Beazley Insurance dac
Solvency and Financial Condition Report 2025

Many hats. One company.

Welcome to our 2025 Solvency and Financial Condition Report

Beazley Insurance dac is a non-life insurance company that underwrites through its European branch network and acts as an internal reinsurer within the Beazley Group. It also provides capital to support the underwriting activities of Beazley Underwriting Limited in the Lloyd's market.

Contents

Summary

In accordance with the EU-wide regulatory regime for insurance and reinsurance companies (Solvency II), Beazley Insurance dac (BIdac or the Company) is required to publish annually its Solvency and Financial Condition Report (SFCR).

The report covers the business and performance of the Company, its system of governance, risk profile, valuation for solvency purposes and capital management and has been approved by the Company's Board of Directors.

Principal activities

BIdac is a wholly owned subsidiary of Beazley Ireland Holdings plc, which is in turn wholly owned by Beazley plc (Beazley or the Group). The company is a non-life insurance and reinsurance business operating through a branch network in the United Kingdom, France, Germany, Spain and Switzerland and across the European Union on a freedom of services basis.

The Company acts as an internal reinsurer within Beazley (the Group) and provides reinsurance and capital to support the underwriting activities of Beazley Underwriting Limited (BUL) in the Lloyd's market. BUL is a Lloyd's of London corporate member. It participates in the Lloyd's insurance market on a limited liability basis through syndicates 2623, 3622, 3623 and 5623. The Company also has a credit facility agreement with BUL. Under the 2025 agreement, the Company can provide up to 37% of BUL's total required Funds at Lloyd's (FAL). This facility was not utilised during the year.

The Company also has two intra-group quota-share reinsurance contracts. The first contract reinsures business from two syndicates at Lloyd's (2623 and 623), which are managed by the Group's managing agent, Beazley Furlonge Limited (BFL). The second contract is with the Group's North American surplus lines carrier, Beazley Excess and Surplus Insurance Inc. (BESI).

On 17 December 2025, the Company made a loan of $430.0m at par to Beazley Bermuda Holdings Limited (BBHL), a fellow Beazley Group entity. The loan attracts a market rate of interest, is callable on demand by the Company, and is due to be repaid on 17 December 2030, with early repayment permitted.

Business review

Total pre-tax profit for the Company was $677.7m in 2025 (2024: $712.9m).

The Company's direct (re)insurance division delivered a pre-tax profit of $125.1m (2024: $156.1m) driven by positive underwriting performance. Head office, including the intra-group reinsurance contracts, generated a profit before tax for the Company of $552.6m (2024: $556.8m).

Throughout 2025, the Company continued to invest in and develop its business across Europe. Despite rates on renewal business decreasing, premiums from the Company's non-life insurance and reinsurance business carried out through its branches grew from $401.0m in 2024 to $454.5m in 2025. The insurance market is in the soft part of the cycle and the company continues to exercise robust underwriting discipline, ensuring it delivers consistent performance through 2026 and beyond.

Solvency coverage

As detailed in Section D, the primary variance between the Generally Accepted Accounting Principles (GAAP) and Solvency II balance sheet is the replacement of the technical provisions. The Solvency II technical provisions have been calculated in line with Solvency II regulations that consider contractual cash flows, particularly in relation to the aggregate excess of loss reinsurance agreement with BUL. The cash flows represent the premium (provided the declared result of BUL is a profit) or claim (in the case of a loss) paid in respect of BUL's declared result and the fees for providing capital to support BUL's reinsured underwriting at Lloyd's.

BIdac holds a level of capital over and above its regulatory requirements. As at 31 December 2025, total eligible own funds were $2,451.8m, compared to the Solvency Capital Requirement (SCR) of $1,279.3m. At all times throughout the year the Company has met its regulatory capital requirements. The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework, opportunities for growth and a desire to maximise returns for the shareholder.

Summary continued

Environmental, Social and Governance

With regards to sustainability issues, reference should be made to the Group Annual Report and Accounts. The Task Force on Climate Related Financial Disclosures (TCFD) on page 60 of the Group's 2025 Annual Report details recommendations and recommended disclosures at the consolidated Group level. The 2025 Beazley plc Annual Report and Accounts can be found at www.beazley.com.

Climate-related issues

The Company and the Group are focused on how we can play our part in addressing the climate crisis. While primary responsibility for climate related issues sits with the Group Board and Committees, the Company's Board have regular interactions and updates with the responsible persons to ensure that the Company's Board is appropriately consulted, engaged and informed. The Board is responsible for ensuring that the Company is operating in accordance with legal and regulatory requirements and with relevant Group policies and procedures. The Company also considers climate-related matters as part of the annual process to approve the risk framework and Own Risk and Solvency Assessment (ORSA).

Further details can be seen in section B1.

Material post balance sheet events

On 02 March 2026, the Boards of Beazley plc and Zurich Insurance Group Ltd ('Zurich') announced that they had agreed the terms of a recommended offer by Zurich to purchase the entire issued and to be issued share capital of Beazley plc, subject to certain conditions including regulatory and shareholder approvals ('the Offer'). Details of the Offer are set out in the announcement dated 02 March 2026 and can be found on the Beazley Group's website.

On 02 April 2026, the Board approved an interim dividend of $200.0m.

As things stand, our exposure to the unfolding events in the Middle East is limited, and we do not expect to be materially impacted. We continue to monitor the situation closely.

A. Business and performance

A.1 Business

BIdac is a company incorporated in Ireland.

The address of the registered office is:

2 Northwood Avenue
Santry
Dublin
D09 X5N9
Ireland

The supervisor of BIdac is:

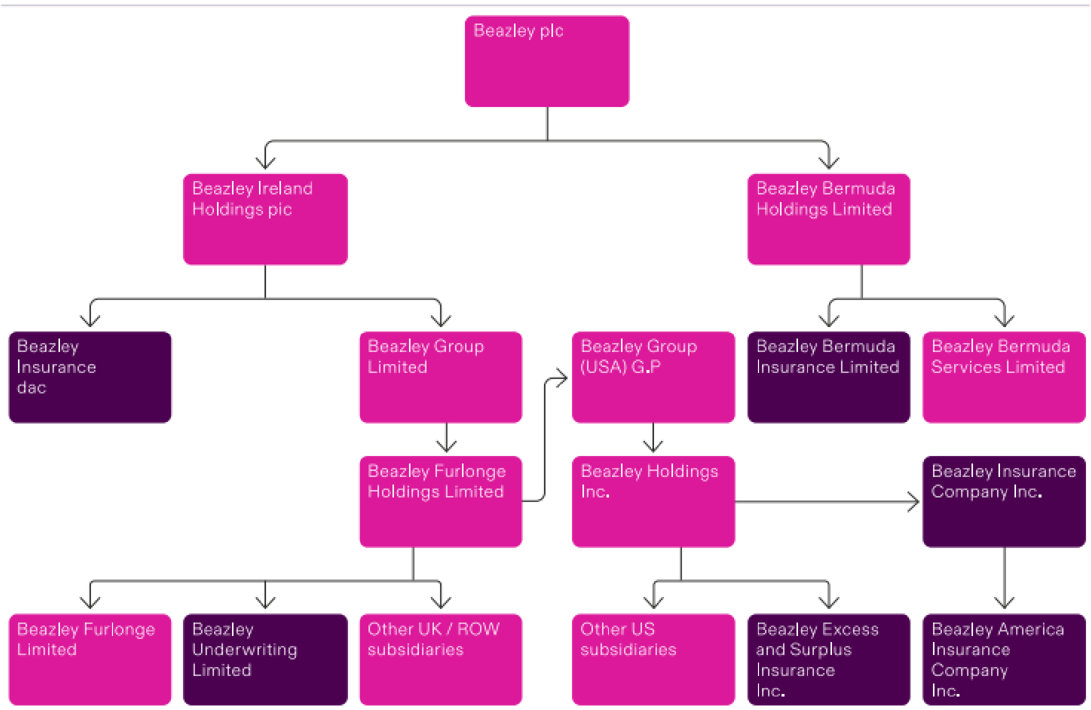
Central Bank of Ireland
PO Box 559
New Wapping Street
North Wall Quay
Dublin 1
Ireland

The independent auditor of the Company is:

Ernst & Young
Harcourt Centre
Dublin 2
Ireland

The Company is a wholly owned subsidiary of Beazley Ireland Holdings plc, which is in turn wholly owned by Beazley plc, the ultimate parent company of the Beazley Group (the Group).

The Group operates across Europe, Asia, Canada and the US through a variety of legal entities and structures. The main entities within the legal entity structure are demonstrated in the diagram below.



A. Business and performance continued

A.1 Business continued

The Company is authorised by the Central Bank of Ireland (CBI) to underwrite non-life insurance and reinsurance business. The Company operates its direct insurance business through a branch network in the United Kingdom, France, Germany, Spain and Switzerland and operates across the European Union on a freedom of services basis.

The Company acts as an intra-group reinsurer and provides capital to support the underwriting activities of its related company, BUL. As part of its intra-group arrangements the Company has two quota-share reinsurance contracts with syndicates at Lloyd's (2623 and 623) and with BESI.

In addition, in late 2025, the Company made a loan of $430.0m at par to BBHL, a fellow Beazley Group entity.

In accordance with the above structures, the Company's business consists of two operating segments - direct insurance/reinsurance and intra-group reinsurance, reflecting the reporting and governance structure of the Company. Within the insurance/reinsurance division, the Company has underwritten policies in the Cyber Risks, Digital, MAP Risks, Property Risks and Specialty Risks divisions, which align with the operating divisions of the Beazley Group. The Directors have elected to continue to disclose the "direct insurance/ reinsurance" segment at this more granular level as they consider this useful and relevant information to users of the SFCR.

Direct Insurance / Reinsurance ("Direct")

This segment includes policies written on behalf of the Company by its underwriters across Europe. Included within this segment are the following underwriting divisions:

- Cyber Risks
  This division underwrites cyber and technology risks.
- Digital
  This division underwrites a variety of marine, contingency and small & medium sized enterprise liability risks through digital channels such as e-trading platforms and broker portals.
- MAP Risks
  This division underwrites marine, political and contingency business.
- Property Risks
  This division underwrites first party property risks and reinsurance business.
- Specialty Risks
  This division underwrites a wide range of liability classes, including employment practices risks and directors and officers, as well as healthcare, lawyers and international financial institutions.

Intra-group Reinsurance

This segment includes reinsurance contracts entered into with other entities within or managed by the wider Beazley Group.

The following table provides a breakdown of the share of gross premiums written by division in 2025 and 2024.

	2025	2024
Cyber risks	8 %	12 %
Digital risks	3 %	4 %
MAP risks	2 %	2 %
Property risks	2 %	2 %
Specialty risks	7 %	7 %
Total Direct	22 %	27 %
Intra-group reinsurance	78 %	73 %
Total	100 %	100 %

The table below provides an analysis of the geographical breakdown of gross premiums written by reference to the location of the risk insured by the Company. An increase in premium generated through the Company's intra-group reinsurance contracts is contributing to the higher percentage of premium written outside Ireland and the EEA. In particular, business assumed from BESI, Beazley's US based E&S carrier, increased materially during 2025.

	2025 %	2024 %
Risks located in Ireland	— %	1 %
Risks located in other EEA states	14 %	20 %
Risks located in other countries	86 %	79 %
Total	**100 %**	**100 %**

Additional information on underwriting performance by Solvency II line of business can be found in section A.2.

The Company's underwriting strategy of exercising discipline across a diverse portfolio of specialist insurance products will remain a constant, and through focusing on cycle management, leaves the Company well positioned entering 2026.

The main driver of the Company’s performance and capital strength over the coming years is projected to be the Company’s intra-group reinsurance contracts. Through these contracts, the Company will benefit from the diverse portfolio which the Group maintains across its underwriting divisions.

The Company also plans to grow and expand its non-life insurance/reinsurance business across Europe through additional underwriting capability through our branch network.

A. Business and performance continued

A.2 Underwriting performance

The below table shows the classification of the Company's divisions into their lines of business for Solvency II purposes, as disclosed in the S.05.01.02.

Division	Solvency II Lines of Business
Cyber risks	General liability
Digital risks	General liability, Miscellaneous financial loss
MAP risks	Credit and suretyship, Fire and other damage to property, Non-proportional health reinsurance, Marine aviation and transport, Miscellaneous financial loss, General liability
Property risks	Fire and other damage to property, Non-proportional property reinsurance
Specialty risks	General liability, Credit and suretyship
Intra-group reinsurance	General liability, Fire and other damage to property, Non-proportional casualty reinsurance and Miscellaneous financial loss

Data in the table below presents the GAAP underwriting performance by Solvency II line of business, as disclosed in S.05.01.02.

2025	General liability $m	Non-proportional property reinsurance $m	Credit and suretyship $m	Marine, aviation and transport $m	Non-proportional casualty reinsurance $m	Non-proportional health reinsurance $m	Fire and other damage to property $m	Miscellaneous financial loss $m	Total $m
Net premiums written	809.1	26.1	24.8	6.7	401.8	1.5	457.5	10.4	**1,737.9**
Net earned premiums	525.1	21.5	20.3	7.0	401.8	1.4	434.6	7.5	**1,419.2**
Net claims incurred	(208.0)	(1.0)	(12.9)	(3.8)	–	(0.5)	(137.3)	(7.0)	**(370.5)**
Expenses incurred	(204.6)	(9.3)	(13.3)	(6.6)	(60.1)	(0.5)	(156.3)	(4.9)	**(455.6)**
Underwriting performance	**112.5**	**11.2**	**(5.9)**	**(3.4)**	**341.7**	**0.4**	**141.0**	**(4.4)**	**593.1**

2024	General liability $m	Non-proportional property reinsurance $m	Credit and suretyship $m	Marine, aviation and transport $m	Non-proportional casualty reinsurance $m	Non-proportional health reinsurance $m	Fire and other damage to property $m	Miscellaneous financial loss $m	Total $m
Net premiums written	355.8	20.1	7.0	9.4	557.9	0.9	356.0	4.9	**1,312.0**
Net earned premiums	282.0	21.0	6.6	4.9	558.0	1.0	191.0	5.8	**1,070.2**
Net claims incurred	(70.7)	(11.4)	(2.7)	(2.1)	(0.7)	(0.3)	(111.3)	(2.5)	**(201.7)**
Expenses incurred	(90.4)	(7.3)	(4.0)	(2.8)	(84.5)	(0.4)	(68.7)	(2.5)	**(260.7)**
Underwriting performance	**120.9**	**2.3**	**(0.2)**	**–**	**472.8**	**0.4**	**10.9**	**0.8**	**607.8**

Geographical breakdown

From a Solvency II perspective, the GAAP direct insurance gross written premiums of $454.5m (2024: $401.0m) are all classified as originating from the UK, Ireland and continental Europe. Reinsurance business is recognised in line with the location of the reinsured. As such, premium recognised in relation to the reinsurance contracts with BUL of $401.8m (2024: $555.0m) and with syndicates 2623/623 of $127.8m (2024: $109.6m), are both classified as originating from the UK. Premiums recognised in relation to the reinsurance contract with BESI was $1,135.3m (2024: $428.7m) and is classified as originating from the US.

A. Business and performance continued

A.2 Underwriting performance continued

The Company's activities are displayed below in segments representing insurance/reinsurance (represented below as Cyber risks, Digital, MAP risks, Property risks, Specialty risks) and intra-group reinsurance activities which reflects the reporting and governance within the Company, with the European Management Committee monitoring the performance of the insurance/reinsurance business and the Reinsurance Underwriting Group monitoring the performance of all intra-group reinsurance business.

31 December 2025	Cyber $m	Digital $m	MAP $m	Property $m	Specialty $m	Total Direct $m	Intra-group Reinsurance $m	**Total** $m
Segment results								
Gross premiums written	169.8	64.2	35.5	34.0	151.0	**454.5**	1,664.9	**2,119.4**
Net Earned Premium	114.3	59.7	26.8	24.7	119.5	**345.0**	1,074.2	**1,419.2**
Net investment income	8.2	2.6	1.3	13.1	5.5	**30.7**	104.0	**134.7**
Revenue	**122.5**	**62.3**	**28.1**	**37.8**	**125.0**	**375.7**	**1,178.2**	**1,553.9**
Claims incurred net of reinsurance	(2.7)	(12.9)	(15.3)	(2.1)	(55.7)	**(88.7)**	(285.7)	**(374.4)**
Operating Expenses before foreign exchange	(52.6)	(23.7)	(16.1)	(12.2)	(57.3)	**(161.9)**	(287.5)	**(449.4)**
Total Expenses	**(55.3)**	**(36.6)**	**(31.4)**	**(14.3)**	**(113.0)**	**(250.6)**	**(573.2)**	**(823.8)**
Segment Result	**67.2**	**25.7**	**(3.3)**	**23.5**	**12.0**	**125.1**	**605.0**	**730.1**
Profit or Loss on Exchange								**(20.8)**
Finance costs								**(31.6)**
Profit before tax								**677.7**

31 December 2024	Cyber $m	Digital $m	MAP $m	Property $m	Specialty $m	Total Direct $m	Intra-group Reinsurance $m	**Total** $m
Segment results								
Gross premiums written	174.3	62.1	26.7	26.6	111.3	**401.0**	1,093.3	**1,494.3**
Net Earned Premium	120.1	52.5	20.3	24.2	95.0	**312.1**	758.2	**1,070.3**
Net investment income	13.4	5.1	2.4	3.9	10.9	**35.7**	104.0	**139.7**
Revenue	**133.5**	**57.6**	**22.7**	**28.1**	**105.9**	**347.8**	**862.2**	**1,210.0**
Claims incurred net of reinsurance	(11.6)	(24.1)	(6.2)	(12.4)	(27.8)	**(82.1)**	(119.6)	**(201.7)**
Operating Expenses before foreign exchange	(37.0)	(17.3)	(9.4)	(10.1)	(35.8)	**(109.6)**	(149.6)	**(259.2)**
Total Expenses	**(48.6)**	**(41.4)**	**(15.6)**	**(22.5)**	**(63.6)**	**(191.7)**	**(269.2)**	**(460.9)**
Segment Result	**84.9**	**16.2**	**7.1**	**5.6**	**42.3**	**156.1**	**593.0**	**749.1**
Profit or Loss on Exchange								(4.6)
Finance costs								(31.6)
Profit before tax								**712.9**

A. Business and performance continued

A.3 Investment performance

Summary of investment return including income from intercompany financing arrangements

	Investment return 2025 $m	Investment return 2024 $m
Income derived from financial assets[1]	113.6	117.0
Income from intercompany financing arrangements[2]	23.5	24.2
Investment income[3]	137.1	141.2
Investment expenses and charges	(2.4)	(1.5)
Total	**134.7**	**139.7**

1 Income derived from financial assets reflects the investment return generated from BIdac's financial assets, including the assets it deposits with Lloyd's, as trustee, to support the underwriting activities of BUL.
2 Income from intercompany financing arrangements includes fees received from BUL in connection with BIdac's provision of assets supporting BUL's underwriting activity in addition to accrued interest relating to the loan entered into with BBHL.
3 The Company did not have any gains or losses recognised directly in equity with regards to its investment in the year (2024: nil).

Income and expenses by asset class ($m) excluding income from intercompany financing arrangements

2025	Fixed interest	Capital growth Equity	Capital growth Hedge funds	Total $m
Income	101.3	7.8	4.5	113.6
Expenses	(2.4)	–	–	(2.4)
Net	**98.9**	**7.8**	**4.5**	**111.2**

2024	Fixed interest	Capital growth Equity	Capital growth Hedge funds	Total $m
Income	83.2	29.1	4.7	117.0
Expenses	(1.0)	(0.1)	(0.4)	(1.5)
Net	**82.2**	**29.0**	**4.3**	**115.5**

Breakdown of total return on investment assets (%) excluding income from intercompany financing arrangements

2025	Fixed interest	Capital growth Equity	Capital growth Hedge funds	Total	%	Total $m
Income derived from financial assets	5.3	16.3	7.1	10.4	5.7	113.6
Investment expenses and charges					(0.1)	(2.4)
Total					**5.6**	**111.2**

2024	Fixed interest	Capital growth Equity	Capital growth Hedge funds	Total	%	Total $m
Income derived from financial assets	4.9	24.1	8.0	18.8	5.8	117.0
Investment expenses and charges					(0.1)	(1.5)
Total					**5.7**	**115.5**

Investment assets returned 5.6%, inclusive of investment expenses and charges, (2024: 5.7%). Returns were again driven by strong performance from our equity, credit and hedge fund exposures; and by the level of risk-free yield available in the market.

