reporting from Compliance and monitors the adequacy of the compliance framework and progress towards the completion of the ACP including the review of any significant changes and delivery of findings. The Chair of the RMC reports formally to the Board on the committee proceedings including: any significant risk or compliance issue/s; any areas requiring improvement; and any matter relating to the oversight of the risk and compliance key functions

SECTION B. 5 – Internal Audit Function

B.5.1 Internal Audit Policy

The Internal Audit (IA) Policy provides a summarised view of the areas in which Internal Audit operates, its main objectives and the approach to reach these. The Internal Audit Policy is reviewed on an annual basis by the Internal Audit Department and approved by the Audit Committee. There have been no material changes to the policy during the 2025 reporting period.

B.5.2 Operations and Assurance

The scope of the IA activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board Audit Committee, management and outside parties on the adequacy and effectiveness of governance, risk management and control processes. Internal audit assessments include evaluating whether:

- Risks relating to achievement of strategic objectives are appropriately identified and managed;
- The actions of the officers, directors, employees, and contractors are compliant with the policies, procedures and applicable laws, regulations, and governance standards;
- The results of operations or programs are consistent with established goals and objectives;
- Operations and programs are being carried out effectively and efficiently;
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the business;
- Information and the means used to identify, measure, classify and report such information are reliable and have integrity; and
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Whilst Internal Audit staff should have sufficient knowledge to identify the indicators of fraud, they are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

B.5.3 Independence and Objectivity

Internal Audit is an independent, objective assurance and consulting activity designed to help LMIE accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Risk Management, Control and Governance processes. Internal Audit has access to all records, buildings and personnel necessary to fulfil these services and responsibilities, including the right to attend Senior Leadership Team meetings and any other key management and decision-making forums. The LMIE Head of Internal Audit has functional reporting lines to the Chair of the LMIE Audit Committee and into the wider Liberty Mutual Global Internal Audit Function, with direct access to the LMIE GM. The findings of the Internal Audit function are reported to the LMIE Audit Committee. The Chair of the Audit Committee is also a member of the LMIE Board and provides a summary of the Committee's activities to the Board. The LMIE/LMAL Audit Committees and LMG's Chief Internal Auditor approve the appointment or termination of the Head of Internal Audit.

Annually the LMIE Head of Internal Audit and LII Head of Internal Audit will meet in isolation with the Audit Committee to confirm that their independence and objectivity has not been impaired by undue influence.

In accordance with Article 271(2) of Delegated Regulation (EU) 2015/35 there are no persons within the Internal Audit function who assumes any responsibility for any other function or carry out activities that are inappropriate with respect to the nature, scale, and complexity of the risks inherent in the business or poses a conflict-of-interest risk.

SECTION B. 6 – Actuarial Function

B.6.1 Governance of the Actuarial Function

The Actuarial Function performs the effective implementation of Article 48 of the Solvency II directive 2009/138/EC.

The Actuarial Function reports to the LMIE Board and is headed up by the LMIE Chief Actuary. The LMIE Chief Actuary reports to the LMIE General Manager and is responsible for the work carried out in the Actuarial Function. The work relied upon by the Actuarial Function is produced across several teams, with the LMIE Chief Actuary responsible for coordinating and reviewing this work. Contributions are provided by the Actuarial, Capital Management, Underwriting, Exposure Management, Reinsurance, Risk Management, and Finance teams.

The LMIE Chief Actuary is a Fellow of the Institute and Faculty of Actuaries with over 10 years post qualification experience and is subject to professional requirements. As such, the work carried out will meet the Solvency II requirements for independence and freedom from undue influence. The Actuarial Function reports its recommendations to the LMIE Board in order to maintain its independence.

The Actuarial Function is implemented through carrying out the following tasks:

- Coordinate the calculation of technical provisions;
- Ensure the appropriateness of the methodologies and underlying models;
- Assess the sufficiency and quality of the data used in the calculation of technical provisions;
- Compare best estimates against experience;
- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions, oversee the calculation of technical provisions in the cases set out in Article 82;
- Express an opinion on the overall underwriting policy;
- Express an opinion on the adequacy of reinsurance arrangements; and

- Contribute to the effective implementation of the risk management system referred to in Article 44, particularly with respect to the risk modelling underlying the calculation of the capital requirements set out in Chapter VI, Sections 4 and 5 and to the assessment referred to in Article 45.

B.6.2 Co-ordinating the calculation of Technical Provisions

In coordinating the calculation of technical provisions, the actuarial function will, at a minimum:

- Apply methodologies and procedures to assess the sufficiency of technical provisions and ensure that their calculation is consistent with the underlying principles
- Assess the uncertainty in the estimates;
- Apply judgement as appropriate, using any relevant information and the knowledge and expertise of the individuals involved;
- Ensure that problems related to data quality are dealt with appropriately and that, where there are deficiencies in data quality, appropriate alternative methods are applied, subject to proportionality;
- Ensure that risks are appropriately categorised into homogeneous risk groups;
- Factor in relevant market information;
- Track against previous estimates and justify any material differences; and
- Ensure appropriate allowance is made for embedded options and/or guarantees.

With regards to technical provisions, the Actuarial Function will also:

- Ensure that methodologies and models used to calculate the technical provisions are appropriate, both in themselves and with regards to the specific lines of business they are applied to, taking account of the way the business is managed and the available data;
- Ensure that management actions included in the calculation of technical provisions are objective, reasonable and verifiable;
- Review revised best estimates against past best estimates and use the insights gleaned to improve the quality of current best estimates;
- Compare observed values against the assumptions used in the calculation of technical provisions, in order to evaluate the appropriateness of the data used and the methods applied in their estimation;
- Assess whether the IT systems used in the actuarial reserving procedures are adequate for that purpose;
- Inform the Board on the reliability and adequacy of the calculation of technical provisions, on the degree of uncertainty in the ultimate outcome and the circumstances that might lead to a significant deviation from the best estimate. It must clearly set out how it arrived at its opinion and explain any concerns it may have as to the sufficiency of technical provisions.
- Determine when data is of insufficient quality to apply a standard actuarial method and a case-by-case approach should be followed instead. It must apply judgment to establish assumptions and safeguard the accuracy of the results.

B.6.3 Providing an opinion on underwriting policy and reinsurance arrangements

The Actuarial Function's opinions and reports to the Board will include:

- Opinion on the overall business plan and sufficiency of premiums to cover future losses in expected and stressed scenarios;
- Inclusion of the analysis and results of the actuarial function's assessment;
- Consideration of any concerns that the actuarial function may have as to the adequacy of the business plan;
- Outline recommendations to improve the plan and considerations of realistic alternatives to the current business plan;
- Inclusion of an assessment of the consistency of the plan with the risk appetite;

- Assessment of the consistency of the plan with the assumptions used in the estimation of the technical provisions;
- Comment on the sufficiency of premium to cover any option or guarantees in the future;
- Consideration of exposures to external and internal influences such as inflation, legal risk, or changes in mix; and
- Consideration of anti-selection, of whether the underwriting process and controls used to manage the risk of anti-selection have been effective and of the likelihood of any anti-selection.

The Actuarial Function's opinion on the adequacy of reinsurance arrangements will include:

- Opinion on the adequacy of the reinsurance arrangements;
- Consideration of any concerns that the actuarial function may have as to the adequacy of the reinsurance arrangements, including recommendations for improvement and consideration of alternative structures;
- Assessment of consistency of the reinsurance arrangements with the risk appetite and underwriting policy;
- Analysis of effectiveness of risk mitigation including impact on capital requirements and claims volatility;
- Analysis of the adequacy of the reinsurance providers considering their credit standing;
- Expected cover under stress scenarios in relation to underwriting policy; and
- The adequacy of the calculation of technical provisions arising from reinsurance.

The Actuarial Function will provide written reports to the Board at least annually documenting the tasks undertaken and highlighting any shortcomings identified, and how such deficiencies could be remedied.

B.6.4 Contribution to the effective implementation of the risk management system

In respect of the contribution to the effective implementation of the risk management system, the actuarial function's opinion on underwriting policy will include discussion of the following issues:

- Outline the actuarial function's role in the wider RMF of LMIE
- Highlight how the actuarial function contributes to the SCR calculations;
- Highlight how the actuarial function contributes to the ORSA; and
- For LMIE, indicate any inconsistencies between the technical provisions, the reinsurance arrangements, the overall underwriting policy and the related assumptions and values in the internal model.

SECTION B. 7 – Outsourcing Arrangements

B.7.1 Description of the Outsourcing Policy

LMIE has in place an Outsourcing and Third-Party Risk Management Policy that ensures that all outsourcing arrangements within LMIE are assessed properly and managed effectively throughout their lifecycle from inception to termination. The Outsourcing and Third-Party Risk Management Policy also addresses the requirements of the EIOPA cloud outsourcing guidelines and applies to all critical and important cloud outsource service provider arrangements. The rationale for the Company's outsourcing is multi-faceted and depends upon several different considerations. From a business perspective, any outsourcing arrangement must be commercially viable, and a materiality assessment must be completed before inception of the arrangement. The policy applies to all the Company's branches, including Third Country Branches.

When engaging in any Outsourcing or Non-Outsourcing Third Party Arrangements the Company must ensure that the activities are not undertaken in a way that will lead to any of the following:

- Materially impair the quality of the Company's governance;
- Unduly increase operational risk;
- Impair the ability of the Company's supervisory authorities to monitor our compliance with our obligations; and/or
- Undermine the continuous and satisfactory service to the Company's policy holders.

Furthermore, there are several other components making up the rationale for outsourcing arrangements including:

- Analyse how the arrangement will fit with the Company's organisation and reporting structure, business strategy, overall risk profile and ability to meet its regulatory obligations;
- Consider whether the agreements establishing the arrangement will allow the Company to monitor and control its operational risk exposure relating to the outsourcing;
- Conduct appropriate due diligence of the service provider's financial stability and expertise;
- Consider how it will ensure a smooth transition of its operations from its current arrangements to a new or changed outsourcing arrangement (including what will happen on termination of the agreement);
- Consider any concentration risk implications, such as the business continuity implications that may arise if a single service provider is used by several firms.
- Ensure that we have appropriate contingency arrangements to allow business continuity in the event of a significant loss of service from the provider. Particular issues to consider include a significant loss of resources at, or financial failure of, the provider, and unexpected termination of the outsourcing arrangement.
- Ensure that testing has been carried out for exit in stressed circumstances – applicable to material arrangements only, e.g., following the failure or insolvency of the service provider (stressed exit); and through a planned and managed exit due to commercial, performance, or strategic reasons (non-stressed exit).
- Consider the extent to which the Company is able to control or influence a service provider that is part of the Group.

Regardless of jurisdiction, the service provider will be expected to go through the same thorough assessment as to their suitability to engage in an LMIE outsourcing arrangement. LMIE will ensure that any service provider is within LMIE's risk appetite.

Lastly, it should be noted that all outsourcing arrangements are subject to the thorough standards and processes regardless of whether the service provider is within or outside the LMIE group. Day to day Oversight of each arrangement will be the responsibility of the individual business owners. Business owners of Material Outsourcing Arrangements will have a reporting line to the LMIE GM and/or the Responsible LMIE Key Function Holder. This accountability will be documented in Business owner role descriptions and included in Business Owner annual performance objectives,

LMIE UK Branch provides services to the LMIE Zurich Branch (as well as LMIE head office) for a variety of support functions, which are governed through an Insourcing Memorandums of Understanding ("MOU"). Service performance and compliance with MOU requirements is monitored by the LMIE Management Committee and the LMIE Switzerland Branch Management Committee, as applicable.

B.7.2 Outsourcing Register

Outsourcing of any critical or important operational functions or activities and the jurisdiction in which the service providers of such functions or activities are located are as follows:

Description of services provided	Jurisdiction
Head Office IT Support	United States of America
Investment Management	United States of America
Regional IT Support	United Kingdom
Regional Finance Support	United Kingdom
Underwriting, Claims and Various Support Functions	Luxembourg
Operational Support	India

SECTION B. 8 – Any Other Information

The governance structure and corporate governance framework is reviewed annually to ensure that we incorporate any new regulatory developments, and that we meet the risk appetite set by the management and signed off by the Board. An independent externally conducted review was last conducted in November and December 2025 which found the Board and the Board sub-committees to be effective, with no material findings. The system of governance during the reporting period and the governance structure is deemed adequate for the company’s risk profile.



RISK MANAGEMENT



SECTION C – RISK MANAGEMENT

The risk management section of the report captures the complexity of the overall risk status of the company, considering all the material risks to which the company is exposed.

For each major risk grouping, this section provides a description of the following key aspects:

- Risk Assessment
- Risk Mitigation
- Measures used to monitor effectiveness of Risk Mitigation

The LMIE RMF sets out how the company undertakes the categorisation of exposed risks. The business objectives of the RMF are to ensure:

- All risks that could impact the ongoing viability of the company are identified.
- Identified risks are measured and managed in the most appropriate method.
- All risks are owned by the most appropriate Executive and that each risk is reported through the correct committee or working group.

LMIE has divided its risk exposures into high-level risk categories to enable the RMF to be focused on the most significant risks that impact the business objectives. These categories also help to provide an aggregated and holistic view of the LMIE risk profile. The key risk categories are listed below, each of which is discussed in more detail in this section.

- Insurance Risk
- Market Risk
- Credit Risk
- Liquidity Risk
- Operational Risk
- Strategic risk (including Group risk, Responsible Business and Climate Change)

SECTION C.1 – Insurance Risk

Insurance risk arises from two sources:

- Adverse claims development (reserve risk); and
- Inappropriate underwriting (premium risk).

a) Risk Assessment

- **Reserve risk** is mitigated through usage of detailed analysis performed by the Actuarial Function, which is discussed at various working groups, such as the Pillar Reserving Working Groups, Large Loss Working Group and other discussion forums as required. The CFO Committee oversees reserving risk matters and reports into the Audit Committee. Discussion in the various forums includes regular assessment of the results of actuarial studies, claims analysis, underwriting reviews, and benchmarking exercises. In addition, business plans are developed to ensure that the long-term reserve profile of LMIE remains stable.
- **Premium risk** is mitigated through usage of a diversified business plan operating within Board risk appetites and supported through the Company's control environment, including underwriting controls. Reinsurance is utilised to mitigate against exposure to individual events.

Material risk exposures are managed through insurance risk appetites, which are detailed in LMIE's Board Risk Appetite Statements. LMIE has risk appetites covering exposure management, reserving, cyber insurance, and climate change risk. Appetite positions are reported quarterly to the UWC and RMC.

LMIE is relatively more exposed to casualty and long tail liability business, as opposed to natural catastrophe risks. Realistic Disaster Scenarios (RDS) are developed by the Exposure Management Working Group and reported to the UWC.

Insurance risk concentration occurs due to the concentration of an insured risk or group of risks in a particular geographic area, industry, or insurance peril. It may also occur because of a correlation between individual insured perils.

Actual levels of risk relative to risk appetite measures are continually monitored, and LMIE may either revise approved business plans to stay within appetite, or if appropriate, revise appetite where it is reflective of a change in the external / internal environment.

b) Risk Mitigation

LMIE manages insurance risks by monitoring and controlling the accumulation of the risks, the terms and conditions of the underwriting and the premiums the Company charges for taking on the risk. Other mitigation strategies for insurance risk, include pricing guidelines, monitoring of approved underwriting authorities and the purchase of reinsurance. There are also specific operational processes related to the acceptance, measurement, and management of insurance risk exposures. LMIE had no investment in Special Purpose Vehicles during the reporting period, hence no risk transfer took place. The overarching approach to the management of all operational risks is covered by the RMF and ICF (Refer Sections B3.1 and B4.1 respectively).

c) Measures used to monitor effectiveness of Risk Mitigation

There are several measures used to monitor the effectiveness of the insurance risk mitigation described above, these include setting of Risk Appetites and Key Risk Indicators (KRIs), which are actively monitored by the Risk Management function, UWC and RMC.

The Risk Management function also undertake a risk review of business plan, where an assessment of the key risks and planning assumptions underpinning the plan is undertaken, also considering current market trends and emerging risk themes. Part of this review includes evaluating the plan's reasonableness and achievability under topical stressed conditions, leveraging from ORSA stresses but using updated parameters to reflect current market conditions.

The LMIE actuarial function opines on the Underwriting Policy, and the adequacy of reinsurance arrangements were presented to the LMIE Board and concluded that:

- The business plan is appropriate as premiums are sufficient to cover expected claims and expenses in aggregate, taking expected investment income into account; and
- LMIE's outwards reinsurance strategy is in line with risk and underwriting policy.

SECTION C.2 – Market Risk

Market risk is the risk of realised or unrealised investment losses or adverse net asset movements resulting from factors that affect the invested assets or insurance liabilities, including economic and financial variables. Market risk is subcategorised into asset-liability management risk (relating to mismatches in asset-liability currency mix and/or interest rate duration) and investment risk (which includes credit risk, spread risk, equity risk, property risk, concentration risk, alternative asset risk, illiquid asset pricing risk and inflation risk).

The Company has defined its investment objectives, to prioritise risk-adjusted investment return and policy holder protection, limit the capital requirement within risk appetite, and maintain sufficient liquidity. The Company reviews its investment strategy annually in line with these objectives.

a) Risk Assessment

Material risk exposures are managed through the market risk appetite, which is detailed in LMIE's Board Risk Appetite Statements. The risk appetites are:

- **Market risk** – invest assets in line with investment guidelines. The investment guidelines are dependent upon the outcome of investment strategy reviews and are subject to Management's discretion.
- **Market climate risk** - invest assets in line with the Responsible Investment Policy. There is limited appetite to invest in companies that generate revenues from thermal coal mining, utility companies that generate electricity production from thermal coal, oil sands or new Arctic energy exploration. (Market Climate Risk is not listed as a separate risk in the LMIE Risk Taxonomy, with Climate Risk instead being viewed as a risk that cuts across all other risk categories.)

b) Risk Mitigation

The Investment Working Group (IWG) makes recommendations to the management level committees, who then share recommendations to the Board regarding the framework and investment strategy for LMIE's assets.

The investment portfolios are managed by Liberty Mutual Investments, the investment management arm of LMIG, in accordance with investment guidelines approved by the Board of LMIE. Limits are established regarding issue, counterparty, asset type and rating concentrations. In addition to managing market risk through risk appetites and monitoring the economic environment, there are specific operational processes related to the acceptance, measurement, and management of market risk exposures.

These procedures ensure that LMIE meets the requirements of the 'Prudent Person Principle' set out in Article 132 of the Solvency II Directive, namely that:

- LMIE only invests in assets and instruments whose risks LMIE can properly identify, measure, monitor, manage, control and report;
- All assets, particularly those covering the Minimum Capital Requirement and the Solvency Capital Requirement, are invested in such a manner as to ensure the security, quality, liquidity, and profitability of the entire portfolio.

c) Measures used to monitor effectiveness of Risk Mitigation

Risk appetites over market risk are set by the Board and align to the business plan. These, along with the related KRIs, are monitored by the Risk Management function, CFO Committee and RMC.

Sensitivity testing and stress and scenario testing form a key part of LMIE's RMF and cover all risk categories including market risk. These will assess the impact on the capital requirement and own funds of different scenarios that could impact these risks, and the management actions that would be taken.

SECTION C.3 – Credit Risk

Credit risk is defined as the risk of a financial change in value due to actual credit losses deviating from expected credit losses due to the failure of another party to meet its contractual debt obligations. Credit Risk is split into Reinsurer Credit Risk and Broker, Delegated Authority & Insured Credit risk.

Credit risk is mitigated through controls encompassing due diligence and continued monitoring to ensure the appropriate selection of counterparties, and Board risk appetites to prevent inappropriate credit risk concentrations.

a) Risk Assessment

Material risk exposures are managed through the credit risk appetites, which cover the following areas:

- Reinsurer Credit Risk: LMIE has no appetite to conduct business with reinsurers, including LMIC, with a credit rating lower than A-, unless there is pre-authorisation by LMIE Chief Underwriting Officer (CUO), and in some instances, the LMIE Chief Financial Officer (CFO).
- Delegated Authorities & Brokers Credit Risk: LMIE has no appetite to conduct business with brokers or cover holders that fail the initial or renewal credit due diligence, unless otherwise approved.

The position against the Board risk appetites for the two areas above are monitored and reported on a quarterly basis to the RMC, and to the Board by exception.

b) Risk Mitigation

Where a reinsurance transaction is being considered with reinsurers that hold a rating of less than A-, a credit exposure review will be carried out to enable the LMIE CUO, and in some instances, the LMIE CFO, to agree the level of collateralisation required.

LMIE's approach is to place a significant proportion of outwards reinsurance with Liberty Mutual Insurance Company (LMIC). LMIE remains comfortable with the level of counterparty credit risk posed by such arrangements due to insight into LMIC and considering the above listed requirements for a third party. LMIE accepts that there will be a commensurate increase in its capital requirement for credit concentration risk due to the strategy of using LMIC as the primary reinsurance provider. This is factored into the entity's capital calculations.

c) Measures used to monitor effectiveness of Risk Mitigation

The Outwards Reinsurance team tracks the internal (Liberty Mutual Group companies) reinsurance purchase as a percentage of GWP and, the Risk Management function monitors and reports to the RMC the internal reinsurance recoverable relative to LMIE balance sheet assets.

In addition to managing credit risk through usage of risk appetites and monitoring thereof, there are specific operational processes related to the acceptance, measurement, and management of credit risk exposures. The overarching approach to the management of credit risks is covered by the Credit Risk Policies.

SECTION C.4 – Liquidity Risk

Liquidity risk defined as the risk of the Company being unable to meet its financial obligations as they fall due, as a result of the insufficient liquid resources.

a) Risk Assessment

Liquidity risk exposures are managed through the liquidity risk appetites, which focus on ensuring that highly liquid investments exceed a specified percentage of the total investment portfolio. The strategy is to maintain a diversified and appropriately liquid portfolio aimed at minimising the mismatch in cash flows between assets and net-liabilities.

Exposures are managed through a liquidity risk appetite with a risk preference to manage exposure with the aim of achieving an appropriate level of reward in exchange for exposure to these risks within the constraints of tightly defined limits.

Maintain sufficient liquidity to meet liabilities as they fall due. Cash will only be held for routine cash flow purposes, or where there is a specific regulatory requirement.

b) Risk Mitigation

The IWG makes recommendations to the management level committees, who then share recommendations to the Board regarding the framework and investment strategy for LMIE's assets.

Assets are selected and held subject to the liquidity risk appetite set by the Board.

These procedures ensure that LMIE meets the requirements of the 'Prudent Person Principle' set out in Article 132 of the Solvency II Directive, namely that:

- LMIE only invests in assets and instruments whose risks LMIE can properly identify, measure, monitor, manage, control and report;
- Assets are invested in such a manner as to ensure the security, quality, liquidity, and profitability of the portfolio as a whole.

c) Measures used to monitor effectiveness of Risk Mitigation

The risk appetite over liquidity risk is set by the Board and aligns to the business plan. This is monitored by the RMC. Sensitivity testing and stress and scenario testing form a key part of LMIE's RMF and cover all risk categories including liquidity risk. These will assess the impact on the capital requirement and own funds of different scenarios that could impact these risks, and the management actions that would be taken.

SECTION C.5 – Operational Risk

Operational risk covers the risks arising from the failure of internal processes, people, or systems, or from external events. This includes cyber and security issues, IT and risks arising from outsourced functions.

Full details of the risks to which LMIE is exposed can be found in the LMIE Risk Register, which is a central repository of LMIE's risks by category, including Operational Risk (People, Process & System).

a) Risk Assessment

LMIE has an 'averse' appetite for operational risks, and recognises that some risks are unavoidable as a consequence of conducting and operating in a complex business environment, and therefore aims to reduce exposure to these risks to as low as cost-effectively as possible and will have effective remediation plans, system of controls and appropriate risk culture to reduce these risks at the earliest opportunity if needed.

Conduct risk considerations covering customer focus and market integrity are a specific area of operational risk.

Outsourcing is also noted as a specific area of operational risk, which is managed through the Outsourcing and Third-Party Supplier Management Policy, as discussed in Section B.7.

b) Risk Mitigation

The primary mechanism for operational risk mitigation are robust controls, which are embedded into day-to-day business processes and mitigate business risks identified by the Risk Owners.

Examples of the types of controls are:

- Preventative: e.g., underwriting guidelines/authorities, documented policies & procedures
- Detective: e.g., underwriting exception reports

c) Measures used to monitor effectiveness of Risk Mitigation

The Risk Management function works with control owners across the organisation to ensure that all the controls are regularly assessed and appropriately documented.

Incident reporting is an important aspect of effective operational risk management. LMIE captures both loss events and near misses to ensure that these are fed into the overall view of risk.

Incidents will normally be identified by an individual or their manager/head of department as part of business-as-usual processes. LMIE utilises a Governance Risk and Compliance (GRC) system to capture the LMIE Risk Register, and controls against those risks listed. It also contains management risk ratings, results from self-assessment of controls, details of incidents and near misses, and actions.

The Operational Risk Committee assists the RMC, as appropriate, in its oversight of:

- Operational risks and incidents;
- Non-Financial internal controls and compliance with applicable laws and regulations throughout the jurisdictions in which it operates.

This committee provides a more detailed view and understanding on the operational risk profile, control assurance, cyber and technology, operational resilience, and other key operational risk topics. Further details are provided in Section B.1.2.9.

SECTION C.6 – Strategic risk (including Group Risk; Sustainability Risk and Climate Change Risk)

LMIE recognises that along with the benefits of being part of wider Liberty Mutual Insurance Group, there is also a risk that matters could arise in one part of the organisation that negatively impact the other parts of the organisation. To mitigate the impact of this, the chairman of any committee reviewing risk information ensures that due attention is given to each legal entity. LMIE recognises that this must continue even in times of stress to one entity.

LMIE's RMF also identifies sources of 'other risk' which are not fully captured via the quantitative risk modelling process:

- Strategic risk
- Emerging risk
- Sustainability risk

Risk appetite statements for insurance risk incorporate several metrics that also cover elements of strategic risks (e.g., delegated authority arrangements and brokers); these are included and measured under insurance risk.