A. Business and performance continued

A.4 Performance of other activities

BIdac has no material income or expenses other than the income and expenses included within the segmental in A.2 and A.3.

Leasing Arrangements

There are no material leasing arrangements in place (2024: nil).

A.5 Any other information

On 2 March 2026, the Boards of Beazley plc and Zurich Insurance Group Ltd ('Zurich') announced that they had agreed the terms of a recommended offer by Zurich to purchase the entire issued and to be issued share capital of Beazley plc, subject to certain conditions including regulatory and shareholder approvals ('the Offer'). Details of the Offer are set out in the announcement dated 2 March 2026 which can be found on the Beazley Group's website.

During the year, the Company paid dividends totalling $1,000.0m to its sole shareholder, Beazley Ireland Holdings plc.

On 2 April 2026, the Board approved an interim dividend of $200.0m.

As things stand, our exposure to the unfolding events in the Middle East is limited, and we do not expect to be materially impacted. We continue to monitor the situation closely.

B. System of governance

B.1 General information on the system of governance

At year end 31 December 2025, the Board was comprised of eight directors including three Executive Directors and five independent Non-Executive Directors. The chair is an independent Non-Executive Director. One Group Non-Executive Director resigned in February 2025. One independent Non-Executive Director was appointed in May 2025.

The Board retains ultimate authority for all strategic issues and decisions of BIdac including effective, prudent and ethical oversight as well as setting the Company strategy and ensuring that risk and compliance are properly managed. The Board may delegate its powers for review and research purposes within specific terms of reference to committees and working groups. The committees and working groups act in an advisory capacity to the Board.

The Board has established the following sub committees:
- Audit Committee;
- Risk and Compliance Committee; and
- Nomination and Remuneration Committee

These committees have the power to carry out activities on behalf of the Board to the extent of the authority delegated to them by the Board, as set out in their terms of reference.

The Board has delegated responsibility and associated authority required for the day to day managed of the Company to the General Manager. The Board reviews and approves the terms of reference of the BIdac Leadership Committee (formerly the BIdac Management Committee). The BIdac Leadership committee has established the following executive sub-committees or groups to oversee the business:
- Reinsurance Underwriting Group;
- Reserving Committee;
- Regulatory Review Committee;
- European Management Committee;
- Branch Manager Committee; and
- Swiss Branch Management Committee.

In line with the CBI's Senior Executive Accountability Regime, BIdac has set out clearly and fully where responsibility and decision-making lies within senior management.

The General Manager has responsibility for operations, compliance and performance which includes the smooth running of the business and effective function of the day-to-day operations of BIdac and for any changes thereto.

BIdac has a Head of Finance, Head of Actuarial Function (HoAF), Chief Risk Officer, Head of Compliance, Chief Operations Officer, Head of Internal Audit, Chief Underwriting Officer, and Head of Claims, as approved by the CBI. The key functions of Finance, Actuarial, Risk Management, Compliance, Operations and Internal Audit are all supported by the Group functions under the terms of an intra-group service agreement between BIdac and Beazley Management Limited (BML).

Remuneration policy and practices

During 2024, the Board approved the formation of a combined Nomination and Remuneration Committee, which began meeting in 2025. The Committee comprises independent non-executive directors. The Committee has two main objectives:

1) To assist the board of directors in fulfilling its oversight responsibilities to ensure formal, rigorous and transparent procedures for board and PCF appointments, to make recommendations to the board in respect of appointments to the board, and to ensure plans are in place for orderly succession to positions on the board, its sub-committees and senior management.
2) To assist the board of directors in fulfilling its responsibilities to ensure that the remuneration policy and practices reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements.

Specific to remuneration, the Committee ratifies that the Group remuneration policy is appropriate taking into account related policies, best practice, the alignment of incentives and rewards with culture, and any requirements which the CBI may issue. The remuneration of non-executive directors including the BIdac Chair is a matter for the executive members and Chair of the Beazley plc board.

Within the terms of the agreed policy, the Committee recommends and where appropriate approves the total individual compensation, including bonus, of each of the BIdac executive directors and PCF roles, taking into account workforce remuneration and related policies. Where an individual holds both a group and a BIdac role, their compensation will ultimately be approved by the Beazley plc remuneration committee. The committee will have visibility of the proposed compensation for individuals holding both a group and BIdac role and will provide feedback to the Beazley plc remuneration committee through the board Chair.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices continued

One of the Committee's responsibilities is to ensure that the remuneration policy is designed to retain and incentivise our talented people to deliver our strategy. The Committee ensures that remuneration is fair, culturally aligned with our values, promotes effective risk management and, for management, is aligned to the long-term success of Beazley and to shareholder interests.

Independent Non-Executive Directors' fees comprise payment of an annual basic fee and additional fees to reflect specific responsibilities, where applicable. No independent Non-Executive Director participates in the Group's incentive arrangements or pension plan. Independent Non-Executive Directors' fees are determined by the Beazley plc remuneration committee.

The following tables set out the additional incentive arrangements for staff within the organisation.

Element	Objective	Summary
Profit related pay plan (PRP)	To align underwriters' reward with the profitability of their account.	Profit on the relevant underwriting account as measured at three years and later.
Support bonus plan	To align staff bonuses with individual performance and achievement of objectives.	Participation is limited to staff members not on the executive or in receipt of profit related pay bonus. The support bonus pool may be enhanced by a contribution from the enterprise bonus pool.
Retention shares	To retain key staff.	Used in certain circumstances. Full vesting dependent on continued employment over six years.
Long-term Incentive Plan (LTIP)	To award shares to senior management and selected underwriters for achievement of stretching performance conditions.	Award of shares with performance conditions. LTIP awards vest over a three-year performance period. Awards will normally be subject to an additional holding period following the date on which the award vests, up to the fifth year of the award. Vesting is based on growth in net asset value per share (NAVps) and the delivery of our sustainability priorities.

The Company's Nomination and Remuneration Committee has oversight responsibilities to ensure formal, rigorous and transparent policies and procedures for board and senior management appointments (including all pre-approved controlled functions (PCF) appointments) and for company level remuneration. The Company's Chief Risk Officer reports annually to the Company's Nomination and Remuneration Committee on risk and remuneration as part of the regular agenda. The Committee believes the approach adopted by the Company and the Beazley Group is consistent with, and takes account of, the risk profile of the Company and the Group.

All employees of BIdac may participate in a defined contribution pension plan, which is non-contributory, and are offered benefits such as private medical insurance. Beazley operates a SAYE (Save As You Earn) scheme and International Share Incentive Plan for the benefit of non-UK based employees of the Group.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices continued

Incentive plan	Performance measures	Why performances measures were chosen and target is set
Annual bonus plan	Financial performance (including profit and Return on Equity (ROE), corporate/strategic performance (including risk adjustment) and individual performance.	• The Beazley plc Remuneration Committee reviews the bonus pool framework each year to ensure that it remains appropriate, taking into account the prevailing environment, interest rates and expected investment returns, headcount and any other relevant factors. • Once the annual pool has been calculated the Committee determines individual allocations taking into consideration corporate/strategic achievements and individual achievements. The bonus is discretionary and, rather than adopting a prescriptive formulaic framework, the Committee considers wider factors in its deliberation at the end of the year; for example quality of profit and risk considerations.
Profit related pay (PRP)	To align the interests of the Group and the individual through aligning an underwriter's reward to the long term profitability of their portfolio.	• Underwriters who have significant influence over a portfolio may be offered awards under this plan. There is no automatic eligibility. • This bonus is awarded as cash and is based upon a fixed proportion of profit achieved on the relevant underwriting account as measured at three years and later. For long-tail accounts the class is still relatively immature at the three-year stage and therefore payments will be modest. Underwriters may receive further payouts in years four, five and six (and even later) as the account matures. Therefore each year they could be receiving payouts in relation to multiple underwriting years. • The fixed proportion is calculated based upon profit targets which are set through the business planning process and reviewed by a committee formed of Group Executive Committee members and functional specialists including the Group actuary. Underwriting risk is taken into account when setting profit targets. • Payments are aligned with the timing of profits achieved on the account. For long tail accounts this may be in excess of six years. If the account deteriorates then payouts are 'clawed back' through adjustments to future PRP bonuses. Since 2012 profit related pay plans may be at risk of forfeiture or reduction if, in the opinion of the Committee, there has been a serious regulatory breach by the underwriter concerned, including in relation to the Group's policy on conduct risk.
Deferred share plan	Award of nil cost share awards. Generally awarded as a deferred element of the annual bonus.	• This is a discretionary award. • A proportion of the annual performance bonus may be paid in deferred shares, which vest after three years subject to continued employment.
Retention shares	The retention plan may be used for recruitment or retention purposes.	• Any awards vest at 25% per annum over years three to six. • In line with policy, existing Executive Directors do not participate in this plan and no Executive Directors have subsisting legacy awards outstanding.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices continued

Incentive plan	Performance measures	Why performances measures were chosen and target is set
Long-term Incentive Plan (LTIP)	Award of shares to senior management and selected underwriters subject to the achievement of stretching performance conditions. For awards granted prior to 2023 vesting is based on growth in NAVps, one of Beazley's key performance indicators. NAVps performance is assessed equally over a three year and five year period. In accordance with the UK Corporate Governance Code the first tranche of LTIP awards is subject to a further two year holding period, taking the total time frame for the entire award to five years. From 2023 onwards, performance is measured after three years. Awards are subject to a further two year holding period taking the total time frame to five years. Vesting is based on growth in NAVps and the delivery of our sustainability priorities.	• Creates alignment to one of Beazley's key performance indicators. • The LTIP is an important tool in the remuneration for incentivising participants and aligning their interests with those of our shareholders. • The key features of the plan for awards granted from 2025 are performance is measured after three years, awards are subject to a further two year holding period taking the total time frame to five years and vesting is based on growth in NAVps and the delivery of our sustainability priorities.
Investment in underwriting	Management and underwriters may defer part of their bonuses into Beazley staff underwriting plan, providing alignment with capital providers.	• Executive Directors and other selected staff are invited to participate through bonus deferral with an element of their cash incentives 'at risk' as capital commitments. These capital commitments can be lost in full if underwriting performance is poor.
Malus	To include provisions that would enable the Group to recover sums paid or withhold payment of any sum in circumstances when it would be appropriate to do so.	• Recovery provisions (malus and clawback) have been applied to incentives for a number of years. • There was no application of the malus or clawback provisions in the reporting period.

B. System of governance continued

B.1 General information on the system of governance continued

Climate change

The table below details how climate-related matters are considered within the Company.

Board/Committee	Description of how climate-related matters are considered
Beazley Insurance dac Board	The Board considers climate and sustainability matters as part of the annual process to approve the risk management framework, risk appetite statements and the ORSA. The Board also considers sustainability in relation to Company strategy and business plans.
Beazley Insurance dac Risk and Compliance Committee	The Board delegates oversight of the risk management framework, risk appetite statements and the ORSA to the Company's Risk & Compliance Committee. The Committee considers climate and sustainability matters as part of its oversight of these items.
Beazley Insurance dac Audit Committee	The Audit Committee is responsible for developments in Sustainability reporting, including reporting relating to climate. The most relevant upcoming reporting requirements relevant to the Company relate to CSRD and the Committee receives regular reporting in relation to these requirements.
Beazley Insurance dac Nomination and Remuneration Committee	The Company's Nomination and Remuneration Committee reviews climate related matters as part of its approval of policies prepared at a group level which are relevant to the Company.

B. System of governance continued

B.2 Fit and proper requirements

Our approach is to ensure that all key functions are identified with prescribed responsibilities allocated and that persons who effectively run the undertaking or have other key functions, and are important to the sound and prudential management of the undertaking, fulfil the following requirements:
- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit);
- they are of good repute and integrity (proper); and
- they currently meet and annually subscribe to continue to meet all relevant supervisory standards.

Beazley's policy is that CBI PCFs and controlled functions (CFs) must meet the fitness and probity standards as required by the CBI, under the Individual Accountability Framework, and in that regard we will ensure compliance with the provisions of Solvency II, to which the CBI regime is aligned.

BIdac seeks to ensure that members of the BIdac governance bodies, all PCFs and CFs (collectively –'approved persons') possess sufficient professional qualifications, knowledge and experience in the relevant areas of the business to give adequate assurance that they are collectively able to provide a sound and prudent management of the Company. The assessment of whether a person is 'fit' shall take account of the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person. In the case of members of the Board, the assessment shall take account of the respective duties allocated to individual members to ensure appropriate diversity of qualification, knowledge and relevant experience to ensure that the business is managed and overseen in a professional manner.

Additionally our policy is to assess the fitness of approved persons against the key competencies required by the CBI, namely:
- conduct to be competent and capable – a person shall have the qualifications, experience, competence and capacity to the relevant function;
- conduct to be honest, ethical and to act with integrity – a person must be able to demonstrate that his or her ability to perform the relevant function is not adversely affected to a material degree; and
- financial soundness – a person shall manage his or her affairs in a sound and prudent manner.

Our policy is to apply this approach to both external and internal appointments. We then tailor individual development plans, including mentoring as appropriate, for the appointee to ensure that they are able to fulfil their obligations in their approved person roles.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment

Risk management philosophy

The Company's risk management philosophy is to balance the risks the business takes on with the associated cost of controlling them, while staying within the risk appetite set by the Company Board. The Company continuously monitors its risk profile to ensure it stays within this appetite and takes advantage of opportunities as they arise.

Risk management oversight and framework

The Company's Board delegates oversight of the risk management function and framework to its Risk and Compliance Committee. The Company takes an enterprise-wide approach to managing risk. The risk management framework establishes the approach to identifying, measuring, mitigating, monitoring, and reporting on principal risks. The risk management framework supports the Company's strategy and objectives. At a Company level, executive oversight sits with the Leadership Committee (formerly named Management Committee). The Board sub-committee responsible for the risk management framework is the Company Risk and Compliance Committee.

The Company has adopted a 'three lines of defence' model, in which the risk management function is part of the second line of defence. Ongoing communication and collaboration across the three 'lines of defence' ensures that the Company identifies and manages risks effectively.

The Company's Board approves the risk appetite statement at least annually and receives updates on monitoring against risk appetites throughout the year. This includes an assessment of principal risks.

A suite of reports from the risk management function support senior management and the Company Board in discharging their oversight and decision-making responsibilities throughout the year. The risk management function's reports include updates on risk appetite, risk profiles, stress and scenario testing (including reverse stress testing) and analysis, emerging and heightened risks, and the ORSA report.

The Company operates a control environment which mitigates risks to stay within its risk appetite. The risk management function reviews and challenges the control environment through various risk management activities, including risk opinions and control assurance activities. In addition, the risk management function works closely with the capital modelling and exposure management teams, particularly in relation to financial risk quantification, ORSA analysis, monitoring risk appetite and the business planning process.

The annual risk management plan is developed with reference to the business strategy, external market and regulatory developments, as well as the inherent and residual risk profile captured within the risk register. The risk management function also incorporates results from internal audits and other assurance activities into its risk assessment and planning processes to ensure a comprehensive and forward-looking approach.

Emerging risks

Emerging risks are newly developing or evolving exposures, distinct from existing risks and are characterised by a high degree of uncertainty. These risks have the potential to materially impact the Company and therefore require ongoing monitoring and assessment.

Our approach to managing emerging risks combines insights from across the business, lessons learned from past events and external thought leadership. Each risk is assessed for potential materiality and time horizon, enabling prioritisation of those requiring enhanced oversight or action.

Evaluation is supported by external research, engagement with first line stakeholders, and governance through first and second line Group fora such as the Emerging & Complex Risk Group (ECRG) and the Emerging Risk Working Group (ERWG). Oversight is provided by the BIdac Risk and Compliance Committee and the Board throughout the year.

We recognise that emerging risks present both challenges and opportunities. By adapting our business model and leveraging areas of expertise, the Company seeks to mitigate exposures while identifying opportunities to create value.

A selection of the high priority emerging risks BIdac considers is provided in the below table, together with key mitigation activities.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment

Emergency risks continued

Risk and Description	Priority	Key Mitigations
Artificial Intelligence (AI) The rapid advancement and proliferation of AI introduces risks across underwriting, operational processes and broader societal impacts.	HIGH	• Oversight through Group level AI Steering Committee and AI Governance & Controls Committee; • Responsible AI assessments and policy frameworks; • Third-party controls for ethical deployment; and • Underwriting exposure across the group monitored by AI Exposure Working Group and Emerging & Complex Risk Group.
Geopolitical and conflict escalation Intensifying geopolitical tensions and conflict escalation between countries, states and/or political actors lead to adverse events such as war, terrorism and international trade disruption.	HIGH	• Monitoring by Beazley Emerging & Complex Risk Group (ECRG) and Emerging Risk Working Group (ERWG); • Risk appetite oversight and scenario analysis; • Horizon scanning for emerging threats; and • Cross-functional collaboration to support underwriting and resilience planning.
Supply chain complexity Interconnected global supply chains present risks from disruption, concentration, inflationary pressures, and rising regulatory and consumer demands. These challenges require strengthened due diligence and operational resilience across operations and underwriting.	HIGH	• Active monitoring of supply chain risk to reduce disruption and enhance resilience; • Oversight of cyber contingent business interruption exposures; • Operational resilience reinforced through robust infrastructure and continuity planning.
Political and social unrest/instability Rising inequality, economic imbalances and societal divisions can lead to increased polarisation and reduced social cohesion, resulting in protests, riots and political instability.	HIGH	• Political and social unrest monitored via horizon scanning and scenario analysis; and • Flexible working arrangements and tested continuity measures support operational resilience.

Risk management

The Company prides itself on understanding the drivers of risk. The risk management function both supports and challenges management in effectively managing these risks.

Throughout the year, we have continued to enhance, roll out, and embed elements of our risk management framework. We have worked closely with colleagues across the first and second 'lines of defence' to support the Company's strategy.

The Company operates a risk management framework, within which risk appetite is defined, risks assumed are identified and managed and key controls are implemented and monitored.

Principal risks

The Company operates in a dynamic environment where risk exposures evolve in response to changes in market conditions, regulatory developments, and strategic priorities. Identifying and managing these risks is fundamental to safeguarding the Company's financial strength and delivering sustainable value to stakeholders.

Our principal risks are subject to regular review through the Company's risk and control assessment process. The overall risk profile is continuously monitored with emphasis on operational and regulatory risks, to ensure that our control environment and risk management capabilities evolve in line with business change and developments in the external environment.

The tables that follow summarise the principal risks faced by the Company, together with the governance, oversight and control measures in place to mitigate these exposures. It also sets out the Company's risk appetite for each category of risk, distinguishing between those risks actively assumed to generate returns (high appetite), to those accepted as inherent to core business activities (medium appetite), and those which the Group seeks to limit (low appetite) or minimise/avoid (very low appetite).