There are no quantitative risk appetite statements for group or strategic risk; they are either controlled to an acceptable level and/or monitoring measures are put in place, with reporting on an exceptions' basis.

The identification of emerging risks is an important part of LMIE's risk management process. The Emerging Risk Working Group ("ERWG") is an information and ideas sharing forum to facilitate timely and responsible management of emerging risks, enabling leaders at all levels to better understand future threats to growth and make more informed business decisions. The ERWG is made up of stakeholders from a number of departments and risk areas across the business who have detailed knowledge of their specific areas of the business. The Risk Management team works with the ERWG members to consider the implications of emerging risks to LMIE.

The identified emerging risks are recorded by the Risk Management team in the Emerging Risk Radar.

Sustainability Risk (Including climate change)

Sustainability risks, which consider environmental, social and governance risks, affect the Company's relationship with external stakeholders. Failure to address sustainability factors may lead to reputational damage, loss of trust with customers, and regulatory and financial interventions. Integrating Sustainability across business and operations functions is an important part of the strategy.

Sustainability risk, which includes climate change risk, impacts several risk areas across the Company and as such it is being mitigated through the existing Risk Management Framework.

Climate Change risk is defined as the risks posed to LMIE's business plan, strategy, and people as a result of the accelerated warming of the Earth's atmosphere. Risks are expected to materialise over an extended timeline. Analyzing external dynamics is essential for understanding short-, medium- and long-term risks and opportunities. It is also important to consider the strengths and limitations of the tools and models in place today and acknowledge that defining stringent time horizons for climate risks, while helpful, requires a flexible approach that allows for the integration of evolving views. Given the unique characteristics of physical and transition risks, we assess each using different models and time horizons. For physical risk, the time horizons are short-term (0-10yrs), medium-term (10-25yrs) and long-term (25yrs+). For transition risks, the time horizons are short-term (0-5yrs), medium-term (5-15yrs) and long-term (15+yrs). In assessing how climate-related risks affect the six key risk categories, Liberty Mutual is aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and considers physical and transition risks as key drivers of financial impact for climate-related risks. In addition, given the potential financial impacts for property and casualty insurers, we view climate-related litigation as a separate driver.

- **Physical risks:** resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption. Organizations' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes affecting organizations' premises, operations, supply chain, transport needs, and employee safety.
- **Transition risks:** transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.

- **Litigation risks:** from claims, lawsuits, or other legal disputes that may arise from or relate to a party's alleged contribution to climate change; a party's alleged failure to prepare for, respond, or adapt to physical, legal, economic, or social consequences of climate change; laws, regulations, and legal duties related to climate change.

Work continues towards meeting Greenhouse Gas (GHG) emissions reductions commitments to reduce Scope 1 and 2 emissions by 50% by 2030 (from 2019 levels). In 2024, we achieved a 20% reduction from 2023 levels, resulting in a cumulative 56% reduction from the 2019 baseline, achieving the 50% reduction in Scope 1 and 2 emissions targets ahead of schedule. We will continue to contribute towards a low-carbon future as we aim to further reduce Scope 1 and Scope 2 emissions by 65% from 2019 levels to 2030. In addition, we have a Net Zero 2050 target for UK operations.

Climate risk exposures are managed within the Board risk appetites and supported through the Company's control environment. To assist in the management of sustainability risks (including climate change), governance structures, thresholds and guidelines are in place.

These guidelines set out requirements in respect of thermal coal, oil sands and new Arctic energy exploration activities, as well as specific sensitive topic underwriting guidelines. In relation to investments, a policy is in place that outline expectations in relation to new asset purchases and assets currently held.

SECTION C.7 – Any Other Information

Sensitivity analysis and scenario testing

As part of the RMF, LMIE conducts sensitivity analyses and stress testing to assess the variability of its solvency position in response to changes in specific risk factors. These analyses cover a broad range of sensitivities and scenarios, evaluating the resilience of LMIE's capital position to different risk drivers.

The results of these tests provide valuable insights into the resilience of the business, its alignment with the company's risk appetite framework, and adherence to solvency thresholds. This informs strategic decision-making to address potential vulnerabilities effectively. Scenario testing is also undertaken to understand the impacts of events that are crystallising, such as natural catastrophes or the recent events in the Middle East. In respect of the latter, scenario testing will help understand exposures across the portfolio and impacts of secondary risks, such as volatility in inflation and foreign exchange rates.



VALUATION



SECTION D – VALUATION FOR SOLVENCY PURPOSES

This section describes the approach and methodology adopted for the valuation of Assets, Technical Provisions and Liabilities (other than Technical Provisions) under the Luxembourg GAAP accounting framework & the Solvency II valuation basis while outlining the key presentational and valuation differences.

Key elements of the section are:

- Assets;
- Technical Provisions (TPs); and
- Liabilities (other than TPs)

Solvency II requires an economic market consistent approach to the valuation of assets and liabilities sheet in accordance with Article 75 of the Solvency II Directive 2009/138/EC. This presents several differences in the valuation of assets and liabilities compared to the disclosures in the LMIE Financial Statements for the year-ended 31st December 2025.

The tables on the following page provide a summary of the Solvency II and the Lux GAAP valuation of assets, based on the Solvency II balance sheet line items and the approach to classifying assets and liabilities, for both periods under comparison. An explanation of the Solvency II valuation methodology is provided in the following sections.

2025	Solvency II Adjustments				
	€'000	Section	Lux GAAP	Reclassification	Valuation
Deferred acquisition costs	D.1.1	401,853		(401,853)	0
Deferred tax assets	D.1.2	0		0	0
Pension benefit surplus	D.1.3	4,631		0	4,631
Property, plant & equipment held for own use	D.1.4	2,480		(2,480)	0
Investments	D.1.5	6,474,301	487,297	487,297	6,961,598
Reinsurance recoverable	D.2	3,310,117		(1,531,094)	1,779,023
Deposits to cedants	D.1.6	15,616		0	15,616
Insurance and intermediaries receivables	D.1.7	1,688,083	0	(1,464,256)	223,828
Reinsurance receivables	D.1.8	265,051		0	265,051
Receivables (trade, not insurance)	D.1.9	167,329		0	167,329
Cash and Cash equivalents	D1.10	518,954	(427,994)	(427,994)	90,960
Any other assets	D1.11	65,330	(59,303)	(59,303)	6,027
Total Assets		12,913,746	0	(3,399,683)	9,514,063
Technical Provision	D.2	9,115,584		(3,087,270)	6,028,313
Deferred tax liabilities	D.1.2	6,054		(4,862)	1,192
Insurance & intermediaries payables	D.3.2	58,961		0	58,961
Reinsurance payables	D.3.1	879,067		(879,067)	0
Payables (trade, not insurance)	D.3.3	89,737		(13,267)	76,470
Any other liabilities, not elsewhere shown	D.3.4	31,980			31,980
Total Liabilities		10,181,382	0	(3,984,466)	6,196,916
Excess of assets over liabilities		2,732,365	0	584,783	3,317,147

Note: The table above represents the Balance sheet in accordance with applicable Solvency II regulations. There may be classification differences against the Lux GAAP Financial Statements.

2024	Solvency II Adjustments					
	€'000	Section	Lux GAAP	Reclassification	Valuation	Solvency II
Deferred acquisition costs	D.1.1	402,028			(402,028)	0
Deferred tax assets	D.1.2	37,372			1,317	38,689
Pension benefit surplus	D.1.3	5,079				5,079
Property, plant & equipment held for own use	D.1.4	3,298			(3,298)	0
Investments	D.1.5	6,203,867		401,326		6,605,193
Reinsurance recoverable	D.2	3,056,133			(1,434,226)	1,621,907
Deposits to cedants	D.1.6	28,995				28,995
Insurance and intermediaries receivables	D.1.7	1,767,097		0	(1,508,673)	258,424
Reinsurance receivables	D.1.8	281,916				281,916
Receivables (trade, not insurance)	D.1.9	167,338				167,338
Cash and Cash equivalents	D1.10	600,799		(345,066)		255,734
Any other assets	D1.11	65,689		(56,260)		9,427
Total Assets		12,619,611		(0)	(3,346,908)	9,272,702
Technical Provision	D.2	8,905,853			(3,285,453)	5,620,400
Deferred tax liabilities	D.1.2	0			1,317	1,317
Insurance & intermediaries payables	D.3.2	72,634				72,634
Reinsurance payables	D.3.1	755,229			(755,229)	0
Payables (trade, not insurance)	D.3.3	416,607			(352,945)	63,662
Any other liabilities, not elsewhere shown	D.3.4	98,482				98,482
Total Liabilities		10,248,805		0	(4,392,310)	5,856,495
Excess of assets over liabilities		2,370,806		(0)	1,045,402	3,416,207

Note: The table above represents the Balance sheet in accordance with applicable Solvency II regulations. There may be classification differences against the Lux GAAP Financial Statements.

SECTION D. 1 – Assets (other than Technical Provisions)

D.1.1 Deferred acquisition costs (DAC)

Acquisition costs represent commissions payable and other expenses related to the acquisition of insurance contract revenues written during the financial year. Acquisition costs are deferred under Lux GAAP and amortised in line with the earning of the corresponding premiums. Deferred acquisition costs (DAC) are not recognised on the Solvency II Balance Sheet, leading to a valuation difference.

D.1.2 Deferred Tax Assets (DTA) / Deferred Tax Liability (DTL)

Deferred tax is calculated on the difference between the values ascribed to certain assets and liabilities recognised and valued for Solvency II purposes and the values ascribed to assets and liabilities as recognised and valued for tax purposes. A deferred tax asset or liability can be recognised based on the temporary difference where it is probable that they will reverse in future periods.

On a Lux GAAP basis at FY 2025, LMIE SE has provided for DTL of c.€4.8m, in respect of unrealised investment gains as well as c.€1.3m in relation to the asset surplus arising in respect of the defined benefit pension plan.

However given the current volatility in investment yields leading to a reduction in bond values, there is uncertainty that the unrealised gain position will materialise. Therefore, no DTL has been recognised on a Solvency II basis in relation to the unrealised gains on investments held to maturity at FY 2025.

D.1.3 Pension benefit surplus

LMIE operated a defined benefit plan for certain employees which closed to future accrual on 1 July 2012, with active members of the scheme becoming deferred pensioners in the Scheme from 2 July 2012. The scheme provides retirement benefits based upon final salary. The scheme is administered by a separate Board of Trustees which is legally separate from the Company. LMIE is able to recognise any scheme surplus on its balance sheet provided that it is able to recover the surplus either through reduced contributions in the future or through refunds from the Scheme.

The asset recognised in the balance sheet in respect of the defined benefit plan is the fair value of the plan assets less the defined benefit obligation at the reporting date. The valuation is uniform for both the Lux GAAP and Solvency II balance sheets.

As at 31 December 2025, the pension benefit surplus in respect of the defined benefit scheme was €4.6m (2024: €5.1m).

D.1.4 Property, plant and equipment held for own use (PPE)

Plant and equipment consist of computer equipment, fixture, fittings, and office equipment valued at historic cost less accumulated depreciation and accumulated value adjustments under Lux GAAP. PPE is presented at fair value on a Solvency II basis; the fair value being determined by reference to active market values for such assets. As at December 2025, there was deemed to be no active market for these assets. As such they are not recognised on the Solvency II balance sheet.

D.1.5 Investments

Financial Investments and cash and cash equivalents

Financial Investments and cash and cash equivalents	Lux GAAP €'000	SII adjustments €'000	Solvency II €'000
Bonds	5,833,640	60,404	5,894,044
<i>Government Bonds</i>	1,829,414	16,403	1,845,817
<i>Corporate Bonds</i>	3,877,436	43,745	3,921,181
<i>Collateralised securities</i>	126,790	256	127,046
Collective Investments Undertakings	636,444	0	636,444
Deposits other than cash equivalents	4,083	427,027	431,109
Total Investments	6,474,167	487,430	6,961,597
Cash and Cash Equivalents	518,954	(427,994)	90,960
Total Investments and Cash and Cash Equivalents	6,993,121	59,436	7,052,556

Financial investments are recognised at fair value, both under Lux GAAP and on a Solvency II basis. However, while under Lux GAAP, any accrued interest (€60.4m) is reported separately under 'Other assets', it is reclassified and included with market value on the Solvency II balance Sheet.

Under Solvency II the financial investments are classified by their market characteristics, using specific Complementary Identification Codes (CIC):

- **Bonds** - includes government bonds, corporate bonds, and collateralised securities. These are valued predominately in accordance with Level 2 of the Fair Value Hierarchy (Quoted Market Prices for similar assets) as described below, with some securities valued using Level 1 (Quoted Market Prices) or Level 3 (Alternative Valuation Methods) inputs.

- **Collective Investment Undertakings** – refers to an undertaking for collective investment in transferable securities (UCITS) as defined in Article 1(2) of the UCITS Directive, or an alternative investment fund (AIF) as defined in Article 4(1) of AIFMD. These are Valued in accordance with Level 3 as described below.

The following fair value hierarchy is used for reporting under Lux GAAP, which is consistent with the requirements of Article 10 of the Delegated Acts:

Level 1 – quoted market prices in active markets for the same assets.

Level 2 – quoted market prices in active markets for similar assets.