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

Risk outlook

△ Increasing ◇ Stable ▽ Decreasing

Principal risks and summary descriptions		Mitigation and monitoring
◇	**Insurance** Risk of loss arising from uncertainties and deviations of the occurrence, frequency, amount and timing of insurance premium and claim liabilities relative to the assumptions at the time of underwriting. This includes risk from underwriting such as market cycle, catastrophe, reinsurance and reserves. • Market cycle: potential systematic mispricing of medium- or long-tailed business that does not support revenue to invest and cover future claims; • Catastrophe: one or more large events caused by nature (e.g. hurricane, windstorm, earthquake and/or wildfire) or mankind (e.g. coordinated cyber-attack, global pandemic, losses linked to an economic crisis, an act of terrorism or an act of war and/or a political event) impacting a number of policies, and therefore giving rise to multiple losses; • Reinsurance arrangements: reinsurance may not be available or purchases do not support the business underwritten (e.g. mismatch); and • Reserving: reserves may not be sufficiently established to reflect the ultimate paid losses; and • Climate risk: impact of climate change on underwriting and reserving assumptions, including the risk arising from the physical effects of climate change, the transition to a low carbon economy and associated litigation risks.	Insurance risk is principally managed by the Company through pricing tools, analysis of macro trends and claim frequency/severity and ensures exposure is well diversified and not overly concentrated in any one area, or line of business. Our strategic approach to exposure management and a comprehensive internal and external reinsurance programme helps to reduce volatility of profits in addition to managing net exposure through the transfer of risk. Our prudent and comprehensive approach to reserving ensures adequate provisions are made for the payment of all valid claims. High calibre claims and underwriting professionals deliver expert service and claims handling to insureds, ensuring good customer outcomes. The Company carries out periodic analysis to identify significant areas of concentration risk across its business and monitors solvency regularly to ensure the Company is adequately capitalised. Beazley continuously monitors key trends and incidents, particularly for evolving perils such as cyber, to ensure our view of risk is up-to-date. The Company makes extensive use of modelling, including catastrophe modelling, the use of our Solvency II model and stress and scenario testing to ensure insurance risk is within our risk appetite. Beazley integrates management of climate risk into its business processes for physical and litigation risk, through climate adjusted pricing, capital modelling and climate conditioned views of risk for its most sensitive perils and supporting underwriting using targeted tools and dashboards and scenario analysis. The approaches continue to develop, given the evolving nature of climate risk. Investment in underwriting, reinsurance, and exposure management systems and processes continue to strengthen our risk management capabilities in an increasingly complex landscape shaped by advances in artificial intelligence, rising geopolitical tensions, and climate-related natural hazards. Outlook: While we continue to assess the Company's insurance risk outlook as stable, supported by active management of market cycles across all lines of business, we recognise that the cycle of rate increases have likely peaked and in the absence of a market turning event, we anticipate further soft market pressures in the near term, making effective risk management increasingly critical.
◇	**Market** The risk of loss resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Investment assets may be impacted by adverse movements in financial markets, interest rates, exchange rates, or external market forces.	The Company operates a conservative investment strategy, to ensure adequate funds are available to pay claims. We employ robust policies and tools to manage market risk, ensuring alignment with regulatory requirements and industry best practices. Interest rate and foreign exchange risks are managed using natural hedges and financial instruments, minimising potential volatility. The Group Investment Committee regularly reviews market risk exposures to ensure that our risk management capabilities remain agile and effective in responding to evolving market dynamics, with regular reporting by the Company's Head of Finance to the Company Board. The Company continues to develop its understanding of how climate change impacts our investment portfolio to help inform alignment with our sustainability goals and create long-term value. Outlook: We maintain a stable market risk outlook for 2026, underpinned by active investment portfolio management and a robust internal control framework.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

Principal risks and summary descriptions	Mitigation and monitoring
Credit The risk of loss resulting from default in obligations due or changes in the credit standing of either issuers of securities, counterparties or any debtors which Beazley is exposed to including intragroup counterparties. Exposure to credit risk arises from reinsurance arrangements, brokers & coverholders , investments, and intragroup lending.	The Company maintains long-term partnerships with strategic reinsurance partners to support the Company throughout the insurance cycle and during potential catastrophic claim events. The Company uses a range of internal and external reinsurance mechanisms to diversify reinsurance credit risk. The Company has credit risk arising from relationships with external reinsurers, both directly within the European business and indirectly through the Company's intra-group reinsurance contracts. Credit risk relating to external reinsurers is monitored by the Group Reinsurance Security Committee, and the Group reinsurance team report regularly to the Company's Leadership Committee, with at least annual reporting to the Company Board. Intra-group agreements represent a significant source of credit risk for the Company. These include both intra-group reinsurance and intra-group lending arrangements. The credit risk arising from these arrangements are monitored closely and risk mitigation features limit the Company's exposure to credit risk. Credit risk arising from brokers (non payment of premiums or claims) is monitored through robust due diligence processes, credit monitoring and ongoing monitoring of aged debts. Investment credit risks are managed with a well-diversified portfolio, with investment parameters by type, duration, and credit quality, monitored by the Group Investment Committee, with regular investment reporting to the Company Board. Outlook: Credit risk outlook remains stable, as the Company manages reinsurance (intra-group counterparty risk and external), intra-group lending, broker, coverholder and investment credit risks within agreed limits.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

Principal risks and summary descriptions	Mitigation and monitoring
Group The risk that an action or inaction of one part of the Group adversely affect another part or parts of the Company. This also includes changes in culture which leads to inappropriate behaviour, actions and/or decisions including dilution of culture or negative impact on the brand.	In 2025, Beazley developed its Risk Culture Framework further, to align with industry best practice. The framework is underpinned by six guiding principles: Leadership and Tone from the Top; Risk Governance and Accountability; Risk Awareness; Communication and Transparency; Risk and Reward; and Innovation and Adaptiveness. A strong risk culture is the cornerstone of a mature risk management function. It enables informed and responsible decision-making, fosters transparency, and promotes vigilance across both existing and emerging risks, ensuring the Company remains resilient and forward-looking in an evolving risk and regulatory landscape. Beazley operates shared services, systems, processes and controls across different legal entities and jurisdictions. As such, the impact of an issue or incident in one area of the business can have implications across the Group (i.e., contagion risk). To mitigate this risk, the Group continue to focus on strategic initiatives, which include continuous enhancement of our internal control environment and optimisation of key business and IT processes through deployment of technology solutions. The Board oversees this risk, with regular monitoring conducted by the Risk function and overseen by the Risk and Compliance Committee. Outlook: The Group risk outlook remains stable, with the executive management continuously evolving our risk culture through regular monitoring and annual assessments, designed to drive enhancement. The Company continues to monitor this risk in light of the Offer for Beazley plc and its subsidiaries. Refer to page 2 for further details.
Liquidity Investments and/or other assets are not available or adequate in order to settle financial obligations when they fall due.	By actively managing its liquidity needs, the Company maximises flexibility in handling its financial assets and investment strategy. This proactive approach ensures that clients and creditors are financially protected. The Company regularly assesses its liquidity position, which is reported at least quarterly to the Board by the Company's Chief Financial Officer. Our liquidity risk outlook remains stable as the Company consistently maintain more than adequate levels of liquidity and capital.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

Principal risks and summary descriptions	Mitigation and monitoring
Regulatory and legal Non-compliance with regulatory and legal requirements, failing to operate in line with the relevant regulatory framework in the territories where the Company operates. This may lead to financial loss (fines, penalties), sanctions, reputational damage, loss of confidence from the regulator, regulatory intervention, inability to underwrite or pay claims.	The Company's compliance framework supports adherence to rules, laws and regulatory expectations including through horizon scanning, advice and training. The work of the Compliance function is overseen by the Risk and Compliance Committee. In 2025, the Group implemented a global horizon scanning tool to support the increasing size and complexity of our multi-jurisdictional business. This tool aids in identifying, assessing and implementing new and emerging legal and regulatory policy in a way that is both accessible and immediate across all areas of our business and locations that we underwrite. Additionally, it helps to increase awareness of the regulatory environment for a wider audience, strengthens our adherence to requirements and provides additional clarity over the expectations of our regulators. We enhanced our regulatory engagement protocols by developing a new framework, establishing oversight and strengthening our reporting mechanisms for sharing key information with our regulators. To ensure effective embedding of the new protocols and further strengthen our culture of transparency and openness, we provided company-wide training to ensure that expectations are understood. Delivering good customer outcomes remains central to our business. The Group's Conduct Review Group oversees this risk, with regular reporting to the Company Leadership Committee and the Company Risk and Compliance Committee. The Company maintains a very low appetite for regulatory and legal risk. As we navigate an increasingly complex environment, maintaining strong and open relationships with our regulators remains paramount. Outlook: The outlook for this risk is stable. We continue to enhance our key systems and internal control frameworks as well as adapting our compliance framework to adhere to our regulatory and compliance landscape.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

Principal risks and summary descriptions	Mitigation and monitoring
Operational The risk of failure of people, processes and systems or the impact of an external event on company operations. The primary risk drivers include technology, information management, project and change transformation, third-party management, and the process and people related infrastructure supporting core business activities such as claims and underwriting management.	Our risks and controls are formally monitored and reported through a risk and control self-assessment process and the use of quantifiable KRIs. Beazley's ongoing control enhancement and underwriting transformation programmes are designed to ensure that the Company is fully equipped to meet current and future operational challenges, strengthening our resilience and supporting sustainable growth. The Company's Board and Leadership Committee receive regular reporting from the Company's Chief Operating Officer. Our business continuity, disaster recovery and incident response plans ensure the stability of our processes and systems, enabling our teams to consistently deliver optimal outcomes for our clients. As the external environment grows more complex, technology and cyber resilience remain top priorities. Beazley has advanced our cyber maturity, collaborating with external agencies, and maintaining robust controls over information security, data and operational resilience. Regular reviews of our incident response plans and ongoing investment in cyber security training for all employees ensure we remain vigilant and prepared. Outlook: We anticipate a stable outlook for this risk in 2026, supported by the continued benefits of our investment in modernising controls, systems and processes. As our transformation programmes and modernisation initiatives progress, we expect these efforts to further enhance our operational resilience in the years ahead.
Strategic The risk of loss resulting from ineffective strategic direction and implementation that leads to inadequate profitability, insufficient capital, financial loss and/or reputational damage for the Company. Pervasive risks impacting multiple areas of the Company (e.g. reputation, and sustainability) occurring through real or perceived action, or inaction, by a regulatory body, market and/ or third-party provider. A negative change to Beazley's reputation could have a detrimental impact to the Company's performance and public perception.	The Company consistently addresses key strategic opportunities and challenges, striving to be the highest performing and most sustainable specialist insurer. We ensure that we recognize, understand, discuss, and develop action plans for significant strategic priorities in a timely manner, while maintaining operational effectiveness and brand reputation. The Company create an environment that attracts, retains, and develops high-performing talent with diverse perspectives, encouraging exploration, creation, and innovation. By investing in understanding the complexities of the risks our clients face and deploying our expertise where it adds value, we thrive. The Company Board oversees these risks. The Company maintains coverage above regulatory capital to meet its business plan and strategic objectives in the short, medium, and long term. The Company's commitment is to create a sustainable business for our people, partners, and planet through responsible business goals. We embed sustainability principles and ambitions, focusing on reducing our carbon footprint (refer to the Group's TCFD report for more details on climate-related risks and mitigations), contributing to our social environment, and practicing good governance. While we consider market developments, we evaluate each on its individual merits, weighing both potential opportunities and risks. As we consolidate and embed our achievements from 2025, our strategic risk outlook remains stable.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

Own risk and solvency assessment

The Solvency II Directive indicates that the ORSA is 'the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long term risks a company faces or may face and to determine the own funds necessary to ensure that the undertaking's overall solvency needs are met at all times'.

In other words, the ORSA is the consolidation of a collection of processes resulting in the production of a report to provide risk committees and boards with sufficient information to enable an assessment of the short term and long term risks faced by the entity and the capital required to support these risks.

Beazley's interpretation is that there are three parts to the ORSA deliverables:

- ORSA governance;
- ORSA processes: coordination of a number of underlying processes; and
- ORSA reports: summary of the findings from these processes.

The overarching governance structure is illustrated in the table below. The Board has the ultimate responsibility for the Company's ORSA.

The risk management function is responsible for the coordination of the ORSA process and the production of the ORSA report with input from relevant first line Risk Owners and their respective teams.

The ORSA report is produced and approved by the Board on at least an annual basis.

Ad hoc ORSA

An ad hoc ORSA may be produced when there has been a material change to the risk profile or the environment within which Beazley is operating. Example triggers for an ad hoc ORSA are:

- Major internal model changes as per the model change policy;
- Material movements in SCR with triggers specified in the ORSA policy;
- New business plan is created, or significant changes to existing plans (e.g. following a major catastrophe event, changes to reinsurance program);
- Prior to the completion of a board sponsored acquisition; and
- Any other changes deemed to be significant, as judged by the relevant boards.

Ad-hoc ORSA's reports will focus on the immediate matter in hand and will not necessarily cover all aspects that are included in the annual ORSA report. The content should be relevant to the trigger of the ad hoc ORSA report with the purpose of informing management and the Board of relevant risk assessments, changes to the risk profile, and implications for strategy, business plans, and capital.

Relationship between the internal model and the ORSA

The internal model is an important input into the ORSA. The ORSA uses the same internal model and basis as that used to estimate the SCR and so there is no difference in the recognition and valuation bases. Any limitations of the internal model relevant to the ORSA will be considered in the relevant ORSA report as part of the overall solvency needs assessment.

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

ORSA process

The underlying processes that form Beazley's ORSA process are listed below, along with the the process owner, primary oversight committee and the SII process document and name of the report.

Process	Process owner/oversight committee
Beazley Group strategy	Group Chief Executive Officer (CEO)
BIdac strategy Annual Board strategy meeting Regular Group Chief Executive Officer and updates to the Board	BIdac General Manager BIdac Board
Risk appetite Qualitative risk appetite Annual risk appetite levels for BIdac	BI*dac* Chief Risk Officer BIdac Risk and Compliance Committee BIdac Board
Risk assessment – current Risk register and risk summaries Risk management reporting: • Control performance and comments from assurance function; • Comparison of residual risk score with risk appetite; • Risk incidents; • Key risk indicators; • Heightened risk report; and • Risk profiles. Exposure management reporting	BIdac Chief Risk Officer BIdac Risk and Compliance Committee
Risk assessment – emerging risk Bi-annual risk assessment with risk owners Annual review of strategic and emerging risks Risk profiles	BIdac Chief Risk Officer BIdac Risk and Compliance Committee
Stress and scenario testing Stress testing Scenario testing Reverse stress testing	BIdac Chief Risk Officer BIdac Risk and Compliance Committee
One year business plan Challenge process overseen by BIdac Leadership Formal report produced by BIdac Leadership Committee Review and challenge by BIdac Leadership Committee	Group and Subsidiary Chief Underwriting Officers BIdac Leadership Committee BIdac Board

B. System of governance continued

B.3 Risk management system including the own risk and solvency assessment continued

ORSA Process continued

Process	Process owner/oversight committee
Regulatory capital assessment	BIdac Risk and Compliance Committee
Parameterised from one year business plan	BIdac Board
Analysis of change and capital requirement agreed with regulators	
Capital strategy	BIdac Head of Finance
Capital strategy	BIdac Board
Establish dividends in line with dividend strategy	
Five-year plans and projections	Chief Underwriting Officer
Regular updates of plans and projections	Group Executive Committee
Consideration of a number of scenarios based on macro-economic trends	BIdac Head of Finance
Assessment of capital requirements under each scenario	
Identification of capital and dividend stress points	BIdac Board

Assumptions for ORSA stress and scenario testing are generally set and challenged in the related underlying processes and would be evidenced through papers and minutes in those committees. However, the BIdac Risk and Compliance Committee has oversight of all the underlying processes coming together and so has the remit to review and challenge assumptions being used. Where this occurs the Chief Risk Officer will provide feedback to the executive owner of the underlying process. The ORSA considers the range of the profit and loss probability distribution forecast, with a focus on the 1:200 (capital requirement) points of the distribution.

A range of stress and scenario tests are undertaken and monitored throughout the year by various governance committees throughout Beazley – notably the Group Physical Damage Exposure Management Group, the Group Cyber and Casualty Management Group and the Group Operational Resilience Committee. Any stress and scenario tests that are produced for the purpose of ORSA processes will be overseen and monitored by the BIdac Risk and Compliance Committee before onwards reporting to the Board. The ORSA report summarises the process and outcome of relevant tests.

Each year, a list of strategic and emerging risks are considered, investigated by working groups comprising executives and non-executive directors and debated further following the Board strategy day. The outcome of the review, including any actions, are summarised in the ORSA report.

B. System of governance continued

B.4 Internal control system

Beazley's internal control system includes administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the business and a compliance function. It is designed to:

- secure compliance with applicable laws, regulations and administrative processes, the effectiveness and efficiency of operations in view of the business objectives and the availability and reliability of financial and non-financial information;
- ensure that adequate and orderly records of the business and internal organisation are maintained; and
- create a strong control environment with control activities that are adequately aligned to the risks of the business and the Group's processes.

The effectiveness of the internal control system is monitored regularly to ensure that it remains relevant, effective and appropriate.

Beazley operates a three 'lines of defence' framework and the actuarial function and the three assurance functions of compliance, risk management and internal audit are defined as 'required' functions under the Solvency II framework. Each function is structured so that it is free from influences which may compromise its ability to undertake its duties in an objective, fair and independent manner and in the case of the internal audit function in a fully independent manner. The Board receives assurance that the business is operating how it expects from the following required functions:

- the actuarial function provides assurance that the reserves and technical provisions held on the balance sheet are appropriate;
- the compliance function provides assurance that Beazley is operating within the relevant legal and regulatory framework;
- the risk management function provides assurance that the business is operating within risk appetite; and
- the internal audit function provides assurance that the whole internal control framework (including activities of other functions set out above) is designed and operating effectively.

The Board has set a residual minimal risk appetite for regulatory breaches. Directors, senior management and staff are all expected to comply with these high standards of ethical business conduct.

1) Compliance within the corporate governance and risk management frameworks

Ultimately the Board is responsible for ensuring compliance with the relevant regulations, BIdac's governance framework includes a number of Board and executive committees with delegated authority to consider matters within their remit. The BIdac Head of Compliance is a member of the Leadership Committee and attends by invitation the Risk and Compliance Committee and the Reinsurance Underwriting Group. The function may provide updates to these forums.

Within the Group's risk management framework, the compliance function's activities fall within both the first and second 'lines of defence'.

2) Compliance framework

Independence and authority

To help ensure independence, the BIdac Head of Compliance and the wider compliance function have full and free access to the BIdac chair of the Risk and Compliance Committee, the chair of the Audit Committee and the chair of the Board of Directors. The function is also authorised to have full, free and unrestricted access to all members of BIdac's management, its books and records, physical property, vendors, and other sources of information relevant to the performance of its work.

Compliance monitoring activity is performed by the second line assurance function which is independent of the first line, and the compliance function. The second line assurance function reports directly to the Group Chief Risk Officer.

Adequacy of resources

Management continually assesses the adequacy of the resourcing of the compliance function, including as part of the planning process. In situations where additional resources are needed in the short term (e.g. for projects), management has the option of considering the use of contract staff, and consultants.

Risk appetite

The control environment supports the nature, exposure, scale and complexity of the business overseen by the Company's Risk and Compliance Committee. The Company maintains a trusting and transparent relationship with regulators, ensuring coordinated communication and the following of robust processes, policies and procedures in the business. In addition, key staff, particularly those who hold defined roles with regulatory requirements, are experienced and maintained regular dialogue with regulators. The Company horizon scans for regulatory and legal matters and considers their potential impacts on the business and reports regularly to the Leadership Committee and the Risk and Compliance Committee in this regard.

B. System of governance continued

B.4 Internal control system continued

3) Compliance activities

The compliance team's primary responsibility is to advise the Group and Company on the proper application of existing and upcoming regulatory requirements. It does this primarily through horizon scanning, documenting policies and procedures, and providing training. The function’s other key activities are summarised below.

Regulatory relationships: The compliance function coordinates BIdac’s relationship with the CBI (and other regulators).