Level 3 – alternative valuation methods using a variety of valuation techniques that include the use of discounted cash flow models and/or other mathematical models. The inputs from these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values.

- **Deposits other than Cash Equivalents** - Bank balances that require more than 48 hours to withdraw are treated as deposits under Lux GAAP. However, under Solvency II, the CIC definition is based on the legal form of the instrument. This results in a reclassification of €427m between Deposits and Cash & Cash Equivalents on the Solvency II Balance sheet, as noted in the tabulation above.

D.1.6 Deposits to cedants

Deposits to cedants are carried at nominal value under Lux GAAP. This is equivalent to fair value for Solvency II purposes.

D.1.7 Insurance and intermediaries' receivables

Insurance and intermediary receivables are held at fair value under both Lux GAAP and Solvency II reporting basis. The fair value of insurance receivables is derived from discounting expected future cash flows by a risk-adjusted discount rate, however where the time value of cash flows is not significant, cash flows are not discounted.

Premiums receivable that are not yet due are re-classified to Technical Provisions on the Solvency II balance sheet, while due and overdue premiums continue to be reported within 'insurance and intermediaries' receivables'.

D.1.8 Reinsurance receivables

Reinsurance receivables are held at amortised cost under Lux GAAP, and fair value under Solvency II. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the two reporting bases.

D.1.9 Receivables (trade, not insurance)

Trade receivables are valued at amortised cost under Lux GAAP, and Fair value under Solvency II. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the two reporting bases.

D.1.10 Cash and cash equivalents

Cash and cash equivalents, comprising of cash-in-hand and on demand deposits with banks, are measured at amortised cost in the Lux GAAP financial statements, and fair value in the Solvency II balance sheet. Cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the two reporting bases.

D.1.11 Any other assets

Other assets, comprising largely of unsettled securities, prepayments, and accrued income. These are valued at amortised cost under Lux GAAP, and Fair value under Solvency II. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the two reporting bases.

SECTION D. 2 – Technical Provisions

The Company has applied appropriate methodologies and procedures to assess the sufficiency of the Technical Provisions (TPs) and the calculation is consistent with the requirements set out in Articles 76-86 of the Solvency II Directives.

The TPs consist of the earned claims technical provision, the unearned premiums technical provision (which together form the best estimate liability) and the risk margin.

The TPs have been estimated at a homogeneous line of business level. The segmentation of lines is based on obligations that are managed together and which have similar characteristics. General Liability and Fire and Other Damage to Property business represent approximately 67% of the LMIE TPs. The Company has no Life TPs, including no Periodic Payment Orders.

D.2.1 Technical Provisions by Solvency II Line of Business

A quantitative summary of the Gross and Reinsurance Best Estimate Liability (BEL), Technical and Risk Margin by Solvency II Line of Business is provided in the table below.

Solvency II Class of Business	Gross BEL €'000	Reinsurance Recoverable BEL €'000	Risk Margin €'000	Total Technical Provisions €'000
General liability	3,617,693	(1,376,068)	89,600	2,331,225
Fire and other damage to property	711,190	(102,955)	16,327	624,562
Non-Prop RI - Property	480,784	(118,092)	23,476	386,169
Credit and suretyship	351,212	10,101	18,259	379,573
Marine, aviation and transport	245,228	(22,442)	5,883	228,668
All Other Lines	447,617	(169,568)	21,044	299,093
Total non-life obligation	5,853,724	(1,779,023)	174,589	4,249,290

General Liability Insurance

The General Liability Line makes up 55% of the Solvency II TPs. The underlying reserves for direct Financial Lines (D&O and FI), Casualty, Professional Lines, and Dual contribute the majority of the TPs for this Solvency II line.

Solvency II adjustments are applied to the Lux GAAP reserves (net of future premium) to obtain the Solvency II TPs. The most material adjustments, that result in a small increase in the TPs when compared to the Lux GAAP reserves for this line, include:

- €90m for the Risk Margin and €45m for additional expense provisions; and
- €19m for Events Not in the Data (ENIDs).

Fire and Other Damage to Property

The Fire and Other Damage to Property Line makes up 15% of the Solvency II TPs. The underlying reserves for Property and Energy Lines contribute the majority of the TPs for this Solvency II line. Solvency II adjustments are applied to the Lux GAAP reserves (net of future premium) to obtain the Solvency II TPs. The most material adjustments, that result in a small increase in the TPs when compared to the Lux GAAP reserves, include:

- €16m for the Risk Margin and €13m of additional expense provisions; and
- €7m for Events Not in the Data

Non-Proportional Reinsurance Property

The Non-Proportional Property Line makes up 9% of the Solvency II TPs. The underlying reserves for Treaty Property, London Market Retrocession Reinsurance and Specialty Reinsurance Financial Risk division contribute the majority of the TPs for this Solvency II line. Solvency II adjustments are applied to the Lux GAAP reserves (net of future premium) to obtain the Solvency II TPs.

The most material other adjustments that result in a movement in the TPs when compared to the Lux GAAP reserves include:

- €23m for the Risk Margin and €10m for additional expense provisions
- €6m for Events Not in the Data

Credit and Suretyship

The Credit and Suretyship Line makes up 9% of the Solvency II TPs. The underlying reserves for Financial Risk, Reinsurance Financial Risk and Surety lines contribute the majority of the TPs for this Solvency II line. Solvency II adjustments are applied to the Lux GAAP reserves (net of future premium) to obtain the Solvency II TPs.

The most material other adjustments that result in a movement in the TPs when compared to the Lux GAAP reserves include:

- €18m for the Risk Margin and €12m of additional expense provisions
- €6m for Events Not in the Data

Marine, Aviation and Transport

The Marine, Aviation and Transport Line makes up 5% of the Solvency II TPs. The underlying reserves for Specialty division, such as Cargo, Specie or Terror, contribute the majority of the TPs for this Solvency II Line. Solvency II adjustments are applied to the Lux GAAP reserves (net of future premium) to obtain the Solvency II TPs.

The most material other adjustments that result in a movement in the TPs when compared to the Lux GAAP reserves include:

- €6m for the Risk Margin and €4m for additional expense provisions
- €2m for Events Not in the Data

No other Solvency II Lines of Business make up more than 5% of the Company's total Solvency II TPs, and the aggregate change relative to the Lux GAAP basis across all the other Solvency II Lines is less than 1% of the total TPs.

D.2.2 Technical Provisions Valuation Methodology

The relevant Solvency II Directive and Delegated Acts text and associated guidance require the TPs to represent a best estimate plus a risk margin, where the best estimate corresponds to the probability-weighted average of future cash flows, taking account of the time value of money.

Technical Provisions valuation methodology of the Company groups the following key components:

- **Claims Provisions:** best estimate provisions that relate to earned exposure.
- **Premium Provisions:** best estimate provisions that relate to unearned exposure and include policies which are bound but not yet incepted at the valuation date.
- **Risk Margin:** additional provision to bring the above best estimate to the level required to transfer the obligations to a third-party undertaking.

The Claims and Premium Provisions would include allowance for future premiums, expenses and Events Not In Data (ENIDs). Payment projections are then derived for all the future cash in-flows and out-flows.

D.2.2.1 Claims Provisions

The gross claims provisions are calculated separately for attritional, large and catastrophe claims with no margin allowance for prudence. The methodology is the same as that used to estimate the Actuarial Function's view of the Lux GAAP reserves (with no margin for prudence), before allowance for ENIDs, expenses, discounting and pipeline premium.

The methods used to estimate the Claims Provisions are deterministic claims-based, exposure-based and cashflow methods and are in line with best practice non-life actuarial techniques, such as the Chain Ladder and Bornhuetter-Ferguson methods. They allow explicitly for the impact of inflation on ultimate claims settlement.

The process for estimating the reinsurance recoveries follows a netting-down approach of the gross claims provisions. The gross attritional, large and catastrophe splits do not apply. Instead, reinsurance claims provisions are estimated for Proportional and Non-Proportional outwards reinsurance treaties separately.

Reinsurance bad debt (counterparty default) is taken into account using the credit rating of each individual reinsurer and their ability to pay.

D.2.2.2 Premium Provisions

Premium provisions relate to claim events occurring after the valuation date and during the remaining in-force coverage period of policies.

The ultimate premium by year of account is broken down into the following components:

- Earned (included in claims provisions)
- Unearned incepted
- Unincepted but legally bound (BBNI)
- Unbound

The analysis and split of premium between unearned incepted, BBNI and unbound is carried out at the policy level. Earning patterns are calculated by policy taking into account inception and expiry date. The

inception date of a policy is used to determine whether it is incepted or not, except for delegated authorities where the underlying inception profile is used. The commitment date recorded on source underwriting systems is used to determine whether a policy is bound or not except for delegated authorities – see Definition of an Existing Contract.

The ultimate premium that is unbound is not included in the Technical Provisions. The gross Premium Provisions are calculated separately for unearned incepted and BBNI risks:

- Unearned Incepted claims are calculated as the unearned incepted premium multiplied by the relevant underwriting year latest actuarial loss ratio; and
- BBNI claims are calculated as the BBNI premium multiplied by the actuarial plan loss ratio for each line of business.

D.2.2.3 Definition of an Existing Contract

Under Solvency II all existing contracts are included in the valuation as opposed to incepted contracts under Lux GAAP Technical Provisions. Contracts are recognised as existing once LMIE becomes a party to the contract or when the contract between the insurance undertaking and policyholder is legally formalised. The source underwriting systems record the commitment date, written date and the inception date of the contract.

For binder and delegated authority business this is assessed on a “look through” basis with the boundaries of the actual underlying contracts of insurance being tested. The Company’s approach is to include one month’s worth of new business of underlying inceptions for each delegated authority.

D.2.2.4 Outwards Reinsurance

The key principle followed for LMIE reinsurance Premium Provisions is to ensure the best estimate underlying the Technical Provisions is consistent with the inwards policies (the Principle of Correspondence). In addition, for existing reinsurance contracts, any contractually bound contracts are also included in full, with no consideration to the future inwards business.

The Solvency II valuation assumes that future reinsurance purchases will be made in line with the current business plan (a future management action) and that an equivalent reinsurance spend, and benefit will be available to cover unearned and BBNI business.

The future claims inflow on unearned and BBNI business is adjusted for the probability of counterparty default. The methodology takes into account both the probability of default and the loss given default.

D.2.2.5 Future Premium

The estimation of the TPs allows for claims cashflows to be offset by premiums receivable (gross of reinsurance) and premiums payable (on outwards reinsurance) that are expected to occur in the future but are not overdue at the valuation date.

The premium receivable and payable for Claims Provisions and Premium Provisions are valued consistently with the Lux GAAP basis other than the additional allowance for BBNI business. Therefore, the premium receivable and payable are both larger than the GAAP basis.

Any potential lapses in premiums are taken account in the cashflow analysis.

D.2.2.6 Expenses

Solvency II requires the best estimate to include all cashflows arising from expenses that will be incurred servicing the policies over their lifetime.

Allocated loss adjustment expenses (“ALAE”) figures are included within the claims numbers used for premium provisions and claims provisions.

Expenses have been split for analysis purposes into acquisition costs, unallocated loss adjustment expenses (“ULAE”) and other additional expenses including Investment Management Expenses.

- Acquisition Costs: Gross and reinsurance acquisition costs by year of account and line of business are supplied from the underwriting source systems.
- ULAE: ULAE provision is estimated using the same methodology as the Lux GAAP reserves.
- Investment Management Expenses and Other Expenses: The actual and budgeted investment management expenses incurred by LMIE on a per annum basis are used as the basis to estimate the total investment management expense provision for the run-off of the current liabilities, assuming a future rate of management expense inflation and that the expenses will reduce in line with the managed assets.

Other expenses have been derived using the Company’s expense model to derive an estimate of the headcount and associated cost for each department which supports the legally bound contracts over the life of their future cash flows.

D.2.2.7 Events not in Data (ENIDs)

Solvency II requires that the best estimate Technical Provisions be a probability weighted average of all possible future outcomes.

The methods used such as Chain Ladder and Bornhuetter-Ferguson are based to a degree on historical information and therefore do not allow for all future outcomes.

ENIDs are those events of high severity, but very low frequency that are missing from our historical data sets and exposure information. An example of an ENID would be a latent claim such as the health hazard losses from asbestos and pollution that emerged in the 1980’s.

By their nature any methodology applied will be subjective for ENIDs. The Company has taken the following approach:

- An uplift factor is obtained by comparing the current claims best estimate to the best estimate excluding the observations beyond the 1 in 200-year point from internal analysis of reserve risk and underwriting risk.
- For claims relating to earned business the reserving risk distribution is used.
- For claims relating to Premium Provisions the attritional and large combined underwriting distribution is used.
- The uplift factor has been applied to the undiscounted claims reserves, as well as the attritional and large undiscounted premium reserves.
- A minimum uplift is applied by line of business.

D.2.2.8 Cashflows and Discounting

The best estimate Technical Provisions under Solvency II take into account the time-value of money using the relevant risk-free interest rate term structure. This is undertaken for each material currency.

Claims and Premium Provisions are converted to deterministic cash flows by application of quarterly payment patterns. Ceded cash flows are assumed to be equal to those applied to the gross with a quarter lag.

The term structures used for discounting have been supplied by EIOPA for each currency. The Company has relied upon EIOPA to prepare these yield curves.