Authorisations, licenses and permissions: The function is responsible for obtaining the necessary authorisations, licenses and permissions for BIdac. This is to ensure that BIdac and its employees have the appropriate authorities throughout each country for their business activities. Some of the general types of licenses and permissions are listed below with detailed descriptions in the compliance manual:

- CBI permissions – legal entity and individuals;
- Freedom of Establishment permissions;
- Freedom of Services permissions; and
- Permissions to expand the scope of the Company’s business beyond what has been agreed with the CBI.

Group policies: The function is responsible for ensuring Group policies align to BIdac regulatory requirements and make any adjustments as necessary to the following Group policies:

Whistleblowing: We operate a Whistleblowing policy which sets out how any concerns relating to wrongdoing, malpractice, or danger in connection with Beazley, should be reported, as well as the safeguarding measures in place to protect any employees who report concerns.

An independent whistleblowing hotline acts as an additional method for the workforce and others to report concerns. The whistleblowing policy is included in the annual compliance training program. The Audit Committee has overall responsibility for the effectiveness of the whistleblowing policy and procedures and the policy is approved by the Committee annually.

Financial Crime: This policy is reviewed and approved annually by the Board. It sets out that we do not tolerate criminal activity of any kind both within the business or by our business partners and third-party suppliers, and we are committed to doing the right thing and acting within the law. It covers six broad areas of anti-bribery and corruption, anti-money laundering, sanctions, fraud, market abuse and anti-tax evasion facilitation.

The policy sets out how our values and culture, systems and controls, management oversight and reporting, assurance monitoring and record keeping create an ethical environment which helps ensure the effectiveness of our policy.
Our controls require due diligence to be completed in accordance with the Group’s due diligence guidelines, which are maintained by our Compliance function. Any exceptions must be reported to and approved by Compliance.

All employees have an important role to play in helping to detect, prevent and deter financial crime and our mandatory annual compliance training program ensures that our workforce is aware of our policies, how to implement them in their day-to-day roles, and how to report any breaches or suspicions. Policies and training modules are maintained by our Compliance function, are reviewed annually, and are available in our policy depository on the intranet.

Sanctions: Our approach to sanctions risk forms part of our Financial Crime policy and is vital in keeping our business protected during a time of increased geopolitical uncertainty and sanctions in connection with ongoing global conflicts. To ensure that Beazley and any agents or third parties do not violate any sanctions requirements in the jurisdictions in which we operate, we also utilise third party screening and subject third parties to regular sanctions screening.

Gifts and hospitality: This policy aims to prevent conflicts of interest arising in the ordinary course of business and avoid situations that may be perceived as such. This protects the Company’s reputation and also ensures employees are protected and able to conduct their business with integrity. All gifts and hospitality over the prescribed thresholds are duly logged as part of the requirements of the policy.

Committee and Board reporting: The function provides regular reports to the Risk and Compliance Committee and other committees in the executive governance framework. The reports are designed to facilitate oversight of the function’s activities, or provide updates on internal and external regulatory matters.

B. System of governance continued

B.4 Internal control system continued

3) Compliance activities continued

Regulatory returns: The CBI (and other regulators) require BIdac to submit regulatory returns. For some of those returns the function plays a key role supporting the business to ensure they are filed with our regulators in a timely and accurate fashion. The function may work closely with other areas, such as finance, actuarial, data management, and the Regulatory Review Committee, to support the accurate and timely filing of returns.

Regulatory breaches: The function is responsible for reporting regulatory breaches both within the internal governance framework and externally as required.

Product development: The function provides regulatory and legal assistance during the design and launching of new products, including the expansion of existing products. Assistance includes legal research and advice to ensure products are developed efficiently, consistent with local regulations and in line with the Company's regulatory risk appetite.

Complaints: The complaints team which is part of the conduct review group is responsible for the complaints policy. The compliance function assists with complaints activity for example by reviewing and monitoring the effectiveness of the complaints handling process and reports complaint activity and root cause analysis to the Leadership Committee.

4) Compliance monitoring and validation activities

The second line assurance team provides assurance that the Group is adhering to regulatory requirements by undertaking the following activity:
- checking that regulatory risks are being identified;
- assessing the design and operational effectiveness of the controls in place to mitigate those risks; and
- reporting the results of its work to relevant oversight committees and boards.

The scope of compliance monitoring activity is across all Group functions, entities and locations where regulatory risk is present.

The second line assurance team also performs control validation activity over the Group's entire control environment to help ensure that controls are designed and operating effectively. It covers the majority of controls linked to all risk events over a three year cycle.

B. System of governance continued

B.5 Internal audit function

The Company leverages Beazley's internal audit function, the purpose of which is to provide independent and objective assessments of the design and operating effectiveness of the system of internal controls covering the integrity of financial statements and reports, compliance with laws, regulations and corporate policies and the effective management of risks faced by Beazley in executing its strategic and tactical operating plans.

The internal audit team

The internal audit function operates as a global auditing team and has resources that are appropriate, sufficient, and effectively deployed to achieve the approved annual internal audit plan. Internal audit resource and budget requirements (head count, co-sourcing, travel, etc.) are approved on an annual basis by the Beazley plc Audit Committee.

Co-sourcing

In addition to its headcount, the internal audit function has a budget which it uses to supplement the team with subject matter expertise through co-sourcing (e.g. IT and reserving audits where necessary).

Audit universe and annual internal audit plan

The internal audit function has developed an 'audit universe' that represents the potential range of business areas and topics – known as 'audit entities' – that internal audit reviews.

The remit of the internal audit function extends to any business activity undertaken by the Company. Using a risk based methodology, audit entities are prioritised with a view to ensuring that the most material or highest risk audit entities are audited most frequently. The frequency with which audit entities are reviewed is also considered in light of regulatory requirements, emerging risks, change and other factors. Audits over BIdac activities are undertaken annually and agreed with the BIdac Audit Committee. Typically, there are between 1-3 company specific audits that covers topics which include, for example: outsourcing, reserving, licensing and financial reporting. Significant changes to the group annual audit plan are proposed and agreed with the BIdac Audit Committee as well as the Beazley plc Audit Committee.

The audit universe – and the resulting Company annual internal audit plan – is reviewed and approved annually by the Group and BIdac Audit Committees. The Beazley annual internal audit plan consists of dedicated company audits in addition to Group-wide audits which may cover business activity undertaken by the Group on the Company's behalf. Any significant changes to the annual internal audit plan are agreed with the Group Audit Committee and BIdac Audit Committee. The annual internal audit plan covers topics which include, for example: underwriting; claims; IT and information security. The BIdac Audit Committee has the authority to add, remove or change the internal audit plan as required. During the year, the Group Audit Committee and the BIdac Audit Committee along with the internal audit function assess whether the annual plan remains appropriate.

Management actions and verification work

An established part of the internal audit process includes undertaking work to verify that management has adequately completed their actions arising from audits. The internal audit function undertakes verification work over management's audit actions on a risk-based approach (i.e. the internal audit function checks evidence related to the completion of all high actions and checks evidence for a risk-based sample of medium and low actions). To date, where verification work has been undertaken it has been rare for the internal audit function to identify issues with the actions management has confirmed that they would implement. Verification work can include, for example: interviewing staff, reviewing documentation and re-performing a control. Open and overdue audit actions are reported to the BIdac Audit Committee as part of standard committee reporting.

Independence and objectivity

The internal audit function's independence and objectivity is maintained in a number of ways:

- the Group Head of Internal Audit reports to a Group Non-Executive Director (the Chair of the Beazley plc Audit Committee), and for administrative matters to the Group CEO;
- the BIdac Audit Committee annually reviews and approves an internal audit charter that sets out the roles and responsibilities of the Group Head of Internal Audit and the internal audit function;
- the internal audit function is not mandated to undertake any form of business activity and its remit is restricted to assurance and consultation work as set out in the internal audit charter;
- the Company annual internal audit plan is approved by the BIdac Audit Committee (a Non-Executive committee);
- the Group Head of Internal Audit rotates staff between audit assignments to ensure objectivity and independence; and
- the Group Head of Internal Audit must provide annual representations to the BIdac Audit Committee on the ongoing independence and objectivity of the internal audit function.

B. System of governance continued

B.6 Actuarial function

BIdac has a HoAF as required under the CBI Domestic Actuarial Regime. An actuarial team is located in Dublin and is supported by actuarial services provided by the Group actuarial function located in the UK under the management services agreement with BML. The actuarial function fulfils the regulatory role as outlined under Solvency II and associated CBI guidance and provides professional actuarial advice to BIdac in a range of other areas as required. The HoAF can express actuarial and professional opinions free from undue influence from the business. The members of the actuarial function are required to be objective and take reasonable steps to ensure they are free from bias or from conflicts of interest that could suggest bias. The HoAF does not perform any other function at Beazley that could give rise to a conflict of interest.

The actuaries that comprise the actuarial function are fellows or students of the Society of Actuaries in Ireland/Institute & Faculty of Actuaries (or equivalent) and operate under the standards set out by those bodies and the Financial Reporting Council (or equivalent).

The HoAF is responsible for producing an annual Actuarial Opinion on Technical Provisions (AOTP) to be submitted to the CBI in accordance with the Solvency II annual QRTs. In addition, the HoAF must present an Actuarial Report on Technical Provisions (ARTP), at least in summary form, to the Board at the same time as the AOTP and in full within two months of that date.

In addition the HoAF role must provide:
- an opinion on the underwriting policy;
- an opinion on the reinsurance arrangements; and
- a contribution to the risk management system (including the opinion on the ORSA).

Board interaction
The HoAF and the actuarial function have a number of interactions with the Board and its various committees. Examples of this include (but are not limited to):
- the HoAF is a member of the BIdac Leadership Committee and Reinsurance Underwriting Group and presents to those committees on a number of areas including pricing, rate change and reserving (including summary output from the peer review committee);
- the HoAF is a member of the BIdac Reserving Committee, which reports to the BIdac Leadership Committee. This committee receives reporting from the HoAF in relation to their review of the reserving carried out under the MSA with BML;
- the HoAF (or members of the actuarial function) presents the Audit Committee with the actuarial function report, including the reinsurance and underwriting opinions;
- the HoAF has catch-ups with the chair of the Audit Committee in advance of most Audit Committee meetings, thus enabling further detailed discussion and questions;
- the HoAF presents the ORSA opinion to the Risk and Compliance Committee;
- The Group peer review committee carries out detailed reviews of reserves across the Group, including reserves of BIdac. Here, the members of the Group actuarial function present details of their reserving output as well as that from the underwriting teams. The BIdac HoAF attends these meetings;
- the HoAF has regular catch ups with the Group actuary and chair of the Audit Committee when required; and
- the HoAF presents the AOTP and ARTP to the Audit Committee and Board for information.

B. System of governance continued

B.6 Actuarial function continued

Interaction with other key functions

The actuarial function at Beazley interacts with key functions as summarised below:

Function	Relationship
Underwriting teams	The actuarial function provides support and challenge during the business planning process, support on pricing of risks and development of pricing tools and analysis in support of reinsurance purchase and optimisation.
Claims teams	The actuarial function interacts with claims managers throughout the quarterly claims reserving process and particularly during the pre-peer reviews where individual assessments are reviewed. The actuarial function liaises with the BIdac Head of Claims as appropriate, including in the BIDAC reserve committee.
Risk management	Within the actuarial function, there is review of the initial reserve risk ranges from the internal model, and adjustments are made to the range in specific cases where it is not deemed appropriate. The actuarial function provides the Chief Risk Officer with reserve surplus and reserve strength metrics for reference in the ORSA and is involved in a number of areas of the ORSA, including providing an opinion on the ORSA.
People and Sustainability	Support the training and development needs of the actuarial function such that a professional staff can be maintained with sufficient skills, experience and professional qualifications to meet the requirements of the actuarial function.
Data management	The actuarial function is a key consumer of data at Beazley and that data is managed by the data management team. The data management team and various business system owners ensure that the actuarial function has the internal data necessary to discharge its responsibilities. The key data inputs for the actuarial function are the gross and net triangles produced on a monthly basis.
Finance	The actuarial function and finance function work closely together, particularly during the valuation of insurance liabilities on an underwriting year, GAAP or Solvency II basis. The HoAF has regular catch-ups with the Head of Finance. The finance function provides the expense provision valuation from which the actuarial function builds up the expense provision to include within the technical provisions.
IT	The actuarial function relies on IT for the maintenance of its hardware and software to agreed service levels, and for the delivery of agreed projects.
Underwriting and claims operations	Ensure the data in the source systems is of the required quality.
Investments	The capital actuaries provide management information on the annual asset model movements to the Investment Committee and key Executive Directors.

B. System of governance continued

B7. Outsourcing

Although activities may be transferred to an outsourced provider, the responsibility, including regulatory responsibility may not be outsourced. The Company remains fully responsible for meeting all of its obligations when outsourcing functions or activities.

Outsourcing of critical or important functions or activities shall not be undertaken in such a way as to lead to any of the following:
- materially impairing the quality of the system of governance of the undertaking concerned;
- unduly increasing the operational risk;
- impairing the ability of the supervisory authorities to monitor the compliance of the undertaking with its obligations; and
- undermining continuous and satisfactory service to policy holders.

Beazley's outsourcing strategy focuses on client benefit, simplifying how we operate, delivering measurable value and growth and leveraging Beazley's capability-led vendor strategy. This strategy informs the Outsourcing Policy which covers external third party and intra-group outsourcing ensuring a consistent approach for the due diligence and management of outsourced services.

The Board of the Company is responsible for ensuring that the outsourcing policy and the outsourcing arrangements themselves comply with the relevant regulations for ensuring that due skill, care and diligence is exercised when entering into, managing or terminating any arrangement for the outsourcing to a service provider of critical, important or material functions or activities.

Beazley requires service providers to co-operate with the relevant supervisory authorities in connection with the outsourced function or activity. The service provider is required to notify and seek Beazley approval prior to sub-contracting any of the outsourced function and the due diligence undertaken. Any sub-contract is required to contain no lesser terms and conditions as that of the main contract with Beazley. Beazley staff, auditors and the relevant supervisory authorities have effective access to data related to the outsourced functions or activities and, where appropriate, the supervisory authorities have effective access to the business premises of the service provider and must be able to exercise those rights of access.

Intra-group services are provided by BML, a UK registered Company. BML provides services to the Company through a management services agreement. The agreement sets out the services provided and these include facilities management, IT, other operational arrangements, actuarial, finance, internal audit, compliance, risk management. BML subsequently outsources to a number of internal Beazley Group entities and third parties to deliver the services and inputs to the Company. This allows the Company to benefit from the scale and synergies from obtaining these services from Beazley Group. The Board is ultimately responsible for the outsourced services provided by BML which are grouped into functions. Each of the functions is overseen by a CBI approved person (PCF) who is a senior member of the Company's management team with the appropriate skills and experience to monitor the performance of those activities. The Company's Chief Operating Officer has overall responsibility for the Company's outsourcing framework.

The Company also has intra-group delegated underwriting arrangements with Beazley Solutions International Limited (BSIL), domiciled in Ireland, and with Beazley Reinsurance Manager Inc. (BRIM), domiciled in the USA. The critical activities that are outsourced directly by the Company to external third parties are: Delegated underwriting in Spain, Germany and the UK; Claims handling and support in France and UK.

The board of the company outsourcing services under the management services agreement remain fully accountable for those services. The Board is responsible for ensuring that intra-group outsource arrangements comply with the relevant regulatory regime(s) and for ensuring that the due skill, care and diligence is exercised when entering into, managing, or terminating any arrangement. The Board is responsible for ensuring that their outsourced services are being received as agreed under their contract for services.

B.8 Any other information

None.

C. Risk profile

The Company, in conjunction with the Group, has identified the risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The Company is exposed to these risks both directly and, through its reinsurance contracts with BUL, syndicates 623/2623 and BESI. The Company categorises its risks into eight areas: underwriting, market, credit, liquidity, operational, strategic, regulatory and legal risk and group risk. The Company manages climate risk within these eight main categories. Further information on climate risk is explained in section C.7 below. The sections below outline how the Company defines and manages each category of risk. The amount of risk taken, and therefore capital required, by risk category is shown on form S.25.05.21 in the appendix.

The risk management framework described in section B.3 includes the ongoing assessment of these risks and of the continued effectiveness of risk mitigation techniques.

The stress and scenario framework is an important element of the risk management framework. The stress and scenario framework is applied to a range of business processes to assist management understand the vulnerabilities within the business model. This approach encourages management's involvement in risk oversight by using real life scenarios to provide qualitative and quantitative information on what risks might look like under stressed conditions and encourages a forward looking view of risk.

In addition, as a validation tool the stress and scenario framework tests:
- assumptions, particularly where data is sparse;
- assumed correlations between assumptions;
- the availability of resources and what action might be required under stressed situations;
- whether controls perform as expected under stressed situations; and
- the effect of changes in the operating environment (e.g. external events).

There are three elements to the framework:
- stress testing involves looking at the impact on the business model of changing a single factor;
- scenario testing involves the impact on the business model of simulating or changing a series of factors within the operating environment; and
- reverse stress testing involves considering scenarios that are most likely to render the current business model to become unviable.

C.1 Underwriting risk

The Company issues insurance contracts under which it accepts significant insurance risk from persons or organisations that are directly exposed to an underlying loss from an insured event. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. The four key components of insurance risk are underwriting, reinsurance, claims management and reserving. Each element is considered below.

a) Underwriting risk
Underwriting risk comprises four elements that apply to all insurance products offered by the Company:
- cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- event risk – the risk that individual losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

The Board reviews detailed underwriting information relating to the syndicate business reinsured by the Company through its excess of loss arrangements with BUL and its quota share contracts with syndicates 2623/623 and BESI. The below section provides an overview of the underwriting risk associated with the underlying syndicate and BESI business as well as the insurance/reinsurance business underwritten directly by the Company through its European branches. This reflects how the Board monitors and manages the business and the associated risks.

The Company's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geography and size. The annual business plans for each underwriting team reflect the Company's underwriting strategy, and set out the classes of business, the territories and the industry sectors in which business is to be written.

C. Risk profile continued

C.1 Underwriting risk continued

a) Underwriting risk continued
The Company's underwriters calculate premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include but are not limited to the financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses.

The Company also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. To address this, the Company sets out the exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. This is monitored through regular calculation of realistic disaster scenarios (RDS). The aggregate position is monitored at the time of underwriting a risk, and reports are regularly produced to highlight the key aggregations to which the Company is exposed.

The Company uses a number of modelling tools to monitor its exposures against the agreed risk appetite set and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and scenario tests are also run using these models. The range of scenarios considered include natural catastrophes, cyber, marine, liability, political, terrorism and war events.

One of the largest types of event exposure relates to natural catastrophe events such as windstorm or earthquake. With the increasing risk from climate change impacts and the frequency and severity of natural catastrophes, the Company continues to monitor its exposure. Where possible the Company measures geographic accumulations and uses its knowledge of the business, historical loss behaviour and commercial catastrophe modelling software to assess the expected range of losses at different return periods. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated on the basis of extreme events at a range of return periods. The Company also has exposure to man-made claim aggregations, such as those arising from terrorism, liability and cyber events.

The Company chooses to underwrite cyber insurance within the Cyber Risks division and indirectly through the reinsurance contracts with BUL and BESI using its team of specialist underwriters, claims managers and data breach services managers. Other than for affirmative cyber coverage, the Company's preference is to exclude cyber exposure where possible.

To manage the potential exposure, the Board has approved a risk appetite for the aggregation of cyber-related claims based on a probabilistic model. Internally developed RDS are also used to inform the Group's understanding of cyber risk. These scenarios include the failure of a data aggregator, the failure of a shared hardware or software platform, the failure of a cloud provider, and physical damage scenarios. Whilst it is not possible to be precise, as there is sparse data on actual aggregated events, these severe scenarios are expected to be very infrequent. To manage underwriting exposures, the Group has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry. The reinsurance programmes purchased by Beazley, whether directly by the Company or indirectly by syndicates 2623 and 3623, would partially mitigate the cost of most, but not all, cyber catastrophes.

b) Reinsurance risk
Reinsurance risk for the Company arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk which is detailed separately below.