D.2.2.9 Risk Margin

The Risk Margin is calculated using a cost of capital approach implemented in our Internal Model. The cost of capital approach requires the Risk Margin to be calculated by determining the cost of providing the Solvency Capital Requirement (SCR) necessary to support the Technical Provisions over their lifetime. The approach we implemented ensures that the Technical Provisions and SCR are calculated for each future year until the business is fully run off.

The risk margin was estimated in the Internal Model, which estimates future proxy Solvency Capital Requirements ("SCRs") based on the LMIE's current SCR and estimates of TP's run-off. A cost of capital rate of 6%pa is used and then discounted using the risk-free yield curves.

The Risk Margin is calculated in aggregate for LMIE and allocated to Solvency II lines of business.

D.2.2.10 Options and Guarantees

The Company has no material options and guarantees that require explicit consideration or adjustment within the TPs.

D.2.3 Comparison of GAAP and Solvency II Valuation of Technical Provisions

The table below presents a comparison of the Company's Lux GAAP provisions to those on a Solvency II basis (€'000s) as at 31 December 2025. Note that the Company's Lux GAAP reserve estimates contain margins when compared with the Solvency II best estimate.

	Lux GAAP	SII Basis	Lux GAAP vs. SII Basis
	€'000	€'000	€'000
Gross of Reinsurance			
Claims reserve (incl Risk Margin)	(6,882,633)	(8,266,199)	1,383,566
ULAE (and other SII expenses)	(91,348)	(197,681)	106,333
UPR	(2,164,316)	-	(2,164,316)
Future Premium Cashflows		2,435,566	(2,435,566)
Gross Technical Provisions	(9,138,297)	(6,028,313)	(3,109,983)
Reinsurance			
Claims reserve	2,489,033	3,865,259	(1,376,226)
Bad Debt	(7,009)	(7,009)	-
UPR	571,960	-	571,960
Future Premium Cashflows	-	(2,079,227)	2,079,227
Reinsurance Technical Provisions (including future premium)	3,053,984	1,779,023	1,274,961
	(6,084,312)	(4,249,290)	(1,835,022)

The largest difference in moving from a Lux GAAP to a Solvency II basis are due to the Premium Provisions concept in Solvency II, which considers cashflows, and consequently profits, on all existing, legally bound contracts as opposed to incepted contracts under Lux GAAP. Details of this, as well as other, less material, differences are explained below, in the order shown in the table above:

- Higher gross claims reserves under SII due to the allowance for ENIDs, disallowance of salvages/subrogations and because the Risk Margin under Solvency II is generally greater than the removal of the Lux GAAP reserve margin. This is partly offset by the benefit obtained from discounting for the time value of future cashflows.
- ULAE and other Solvency II expenses: An increase in expense provisions under Solvency II to cover the wider definition of all expenses that will be incurred servicing the in-force policies over their lifetime.
- A decrease in the Technical Provisions as a result of moving from the Lux GAAP concept of holding a UPR, to the SII allowance for Future Premium Cashflows on all existing legally bound contracts.
- Movements in Reinsurance Technical Provisions are generally in line and proportional to gross movements.

D.2.4 Changes in Technical Provisions from prior Reporting Period

There has been no change to the methodology or assumptions used to derive the technical provisions versus the prior reporting period.

D.2.5 Assumptions and Use of Expert Judgement:

D.2.5.1 Future Management Actions within the Technical Provisions

A key assumption within the valuation of the reinsurance Technical Provisions is that the reinsurance programmes will be renewed with similar terms to those currently in place. Deviations from this could have a material impact on the Technical Provisions required.

No other future management actions were explicitly allowed for in the Technical Provisions.

D.2.5.2 Reserving Methods

The methods used are in line with best practice non-life actuarial techniques such as Chain-Ladder method or Bornhuetter-Ferguson method.

D.2.5.3 Assumption Selection

All modelling assumptions are documented by the Actuarial Function in line with relevant professional standards. The assumptions used are appropriate for the work carried out by the Actuarial Function.

D.2.5.4 Consistency with Financial Market Information

Assumptions:

- Future Inflation: Where historical development profiles are extrapolated into the future via the Chain Ladder method, the Company's traditional reserving projection methods include an implicit assumption that historical trends in inflation will persist in the future. Trends in superimposed inflation are closely monitored through claims analysis, and collaboration between claims, actuarial and underwriters. They are allowed for with additional judgment for impacted classes, both in the reserving of attritional and large claims. Since year end 2022, traditional methods are supplemented by a cash flow model that helps us quantify additional loads to the reserves in respect of inflation.
- Currency Rates of Exchange: Future exchange rates are assumed to remain stable over the year, in line with the reserving rate of exchange set for year-end reporting
- Reserving Cycle: Where possible allowance has been made for the reserving cycle.

D.2.5.5 Expert Judgement

The use of Expert Judgement is documented by the Actuarial Function. All modelling selections contain judgement, and these reflect the nature of the insurance obligations, the material risks faced by the insurer and the purpose of that work.

D.2.6 Uncertainty associated with the Technical Provisions

There is a wide range of possible outcomes in assessing the Company's TPs. The TPs represent a best estimate plus a risk margin, where the best estimate corresponds to the probability-weighted average of future cash flows, taking account of the time value of money. Some of the key uncertainties in valuing the TPs are split between topical and general.

The topical uncertainties to our TPs are as follows:

- **Softening Market**
As the market cycle continues to soften, there is increased risk that future loss emergence might be more severe than experienced in the recent history.
- **Geopolitical Uncertainty**
The current economic, political and social environment increases the volatility and uncertainty associated with future claims, both direct and secondary (including Financial Risks). In particular, the Middle East conflict could lead to increased inflationary pressure impacting our reserves.
- **Social Inflation / Legal System abuse**
Societal trends are impacting third party liability classes with exposure to the US. In particular, the US exposures on Treaty Casualty, D&O and Casualty Binders. Legal System Abuse (LSA) observed in the US is a type of super-imposed inflation mainly related to jury court awards related to auto, general liability, and professional lines on primary, excess and umbrella risks. The limitation is mitigated to an extent as a result of the close LMIE links to the wider Liberty Mutual Group to validate assumptions used and by the limited US exposures written on LMIE paper. In contrast, European exposures experience lower exposure to similar abuses due to differing legal structures that tend to limit large settlements, such as the judge-led decision-making process in civil actions and restrictions on discovery.
- **Cases to Watch**
Likelihoods in Cases to Watch (CTW) methodology are subjective and rely heavily on expert claim views that are challenging to validate. Backtesting of the CTW assumptions for FinPro and the maturity of the process have increased confidence in the process but the volume of claims on the list remains significant.
- **Emerging Mass Torts**
Currently the known mass torts include Opioids, SAM (Sexual Abuse and Molestation), PFAS (Per- and Polyfluoroalkyl Substances), Silica, UK Cladding but there is a risk of future mass torts impacting business that LMIE has already written.
- **Reserve estimation of catastrophes**
Catastrophe reserves could develop and emerge different to expectations. There has been benign catastrophe experience in 2025. However, uncertainty still exist within the prior year's catastrophes such as the Central European Floods, California Wildfire, Baltimore Bridge, Russia Ukraine and Covid (limited net risk).
- **Climate Change**
Some of the Company's property, casualty and specialty lines of business are exposed to catastrophe events and are inherently uncertain in their nature.

Some lines are exposed to natural catastrophes. Some underwriting classes could be exposed to increased insurance liabilities from climate change. This could take the form of increased frequency, severity and volatility of weather events, failure of firms to adapt leading to increased litigation, higher liability claims or damage to value of financial assets.

The general uncertainties to our TPs are as follows:

- For all actuarial projections there are a range of possible results. The final outcome will depend on the actual development of claims. Most actuarial techniques use historical data to predict the likely development by line of business. Unforeseen changes may affect the suitability of that data and would be expected to have an impact on the accuracy of the results. Whilst these are addressed as soon as they arise, such issues would include unexpected claims inflation, changes in legislation and the emergence of new types of claims.
- The Company is particularly exposed to FX volatility due to the mix of business, which is materially spread over three currencies (USD, GBP, EUR). FX rates can be volatile, which adds to the uncertainty around projected reserves once consolidated in the reporting currency.
- Some underwriting lines of business have results that are dependent on the performance of certain key contracts through high sums at risk and the binary nature of claims. There can be uncertainty around coverage interpretation due to the uniqueness of policies, which can add uncertainty to future underwriting results.
- The Company writes material and increasing amounts of business through cover holders and facilities. This can lead to lengthened development in lines which are a combination of open market and binding authority business as the proportion of binding authority business increases.
- ENIDs are inherently difficult to value. The Actuarial Function has had to determine what is not included within its original best estimate, to avoid double counting, and to determine what the best estimate would be for the very low frequency, high severity ENIDs. ENIDs, by their nature, are challenging to validate, due to the absence of historical observations in the LMIE dataset.
- The timing of future payments is always uncertain and can greatly be affected by many variables. The timing of the Company's cashflows and the yield curves by currency provided by EIOPA impact the discounting credit within the TPs.
- The uncertainty associated with the Premium Provisions is greater than the earned reserves as a result of the greater impact of future economic & market conditions, plus the potential for insured unknown catastrophes.

Generally, provision is not made in our estimates for post balance sheet events occurring after 31st December 2025.

D.2.7 Matching Adjustment

The matching adjustment referred to in Article 77b of Directive 2009/138/EC has not been applied by the Company. Therefore, no quantification is provided of the impact of a change to zero of the matching adjustment on that undertaking's financial position, including on the amount of Technical Provisions.

D.2.8 Volatility Adjustment

The volatility adjustment referred to in Article 77d of Directive 2009/138/EC has not been applied by the Company. Therefore, no quantification is provided of the impact of not applying the volatility adjustment on the undertaking's financial position, including on the amount of Technical Provisions

D.2.9 Transitional Risk-free Interest Rate-term Structure

The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC has not been applied by the Company. Therefore, no quantification is provided of the impact of not applying the transitional measure on the undertaking's financial position, including on the amount of Technical Provisions.

D.2.10 Transitional Deduction

The transitional deduction referred to as Article 308d of Directive 2009/138/EC has not been applied by the Company. Therefore, no quantification is provided of the impact of not applying the deduction measure on the undertaking's financial position, including on the amount of Technical Provisions.

SECTION D. 3 – Liabilities (other than Technical Provisions)

D.3.1 Reinsurance payables

Reinsurance payables are held at amortised cost under Lux GAAP and fair value under Solvency II. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the respective reporting bases.

D.3.2 Insurance and intermediaries' payables

The Lux GAAP insurance and intermediaries' payables are held at their settlement value, except for any loans due from affiliated undertakings, which are valued at amortised cost. Solvency II requires insurance and intermediaries' payables to be reported at fair value. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the respective reporting bases.

D.3.3 Payables (trade, not insurance)

Payables (trade, not insurance) are valued at amortised cost under Lux GAAP and fair value under Solvency II. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the respective reporting bases.

The only exception to the above methodology relates to the foreign exchange provision held on the Lux GAAP balance sheet. The foreign exchange provision, recognised on the balance sheet following the change of LMIE's reporting currency from Dollars to Euros, was valued at €352.9m at the opening balance sheet date. Following strengthening of the Euro against the USD over the course of FY 2024, the value of provision at the balance sheet date amounts to €12.8m at the closing balance sheet date. However, the provision is not deemed a Solvency II concept as it does not have an impact on future cash-flows. It is therefore eliminated from the Solvency II Balance Sheet.

D.3.4 Any other liabilities not elsewhere shown

Other liabilities, comprising largely of accruals and deferred income, are valued at amortised cost under Lux GAAP and fair value under Solvency II. Since fair value is derived from discounting expected future payments by a risk-adjusted discount rate, cash flows are not discounted where the time value of payments is not significant. Therefore, no valuation differences exist between the respective reporting bases.

SECTION D. 4 – Alternative Methods for Valuation

There are no material assets or liabilities for which alternative valuation methods are used, other than the valuation of certain financial investments, as described in section D.1.4. Financial investments amounting to €67.3m (2024: €32.4m) were valued in accordance with Article 10(4) of the Delegated Acts (Level 3).

SECTION D. 5 – Any Other Information

LMIE does not have any other material information to be disclosed.



CAPITAL MANAGEMENT



SECTION E – CAPITAL MANAGEMENT

The 'Capital Management' section of the report describes the internal operational structures and procedures underlying capital management within the company. The capital plan is updated at least annually or more frequently if a material change occurs to the company's risk or capital profile, business strategy, the macro-economic outlook or if regulatory feedback warrants a change.

Key elements of the section are:

- Own Funds; and
- SCR and MCR

SECTION E. 1 – Own Funds

E.1.1 Objective, Policies and Processes for managing Own Funds

The purpose of own funds management is to maintain, at all times, sufficient own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) with an appropriate margin in line with LMIE's Capital and Solvency risk appetite.

The Company holds quarterly Board meetings, in which the proportion of own funds over SCR and MCR are reviewed. As part of own funds management, LMIE prepares ongoing annual projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

The solvency monitoring plan has been updated to reflect the Risk Appetite following adoption of the Internal Model (IM), as illustrated below.