The Company's reinsurance programmes complement the underwriting team business plans and seek to protect Company capital from an adverse volume or volatility of claims on both a per risk and per event basis. In some cases the Company deems it more economic to hold capital than purchase reinsurance. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process.

The Group's Reinsurance Security Committee examines and approves all reinsurers to ensure that they possess suitable security. The Group's ceded reinsurance team ensures that these guidelines are followed, undertakes the administration of reinsurance contracts, monitors and instigates our responses to any erosion of the reinsurance programmes.

C. Risk profile continued

C.1 Underwriting risk continued

c) Claims management risk

Similar to section C.1(a) above, the following section provides an overview of the claims management processes carried out by the Company in respect of its direct insurance/reinsurance business, as well as the processes carried out at a syndicate and BESI level in respect of the business covered by the Company's intra-group reinsurance contracts.

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Beazley brand and undermine its ability to win and retain business or incur punitive damages. These risks can occur at any stage of the claims life-cycle.

Beazley's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business's broader interests. Case reserves are set for all known claims liabilities, including provisions for expenses as soon as a reliable estimate can be made of the claims liability.

d) Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs where established insurance liabilities are insufficient through inaccurate forecasting.

To manage reserving and ultimate reserves risk, our actuarial team uses a range of recognised techniques to project gross premiums written, monitor claims development patterns and stress test ultimate insurance liability balances. An external independent actuary also performs an annual review to produce a statement of actuarial opinion for the syndicates (a significant element of this business being ultimately reinsured to the Company).

The reserving process is controlled and governed by the reserving policy which is approved by the Company Board. The objective of the Company's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business. The estimates of gross premiums written and claims prepared by the actuarial department are compared to those produced by the claims and underwriting teams through a formal quarterly peer review process, in order to ensure the integrity of the estimates produced for each class of business. These meetings are attended by senior management, senior underwriters, actuarial, claims, and finance representatives. The company's Reserving Committee specifically reviews the reserve estimates relating to all Company business, before recommending them to the Leadership Committee and Board.

Loss reserves are booked in relation to direct business and intra-group reinsurance contracts. In accordance with the terms of the aggregate excess of loss reinsurance contract with BUL, the Company records an outstanding claim reserve in respect of any open year reinsurance contract with BUL which, at the reporting date, is in a loss making position for the Company. The Company receives detailed information on BUL underwriting and claims activity, and all other intra-group reinsurance contracts. Recoveries are booked against the loss reserves in line with reinsurance and retrocession contract terms.

A five percent increase or decrease in total gross claims liabilities (on a GAAP basis) would have the following effect on profit or loss and equity:

	5% increase in claims reserves		5% decrease in claims reserves	
	2025	2024	2025	2024
Sensitivity to insurance risk (claims reserves)	$m	$m	$m	$m
Impact on profit after tax	(38.8)	(24.2)	38.8	24.2

The Company also monitors its exposure to insurance risk by location. 46% (2024: 71%) of risks underwritten by the Company are located in Europe with 54% located in the USA (2024: 29%). The material increase in premiums written in the USA is a result of material growth in business assumed from BESI in 2025.

C. Risk profile continued

C.2 Market risk

Market risk arises from adverse financial market movements in addition to other external market forces. The four key components of market risk are investments, foreign exchange, interest rate, and prices of assets and derivatives. Each element is considered in further detail below.

a) Foreign exchange risk

The functional and reporting currency of the Company is US dollar. As a result, the Company is mainly exposed to fluctuations in exchange rates for any non-dollar denominated transactions and net assets. The Company deals in five main currencies, US dollars, UK sterling, Canadian dollars, Swiss francs and Euro. Transactions in all non-US dollar currencies are converted to US dollars on initial recognition with any resulting monetary items being translated to the US dollar spot rate at the reporting date. The Company holds the majority of its net assets in US dollars. The following table summarises the carrying value of net GAAP assets categorised by currency:

Total Net assets by currency	UK £ $m	CAD $ $m	EUR € $m	CHF $m	Subtotal $m	US $ $m	Total $m
31 December 2025	(172.2)	5.9	(44.8)	(11.3)	(222.4)	1,776.5	1,554.1
31 December 2024	(12.3)	(19.9)	(44.6)	2.0	(74.8)	2,055.7	1,980.9

The table above does not reflect exposure to net assets as the company's EU, UK and Swiss branches are converted to US dollars through the foreign exchange reserve on the balance sheet. The Company's assets are predominantly matched by currency to the principal underlying currencies of its insurance liabilities. The table below gives an indication of the impact on GAAP net assets of a % change in relative strength of US dollar against the value of UK sterling, Canadian dollar, Euro, and Swiss franc simultaneously. The analysis is based on the current information available.

	Impact on profit after tax for the year ended		Impact on net assets	
Change in exchange rate of UK Sterling, Canadian dollar, Swiss francs and Euro relative to US dollar	2025 $m	2024 $m	2025 $m	2024 $m
Dollar weakens 30% against other currencies	(56.7)	(19.1)	1.8	31.5
Dollar weakens 20% against other currencies	(37.8)	(12.7)	1.2	21.0
Dollar weakens 10% against other currencies	(18.9)	(6.4)	0.6	10.5
Dollar strengthens 10% against other currencies	18.9	6.4	(0.6)	(10.5)
Dollar strengthens 20% against other currencies	37.8	12.7	(1.2)	(21.0)
Dollar strengthens 30% against other currencies	56.7	19.1	(1.8)	(31.5)

The Company monitors its currency risk position on a regular basis. While the Company does carry currency risk (as outlined in the above table), this is not material to the Company's ability to meet its claims and other obligations as they fall due. Fluctuations in the Company's trading currencies against the US dollar would result in a change in profit after tax and net asset value.

b) Interest rate risk

Some of the Company's financial instruments, including financial investments, in addition to its insurance and reinsurance contracts are exposed to movements in market interest rates. The Company manages interest rate risk by primarily investing in short to medium duration financial assets along with cash and cash equivalents. The Company's Board monitors the duration of these assets on a regular basis.

Risk profile continued

C.2 Market risk continued

b) Interest rate risk continued

The following table shows the average duration at the reporting date of the financial instruments. Duration is a commonly used measure of volatility and we believe gives a better indication than maturity of the likely sensitivity of our portfolio to changes in interest rates.

Duration 31 December 2025	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Fixed and floating rate securities	708.4	427.4	153.5	232.4	53.2	122.2	1,697.1
Cash and cash equivalents	94.1	–	–	–	–	–	94.1
Loan to Group undertaking	430.0	–	–	–	–	–	430.0
Borrowings	(249.9)	–	–	(299.2)	–	–	(549.1)
Total	**982.6**	**427.4**	**153.5**	**(66.8)**	**53.2**	**122.2**	**1,672.1**

Duration 31 December 2024	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Fixed and floating rate securities	578.6	609.4	474.6	251.8	7.2	–	1,921.6
Cash and cash equivalents	134.9	–	–	–	–	–	134.9
Borrowings	–	(249.7)	–	–	(299.0)	–	(548.7)
Total	**713.5**	**359.7**	**474.6**	**251.8**	**(291.8)**	**–**	**1,507.8**

In November 2016, the Company issued $250m of subordinated tier 2 notes due in 2026. Annual interest, at a fixed rate of 5.875%, is payable on this debt. In September 2019, the Company issued $300m of additional subordinated tier 2 notes due in 2029. Annual interest, at a fixed rate of 5.5%, is payable each year on this debt.

On 17 December 2025, the Company made a loan of $430.0m at par to BBHL, a fellow Beazley Group entity. The loan attracts a market rate of interest, is callable on demand by the Company, and is due to be repaid on 17 December 2030, with early repayment permitted.

Sensitivity analysis

The Company holds financial assets and liabilities that are exposed to interest rate risk. Changes in interest yields, with all other variables constant, would result in changes in the capital value of debt securities and a change in value of borrowings and derivative financial instruments. This will affect reported profits and net assets as indicated in the below table:

	Impact on profit after tax for the year ended		Impact on net assets	
Shift in yield (basis points)	2025 $m	2024 $m	2025 $m	2024 $m
150 basis point increase	(38.1)	(40.0)	(38.1)	(40.0)
100 basis point increase	(25.4)	(26.7)	(25.4)	(26.7)
50 basis point increase	(12.7)	(13.3)	(12.7)	(13.3)
50 basis point decrease	12.7	13.3	12.7	13.3
100 basis point decrease	25.4	26.7	25.4	26.7
150 basis point decrease	38.1	40.0	38.1	40.0

c) Price risk

Listed investments that are quoted in an active market are recognised in the statement of financial position at quoted bid price which is deemed to be approximate exit price. If the market for the investment is not considered to be active, then the Company establishes fair value using valuation techniques. This includes using recent arm's length market transactions, reference to current fair value of other investments that are substantially the same, discounted cash flow models and other valuation techniques that are commonly used by market participants. Price risk applies to financial assets that are susceptible to losses due to adverse changes in prices. Investments are made in debt securities and equities depending on the Company's appetite for risk. These investments are well diversified with high quality, liquid securities. The Board has established comprehensive guidelines with investment managers setting out maximum investment limits, diversification across industries and concentrations in any one industry or company.

C. Risk profile continued

C.2 Market risk continued

c) Price risk continued

Change in fair value of capital growth portfolio	Impact on profit after tax for the year ended 2025 $m	2024 $m	Impact on net assets 2025 $m	2024 $m
30% increase in fair value	46.3	54.0	46.3	54.0
20% increase in fair value	30.9	36.0	30.9	36.0
10% increase in fair value	15.4	18.0	15.4	18.0
10% decrease in fair value	(15.4)	(18.0)	(15.4)	(18.0)
20% decrease in fair value	(30.9)	(36.0)	(30.9)	(36.0)
30% decrease in fair value	(46.3)	(54.0)	(46.3)	(54.0)

C.3 Credit risk

This risk arises due to the failure of another party to perform its financial or contractual obligations to the Company in a timely manner. The Company accepts credit risk overall and recognises credit risk is aligned to its appetite for insurance risk. The primary sources of credit risk for the Company are:

- Investments/loans – issuer may default resulting in the Company losing all or part of the value of a financial instrument;
- Amounts receivable under intra-group reinsurance contracts – The main credit risk exposure facing the Company arises by virtue of premiums due under the reinsurance contracts in place with BUL, BESI and syndicates 2623/623;
- Amounts receivable from third party reinsurers - External reinsurance counterparties fail to meet their obligations in relation to reinsurance receivables recognised by the Company; and
- Brokers and insureds – counterparties may fail to pass on premiums or claims collected or paid on behalf of the Company.

The Company's core business is to accept significant insurance risk and the appetite for other risks is low. This protects the Company's capital from erosion so that it can meet its insurance liabilities. Aside from intra-group exposure, the Company limits exposure to a single counterparty or a group of counterparties and analyses the geographical locations of exposures when assessing credit risk. The Investment Committee has established comprehensive parameters for the Company's investment managers regarding the type, duration and quality of investments acceptable to the Company. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines. The Company has developed processes to formally examine all reinsurers before entering into new business arrangements, and ongoing relationships with Beazley are continually assessed. New reinsurers are approved by the Reinsurance Security Committee, which also reviews arrangements with all existing reinsurers at least annually. Vulnerable or slow-paying reinsurers are examined more frequently. To assist in the understanding of credit risks, A.M. Best, Moody's and Standard & Poor's (S&P) ratings are used.

	A.M Best	Moody's	S&P
Tier 1	A++ to A-	Aaa to A3	AAA to A-
Tier 2	B++ to B-	Baa1 to Ba3	BBB+ to BB-
Tier 3	C++ to C-	B1 to Caa	B+ to CCC
Tier 4	D,E,F,S	Ca to C	R,(U,S) 3

C. Risk profile continued

C.3 Credit risk continued

The following tables summarise the Company’s concentrations of credit risk on a GAAP basis:

31 December 2025	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Financial assets at fair value						
– Fixed and floating rate debt securities	1,369.0	328.1	–	–	–	1,697.1
– Equity linked funds	–	–	–	–	114.2	114.2
– Hedge funds	–	–	–	–	67.6	67.6
– Derivative financial assets	–	–	–	–	0.1	0.1
Cash and cash equivalents	94.1	–	–	–	–	94.1
Accrued interest	30.0	–	–	–	–	30.0
Loan to Group undertaking	–	–	–	–	430.0	430.0
Claims outstanding, reinsurers' share	193.5	–	–	–	27.2	220.7
Debtors arising from reinsurance operations	142.5	–	–	–	837.2	979.7
Debtors arising from direct insurance operations	–	–	–	–	127.0	127.0
Total	**1,829.1**	**328.1**	**–**	**–**	**1,603.3**	**3,760.5**

31 December 2024	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Financial assets at fair value						
– Fixed and floating rate debt securities	1,518.2	361.4	–	–	42.0	1,921.6
– Equity linked funds	–	–	–	–	148.7	148.7
– Hedge funds	–	–	–	–	63.1	63.1
– Derivate financial assets	–	–	–	–	0.8	0.8
Cash and cash equivalents	134.9	–	–	–	–	134.9
Accrued interest	22.0	–	–	–	–	22.0
Claims outstanding, reinsurers' share	130.5	–	–	–	7.7	138.2
Debtors arising from reinsurance operations	77.1	–	–	–	932.2	1,009.3
Debtors arising from direct insurance operations	–	–	–	–	133.9	133.9
Total	**1,882.7**	**361.4**	**–**	**–**	**1,328.4**	**3,572.5**

The carrying amount of financial assets at the reporting date represents the maximum credit exposure. At 31 December 2025, the Company held no financial assets that were past due or impaired, either for the current year under review or on a cumulative basis based on all available evidence (2024: nil). Financial investments falling within the unrated category comprise hedge funds and equity funds for which there is no readily available market data to allow classification within the respective tiers.

C. Risk profile continued

C.4 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations. The Company is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business which is an industry norm. In the majority of the cases, these claims are settled from the premiums received held as assets. The Company avoids the risk of having insufficient liquid assets to meet expected cash flow requirements. The Company's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event. This means that the Company maintains sufficient liquid assets, or assets that can be translated into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return.

The following is an analysis by business segment of the estimated timing of the net cash flows based on the net claims liabilities balance held at 31 December 2025 and 31 December 2024:

31 December 2025	Within 1 year $m	1-3 years $m	3-5 years $m	Greater than 5 years $m	Total $m	Weighted average term to settlement (years)
Direct insurance/reinsurance	101.9	145.0	75.9	70.0	392.8	3.0
Intra-group reinsurance	98.9	127.5	47.8	25.0	299.2	2.2
Net insurance claims	**200.8**	**272.5**	**123.7**	**95.0**	**692.0**	**2.6**

31 December 2024	Within 1 year $m	1-3 years $m	3-5 years $m	Greater than 5 years $m	Total $m	Weighted average term to settlement (years)
Direct insurance/reinsurance	83.2	121.9	62.3	53.7	321.1	2.9
Intra-group reinsurance	50.0	40.3	11.3	8.0	299.2	1.9
Net insurance claims	**133.2**	**162.2**	**73.6**	**61.7**	**430.7**	**2.6**

The next two tables summarise the carrying amount and future interest at reporting date of financial instruments analysed by maturity date. Financial assets are included based on their carrying values as per the Balance Sheet. The net contractual cashflows are included for liabilities.

Assets 31 December 2025	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	**Total** **$m**
Fixed and floating rate securities	388.9	475.8	165.8	116.3	324.4	225.5	0.4	1,697.1
Derivative financial assets	0.1	–	–	–	–	–	–	0.1
Loan to Group undertaking	–	–	–	–	430.0	–	–	430.0
Cash and cash equivalents	94.1	–	–	–	–	–	–	94.1
Total	**483.1**	**475.8**	**165.8**	**116.3**	**754.4**	**225.5**	**0.4**	**2,221.3**

Liabilities 31 December 2025	**<1 yr** **$m**	**1-2 yrs** **$m**	**2-3 yrs** **$m**	**3-4 yrs** **$m**	**4-5 yrs** **$m**	**5-10 yrs** **$m**	**>10 yrs** **$m**	**Total** **$m**
Borrowings	278.9	16.5	16.5	311.4	–	–	–	623.3
Derivative financial liabilities	0.6	–	–	–	–	–	–	0.6
Other creditors	84.1	45.1	–	–	–	–	–	129.2
Total	**363.6**	**61.6**	**16.5**	**311.4**	**–**	**–**	**–**	**753.1**

Assets 31 December 2024	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	Total $m
Fixed and floating rate securities	352.9	558.0	581.2	154.5	245.0	30.0	–	1,921.6
Derivative financial assets	0.8	–	–	–	–	–	–	0.8
Cash and cash equivalents	134.9	–	–	–	–	–	–	134.9
Total	**488.6**	**558.0**	**581.2**	**154.5**	**245.0**	**30.0**	**–**	**2,057.3**

C. Risk profile continued

C.4 Liquidity risk continued

Liabilities 31 December 2024	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	>10 yrs $m	Total $m
Borrowings	31.2	278.9	16.5	16.5	311.4	–	–	654.5
Derivative financial liabilities	16.9	–	–	–	–	–	–	16.9
Other creditors	154.8	43.2	–	–	–	–	–	198.0
Total	**202.9**	**322.1**	**16.5**	**16.5**	**311.4**	**–**	**–**	**869.4**

C.5 Operational risk

Operational risk is the risk of potential losses due to inadequate or failed internal processes, people, systems, service providers or external events. The Company actively manages operational risks and minimises them where appropriate. This is achieved by implementing and communicating guidelines to staff and other third parties. The Company also regularly monitors the performance of its controls and adherence to these guidelines through the risk management reporting process.

Key components of the Company’s operational control environment include:
- modelling of operational risk exposure and scenario testing;
- management review of activities;
- documentation of policies and procedures;
- preventative and detective controls within key processes;
- contingency planning; and
- other systems controls.

C.6 Other material risks

a) Strategic risk

Strategic risk refers to the potential for loss arising from inefficient strategic direction or implementation which may result in inadequate profitability, insufficient capital, financial loss and/or reputational damage. Where events supersede the Company’s strategic plan this is escalated at the earliest opportunity through the Company’s monitoring tools and governance structure.

b) Regulatory and legal risk

Regulatory and legal risk arises from not complying with regulatory and legal requirements. The operations of the Company are subject to legal and regulatory requirements within the jurisdictions in which it operates and the Company’s compliance function is responsible for ensuring that these requirements are adhered to.

c) Group risk

Group risk occurs when business units fail to consider the impact of their activities on other parts of the Group, as well as the risks arising from these activities. It comprises of two components, contagion risk and culture risk.

Contagion risk is the risk arising from actions of one part of the Group which could adversely affect any other part of the Group. The Company has limited appetite for contagion risk and minimises the impact of this occurring by operating with clear lines of communication across the Group to ensure all Group entities are well informed and working to common goals.

Culture risk is the risk arising from a change in culture which leads to inappropriate behaviour, actions and/or decisions including dilution of culture or negative impact on the Group brand. Risk culture is a subcomponent of culture and the Company's risk culture is based on the following principles: leadership & tone from the top, risk governance & accountability, risk awareness, communication & transparency, risk & reward, and innovation & adaptiveness. The Company takes great pride in its culture, placing significant emphasis on its risk culture. This is assessed and monitored through a combination of annual employee surveys and KRI's.

C. Risk profile continued

C.7 Any other information

a) Management of climate risk

As a leading specialty insurer, the Company is exposed to many of the impacts of climate change, both through the coverage the Company provides to the insureds, and through the Company's own operations. As such, it's vital for the Company to be able to identify the risks resulting from climate change, accurately assess which of these are most material to Company's business, and implement measures to mitigate and manage these risks. The Company uses a number of different processes to determine potential climate-related risks and opportunities for business, with each process building on its predecessor in order for the business to determine which risks and opportunities could have a financial impact on the business. The Company prioritises the assessment and management of climate-related risk based on their materiality to the business.