	Solvency Ratio*	Management Response
Capital Management	(>180% of SR)	<ul style="list-style-type: none"> Decision framework for excess capital (Dividends vs revised growth plans) Update solvency forecast for future planning periods.
	(150%-180% of SR)	<ul style="list-style-type: none"> Business as usual No dividends will be paid
	(135%-150% of SR)	<ul style="list-style-type: none"> Update solvency forecast over the next three months. Board discussion on possible capital remediation to bring solvency level within target range No dividend will be paid. Monitoring of risk of solvency deterioration over next three months.
Risk Appetite Statements	Green (above 135% of SR)	<ul style="list-style-type: none"> SCR updates in line with the Internal Model Policies. Potential to pay dividends subject to maintenance of green zone solvency. Monitoring of risk of solvency deterioration over next three months
	Yellow (115% - 135% of SR)	<ul style="list-style-type: none"> SCR updates in line with the Internal Model Policies. No dividends will be paid. Board approval of capital remediation plan sufficient to restore green zone solvency within three months (capital injection, reinsurance purchase). Monitoring of risk of solvency deterioration over next three months.
	Amber (110% - 115% of SR)	<ul style="list-style-type: none"> Re-run of impacted components of SCR calculation. No dividends will be paid. Board approval of capital remediation plan sufficient to restore green zone solvency within three months (capital injection, reinsurance purchase). Monitoring of risk of solvency deterioration over next three months
	Red (100% - 110% of SR)	<ul style="list-style-type: none"> Re-run of impacted components of SCR calculation. No dividends will be paid. Board approval of capital remediation plan sufficient to restore green zone solvency within three months (capital injection, reinsurance purchase, risk reduction). Regular communication with the CAA.
	Grey (SCR – Minimum Capital Requirement *MCR*)	<ul style="list-style-type: none"> 2 months to submit a recovery plan. 6 months to restore SCR cover (capital injection or reduce risk profile). No dividends will be paid. Regular communication with the CAA.
	Black (MCR – between 25% - 45% of SCR)	<ul style="list-style-type: none"> 3 months to restore MCR cover. Capital injection or reduce risk profile. No dividends will be paid. Regular communication with the CAA.

* Solvency Ratio is equal to Own Funds / IM SCR.

LMIE consider the IM calculations to be appropriate, as explained in further detail in Section E.4 below.

LMIE policy holders benefit from a guarantee from the parent company; and LMIE’s parent company requires the entity to maintain appropriate solvency coverage as defined in Section E.1.2. The requirement is monitored on an ongoing basis and takes account of future capital requirements, as indicated by the business plans.

The purpose of own funds management is to maintain, at all times, sufficient own funds to cover the Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) with an appropriate margin in line with LMIE’s Capital and Solvency risk appetite.

The Company holds quarterly Board meetings, in which the proportion of own funds over SCR and MCR are reviewed.

As part of own funds management, LMIE prepares ongoing annual projections and reviews the structure of own funds and future requirements. The business plan, which forms the base of the ORSA, contains a three-year projection of funding requirements and this helps focus actions for future funding.

The solvency monitoring plan has been updated to reflect the Risk Appetite following adoption of the Internal Model (IM), as illustrated alongside.

LMIE consider the IM calculations to be appropriate, as explained in further detail in Section E.4 below. LMIE policy holders benefit from a guarantee from the parent company; and LMIE’s parent company requires the entity to maintain appropriate solvency coverage as defined in Section E.1.2. The requirement is monitored on an ongoing basis and takes account of future capital requirements, as indicated by the business plans.

E.1.2 Structure, Amount and Quality of Own funds by Tier

Solvency II distinguishes between basic Own Funds and Ancillary Own Funds. The Own Funds structure for FY 2025 and FY 2024 is illustrated in the table below.

Capital Structure		2025	2024
		€'000	€'000
Share Capital	E.1.2.a	255,424	255,424
Share Premium	E.1.2.a	1,617,533	1,617,533
Reconciliation reserve	E.1.2.b	1,188,750	1,505,877
Available and Eligible Own Funds (to cover the MCR)		3,061,708	3,378,835
MCR	E.2.1	475,338	488,748
MCR Coverage Ratio		644%	691%
An amount equal to the value of net deferred tax assets/(liability)		-	37,372
Ancillary Own Funds	E.1.2.c	21,287	410,431
Available and Eligible Own Funds (for SCR Coverage)		3,082,995	3,826,638
SCR	E.2.1	1,056,307	1,086,106
SCR Coverage Ratio		292%	352%

The Capital planning team is tasked with monitoring the Solvency II ratio. LMIE has continued to experience the benefit from capital actions undertaken in prior years, including the following:

- The establishment of an Ancillary Own Fund facility in 2020; this has been reduced in 2025 – refer (c) below.
- The loss portfolio transfer of the run-off ECML book of business to Enstar Group performed in 2020;
- The NRQS with LMIC to provide a sustained capital benefit, implemented in 2021; and the
- Adoption of the Internal model for assessing Solvency Capital Requirements, following approval received from the CAA in March 2024.

The key components of the **Own Funds** are discussed below:

- Share Capital & Share Premium:** There has been no increase in the Share Capital & Share Premium, classified as Tier 1 Capital, during the year.
- Reconciliation Reserve:** This is made up of the remainder of the excess of assets over liabilities and is classified as Tier 1 capital in accordance with the Solvency II regulations. The composition of the reconciliation reserve is illustrated in the following table.
The reconciliation reserve has been further adjusted for the proposed dividend of \$300m (€255m) due to LSMH in April 2026 to support efficient utilisation of surplus capital. The dividend will be funded entirely by cash and paid in a single instalment, subject to relevant approvals.

Description	2025 €'000	2024 €'000
Excess of assets over liabilities	3,317,146	3,416,208
Other basic own fund items - Ordinary share capital (gross of own shares)	(255,424)	(255,424)
Other basic own fund items - Share premium account related to ordinary share capital	(1,617,533)	(1,617,533)
Other basic own fund items - An amount equal to the value of net deferred tax assets		(37,372)
Foreseeable dividends, distributions and charges	(255,438)	0
Reconciliation reserve	1,188,750	1,505,878

- c) **Ancillary Own Funds (AoF)** of €21.3m (2024: €410m), classified as Tier 2 Capital, have been structured through an Equity Commitment Agreement between LMIC, LSMH, and LMIE as approved by the CAA in 2020. A pledge facility with a minimum funding to ensure that the Market Value of pledge accounts is at least \$425m, was in-force until April 2025, as collateral against this commitment.

To align with LMG's growth objectives and optimise the deployment of excess capital and following the LMIC/ LMIE Amendment and Restatement to the Equity Commitment Agreement executed in April 2025, the value of the Ancillary Own Funds (AOF) has reduced from \$425m to \$25m in April 2025. It continues to be recognised as Tier 2 Ancillary Own Funds at the relevant period-end Eur:USD exchange rate. Tier 2 Own Funds are not considered eligible to cover the MCR requirements in accordance with Solvency II rules.

LMIE is required to satisfy local solvency requirements in certain non-EU jurisdictions. In some cases, this requires holding funds in local custody accounts, but these funds are considered fungible and not ring-fenced.

E.1.3 Own Funds changes in the period

The changes to Basic Own Funds during the reporting period are illustrated in the following table.

The decrease of €99m in Own funds over the year is primarily driven by the following factors:

- Underwriting profit after tax of €244m as recognised in the Income statement;
- An improvement in the Other Comprehensive income of €118m driven by a significant decrease in the unrealised losses for investments held to maturity;
- Unfavourable Solvency II Technical Provision adjustments, discussed in Section D.2 of €38.5m;
- Unfavourable movements in the EIOPA yield curves have led to a discounting credit benefit of €83.3m;
- A decrease in the value of the foreign exchange provision of c.€340m given the strengthening of the Euro against the USD over the course of the year. Since the foreign exchange provision is eliminated from the Solvency II Balance Sheet as it does not represent a true cash flow, a lower value for the provision leads to a reduction in the uplift to Solvency II Net Assets.

	2025 €'000	2024 €'000
Own Funds at 1 January	3,416,208	2,838,311
Profit on ordinary activities after tax	243,598	130,881
Comprehensive (loss)/income for the year	117,961	60,598
Issue of ordinary shares	0	0
Movement in Fixed Assets Write off	818	321
Movements in Solvency II Adjustments to Technical Provisions	(38,522)	118,047
Movement in Solvency II Discounting Adjustments	(83,332)	91,702
Movement in Solvency II Risk Margin	(4,765)	9,133
Movement in FX Provision / DTA Adjustment	(334,818)	167,213
Own Funds at 31 December	3,317,148	3,416,208

E.1.4 Material Differences between Financial Statement Equity and Solvency II Excess of Assets over Liabilities

LMIE prepared its financial statements for the year ended 31 December 2025 in accordance with Luxembourg legal and regulatory requirements. The financial statements have been prepared using generally accepted accounting policies applied within the insurance and reinsurance industry in the Grand-Duchy of Luxembourg. Aside from those laid down by the law of 19 December 2002, accounting policies and valuation rules are determined and applied by the Board of Directors. The following table provides an explanation of the differences between Lux GAAP equity and the Solvency II excess of assets over liabilities. The major differences in the quantum of Solvency II adjustments are as follows:

- An increase in the favourable impact of Solvency II Technical provision adjustments, as explained in more detail in Section D.2;
- An increase in Discounting credit following increase in EIOPA Yield curves; and
- An increase in the value of the foreign exchange provision, which is eliminated from the Solvency II balance sheet, thus providing an uplift to the Own Funds.

	2025 €'000	2024 €'000
Lux GAAP equity attributable to shareholders	2,732,365	2,370,806
Valuation differences:		
Solvency II valuation adjustment movements:		
Fixed assets	(2,480)	(3,298)
Technical Provisions	284,083	322,605
Discounting	459,641	542,973
Risk Margin	(174,589)	(169,824)
Deferred Tax Asset / (Liability)	4,861	0
FX Provison	13,266	352,945
Solvency II excess of assets over liabilities	3,317,147	3,416,207

E.1.5 Description of Deductions from Own Funds

No deductions are applied to own funds and there are no material restrictions affecting their availability and transferability.

SECTION E. 2 – Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Details and changes since the prior period reporting of the Solvency Capital Requirement and Minimum Capital Requirement

Following approval received from the CAA in March 2024, LMIE uses an approved Internal Model to assess the Solvency Capital Requirement. The SCR is calculated using the Value at Risk subject to a confidence level of 99.5% over a one-year period, in line with Solvency II requirements. The tabulation by key risk modules is provided below.

	2025 €'000	2024 €'000	Variance	Variance %
Insurance Risk	1,187,262	1,224,829	(37,567)	-3%
Market Risk	275,971	274,562	1,409	1%
Counterparty Default Risk	102,741	136,874	(34,133)	-25%
Operational Risk	279,112	299,403	(20,291)	-7%
Diversification	(788,779)	(849,563)	60,784	-7%
SCR	1,056,307	1,086,105	(29,798)	-3%

Note: Non-Life UW risk and Health UW risk are collectively considered under within the Insurance Risk (Non-Life Underwriting Risk) module

Overall, the **Year-End 2025 Internal Model (IM) SCR** is at €1,056m, reflecting a decrease from prior year of €30m. The IM SCR is calculated in USD, and converted to Euros, which is the reporting currency of LMIE. Without the impact of changes in FX conversion, the IM SCR has increased by €99m.

The main risk component for LMIE is **Insurance Risk**, which is composed of Premium Risk (risk of insufficiency in both future written and unearned premium) and Reserve Risk (risk of insufficiency in the existing reserve). Changes in reserve balances have contributed to an increase in Insurance Risk, before FX impacts are taken into account.

Credit Risk is designed to reflect the change in value caused by unexpected default or deterioration in the credit standing of debtors and reinsurance counterparties. The decrease observed since last year is primarily driven by lower probabilities of downgrade and default.

The **Market Risk** is composed of various sub-risks, in particular credit and spread risks from financial instruments, as well as interest rate risk. The increase observed since last year is driven by lower returns assumed when considering the external interest rate risk environment.

Operational Risk arises from inadequate or failed internal processes, personnel, systems and external events. Operational Risk has remained relatively stable compared to last year before FX impacts are taken into account.

There is a limited **Deferred Tax Liability (DTL)** in the Solvency II Balance Sheet at Year-End 2025. However, the amount is not material and no benefit for Loss Absorbing Capacity of Deferred Taxes (LACDT) has been recognized in the Internal Model SCR calculations.

The **reported MCR** is computed at €475.3m, capped at 45% of the SCR charge noted above.

The reported MCR is lower than the **Linear MCR** of €672m (2024: €627m) which represents a 6% increase in Technical Provisions and a 17% increase in Net Written Premium, compared to prior year. The key inputs are tabulated in the following table by Solvency II line of business.

SII Classes	2025			2024		
	Net TPs	NWP	MCR Charge	Net TPs	NWP	MCR Charge
	€'000	€'000	€'000	€'000	€'000	€'000
Medical expense insurance	577	112	32	1,685	222	90
Income protection insurance	1,987	240	821	5,781	749	821
Workers' compensation insurance	0	0	0	0	0	0
Motor vehicle liability insurance	8,672	1,954	2,261	24,606	1,808	2,261
Other motor insurance	2,498	549	413	4,981	531	413
Marine, aviation and transport insurance	222,786	95,887	32,219	212,349	73,905	32,219
Fire and other damage to property insurance	608,236	349,413	66,666	552,577	196,312	66,666
General liability insurance	2,241,624	343,838	244,420	2,034,280	266,329	244,420
Credit and suretyship insurance	361,314	323,881	99,638	359,408	318,784	99,638
Legal expenses insurance	0	0	0	0	0	0
Assistance and proportional reinsurance	0	0	0	0	0	0
Miscellaneous financial loss insurance	36,855	46,382	11,165	15,009	68,635	11,165
Non-proportional health reinsurance	550	2,671	112	156	519	112
Non-proportional casualty reinsurance	159,211	53,727	32,343	143,815	35,179	32,343
Non-proportional marine, aviation and transport reinsurance	67,700	10,708	14,642	59,131	22,915	14,642
Non-proportional property reinsurance	362,692	259,963	122,040	414,893	282,204	122,040
TOTAL	4,074,701	1,489,326	671,981	3,828,669	1,268,092	626,829

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

This section is not applicable.

SECTION E. 4 – Differences between the standard formula and any internal models used.

LMIE uses its Internal Model, approved by the CAA, to calculate its capital requirements under Solvency II for the whole of the business of the Company.

E.4.1. Use of the Internal Model

The Internal Model is widely integrated within LMIE’s Risk Management and Governance Framework. It is the primary tool used to understand the material and quantifiable risks associated with LMIE’s insurance operations. Model outputs are used extensively in business decisions across LMIE, informing key business processes.

LMIE has identified a number of model uses for the Internal Model:

- Capital Management**
 The primary use of the Internal Model is to calculate capital requirements which reflect LMIE’s risk profile and own view of the risks. Additionally, the model is used to assess the uncertainty around other elements of the regulatory balance sheet such as technical provisions and its components.
- Risk Management:**
 The Risk Appetite Statement approved by the Board defines scenarios and appetite limits within which the Company must operate, including the level of capital to hold over and above its regulatory capital requirements. Outputs from the Model are used and monitored, at a minimum quarterly, to identify any breaches in LMIE’s risk appetite. These breaches, if any, are reported to the Board and may lead to the Board issuing instructions that lead to changes in exposures, as appropriate. In addition, and on a forward-looking basis, the ORSA Report reviews the potential for aggregation of risks and breach of appetite, which includes several other areas where the Internal Model outputs are used (e.g., scenario and stress testing).

The Internal Model is also used to produce the Profit & Loss Attribution Report, which looks at the variance between the original plan and subsequent actual performance and then checks that the variance is appropriately modelled in the relevant risk category of the capital model.

- **Reinsurance Management**

The Internal Model is used to evaluate the capital and business plan impact of potential risk mitigation strategies. Changes in terms and conditions compared to the existing programme are taken into account, where possible. The Internal Model is also used outside of renewal season in the assessment of alternative capital mitigation solutions and in the Actuarial Function Report to the Board which provides an opinion on the reinsurance arrangements.

- **Portfolio Management**

Key outputs produced by the Internal Model are used in the business planning process, such as loss ratios by class of business. Another use of the Internal Model is to evaluate the capital requirements needed to support the business plan.

Where there is consideration given to underwriting a new class of business, the Internal Model is used to consider the potential impact that this opportunity would have on its capital requirements. The Internal Model is also used by the Actuarial Function in the annual Actuarial Function Report to the Board, which provides an opinion on the plan and underwriting policy. This includes an assessment of the risk versus return of various classes, the risk of not making underwriting profit, as well as scenario and sensitivity tests around the business plan.

- **Investment Management**

The Internal Model provides input to the investment strategy through the assessment of the capital impact of potential investment strategies. It is also used to evaluate the impact and value of potential mergers, acquisitions, or transfers of business, as well as other strategic decisions.

E.4.2. Scope of the Internal Model

The LMIE Internal Model has been developed in line with the European Insurance and Occupational Pensions Authority ('EIOPA') Solvency II Directive.

LMIE's model constitutes a full Internal Model and is used to calculate the Solvency Capital Requirement for LMIE as a standalone entity.

All classes of business within the LMIE business plan are included in the Internal Model. LMIE is a shared model and as such some elements of the model are shared between LMIE and other legal entities. The scope of the Internal Model covers its governance and the following risks, data, processes, and systems:

- All material quantifiable risks which LMIE is exposed to have been captured, more materially insurance risk, market risk, credit risk and operational risk (excluding risks arising from strategic decisions, as well as reputation risks);
- All Internal Model specific systems and processes used to calculate the SCR except for input that are governed by their own processes and policies (e.g., reserving process, pricing process, risk register process, exposure management process, reinsurance placement process, business planning process, ORSA process, GAAP financial reporting process);
- All material external models and external data sets that impact the calculation of regulatory capital;
- All data that is used in the calculation of the SCR or other model uses; and
- All related IT systems, relevant to the model.

Each risk is modelled to support an assessment of LMIE's risk profile, and the associated capital requirement considered. Risks from the Risk Register, which is updated and independently reviewed on a regular basis in line with the LMIE Risk Management Framework, are considered for inclusion in the Internal Model.

E.4.3. Partial Internal Model

LMIE does not use a Partial Internal Model.

E.4.4. Methodology used in the Internal Model

The LMIE Internal Model is a full stochastic model which produces an aggregate distribution of the change in basic own funds over a one-year time horizon from which the SCR can be directly derived (i.e., the SCR is the Value-at-Risk of basic own funds subject to a confidence level of 99.5%). The model also produces the same output over the full runoff period of liabilities.

The SCR covers existing business as well as new business expected to be written over the following 12 months.

The model is initially run on an ultimate basis (i.e., until full run-off of liabilities) and for most of the risks, emergence patterns are used to translate the Ultimate SCR to a One Year SCR. Other risks are directly modelled on a one-year basis.

The core component of the Internal Model is known as the Calculation Kernel, which is the calculation engine that ultimately produces the capital outputs. Some inputs used in the Calculation Kernel are generated outside the kernel by ESG and Natural Catastrophe models.

Statistical distributions, calibrated based on historical experience, market data, and expert judgements, are used to model the behaviour of the different risks modelled within the Internal Model, whilst ensuring that sufficient simulations have been performed to ensure a stable result. Expert judgement is used to supplement the lack of relevant historical data.

The design of the Internal Model allows for projections of profits, losses, and basic own funds in monetary amounts for model use and regulatory reporting purposes. The starting point of the capital calculations is the Solvency II Balance Sheet and the allocation of each line item to risk categories.

The Calculation Kernel stochastically projects and applies a dependency structure for each Risk Category. Distributions are selected to reflect the underlying elements of each risk, ensuring richness across the distribution, whilst not impairing the reliability of estimates at extreme percentiles. The dependency structure between risks is parameterised using copulas and driver-based dependencies.

The Risk Category models (except operational risk and other credit risk), along with cash-flow assumptions (claims and premium payment patterns) and economic assumptions are combined to produce overall technical accounts. This feeds into the Accounts Model which combines the technical accounts for all classes of business, along with other items and risks that exist only at the aggregate level: Operational Risk, Credit Risk on Receivables, Liquidity risk, Reinsurance Disputes, and Risk Margin. The Internal Model then produces the following accounting statements: Opening Balance Sheet, Income Statement, Closing Balance Sheet and Cashflow Statement. Currencies the Company is exposed to are modelled using information from the ESG, which are used to assess both the asset and liability positions. The individual currencies can then be converted to the reporting currency.

A wide range of testing and review processes are performed to ensure that the Risk Categories' calibrations are appropriate, and the Internal Model outputs are reasonable. Validation tests include risk ranking, analysis of change, risk coverage, business expert reviews, stress and scenario testing, reverse stress tests, sensitivity testing, benchmarking, back-testing as well as profit and loss attribution exercises.

E.4.5. Differences between Internal Model and Standard Formula

The key difference between the Standard Formula and Internal Model methodology is that the Internal Model methodology and assumptions reflect LMIE's risk profile more appropriately. The Standard Formula assesses the capital charge associated to each risk based on exposure-driven formulae, calibrated based on market-wide data and applied to a limited number of lines of business. These capital charges are then aggregated using a hierarchical correlation approach to combine risk sub-categories and risk categories.

In the Internal Model, loss distributions are calibrated for each risk and defined class of business; a dependency structure is applied in order to reflect LMIE's view on the joint tail of these losses. Calibrating risks for the Internal Model, therefore, requires a deeper level of granularity of model inputs. It also gives LMIE more flexibility to select the most appropriate statistical models and derive a joint loss distribution that reflects better LMIE's risk profile.

The key drivers of the difference between LMIE's Internal Model SCR and the Standard Formula SCR are the dependency structure and the consideration of LMIE's reinsurance arrangements.

In particular:

- The Internal Model can explicitly capture key sources of diversification benefit within LMIE's portfolio which are not reflected in the Standard Formula.
- The Standard Formula models whole account reinsurance structures at the sub-risk level and the Internal Model at the overall net Insurance Risk loss level, which better reflects how this type of contract works in practice.
- The Internal Model captures the specific drivers to which LMIE's assets and liabilities are exposed to, as well as diversification benefit which these drivers benefit from. Additionally, the Internal Model allows for the impact of expected investment profit for interest rate risk on assets.
- The Standard Formula does not allow for any diversification benefit between Operational Risk and other risk types whilst the Internal Model relies on Operational Risk scenarios which are correlated to each other and to specific non-operational risks.
- The Standard Formula aggregation method is an approximation and implicitly assumed that different sources of Market Risk are normally distributed, whereas they are in fact mostly skewed (e.g., Credit / Spread Risks).
- Higher levels of diversification could also be observed at a sub-risk level given the Internal Model better capturing the tail nature of credit events and the different drivers of credit events.
- The Standard Formula uses a simplified approach to model natural catastrophe exposures, in particular outside of the EEA, where the Standard Formula risk charge is calculated as a function of premiums. Catastrophe risk can be more accurately modelled in the Internal Model through third-party models.
- The Internal Model offers a better flexibility to assess emerging risks, for example, the Standard Formula does not capture explicitly claims inflation volatility or cyber scenarios.

E.4.6. Data used in the Internal Model

Data feeding into and from the Internal Model are listed in a dedicated data inventory ('Data Directory'). Data items included in the Data Directory are based on the nature and scale of their likelihood to impact the Internal Model and associated reporting. This might include model inputs, model outputs, and calibration data (data used to calibrate risk categories) in a range of formats (Excel, Access Databases, etc.).

Key Data Controls exist to ensure the completeness, accuracy and appropriateness of data and are documented to include a description of the control activity; the frequency of that activity; the objective of the control; the evidence to indicate that the control is operating effectively; and the individual responsible for operating the control. A Statement of Validation is signed annually by each Data Owner in relation to the appropriateness, completeness and validity of their data and the operating effectiveness of Key Data Controls. All data deficiencies are reported and logged into the Data Deficiency Log.

Key data included in the Internal Model are:

Section	Data items
Data used for calibration, Actuarial & Finance data	e.g., Historical incurred and paid claims triangles, written premium, premium rate changes, business plan and actuarial loss ratios, maximum line size, payment, earned and earnings patterns, best estimate of claims reserves.
Non-Cat premium risk	e.g., Unbound business and ULO parameters, ENIDs parameters, attritional/large loss parameters
Catastrophe	e.g., CAT YLTs, CAT loss ladders parameters.
Reserve risk	e.g., Gross Reserve Risk volatility parameters, ENIDs parameters.
Market risk	e.g., Discount rates, asset portfolio, ESG parameters, exchange rates.
Counterparty Risk	e.g., Credit rating, transition matrix, loss given default – for each type of counterparty.
Operational risk	e.g., Frequency and severity parameters for a range of scenarios.
Dependencies	e.g., Correlation factors and Copulas parameters.
Reinsurance	e.g., Reinstatement premiums, Reinsurance programmes.

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

Compliance with both the MCR and SCR has been maintained during the reporting period.

SECTION E. 6 – Any Other Information

No additional matters to report.

GLOSSARY OF TERMS

Reference	Description	Reference	Description
ABS	Asset Backed Security	LMIG	Liberty Mutual Group
AF	Actuarial Function	LMIE	Liberty Mutual Insurance Europe SE
ALAE	Allocated Loss Adjusted Expenses	LOC	Letter of Credit
AOCI	Accumulated Other Comprehensive Income	LSM	Liberty Specialty Markets
BEC	Board Executive Committee	MCR	Minimum Capital Requirement
BBNI	Bound But Not Incepted	MI	Management Information
CAA	Commissariat Aux Assurances	NRQS	Net Result Quota Share
COR	Combined Operating Ratio	ORSA	Own Risk and Solvency Assessment
CP	Contingency Plans	P&C	Property & Casualty
CRO	Chief Risk Officer	PRA	Prudential Regulation Authority
CUO	Chief Underwriting Officer	PTOI	Pre-Tax Operating Income
DGSFP	Direccion General de Seguros for Insurance & Pension Funds	QRT	Quantitative Reporting Templates
EIOPA	European Insurance and Occupational Pensions Authority	RAG	Red, Amber, Green
EPIFP	Expected Profit in Future Premium	RDS	Realistic Disaster Scenario
ENID	Events not in Data	RM&ICF	Risk Management and Internal Control Framework
EWI	Early Warning Indicator	RMC	Risk Management Committee
FCA	Financial Conduct Authority	RMF	Risk Management Framework
GAAP	Generally Accepted Accounting Practices	RMS	Risk Management Solutions
GBP	Great British Pound	RST	Reverse Stress Test
GRSI	Global Risk Solutions International	SII	Solvency II
GWP	Gross Written Premium	S&P	Standard & Poor's
IA	Internal Audit	SCR	Solvency Capital Requirement
ICA	Individual Capital Assessment	SF	Standard Formula
IIA	Institute of Internal Audit	SFCR	Solvency and Financial Condition Report
IFRS	International Financial Reporting Standards	SST	Stress & Scenario Test
IM	Internal Model	TPs	Technical Provisions
LAP	Liberty Attestation Process	ULAE	Unallocated Loss Adjusted Expenses
LMAL	Liberty Managing Agency Limited	USD	United States Dollar
YOA	Year of Account		

APPENDIX A – QRTs

All QRT's are €000's.