Our detailed approach to managing the climate-related risk are stated within the TCFD and risk management section of the Group's annual report. Please refer to this report for more details on climate-related risk and opportunity identification, assessment, and mitigation.

An outline of our descriptions of physical, litigation and transition risk as they pertain to how climate-related risk is managed throughout the group, and through which the company will have exposures through its direct business and intra-group reinsurance contracts, is provided below:

Description	Priority	Impact	Time Horizon
Physical Risk: Based on the 2025 physical risk materiality assessment for our underwriting, the US was determined as the most material geographical location in which the Group operates and underwrites. North Atlantic hurricane was identified as our most material climate-impacted peril, followed by US Inland Flood, US Wildfire and US Severe Convective Storm.	High	High	Short-term
Climate Litigation Risk: Our findings revealed that the US and Netherlands stand out as the countries with the highest underlying levels of climate litigation risk for our underwriting, driven by an active not-for-profit litigation environment and significant numbers of relevant and material test cases and greenwashing claims in these jurisdictions. In addition, the scale of regulatory attention on climate in the Netherlands sets the country aside as a key source of regulatory exposure. In the US, there is a lack of a “loser-pays” system for litigation costs which may encourage private claimants to bring litigation to court. In terms of sector variations in litigation risk, financial institutions/services are most exposed to climate risk litigation on average across the countries we have reviewed, driven by robust regulatory bodies for the sector and increasing attention towards financed emissions. Our understanding of how litigation risk impacts our investment continues to evolve.	High	Medium	Medium-term
Transitional Risk: Transition risks are the risks associated with (the speed of) transitioning to a lower-carbon economy, which may entail extensive policy, legal, technology, and market changes. Our understanding of this risk has increased this year. Our transition risk analysis indicates that regions with stronger decarbonisation initiatives and that are more progressed toward net zero face lower transition risks, as they require less additional decarbonisation to achieve their goals. In contrast, extractive and high-emitting sectors, and the regions that depend on them, are more vulnerable to transition risk than service sectors, as they require a higher degree of decarbonisation.	Medium	Medium	Medium-term

C. Risk profile continued

C.7 Any other information continued

b) Internal model governance

The Company operates a three 'lines of defence' process throughout the business. As with any other process in the Company this approach is applied to the internal model. An overview of the three 'lines of defence' for the internal model is set out below.

First line of defence:

Capital modelling team with controls including:

- formal governance through committees;
- governance through the ‘knowledge requirements of an internal model’ (KRAM) process; and
- in team testing process.

Second line of defence:

Risk management with controls including:

- control monitoring and reporting.

Third line of defence:

Internal audit with controls including:

- conducting reviews of the validation framework and process.

Further to the three 'lines of defence', the fourth element to the internal model governance framework is the independent validation (out of team testing) of the internal model that is performed annually.

Features of the Company’s governance include:

- incorporation into the existing governance structure with clear accountability;
- overlap of members on the various committees;
- training programme for the internal model and the KRAM process i.e executive and non-executive director;
- transparency of internal model limitations;
- internal model control mechanisms; and
- use of external review.

c) Stress and scenario testing

Purpose

The stress and scenario framework is performed as part of business processes to assist senior management understand the vulnerabilities within the business model. This approach encourages management’s involvement in risk oversight by using real life scenarios to provide qualitative and quantitative information on what risks might look like under stressed conditions and encourages a forward looking view of risk. In addition, as a validation tool the stress and scenario framework:

- tests assumptions, particularly where data is sparse;
- tests assumed correlations between assumptions;
- tests what action might be required under stressed situations;
- explores mitigation and recovery options under various scenarios;
- tests whether controls perform as expected under stressed situations; and
- considers the effect of changes in the operating environment (e.g. external events).

Scope

The Company’s Stress and Scenario Testing framework uses the following testing techniques:

- stress testing involves looking at the impact on the business model of changing a single risk factor;
- sensitivity testing considers the change of single inputs or assumptions. Inputs are varied based on a set level e.g. a fixed percentage;
- scenario testing involves the impact on the business model of simulating or changing a series of factors within the operating environment; and
- reverse stress testing involves considering scenarios that are most likely to render the current business model to become unviable.

The framework consists of a four step process, namely:

- 1) identify and design;
- 2) assess;
- 3) review and challenge; and
- 4) report and feedback loop.

C. Risk profile continued

C.7 Any other information continued

1) Identify and design (step one)
The risk management team identifies potential assumptions and scenarios for testing within each of the following business processes:
- one year business planning;
- five year business planning;
- risk assessment and risk appetite;
- emerging and strategic risk;
- capital assessment;
- realistic disaster scenarios;
- asset portfolio;
- liquidity risk;
- business continuity planning and crisis management planning; and
- corporate transactions such as acquisitions.

2) Assess (step two)
Once scenarios are defined, the risk management team facilitate the estimation of the stress test or scenario. In summary, the following steps are performed:
- identify data and where necessary cleanse or adjust data onto a consistent basis;
- validate data;
- where there is insufficient data apply expert judgement and document this in line with the expert judgement policy;
- run the stress test or scenario test and quantify impact;
- review results for reasonableness and validate against available data; and
- iterate this process as required.

3) Review and challenge (step three)
Following the completion of step two, the risk management team then meet with the relevant Executive and Non-Executive Directors (for example risk owners or as set out in the KRAM) and present the analysis performed and associated results for further discussion. This is an important step in the stress and scenario testing process as it:
- helps inform the senior management team at a detailed level of the key sensitivities and vulnerabilities for the Company; and
- makes uses of the directors' experience to sense check the analysis and results.

It is expected that further iteration is required following discussion which in turn is summarised.

4) Report and feedback loop (step four)
The results of the stress test and scenario planning exercises are reported to the relevant first line of defense Group and Company committees (the Underwriting, Investment, Operations and Executive Committees and the BIdac Leadership Committee) as part of the business process and the second line of defence Group and Company committees (the Beazley plc Risk Committee and BIdac Risk and Compliance Committee) within the ORSA. The ORSA is then reported to the BIdac Board, usually following review by the Risk and Compliance Committee. It is expected that the discussion at these forums will facilitate further management input and challenge and will give rise to management actions which are captured by the minutes and actioned by the relevant individual. Where relevant, this may include informing other business processes of the results of certain tests.

D. Valuation for solvency purposes

Basis of preparation

In addition to writing direct insurance in the UK and continental Europe, BIdac provides reinsurance for multiple entities across the Beazley plc group. This includes reinsurance to BUL, providing aggregate excess of loss cover for BUL's participation in syndicates 2623 and 3623 at Lloyd's, whole account quota share reinsurance cover for BESI, and quota share reinsurance of syndicate 2623 and 623's property treaty lines.

The reinsurance contract with BUL for the 2026 year of account was renewed in December 2025. The main terms for the contract have remained the same as the contract for the 2025 year of account. The intra-group reinsurance contract with BESI and with syndicates 2623/623 for 2026 was renewed in December 2025 with no significant changes to the terms.

Within the GAAP profit & loss (as visible within section A2 and the 05.01 QRT reported within the appendix), BIdac presents the BUL reinsurance contract reserves as either a single premium or outstanding claim balance depending on whether the reported result of the syndicates is a profit or a loss. A profit will trigger a premium defined as 65% of the profit within those syndicates, in excess of $2.6m. A loss will trigger a claim defined as 65% of the loss within those syndicates, in excess of $2.6m, capped at an amount of FAL that BIdac has committed under the reinsurance contract to support BUL's participation in the syndicates' activity. As the premium/claim balance presented in the profit or loss account represents the Company's share of the profit/loss before tax of the syndicates, premium earnings adjustments and expense deferrals have already been taken into account and therefore the GAAP balance sheet no longer contains balances related to technical balances such as deferred acquisition costs and the provision for unearned premium underlying the reinsurance contracts.

The Solvency II technical provisions are calculated in accordance with relevant Solvency II regulations. The regulations require the valuation of the contracted cash flows which, in relation to the aggregate member level excess of loss reinsurance agreement with BUL in respect of syndicates 2623 and 3623, are either a premium or a claim. This represents BIdac's share of the net profit or loss (after $2.6m excess) of the underlying business (a single claim cash flow occurs if the outcome of the underlying business is a loss and a premium is paid if the outcome is a profit). As a future underwriting year is bound but not incepted (inclusive of the 2026 underwriting year reinsurance contract with BUL), in line with Solvency II contract boundaries, the future cashflows are included. Also within scope of the reinsurance arrangement (and therefore within the technical provisions) are the future cashflows in respect of fees due from BUL to BIdac in respect of BIdac putting up FAL to support BUL's participation in the syndicates as well as the profit commissions due from BIdac to BUL on the premiums.

The quota share reinsurances of BESI and the property treaty lines of syndicates 2623 and 623 is in line with traditional inwards assumed reinsurance. As such, the GAAP accounting is in line with that of direct insurance written by BIdac. Under SII valuation rules the key variance relates to contract boundaries, where the full contracted cash-flows are recognised at the point of inception. As such, the full 2026 underwriting year is included as bound but not incepted (BBNI) in the technical provisions for these contracts at year end 2025.

Further details on all contracts can be found in section D2.

Differences between valuation for solvency purposes and financial statements

a) Insurance and intermediaries receivables

Insurance and intermediaries receivables includes the following:

- amounts due from direct insurance operations undertaken in the branches; and
- amounts due in respect of the reinsurance arrangement due to BIdac from BUL, BESI and syndicates 2623 and 623.

FAL fees, overrider and profit commissions that relate to future cashflows are implicitly included within the Solvency II technical provisions.

On a Solvency II basis, the future premium cashflows within this balance that are not overdue are recognised within the technical provisions.

b) Deferred acquisition costs

Deferred acquisition costs comprise brokerage, premium levy and staff-related costs of the underwriters acquiring new business and renewing existing contracts on the direct insurance business and quota share reinsurance contracts. Deferred acquisition costs are excluded from the valuation of assets for solvency purposes.

D. Valuation for solvency purposes continued

Basis of preparation continued

c) Financial assets – investments

On the GAAP balance sheet, financial assets are valued using a valuation hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- **Level 1 –** Valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Included within level 1 are bonds and treasury bills of government and government agencies which are measured based on quoted prices in active markets.
- **Level 2 –** Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data (e.g. interest rates, exchange rates). Included within level 2 are government bonds and corporate bonds which are not actively traded, hedge funds and collateralised loan obligations.
- **Level 3 –** Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data (e.g. interest rates, exchange rates).

The Company considers markets to be active where transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company uses data from pricing providers, particularly around the average age of quotes for a specific instrument, to determine whether a market is active.

D.1 Assets

	2025 Solvency II $m	2025 GAAP $m	Difference $m
Insurance and intermediaries receivables	39.5	1,106.8	(1,067.3)
Deferred acquisition costs	–	266.6	(266.6)
Financial assets – investments	1,894.3	1,878.9	15.4
Loans and mortgages	431.0	430.0	1.0
Other assets	14.1	30.0	(15.9)
Reinsurance recoverables	(127.9)	432.0	(559.9)
Deferred tax assets	–	2.3	(2.3)
Fixed assets	–	–	–
Receivables (trade, not insurance)	91.7	92.9	(1.2)
Cash and cash equivalents	94.1	94.1	–
Total assets	**2,436.8**	**4,333.6**	**(1,896.8)**

The table below analyses financial assets - investments measured at fair value at 31 December 2025, by the level in the fair value hierarchy into which the fair value measurements is categorised:

31 December 2025	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets carried at fair value				
Fixed and floating rate debt securities				
1) Government issued	534.7	137.0	–	671.7
2) Corporate bonds – Investment grade	438.0	377.5	–	815.5
Collateralised loan obligations	–	209.9	–	209.9
Equity linked funds	114.1	–	–	114.1
Hedge funds	–	67.6	–	67.6
Derivative financial assets	0.1	–	–	0.1
Total financial assets at fair value	**1,086.9**	**792.0**	**–**	**1,878.9**

The Solvency II valuation of financial assets is consistent with the GAAP valuation, except for accrued interest which is reclassified from other assets into financial assets.

Other assets

On the GAAP balance sheet, other assets are comprised mainly of accrued interest and reinsurance rebate accruals. Accrued interest is reclassified into the underlying investments on the Solvency II balance sheet.

D. Valuation for solvency purposes continued

D.1 Assets continued

Reinsurance recoverables

The GAAP balance sheet presents the reinsurer's share of unearned technical provisions and claims outstanding relating to external reinsurance. On a Solvency II basis, this balance presents the net of cash inflows with respect to recoveries on business bound at the reporting date and cash outflows with respect to premiums payable on outwards reinsurance arrangements also in respect business bound at the reporting date.

Receivables (trade, not insurance)

Receivables mainly comprised of receivables related to investment settlements, amounts due from group companies, and current tax assets. These are measured at amortised cost on the GAAP balance sheet, which is deemed to be an appropriate proxy for fair value. This fair value is included on the Solvency II balance sheet.

Cash and cash equivalents

On the GAAP balance sheet, cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks, and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months maturity from the date of acquisition. The Solvency II valuation of cash and cash equivalents is consistent with the GAAP valuation, except for accrued interest on money market funds which is reclassified from other assets into cash and cash equivalents.

Loans and mortgages

Included within loans and mortgages is a loan of $430.0m at par to BBHL, a fellow Beazley Group entity , which was entered into in December 2025. The loan carries a variable interest rate of the Secured Overnight Financing Rate plus a margin. Interest is calculated on a daily basis in arrears, with the first payment due in July 2027 and quarterly thereafter. The loan is callable on demand by the Company, and is due to be repaid on 17 December 2030, with early repayment permitted. The loan is guaranteed by Beazley plc.

The loan is measured at amortised cost using the effective interest rate method on the GAAP balance sheet. The loan is included at fair value on the Solvency II balance sheet. The difference between the GAAP carrying value and the Solvency II carrying value is primarily due to the inclusion of accrued interest.

D. Valuation for solvency purposes continued

D.2 Technical provisions

Summary of BIdac technical provisions:

Solvency II line of business All amounts $m	2025 Undiscounted Net technical provisions ex. risk margin	Risk margin	Net technical provisions inc. risk margin	2025 Discounted Net technical provisions ex. risk margin	Risk margin	Net technical provisions inc. risk margin
Non-proportional casualty reinsurance	(1,402.5)	84.1	(1,318.4)	(1,331.6)	79.1	(1,252.5)
General liability insurance	661.2	65.0	726.2	564.6	58.0	622.6
Non-proportional property reinsurance	21.4	1.0	22.4	20.4	0.9	21.3
Fire and other damage to insurance	211.0	37.5	248.5	191.1	35.1	226.2
Marine, Aviation & Transport	7.3	0.3	7.6	6.9	0.3	7.2
Credit and Suretyship	20.4	0.7	21.1	18.6	0.7	19.3
Non-proportional health reinsurance	0.8	–	0.8	0.8	–	0.8
Miscellaneous financial loss	5.8	0.3	6.1	5.5	0.3	5.8
Total	**(474.6)**	**188.9**	**(285.7)**	**(523.7)**	**174.4**	**(349.3)**

The BIdac technical provisions consist of four elements:
- the BIdac aggregate excess of loss reinsurance contract of BUL (intra-group reinsurance), which is classified as non-proportional casualty reinsurance. These are negative, as they represent a cash inflow to BIDAC, as the reinsured business is expected to make a profit for each contract year.
- the non-life insurance and third-party reinsurance business. The business written to date has been a mix of general liability, fire & other damage, marine, aviation and transport, miscellaneous financial loss, credit and suretyship as well as proportional general liability and proportional credit and suretyship. A small amount of third-party reinsurance has been written and classified as non-proportional casualty reinsurance, non-proportional property and non-proportional health reinsurance;
- the proportional reinsurance of BESI, which is classified as proportional general liability, proportional miscellaneous financial loss, proportional credit and suretyship, proportional marine aviation and transport and and proportional property; and
- the proportional reinsurance of the syndicates' property treaty book, which is classified as proportional property.

Given the nature of the underlying business, the approach used to estimate the technical provisions for the intra-group aggregate excess of loss reinsurance differs from that used for other elements of the portfolio. They are discussed in two parts below.

a) Intra-group reinsurance with BUL

1) Overview of reinsurance contract

The approach used to estimate the technical provisions is based on the structure and expected cashflows under the reinsurance contracts. The Company enters into a reinsurance contract with BUL covering its participation on a year of account for syndicates 2623 and 3623. The potential cashflows in summary are as follows:
- premium – 65% of any profit made by the syndicates reinsured (subject to an excess);
- claim – 65% of any loss made by the syndicates reinsured (subject to a maximum of the FAL provided under the contract);
- fees – BUL pays BIdac a fee as BIdac provides a percentage of FAL for the syndicates covered under the reinsurance contract; and
- profit commission – payable by the Company to BUL on any premiums received under the contract.

A negative technical provision on this contract (as per the table above) represents a premium payable to BIDAC or a profit made by the reinsured, whilst a positive technical provision represents a claim payable by BIDAC to the cedant in respect of a loss made by the cedant.

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

2) Bases, methods and main assumptions used for valuation for solvency purposes

The bases, methods and main assumptions used for valuation for solvency purposes are as follows:

The expected profit/loss of the underlying BUL business reinsured forms the largest component of the technical provisions. The expected profit/loss is the total of the following:

- the current view of the profit/loss of each year of account. For the closing year of account the profit/loss is the final syndicate declared result as reported to Lloyd's. For open year of account this is based on held loss ratios applied to the ultimate premium, with allowance for incurred expenses;
- the reserve releases expected between the current view of profitability and when the final syndicate result is declared;
- expected investment income;
- expenses that are expected to be incurred until the year of account closes;
- FAL fees payable from BUL to BIdac;
- profit commissions payable for each contract forecasting profit; and
- profit or losses on foreign exchange hedges in place to mitigate currency risk.

Whilst the initial view of profitability is assessed at the end of the first calendar year for the business that has been reinsured, an assumption is made on expected future reserve releases. Modelling of the expected run off of the reserve margin is carried out for this purpose. Furthermore, the expected future investment income is derived from the assumptions used in the Beazley long term business plan. Assumptions are reviewed quarterly to reflect experience to date. Where the assumptions are not deemed appropriate, alternative assumptions are used.

The provisions for profit commissions and fees have been calculated in line with the terms of the reinsurance contract for each contract forecasting a profit. FAL fees over the term of the contract are calculated. The value of foreign exchange derivatives within the reinsured syndicates is taken from current financial valuations.

Allowance has also been made for events not in data (ENIDs) and a risk margin:

- the ENIDs allowance is based on the load included in the reinsured syndicates and this is calculated using the truncated lognormal distribution, as per Lloyd's guidelines; and
- the risk margin is based on the SCR output from the BIdac internal model – this is projected forward and discounted using yield curves prescribed by European Insurance and Occupational Pensions Authority (EIOPA), with the discounted cost of capital being calculated by multiplying the discounted SCR figures by the prescribed cost of capital rate of 6% and then summing up the resulting discounted cost of capital amounts.

Unincepted business is defined as policies that have not yet incepted, but to which Beazley is legally obliged at the valuation date. The 2026 reinsurance contract between BIdac and BUL which incepted on 1 January 2026 has been included within the technical provisions as it was signed in December 2025.

The technical provisions estimated have been split between the claims and premium provisions based on whether or not the profit/loss for each reinsurance contract is known at the valuation date – the technical provisions arising for those contracts for which the actual profit is as yet unknown have been allocated to the premium provision, with the provisions for those contracts where the profit/loss has been finalised being included within the claims provision.

Future cash flows are projected using payment patterns, as detailed in the contract and discounted using the latest available EIOPA yield curves for the relevant currencies.