List of Reported Templates:

S.02.01.02 - Balance sheet

S.04.05.21 - Premiums, claims and expenses by country: non-life insurance and reinsurance obligations

S.05.01.02 - Premiums, claims and expenses by line of business

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

S.25.05.21 - Solvency Capital Requirement - for undertakings using an internal model (partial or full)

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

Liberty Mutual Insurance Europe SE

Solvency and Financial Condition Report

Disclosures

31 December

2025

(Monetary amounts in EUR thousands)

General information

Undertaking name	Liberty Mutual Insurance Europe SE
Undertaking identification code	213800W500IOPYK9QY33
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	LU
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Full internal model
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.05.21 - Solvency Capital Requirement - for undertakings using an internal model (partial or full)
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	4,631
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	6,961,598
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	5,894,044
R0140	<i>Government Bonds</i>	1,845,817
R0150	<i>Corporate Bonds</i>	3,921,181
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	127,046
R0180	<i>Collective Investments Undertakings</i>	636,444
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	431,109
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	1,779,023
R0280	<i>Non-life and health similar to non-life</i>	1,779,023
R0290	<i>Non-life excluding health</i>	1,779,048
R0300	<i>Health similar to non-life</i>	-25
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0320	<i>Health similar to life</i>	0
R0330	<i>Life excluding health and index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	15,616
R0360	Insurance and intermediaries receivables	223,828
R0370	Reinsurance receivables	265,051
R0380	Receivables (trade, not insurance)	167,329
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	90,960
R0420	Any other assets, not elsewhere shown	6,027
R0500	Total assets	9,514,064

S.02.01.02

Balance sheet

		Solvency II value
		C0010
Liabilities		
R0510	Technical provisions - non-life	6,028,313
R0520	<i>Technical provisions - non-life (excluding health)</i>	6,025,118
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	5,850,636
R0550	<i>Risk margin</i>	174,482
R0560	<i>Technical provisions - health (similar to non-life)</i>	3,196
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	3,089
R0590	<i>Risk margin</i>	107
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	1,193
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	58,961
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	76,471
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	0
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	31,980
R0900	Total liabilities	6,196,918
R1000	Excess of assets over liabilities	3,317,146

S.04.05.21

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

R0010

Home Country	Top 5 countries (by amount of gross premiums written): non-life					
	GB	FR	DE	NL	IT	
	C0010	C0020	C0021	C0022	C0023	C0024
Premiums written (gross)						
R0020 Gross Written Premium (direct)	122,768	609,397	166,853	202,852	194,790	120,365
R0021 Gross Written Premium (proportional reinsurance)	14,696	236,597	41,828	50,122	17,006	40,838
R0022 Gross Written Premium (non-proportional reinsurance)	4,872	84,134	87,629	157,079	10,828	43,557
Premiums earned (gross)						
R0030 Gross Earned Premium (direct)	123,005	638,826	172,351	199,797	202,878	126,739
R0031 Gross Earned Premium (proportional reinsurance)	16,734	206,691	39,753	51,298	8,850	43,264
R0032 Gross Earned Premium (non-proportional reinsurance)	5,561	80,883	92,450	162,166	9,164	48,615
Claims incurred (gross)						
R0040 Claims incurred (direct)	55,528	786,754	118,320	96,587	47,610	34,426
R0041 Claims incurred (proportional reinsurance)	7,499	59,688	50,981	-20,679	5,546	3,475
R0042 Claims incurred (non-proportional reinsurance)	-3,388	40,318	-14,328	37,779	-6,404	4,843
Expenses incurred (gross)						
R0050 Gross Expenses Incurred (direct)	63,429	305,396	99,753	121,185	119,807	75,798
R0051 Gross Expenses Incurred (proportional reinsurance)	7,690	22,305	4,995	142,178	19,472	7,982
R0052 Gross Expenses Incurred (non-proportional reinsurance)	1,995	62,873	33,914	40,243	15,781	6,513

S.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation		
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	
R0010	Technical provisions calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Technical provisions calculated as a sum of BE and RM																			
Best estimate																			
Premium provisions																			
R0060	Gross	-7	-23	0	44	-47	3,154	-27,842	-69,394	-83,795			-31,281	-321	-15,682	-1,387	-50,548	-277,129	
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-17	-58	0	-127	-34	-6,196	-30,679	-70,298	-158,651			-11,784	-119	-5,732	-328	-33,813	-317,837	
R0150	Net Best Estimate of Premium Provisions	10	35	0	171	-13	9,350	2,837	904	74,856			-19,497	-202	-9,950	-1,058	-16,735	40,708	
Claims provisions																			
R0160	Gross	571	1,967	0	30,808	3,473	242,074	739,032	3,687,086	435,007			70,087	902	310,326	78,187	531,332	6,130,853	
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	4	16	0	22,308	962	28,638	133,634	1,446,366	148,550			13,735	150	141,165	9,429	151,905	2,096,860	
R0250	Net Best Estimate of Claims Provisions	566	1,951	0	8,500	2,511	213,436	605,398	2,240,720	286,458			56,352	752	169,161	68,758	379,427	4,033,993	
R0260	Total best estimate - gross	564	1,944	0	30,852	3,426	245,228	711,190	3,617,693	351,212			38,806	580	294,644	76,801	480,784	5,853,724	
R0270	Total best estimate - net	577	1,987	0	8,672	2,498	222,786	608,236	2,241,624	361,314			36,855	550	159,211	67,700	362,692	4,074,701	
R0280	Risk margin	6	61	0	613	61	5,883	16,327	89,600	18,259			3,097	40	13,711	3,455	23,476	174,589	
R0320	Technical provisions - total	570	2,005	0	31,464	3,487	251,111	727,517	3,707,293	369,472			41,903	620	308,355	80,255	504,261	6,028,313	
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-13	-43	0	22,180	928	22,442	102,955	1,376,068	-10,101			1,951	31	135,433	9,101	118,092	1,779,023	
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	583	2,048	0	9,284	2,559	228,668	624,562	2,331,225	379,573			39,952	590	172,922	71,154	386,169	4,249,290	

S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)
(absolute amount)

Year	Development year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
		0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)	
R0100	Prior												45,785	45,785	45,785
R0160	-9	30,024	137,510	82,874	48,617	56,906	28,195	39,555	31,175	33,696	6,315		6,315	494,866	
R0170	-8	29,324	157,422	119,396	114,077	57,171	50,334	42,715	51,803	46,236			46,236	668,478	
R0180	-7	18,296	125,996	124,282	98,094	71,408	64,984	89,860	48,503				48,503	641,425	
R0190	-6	17,927	198,394	210,060	171,858	133,185	154,308	81,276					81,276	967,008	
R0200	-5	62,006	182,760	157,342	134,086	147,511	83,259						83,259	766,964	
R0210	-4	60,896	365,082	338,609	193,073	121,102							121,102	1,078,762	
R0220	-3	51,385	242,474	307,054	110,398								110,398	711,311	
R0230	-2	45,056	349,777	260,380									260,380	655,213	
R0240	-1	42,148	179,767										179,767	221,915	
R0250	0	41,721											41,721	41,721	
R0260															
												Total	1,024,741	6,293,449	

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

Year	Development year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
		0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)	
R0100	Prior												357,983	335,408
R0160	-9	0	454,946	371,038	340,510	280,750	228,412	189,617	140,159	136,479	121,430		112,367	
R0170	-8	383,775	516,900	570,462	430,958	358,845	321,364	279,639	226,411	189,088			173,292	
R0180	-7	314,984	674,726	587,784	551,236	440,289	357,440	363,462	341,297				311,714	
R0190	-6	710,064	1,068,149	979,409	877,716	762,109	632,660	617,769					563,736	
R0200	-5	779,333	1,082,544	954,169	839,080	651,665	809,162						737,941	
R0210	-4	1,065,483	1,242,893	1,048,465	761,693	798,194							727,732	
R0220	-3	791,365	1,067,539	929,022	764,003								699,959	
R0230	-2	830,791	1,114,221	903,233									830,692	
R0240	-1	690,742	1,064,926										975,698	
R0250	0	726,160											662,316	
R0260														
												Total	6,130,853	

S.23.01.01
Own Funds

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

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

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

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Expected profits

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
R0790	Total Expected profits included in future premiums (EPIFP)

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
255,424	255,424		0	
1,617,533	1,617,533		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
1,188,750	1,188,750			
0		0	0	0
0				0
0	0	0	0	0
0				
3,061,708	3,061,708	0	0	0

0				
0				
0				
0				
0				
0				
0				
0				
21,287			21,287	
21,287			21,287	0

3,082,995	3,061,708	0	21,287	0
3,061,708	3,061,708	0	0	
3,082,995	3,061,708	0	21,287	0
3,061,708	3,061,708	0	0	

1,056,307
475,338
291.87%
644.11%

C0060
3,317,146
0
255,438
1,872,958
0
1,188,750

0
885,252
885,252

S.25.05.21

Solvency Capital Requirement - for undertakings using an internal model (partial or full)

	Solvency Capital Requirement	Amount modelled	USP	Simplifications
	C0010	C0070	C0090	C0120
Risk type				
R0020 Total diversification	-788,779			
R0030 <i>Total diversified risk before tax</i>	1,056,307			
R0040 <i>Total diversified risk after tax</i>	1,056,307			
R0070 Total market & credit risk	662,911			
R0080 <i>Market & Credit risk - diversified</i>	275,971			
R0190 Credit event risk not covered in market & credit risk	164,528			
R0200 <i>Credit event risk not covered in market & credit risk - diversified</i>	102,741			
R0270 Total Business risk				
R0280 <i>Total Business risk - diversified</i>				
R0310 Total Net Non-life underwriting risk	1,787,530			
R0320 <i>Total Net Non-life underwriting risk - diversified</i>	1,187,262			
R0400 Total Life & Health underwriting risk	0			
R0410 <i>Total Life & Health underwriting risk - diversified</i>				
R0480 Total Operational risk	706,496			
R0490 <i>Total Operational risk - diversified</i>	279,112			
R0500 Other risk				

Calculation of Solvency Capital Requirement

R0110 Total undiversified components	1,845,086
R0060 Diversification	-788,779
R0120 Adjustment due to RFF/MAP nSCR aggregation	0
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200 Solvency capital requirement excluding capital add-on	1,056,307
R0210 Capital add-ons already set	0
R0211 <i>of which, capital add-ons already set - Article 37 (1) Type a</i>	0
R0212 <i>of which, capital add-ons already set - Article 37 (1) Type b</i>	0
R0213 <i>of which, capital add-ons already set - Article 37 (1) Type c</i>	0
R0214 <i>of which, capital add-ons already set - Article 37 (1) Type d</i>	0
R0220 Solvency capital requirement	1,056,307

C0100

1,845,086
-788,779
0
0
1,056,307
0
0
0
0
0
1,056,307

USP Key

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

Other information on SCR

R0300 Amount/estimate of the overall loss-absorbing capacity of technical provisions	0
R0310 Amount/estimate of the loss absorbing capacity for deferred taxes	0
R0400 Capital requirement for duration-based equity risk sub-module	0
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420 Total amount of Notional Solvency Capital Requirement for ring-fenced funds	0
R0430 Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	0
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0
R0450 Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	No adjustment
R0460 Net future discretionary benefits	0

0
0
0
0
0
0
0
No adjustment
0

Yes/No

C0109

Yes

LAC DT

C0130

R0640 Amount/estimate of LAC DT	0
R0650 Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	0
R0660 Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	0
R0670 Amount/estimate of AC DT justified by carry back, current year	0
R0680 Amount/estimate of LAC DT justified by carry back, future years	0
R0690 Amount/estimate of Maximum LAC DT	0

0
0
0
0
0
0

S.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

671,981

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

C0020

C0030

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

577	112
1,987	240
0	0
8,672	1,954
2,498	549
222,786	95,887
608,236	349,413
2,241,624	343,838
361,314	323,881
0	0
0	0
36,855	46,382
550	2,671
159,211	53,727
67,700	10,708
362,692	259,963

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

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

C0050

C0060

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

Overall MCR calculation

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

C0070

671,981
1,056,307
475,338
264,077
475,338
4,000
475,338