There is no reinsurance on this contract and so no allowance is made for recoverables from reinsurers in respect of this business.

3) Key uncertainties

At a macro level, the key areas of downside risk in the estimated profit/loss figures of the underlying BUL business being reinsured are that:

- claims experience in the Specialty risks and Cyber divisions could be worse than expected because of adverse claim frequency and/or severity or the systemic inadequacy of premium rates;
- catastrophe claims experience is materially worse than expected (natural and man made);
- investment returns may be materially different to the returns estimated; and
- the rate at which the cedant releases reserve margin.

4) Changes in methodology/assumptions since the previous reporting period

The methodology underlying the calculations has not changed since the previous period. There have been some changes to the assumptions in respect of the rate at which base risk adjustment is run off in future years. Furthermore, the ENID allowance noted above has been refined and is now held in respect of attritional losses only, with the catastrophe margin separately containing an implicit ENID load for catastrophe events. There has also been a change in respect of the granularity and years to which ENIDs have been applied.

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

5) GAAP reserves vs technical provisions

The main differences between the GAAP and Solvency II technical provisions for the intra-group reinsurance business written in BIdac are as follows:

- the GAAP reserves only consider the performance of business earned up to and including the valuation date whereas the Solvency II technical provisions allow for both the earned and unearned portions of the business written;
- within Solvency II technical provisions, there is an explicit allowance for premiums and claims on bound but unincepted contracts which are not recognised within the GAAP reserves. As a result, the 2026 reinsurance contract between BIdac and BUL, which incepts on 1 January 2026, has been included within the Solvency II technical provisions as it was signed in December 2025.
- The Solvency II technical provisions include an allowance for the expected investment income on the underlying business being reinsured whereas the GAAP reserves do not;
- The Solvency II technical provisions are discounted for the time value of money whilst the GAAP reserves are not; and
- the Solvency II technical provisions recognise expected future reserve releases from the 2024, 2025 and 2026 years of account, on the underlying business reinsured up to and including the finalisation of the 2026 reinsurance contract, whereas the GAAP reserves only recognise reserve releases known as at the valuation date.

The Solvency II net technical provisions (including the risk margin) for the intra-group reinsurance contract with BUL amount to ($1,254.3m) (future cash flow) on a discounted basis.

b) Direct business, third party reinsurance & internal proportional reinsurance

BIdac began writing non-life insurance and third party business during 2017 and has increased the volume of premiums written each year to 2025. The business written comprises of eight classes – general liability, fire & other damage, marine, aviation & transport, miscellaneous financial loss, non proportional health, non-proportional casualty, non-proportional property and credit and suretyship.

A small amount of third-party reinsurance has been written and classified as non-proportional casualty reinsurance, non-proportional property reinsurance and non-proportional health reinsurance.

In addition to this, BIdac has two internal quota-share reinsurance arrangements. The first is a quota-share arrangement with BESI, and the second is a quota-share cession of the syndicates' property treaty book. Due to Solvency II contract boundary considerations, the 2026 contracts appear in the Solvency II technical provisions as BBNI at 31 December 2025, as well as claims and premium provisions in respect of the bound elements. They are classified under proportional property, proportional general liability, proportional credit and suretyship, proportional marine aviation and transport, and proportional miscellaneous financial loss business. Overriding commissions and profit commissions have also been modelled within the cashflows.

1) Bases, methods and main assumptions used for valuation for solvency purposes

The best estimate reserves form the largest component of the technical provisions. The gross and net reserves (third party direct insurance, third party proportional reinsurance and third party non-proportional reinsurance) have been set using group benchmarks, except where claims experience suggests otherwise or sufficient levels of claims data exist to model the losses directly. This is therefore typically relevant for smaller classes only. Total premiums written are sourced from finance and earnings assumptions are used to allocate between the premium and claims provision. The methodology used to derive earnings patterns assumes that premium is earned uniformly throughout the policy period.

Unincepted business is defined as policies that have not yet incepted, but to which Beazley is legally obliged at the valuation date. For 2026 technical provisions, the two internal proportional reinsurance treaties have been valued using business plan data for premiums, claims and expenses, appropriately validated. The methodology is consistent with that of the third party direct and reinsurance business.

The unincepted business has resulted in the year-end 2025 reinsurance recoverables being negative for premium provisions, reflecting that the outwards reinsurance premiums payable on the internal quota share contracts that cover the full subsequent exposure period are allowed for, compared to only the expected recoveries arising from the unincepted business.

Provisions for bad debts, future expenses and ENIDs are added to the best estimate technical provisions:

- the bad debt component uses reinsurer default probabilities and loss given default percentages from the internal model. The expected reinsurer bad debt is calculated as probability of default x loss given default x exposure x average duration;
- specific bad debts are considered if necessary;
- the expense provision includes the future expenses required to run off the legally obliged business as at the valuation date. This is calculated using the historical calendar year expenses and budgeted expenses, provided by the finance team (increased for appropriate inflation); and
- the load for ENIDs is calculated using the truncated lognormal approach.

The risk margin is based on the SCR output from the BIdac internal model – this is projected forward and discounted using yield curves prescribed by EIOPA, with the discounted cost of capital being calculated by multiplying the discounted SCR figures by the prescribed cost of capital rate of 6% and then summing up the resulting discounted cost of capital amounts.

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

1) Bases, methods and main assumptions used for valuation for solvency purposes continued
Future cashflows are projected using payment patterns, allocated into the required currencies, if necessary, and discounted using the latest available EIOPA yield curves for the relevant currencies.

The reinsurance recoverables have been calculated based on the underlying reinsurance cashflows.

2) Key uncertainties
At a macro level, the key area of downside risk is in the reserving assumptions used to derive the best estimate reserves. Claims experience in both specialty risks, property risks and cyber risks may be worse than expected because of adverse claim frequency and/or severity or the systemic inadequacy of premium rates. There is also a risk that specialty or cyber catastrophes are worse than expected.

The proportional reinsurance treaties have significant natural catastrophe exposure, and are therefore exposed to the risk that natural catastrophe claims experience is materially worse than expected. Additionally the lack of actual BIdac direct claims development history means that an approximation of the expected performance of this business has had to be used in some classes, although this risk is reducing as claims credibility increases. There is a risk that this internal benchmarking data used is not reflective of actual experience.

3) Changes in methodology & assumptions
There have been no material changes to methodology since the last valuation. The ENID allowance noted above has been refined and is now held in respect of attritional losses only, with the catastrophe margin separately containing an implicit ENID load for catastrophe events. There has also been a change in respect of the granularity and years to which ENIDs have been applied.

4) GAAP reserves vs technical provisions
The main differences between the GAAP and Solvency II technical provisions for the direct, third party and internal proportional reinsurance business written in BIdac are as follows:

- there are items within the GAAP reserves that are not included under Solvency II and thus lead to a reduction in the Solvency II technical provisions. This reduction includes:
  - accelerating the recognition of profit with the unearned premium reserve; and
  - a reclassification of premium debtors (not yet due) to Solvency II technical provisions to recognise future premium cashflows;
- Solvency II technical provisions are calculated on a best estimate basis and so the margin included in the GAAP reserves is excluded;
- within Solvency II technical provisions there is an explicit allowance for premiums and claims on bound but unincepted contracts which are not recognised within the GAAP reserves;

The total BIdac GAAP reserves are $1,393.0m on a net of reinsurance basis. The Solvency II net technical provisions (including the risk margin) for the insurance, third party and internal proportional reinsurance business amount to $905.0m on a discounted basis.

c) Other items
1) Matching adjustment
The Company does not apply the following; the matching adjustment referred to in Article 77b of Directive 2009/138/EC, the volatility adjustment referred to in Article 77d of Directive 2009/138/EC, the transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC, and the transitional deduction referred to in Article 308d of Directive 2009/138/EC.

2) Impact of inflation on actuarial reserving
Estimates which are sensitive to economic, regulatory and geopolitical conditions could be impacted by significant changes in the external environment such as rising inflation, interest rates, climate change, and geopolitical conflict. Inflation is explicitly considered within our reserves.

D. Valuation for solvency purposes continued

D.3 Other liabilities

	2025 Solvency II $m	2025 GAAP $m	Difference $m
Deferred tax liabilities	119.8	20.9	98.9
Subordinated liabilities in basic own funds	565.3	549.1	16.2
Reinsurance payables	–	205.5	(205.5)
Payables (trade, not insurance)	134.0	157.0	(23.0)
Derivatives	0.6	0.6	–
Any other liabilities	7.7	21.3	(13.6)
Total liabilities	**827.4**	**954.4**	**(127.0)**

Deferred tax liabilities
Solvency II recognition and valuation bases with respect to deferred taxes are consistent with the principles of IAS 12, and by extension from their incorporation into FRS 102, the GAAP balance sheet. As a result of the adjustments from GAAP to Solvency II, an increase in Solvency II net assets is generated for the Company and hence a deferred tax liability is recognised on a Solvency II basis.

Subordinated liabilities
The subordinated liabilities, which are listed on the London Stock Exchange, are shown in the GAAP financial statements valued at amortised cost. The subordinated liabilities are valued at fair value based on quoted market price under Solvency II and include accrued interest which is reclassified from any other liabilities.

Reinsurance payables
As part of BIdac's participation in the Group reinsurance programme amounts relating to reinsurance payables are allocated to BIdac. This amount due is recorded in the GAAP balance sheet as reinsurance payables. Under Solvency II, this amount is reclassified into the technical provisions as it constitutes a future cashflow.

Payables (trade, not insurance)
Payables (trade, not insurance) comprise of amounts due to other entities in the Group and current tax payables.

Derivatives
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, recent market transactions, and valuation techniques which include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Other liabilities
Other payables comprise salaries and other accruals.

D.4 Alternative methods for valuation

The Company's Loan to BBHL is valued using an alternative method of valuation, being a present value income approach, which utilises a combination of observable and non-observable market inputs to convert future expected cash inflows to a single current amount. The method used follows accepted market practice and is consistent with the permitted alternative valuation methods under Solvency II as set out in Article 10(5) to 10(7) of the Delegated Regulation. The loan sits within Level 3 of the fair value hierarchy.

D.5 Any other information

None.

E. Capital management

E.1 Own funds

The Company's capital strategy is to:

- invest its capital to generate an appropriate level of return;
- maintain sufficient solvency cover;
- support other Group entities; and
- pay dividends to its shareholder.

The Company holds a significant amount of the Group's capital. Since inception the Company has always been well capitalised and the capital base has grown with earnings from the reinsurance contracts and the underwriting activity of the branches. The amount of dividend paid is determined by the solvency of the Company and the requirements of the Group.

BIdac holds a level of capital over and above its regulatory requirements. The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework, opportunities for growth and a desire to maximise returns for its shareholder. Available capital and capital requirements are projected as part of the five year business plan, which is in turn considered as part of the ORSA process.

The following table sets out BIdac's sources of funds on a Solvency II basis:

	Tier 1 $m	Tier 2 $m	Tier 3 $m	Total $m
Basic own funds				
Ordinary share capital	–	–	–	–
Reconciliation reserve	1,350.2	–	–	1,350.2
Subordinated liabilities	–	565.3	–	565.3
Deferred tax assets	–	–		–
Capital contribution	536.3	–	–	536.3
Total basic own funds after deductions	1,886.5	565.3	–	2,451.8
Ancillary own funds	–	–	–	–
Total available own funds to meet the SCR	**1,886.5**	**565.3**	**–**	**2,451.8**
Total available own funds to meet the MCR (Minimum Capital Requirement)	**1,886.5**	**565.3**	**–**	**2,451.8**
Total eligible own funds to meet the SCR	**1,886.5**	**565.3**	**–**	**2,451.8**
Total eligible own funds to meet the MCR	**1,886.5**	**64.0**	**–**	**1,950.4**
SCR				**1,279.3**
Ratio of eligible own funds to SCR				**191.7 %**

Tier 1 basic own funds

	2025 $m	2024 $m
Ordinary share capital	–	–
Capital contribution	536.3	536.3
Reconciliation reserve	1,350.2	1,632.2
	1,886.5	**2,168.5**

BIdac has issued one share with a nominal value of €1 (2024: €1).

A capital contribution of $536.3m was approved as tier 1 own funds by the CBI on 15 December 2015.

The reconciliation reserve at 31 December 2025 is $1,350.2m (2024: $1.632.2m).

The reconciliation reserve is calculated as follows:

	2025 $m	2024 $m
Excess of assets over liabilities	2,086.5	2,668.5
Foreseeable dividends	(200.0)	(500.0)
Other adjustments	–	–
Other basic own funds	(536.3)	(536.3)
	1,350.2	**1,632.2**

The Company declared an interim dividend of $200.0m on 2 April 2026. This dividend has been included as a foreseeable dividends above.

Tier 1 own funds are eligible in full to meet both the SCR and MCR.

Tier 2 basic own funds

	2025 $m	2024 $m
Tier 2 subordinated debt (2026) – issued in 2016	255.2	253.0
Tier 2 subordinated debt (2029) – issued in 2019	310.1	299.2
	565.3	**552.2**

In November 2016, the Company issued $250m of subordinated tier 2 notes due in 2026 and, in September 2019, the Company issued $300m of additional subordinated tier 2 notes due in 2029. This debt is listed on the London Stock Exchange and is valued at fair value based on quoted market price. Movements in the fair value reflects yield curve movements and the Pull to Par effect, as the maturity date approaches for the 2016 issuance.

E. Capital management continued

E.1 Own funds continued

As at 31 December 2025, $565.3m of the tier 2 own funds are eligible to meet the SCR, $64.0m are eligible to meet the MCR, being 20% of the MCR as at that date.

Reconciliation of GAAP net assets to Solvency II net assets

The table below presents the changes in net assets from the GAAP balance sheet to the Solvency II balance sheet.

	$m
GAAP Net assets	**1,554.1**
Revaluation of subordinated debt to market value	(8.5)
Loans and mortgages to market value	0.5
Elimination of GAAP technical provisions (net of reinsurance and deferred acquisition costs)	1,105.7
Elimination of inter-group debtors relating to future technical cashflows	(813.0)
Replacement of Solvency II technical provisions	349.2
Elimination of property, plant and equipment held for own use	(0.4)
Recognition of net deferred tax on Solvency II adjustments arising	(101.1)
Solvency II net assets	**2,086.5**

There are no basic own-fund items subject to the transitional arrangements referred to in Articles 308b(9) and 308b(10) of Directive 2009/138/EC and there are no ancillary own funds items.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR and MCR for BIdac are as follows:

	2025 $m	2024 $m
Solvency Capital Requirement	1,279.3	1,148.5
Minimum Capital Requirement	319.8	287.1

The SCR and underlying information, as calculated through the internal model, is subject to CBI reporting and oversight. The MCR is calculated based on net of reinsurance technical provisions at the year end and written premiums (defined as being premiums received) in the 12 months to that date.

BIdac uses an internal model to calculate its SCR. The model is designed to produce output on the required basis, namely the capital required to meet a 1-in-200 adverse loss on the Solvency II balance sheet over a one-year time horizon.

The increase in SCR is principally driven by a growth in reserves following a growth in business in recent years, and a decrease in forward-looking interest rates which has reduced the discounting credit. There have also been other model updates over the year, such as an increase in the modelled operational risk to reflect the updated operational risk management framework.

The table below shows the SCR split by risk category (post diversification):

Model	Insurance risk	Market risk	Operational risk	Credit risk
2026 SCR	83%	7%	8%	2%
2025 SCR	86 %	7 %	5 %	2 %

It should be noted that the above table presents the post-diversified contribution of the key modelled risks to capital, allowing for mean profit/loss attributable to each category. The categorisation of risk and basis of figures differs from the figures presented in form S.25 in the appendix, which are aligned to EIOPA guidance.

The Company monitors its solvency against a number of metrics above the SCR. The primary metrics are the risk appetite thresholds of 140% and 170%, with the Company targeting to stay above the 170%.

Although the BUL reinsurance contract is presented as a single cash flow, management looks through the underlying risk exposures when assessing risks to the Company and the performance of the contracts.

The MCR has a floor of 25% of the SCR and therefore has increased in line with SCR growth.

E. Capital management continued

E.2 Solvency Capital Requirement and Minimum Capital Requirement continued

Use of the internal model

Beazley's internal model is regularly used across the Group in a number of management processes as well as to input into a range of ad-hoc analysis that are presented to the business to support decision making e.g. reinsurance analysis. Regular uses include:

- capital setting: the internal model is used to calculate the capital for each entity quarterly. The calculated capital is split by major risk i.e. insurance, market, credit, liquidity, operational and Group risk;
- business planning including capital allocation: the internal model is used in the business planning process to allocate capital between divisions. This, when combined with the plan profit, allows management to compare the performance of the different business lines on a risk adjusted basis;
- business planning – portfolio optimisation;
- business planning – reinsurance and Special Purpose Arrangement review: Options to change the reinsurance in the plan are tested using the internal model;
- long term plan: the capital projections and stress scenarios in the long term plan are developed using internal model output;
- Solvency II technical provisions: the internal model is used to calculate the ENIDs, risk margin and bad debt provision;
- exposure management - natural catastrophe: the natural catastrophe model component of the internal model is used to monitor catastrophe risk against appetite;
- exposure management - cyber: the cyber catastrophe model component of the internal model is used to monitor cyber risk against appetite;
- investment management: the asset risk component of the internal model is used to monitor investment risk;
- ORSA: 1-in-10 output is used to calculate key risk indicators to determine whether the entities are operating within risk appetite;
- IFRS 17 risk adjustment: the model is used to calculate the likelihood of exhaustion of the risk adjustment reported under IFRS 17; and
- Reinsurance return on capital: The return on capital of the current reinsurance programmes is monitored and reported.

Scope of the internal model

The scope of the internal model includes all material risks faced by by BIdac. No known important risks are excluded from the internal model. The material risks currently included in the internal model are:

- premium risk;
- catastrophe risk (both natural and man-made);
- reserving risk;
- market (or asset) risk;
- operational risk (including regulatory and legal risk);
- credit risk;
- group risk; and
- liquidity risk.

Methods used in the internal model

The internal model estimates the probability distribution forecast using a structured quantitative process that makes use of methods that are: in line with good actuarial and statistical practice; subject to regular independent challenge and appropriate to the analysis and risk profile in question. These methods use parameters that are estimated using all relevant internally available data; appropriate externally sourced industry data; data embedded in external models that have been prepared by experts; judgements based on appropriately qualified and challenged experts, and distributions which are statistically consistent with the historic data relating to the frequency and severity of loss.

Beazley uses a full internal model to calculate the SCR. The SCR is calculated by the internal model in accordance with the specifications of Article 101 of Directive 2009/138/EC; specifically that it is taken from the 99.5th percentile value at risk over a 1-year time horizon, taken directly from the probability distribution output generated by the calculation kernel and covers insurance (underwriting and reserving), asset (market), credit, and operational and group risk.

Data used in the internal model

Model inputs are made up of two key components:

- inputs to model stand-alone risk which requires:
  - exposure data. For example the number of policies of a given size and type; and
  - risk assumptions. For example setting out the range;
- of claim sizes for a given policy. These assumptions are based on relevant historic experience; and
- input to aggregate the risk:
  - risk is aggregated using a 'risk drivers' approach where the assumptions are set based on historic experience for each driver.

On-going appropriateness is ensured through the capital team's:

- internal model data input testing which includes a reconciliation of key data items. The nature and appropriateness of the data used is set out in the documentation and model change reporting.

E. Capital management continued

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

Not applicable.

E.4 Differences between the standard formula and any internal model used

The internal model uses a modular structure comprising of a number of free-standing modules each addressing a risk category within scope of the internal model (see section E.2). A distribution is generated from each module. The modules are aggregated using a 'risk drivers' approach in an overall module that calculates model output. Given the risk profile of Beazley (roughly an equal split of medium-tailed and short-tailed exposures) the most important risk driver is the market cycle which impacts all classes of business and all underwriting years. Driver variables for some risk modules are based upon the output results from other modules. For example, in the credit risk module, the probability of default for reinsurers is increased when the size of the modelled catastrophe exceeds a defined level.

The internal model assesses all risk factors based on the underlying risks of the reinsurance contract. The standard formula calculation is based on the Solvency II balance sheet, which presents the reinsurance result as a single net cash flow for each contract. As a result the main differences in the methodologies and underlying assumptions used in the standard formula and in the internal model by risk module are as follows: greater premium and reserve risk is assumed for the internal model reflecting the underlying economic risks while the standard formula assumptions are applied to the technical provisions;

- catastrophe risk assumptions are lower in the IM reflecting the detailed modelling of the portfolio;
- internal model market risk is greater than the standard formula due to greater interest rate and credit spread risk assumptions as well as making allowance for the full economic risk within the underlying asset portfolio;
- greater credit and operational risk is assumed for the internal model than for the standard formula;
- the internal model assumes greater diversification between risk categories than that assumed in the standard formula with the driver of risk assumptions reflecting the risk profile; and
- internal model explicitly includes profit offsetting the risk.

The risks covered in the internal model are in line with those covered in the standard formula; however some risks, for example court inflation, are explicitly rather than implicitly modelled.

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

There have been no material changes or instances of non-compliance with the SCR or MCR over the reporting period, nor is there a foreseeable risk of non-compliance which is considered in the ORSA report where a confirmation statement of continued compliance (for regulatory capital requirements and regulatory requirements for technical provisions) is made.

E.6 Any other information

Post balance sheet events

On 2 April 2026, the board approved an interim dividend of $200.0m, which is expected to be paid in April 2026. This has been included in the calculation of the available own funds as at 31 December 2025 as a foreseeable distribution within the reconciliation reserve.

Appendix: Quantitative reporting

The following QRTs are appended to this report.

S.02.01.02 – Balance sheet

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

S.17.01.02 – Non-life technical provisions

S.19.01.21 – Claims triangles

S.23.01.01 – Own funds

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

S.28.01.01 – Minimum capital requirement

All monetary amounts are in thousands of US dollars. Please note that totals may differ from the sum of component parts due to rounding. For improved presentation, some blank columns in the QRTs have been omitted. All items disclosed are consistent with the quantitative reporting submitted privately to the CBI.

Appendix: Quantitative reporting continued

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	–
Deferred tax assets	R0040	–
Pension benefit surplus	R0050	–
Property, plant & equipment held for own use	R0060	–
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**1,894,295**
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	–
Equities	R0100	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	R0130	*1,580,671*
Government Bonds	R0140	676,906
Corporate Bonds	R0150	691,345
Structured notes	R0160	–
Collateralised securities	R0170	212,420
Collective Investments Undertakings	R0180	313,531
Derivatives	R0190	94
Deposits other than cash equivalents	R0200	–
Other investments	R0210	–
Assets held for index-linked and unit-linked contracts	R0220	–
Loans and mortgages	R0230	431,014
Loans on policies	R0240	–
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	431,014
Reinsurance recoverables from:	**R0270**	**(127,949)**
Non-life and health similar to non-life	R0280	(127,949)
Non-life excluding health	R0290	(127,912)
Health similar to non-life	R0300	(36)
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	–
Health similar to life	R0320	–
Life excluding health and index-linked and unit-linked	R0330	–
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	39,473
Reinsurance receivables	R0370	–
Receivables (trade, not insurance)	R0380	91,741
Own shares (held directly)	R0390	–
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	94,136
Any other assets, not elsewhere shown	R0420	14,062
Total assets	**R0500**	**2,436,773**

Appendix: Quantitative reporting continued

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	**(477,143)**
Technical provisions – non-life (excluding health)	**R0520**	**(477,918)**
TP calculated as a whole	R0530	–
Best estimate	R0540	(652,405)
Risk margin	R0550	174,486
Technical provisions – health (similar to non-life)	**R0560**	**775**
TP calculated as a whole	R0570	–
Best estimate	R0580	740
Risk margin	R0590	35
TP – life (excluding index-linked and unit-linked)	**R0600**	**–**
Technical provisions – health (similar to life)	**R0610**	**–**
TP calculated as a whole	R0620	–
Best estimate	R0630	–
Risk margin	R0640	–
TP – life (excluding health and index-linked and unit-linked)	**R0650**	**–**
TP calculated as a whole	R0660	–
Best estimate	R0670	–
Risk margin	R0680	–
TP – index-linked and unit-linked	**R0690**	**–**
TP calculated as a whole	R0700	–
Best estimate	R0710	–
Risk margin	R0720	–
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	–
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	119,772
Derivatives	R0790	624
Debts owed to credit institutions	R0800	–
Debts owed to credit institutions resident domestically	ER0801	–
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	–
Debts owed to credit institutions resident in rest of the world	ER0803	–
Financial liabilities other than debts owed to credit institutions	R0810	–
debts owed to non-credit institutions	ER0811	–
debts owed to non-credit institutions resident domestically	ER0812	–
debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	–
debts owed to non-credit institutions resident in rest of the world	ER0814	–
other financial liabilities (debt securities issued)	ER0815	–
Insurance & intermediaries payables	R0820	–
Reinsurance payables	R0830	–
Payables (trade, not insurance)	R0840	134,031
Subordinated liabilities	R0850	**565,320**
Subordinated liabilities not in BOF	R0860	–
Subordinated liabilities in BOF	R0870	565,320
Any other liabilities, not elsewhere shown	R0880	7,694
Total liabilities	R0900	**350,296**
Excess of assets over liabilities	R1000	**2,086,476**
Excess of assets over liabilities minus Subordinated Liabilities in BOF		**2,651,796**

Appendix: Quantitative reporting continued

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

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					Line of Business for: accepted non-proportional reinsurance			
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Property	Total
		C0060	C0070	C0080	C0090	C0120	C0130	C0140	C0160	C0200
Premiums written										
Gross – Direct business	R0110	7,673	11,557	341,746	11,477	8,898				**381,350**
Gross – Proportional reinsurance accepted	R0120	–	570,079	718,807	15,656	2,024				**1,306,565**
Gross – Non-proportional reinsurance accepted	R0130						1,533	401,812	28,138	**431,483**
Reinsurers' share	R0140	975	124,105	251,403	2,304	510	15	–	2,047	**381,359**
Net	R0200	6,698	457,530	809,150	24,829	10,412	1,519	401,812	26,090	**1,738,040**
Premiums earned										
Gross – Direct business	R0210	8,033	9,401	346,530	8,580	6,517				**379,062**
Gross – Proportional reinsurance accepted	R0220	–	521,640	348,921	13,477	1,357				**885,394**
Gross – Non-proportional reinsurance accepted	R0230						1,416	401,812	23,425	**426,654**
Reinsurers' share	R0240	993	96,441	170,369	1,751	363	11	–	1,886	**271,813**
Net	R0300	7,040	434,600	525,082	20,306	7,511	1,405	401,812	21,539	**1,419,296**
Claims incurred										
Gross – Direct business	R0310	4,499	2,595	72,918	3,459	6,964				**90,435**
Gross – Proportional reinsurance accepted	R0320	–	156,789	207,639	10,497	727				**375,651**
Gross – Non-proportional reinsurance accepted	R0330						546	–	1,480	**2,026**
Reinsurers' share	R0340	741	22,041	72,544	1,048	721	7	–	483	**97,584**
Net	R0400	3,757	137,344	208,014	12,908	6,969	539	–	998	**370,528**

Changes in other technical provision										
Gross – Direct business	**R0410**									
Gross – Proportional reinsurance accepted	R0420									
Gross – Non-proportional reinsurance accepted	R0430									
Reinsurers' share	R0440									
Net	R0500									
Expenses incurred	R0550	6,621	156,344	204,555	13,290	4,913	451	60,142	9,331	**455,647**

Other expenses	R1200									
Total expenses	R1300									

Appendix: Quantitative reporting continued

S.17.01.02 Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance					Accepted non-proportional reinsurance			
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional property reinsurance	Total Non-Life obligation
		C0070	C0080	C0090	C0100	C0130	C0140	C0150	C0170	C0180
Best estimate										
Premium provisions										
Gross - Total	R0060	1,833	(81,167)	42,574	996	957	(237)	(862,706)	(3,071)	**(900,820)**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	(284)	(117,140)	(114,062)	277	(224)	(65)	–	(2,782)	**(234,279)**
Net Best Estimate of Premium Provisions	R0150	2,117	35,974	156,636	718	1,181	(172)	(862,706)	(289)	**(666,541)**
Claims provisions										
Gross - Total	R0160	5,934	136,631	519,933	20,688	4,586	976	(468,898)	29,304	**249,155**
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	1,117	(18,471)	112,043	2,780	222	28	6	8,604	**106,330**
Net Best Estimate of Claims Provisions	R0250	4,817	155,102	407,889	17,908	4,365	948	(468,904)	20,700	**142,825**
Total best estimate - gross	R0260	7,767	55,465	562,507	21,684	5,544	740	(1,331,604)	26,233	**(651,665)**
Total best estimate - net	R0270	6,934	191,076	564,525	18,626	5,546	776	(1,331,610)	20,411	**(523,716)**
Risk margin	R0280	281	35,135	58,001	692	326	35	79,136	915	**174,521**
Technical provisions - total	R0320	8,048	90,599	620,508	22,376	5,870	775	(1,252,468)	27,148	**(477,143)**
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	833	(135,611)	(2,018)	3,057	(2)	(36)	6	5,822	**(127,949)**
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	7,215	226,211	622,526	19,319	5,872	811	(1,252,474)	21,326	**(349,195)**

Appendix: Quantitative reporting continued

S.19.01.21 – Claims triangles

Accident year/ Underwriting year	Z0020	Underwriting year

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

		Development year												
	Year	0	1	2	3	4	5	6	7	8	9	10 & +	In current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Prior	R0100											–	–	–
N-9	R0160	–	–	–	–	–	–	–	–	–	–		–	–
N-8	R0170	–	–	–	–	–	–	–	–	–			–	–
N-7	R0180	–	53	1,181	208	39	3	7	–				–	1,492
N-6	R0190	15	1,148	1,176	1,020	419	290	722					722	4,790
N-5	R0200	149	2,906	1,994	18,347	5,393	7,063						7,063	35,852
N-4	R0210	8,528	16,822	24,266	18,816	3,765							3,765	72,196
N-3	R0220	299	3,790	21,921	8,488								8,488	34,498
N-2	R0230	994	24,195	17,039									17,039	42,229
N-1	R0240	12,900	103,086										103,086	115,986
N	R0250	29,820											29,820	29,820
Total	R0260												169,983	336,863

Appendix: Quantitative reporting continued

S.19.01.21 – Claims triangles

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

		Development year										
	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											-445,354
N-9	R0160	49,903	–	-108,552	–	–	–	–	–	–	–	
N-8	R0170	-13	384	-10,693	397	160	133	126	–	14		
N-7	R0180	2,641	4,243	-35,288	2,783	5,702	5,240	4,754	4,093			
N-6	R0190	16,044	25,940	-97,880	17,455	16,260	11,246	9,811				
N-5	R0200	20,322	67,084	28,470	43,853	33,481	29,221					
N-4	R0210	85,566	131,196	-377,034	51,713	39,148						
N-3	R0220	82,832	135,411	-378,553	36,622							
N-2	R0230	110,709	148,723	-384,774								
N-1	R0240	223,486	259,537									
N	R0250	307,805										
	R0260											

		Year end (discounted data)
		C0360
	R0100	–
	R0160	–
	R0170	13
	R0180	3,827
	R0190	9,175
	R0200	27,330
	R0210	36,782
	R0220	33,780
	R0230	(385,590)
	R0240	241,710
	R0250	282,129
Total	R0260	249,155

Appendix: Quantitative reporting continued

S.23.01.01 – Own funds

		Total C0010	Tier 1-unrestricted C0020	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35					
Ordinary share capital (gross of own shares)	R0010	–			
Share premium account related to ordinary share capital	R0030	–			
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	–			
Subordinated mutual member accounts	R0050	–			
Surplus funds	R0070	–			
Preference shares	R0090	–			
Share premium account related to preference shares	R0110	–			
Reconciliation reserve	R0130	**1,350,159**	1,350,159		
Subordinated liabilities	R0140	**565,320**		565,320	
An amount equal to the value of net deferred tax assets	R0160	–		–	–
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	**536,317**	536,317		
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					
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220				
Deductions					
Deductions for participations in financial and credit institutions	R0230				
Total basic own funds after deductions	R0290	**2,451,796**	1,886,476	565,320	–
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300	–			
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	–			
Unpaid and uncalled preference shares callable on demand	R0320	–			
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	–			
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	–			
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	–			
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	–			
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	–			
Other ancillary own funds	R0390	–			
Total ancillary own	R0400	–		–	–

Appendix: Quantitative reporting continued

S.23.01.01 – Own funds

		Total C0010	Tier 1-unrestricted C0020	Tier 2 C0040	Tier 3 C0050
Available and eligible own funds					
Total available own funds to meet the SCR	R0500	**2,451,796**	1,886,476	565,320	–
Total available own funds to meet the MCR	R0510	**2,451,796**	1,886,476	565,320	
Total eligible own funds to meet the SCR	R0540	**2,451,796**	1,886,476	565,320	–
Total eligible own funds to meet the MCR	R0550	**1,950,439**	1,886,476	63,963	
SCR	R0580	**1,279,262**			
MCR	R0600	**319,815**			
Ratio of Eligible own funds to SCR	R0620	**191.7 %**			
Ratio of Eligible own funds to MCR	R0640	**610.0 %**			

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,086,476
Own shares (held directly and indirectly)	R0710	–
Foreseeable dividends, distributions and charges	R0720	200,000
Other basic own fund items	R0730	536,317
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	–
Reconciliation reserve	R0760	1,350,159
Expected profits		
Expected profits included in future premiums (EPIFP) – Life Business	R0770	–
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	1,635,055
Total Expected profits included in future premiums (EPIFP)	R0790	1,635,055

The following columns, which are blank, have been omitted for improved presentation:

C0030 Tier 1 restricted

Appendix: Quantitative reporting continued

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

Solvency Capital Requirement		Solvency Capital Requirement	Amount Modelled	USP	Simplifications
		C0010	C0070	C0090	C0120
	Risk type				
R0020	Total diversification	(1,859,186)	–	–	–
R0030	Total diversified risk before tax	1,426,235	–	–	–
R0040	Total diversified risk after tax	1,279,262	–	–	–
R0070	Total market & credit risk	550,012	–	–	–
R0080	Market & Credit risk - diversified	237,961	–	–	–
R0190	Credit event risk not covered in market & credit risk	–	–	–	–
R0200	Credit event risk not covered in market & credit risk - diversified	–	–	–	–
R0270	Total Business risk	–	–	–	–
R0280	Total Business risk - diversified	–	–	–	–
R0310	Total Net Non-life underwriting risk	2,482,649	–	–	–
R0320	Total Net Non-life underwriting risk - diversified	1,383,398	–	–	–
R0400	Total Life & Health underwriting risk	–	–	–	–
R0410	Total Life & Health underwriting risk - diversified	–	–	–	–
R0480	Total Operational risk	252,760	–	–	–
R0490	Total Operational risk - diversified	252,760	–	–	–
R0500	Other risk	–	–	–	–

	Calculation of Solvency Capital Requirement	Value
		C0100
R0110	Total undiversified components	3,285,420
R0060	Diversification	(1,859,186)
R0120	Adjustment due to RFF/MAP nSCR aggregation	–
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	–
R0200	Solvency capital requirement excluding capital add-on	1,279,262
R0210	Capital add-ons already set	–
R0211	of which, capital add-ons already set - Article 37 (1) Type a	–
R0212	of which, capital add-ons already set - Article 37 (1) Type b	–
R0213	of which, capital add-ons already set - Article 37 (1) Type c	–
R0214	of which, capital add-ons already set - Article 37 (1) Type d	–
R0220	Solvency capital requirement	1,279,262

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 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

Appendix: Quantitative reporting continued

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

	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	–
R0310	Amount/estimate of the loss absorbing capacity for deferred taxes	(146,973)
R0400	Capital requirement for duration-based equity risk sub-module	–
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	–
R0420	Total amount of Notional Solvency Capital Requirement for ring-fenced funds	–
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	–
R0440	Diversification effects due to RFF nSCR aggregation for article 304	–
R0450	Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	No adjustment
R0460	Net future discretionary benefits	–
		Yes/No
	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Yes

		LAC DT
	Calculation of loss absorbing capacity of deferred taxes	
R0640	Amount/estimate of LAC DT	(146,973)
R0650	Amount/estimate of LAC DT justified by reversion of deferred tax liabilities	(88,426)
R0660	Amount/estimate of LAC DT justified by reference to probable future taxable economic profit	–
R0670	Amount/estimate of AC DT justified by carry back, current year	(58,547)
R0680	Amount/estimate of LAC DT justified by carry back, future years	–
R0690	Amount/estimate of Maximum LAC DT	(146,973)

Appendix: Quantitative reporting continued

S.28.01.01 – Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations

MCR calculation non-life		Non-life activities Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0020	Net (of reinsurance) written premiums in the last 12 months C0030	Linear formula component for non-life insurance and reinsurance obligations – MCR calculation
Medical expense insurance and proportional reinsurance	R0020	–	–	–
Income protection insurance and proportional reinsurance	R0030	–	–	–
Workers' compensation insurance and proportional reinsurance	R0040	–	–	–
Motor vehicle liability insurance and proportional reinsurance	R0050	–	–	–
Other motor insurance and proportional reinsurance	R0060	–	–	–
Marine, aviation and transport insurance and proportional reinsurance	R0070	6,934	5,418	–
Fire and other damage to property insurance and proportional reinsurance	R0080	191,076	428,992	–
General liability insurance and proportional reinsurance	R0090	564,525	690,528	–
Credit and suretyship insurance and proportional reinsurance	R0100	18,626	20,898	–
Legal expenses insurance and proportional reinsurance	R0110	–	–	–
Assistance and proportional reinsurance	R0120	–	–	–
Miscellaneous financial loss insurance and proportional reinsurance	R0130	5,546	8,725	–
Non-proportional health reinsurance	R0140	776	1,252	–
Non-proportional casualty reinsurance	R0150	–	527,592	–
Non-proportional marine, aviation and transport reinsurance	R0160	–	–	–
Non-proportional property reinsurance	R0170	20,411	4,846	–

Appendix: Quantitative reporting continued

S.28.01.01 – Minimum Capital Requirement

Linear formula component for life insurance and reinsurance obligations

MCR calculation non-life		Non-life activities Net (of reinsurance/SPV) best estimate and TP calculated as a whole C0050	Net (of reinsurance) written premiums in the last 12 months C0060	Linear formula component for non-life insurance and reinsurance obligations – MCR calculation
Obligations with profit participation – guaranteed benefits	R0210			
Obligations with profit participation – future discretionary benefits	R0220			
Index-linked and unit-linked insurance obligations	R0230			
Other life (re)insurance and health (re)insurance obligations	R0240			
Total capital at risk for all life (re)insurance obligations	R0250			

		MCR components Non-life activities C0010	Life activities C0040	Total
MCR_{NL} Result	R0010	296,765	–	296,765
MCR_{L} Result	R0200	–	–	–

Overall MCR calculation			C0070
Linear MCR	R0300		296,765
SCR	R0310		1,279,262
MCR cap	R0320	45.00 %	575,668
MCR floor	R0330	25.00 %	319,815
Combined MCR	R0340		319,815
Absolute floor of the MCR	R0350		3,120
Minimum Capital Requirement	R0400		319,815

Beazley Insurance dac

2 Northwood Avenue
Santry
Dublin
D09 X5N9
Ireland

T +353 (0)1 854 4700

info@beazley.ie
www.beazley.com

beazley