



TOKIOMARINE  
KILN

# Solvency and Financial Condition Report 2025

Tokio Marine Kiln Insurance Limited

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## 1. Summary

### 1.1 Business summary

Tokio Marine Kiln Insurance Limited (the Company) (TMKI) was placed into run-off in 2020, and its primary activity is to manage the existing in-force policies, including handling and settling claims.

The Company is a wholly owned subsidiary of Tokio Marine Kiln Group Limited. The Company's ultimate parent is Tokio Marine Holdings, Inc., Japan (Tokio Marine).

### 1.2 Performance summary

TMKI's result for the year-ended 31 December 2025 was a profit after tax of £6.8 million (m) (2024: profit of £6.5m). The performance was driven by investment income from the fixed income portfolio, which continued to benefit from the high-yield environment during 2025.

The underwriting result in 2025 was a £0.2m profit (2024: loss £3.3m).

Net claims incurred experienced favourable movements of £3.3m, mainly due to an improvement in the provision for COVID-19.

Other operating expenses decreased by £1.1m to £3.0m as recharged expenses reduced and the Company reduced its operations in line with the continued run-off.

There were no other business or operating events that had a significant impact on the solvency and financial condition of the business in 2025.

### 1.3 System of governance summary

TMKI operates within the regulatory framework of the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA).

Following the strategic decision to put TMKI into run-off, an updated governance structure has been in place since 1 January 2020.

Although TMKI remains part of the Tokio Marine Kiln Group (TMK), a separate Board was constituted for the Company to ensure a successful and orderly run-off, which protects policyholders' interests and is consistent with upholding the Group's "Good Company" philosophy. To ensure Board accountability the Board is comprised of executive directors and independent non-executive directors.

An Own Risk and Solvency Assessment (ORSA) report, Management Responsibilities Map, and Board and committees' Terms of Reference have been produced and are maintained for the Company.

TMKI operates a Three Lines Model for risk ownership, management, and oversight and assurance, while the Risk Management, Compliance and Internal Audit Functions provide regular reporting to management, the Board and parent company.

The Risk Management function is organised at the TMK level. Risk information is reported through the annual ORSA process. The TMKI Run-Off Committee and the TMKI Risk, Capital & Compliance Committee (RCCC) receive an annual ORSA report and a subsequent lighter-touch ORSA report.

## 1.4 Risk profile summary

TMKI's risk profile is as detailed in section C of this report.

As TMKI was placed into run-off from 1 January 2020, the risk profile of the Company changed, as unearned exposures expired and non-insurance areas of the company's operation have been de-risked.

In terms of underwriting risk, natural catastrophe risk exposures have reduced, as policies continue to run-off. TMKI still carries significant reserves and hence reserving risk, which combined with catastrophe risk are now the main drivers of underwriting risk, as premium risk reduces. Section C contains the full risk profile breakdown as mentioned above.

Counterparty credit default risk has increased reflecting an increase in unpaid reinsurance receivables.

Market risk's contribution to the overall risk profile has marginally decreased in 2025, this is still considered a material risk area. TMKI's investment strategy remains conservative, with capital protection as the overriding aim.

Liquidity risk is mitigated through the overall strategy of ensuring that TMKI holds sufficient liquid assets in order to settle any financial obligations as they fall due. Liquidity is monitored by the Investment Committee and is a core part of risk appetite reporting to the Run-Off Committee and RCCC.

Operational risk is mitigated through retention strategies to ensure appropriate resourcing remains in place for the run-off of the Company. There is also a strong system of risk reporting and risk governance underpinned by the TMKI Risk Appetite Framework.

Other risks to TMKI are Solvency risk, Reputational risk, Run-off risk, Regulatory risk and Conduct risk.

There were no other material changes to TMKI's risk profile between 31 December 2024 and 31 December 2025.

## 1.5 Valuation for solvency purposes summary

With effect from 2024, the UK's prudential regulatory framework for insurers transitioned from the EU Solvency II regime to the domestically administered Solvency UK framework. Solvency UK maintains the core principles of Solvency II while introducing targeted reforms designed to provide greater proportionality and flexibility for UK-regulated insurers. Throughout this report, references to 'SUK' should be read as referring to Solvency UK.

The majority of asset and liability classes within TMKI's balance sheet are valued identically under both Solvency UK and UK GAAP, which TMKI prepares in accordance with FRS 102, the UK's Generally Accepted Accounting Practice. The key differences are the valuation of the technical provisions and the reclassification of non-overdue insurance and reinsurance debtor and creditor balances to technical provisions. These differences changed the amount of capital held between 31 December 2024 and 31 December 2025 as follows:

Description	31 Dec 2025 (£'000s)	31 Dec 2024 (restated*) (£'000s)
<b>Total equity per UK GAAP financial statements</b>	<b>140,185</b>	<b>133,411</b>
Difference in net technical provisions including DAC	(9,282)	(3,615)
Difference in net (re)insurance debtors and creditors	(144)	(2,270)
Difference in tax balance associated with the URR adjustment	-	817
<b>SUK Basic Own Funds and Available Own Funds to meet the SCR</b>	<b>130,759</b>	<b>128,343</b>

\*During the year, the Company removed the Unexpired Risk Provision (URR) that had previously been held under UK GAAP. The URR was no longer required following updated assessments of premium adequacy. As the URR is not recognised under Solvency UK, its prior-year removal increased UK GAAP equity with no impact on Solvency UK technical provisions. The adjustment is reflected in the prior-year reconciliation between GAAP equity and Solvency UK Own Funds.

There were no changes to the valuation methodologies for solvency purposes between 31 December 2024 and 31 December 2025.

## 1.6 Capital management summary

TMKI has adopted the Standard Formula (SF) approach to calculating its Solvency Capital Requirement (SCR). No Undertaking Specific Parameters (USPs) are utilised within this calculation.

To ensure that the SF SCR is appropriate for the risks faced by TMKI, an assessment of SF appropriateness is undertaken annually, looking at the assumptions underlying the SF versus TMKI's risk profile. The SCR is reviewed and signed off by the Board annually.

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and Minimum Capital Requirement (MCR) such that the solvency ratio, as measured against the SCR and referred to as the Regulatory Solvency Ratio (RSR), remains within risk appetite. The own funds are to be of sufficient quality to meet the eligibility requirements as set out in the PRA Rulebook requirements on Own Funds under Solvency UK. Separate to the RSR risk appetite, the TMKI Board sets a target buffer of own funds to be held above the economic capital requirement (ECR) as determined by the TMKI capital model.

The Board is provided with a half yearly capital update in which the eligible own funds to cover the RSR is reviewed.

As part of own funds management, TMKI maintains a run-off plan, which sets out annual solvency projections and includes the structure of, and requirements for, own funds over the foreseeable run-off period.

The amount of the SCR, MCR and the eligible amount of own funds to cover these requirements classified by tiers as at 31 December 2025 are as provided in the tables below:

Description (£'000s)	31 Dec 2025			31 Dec 2024	
	Tier 1	Tier 2	Tier 3	Total	Total
<b>Basic Own Funds</b>					
Ordinary share capital	35,000	-	-	35,000	35,000
Share premium account	186,000	-	-	186,000	186,000
Reconciliation reserve	(90, 291)	-	-	(90,291)	(94,347)
Net deferred tax assets	-	-	50	50	1,690
<b>Total Basic Own Funds</b>	<b>130,709</b>	<b>-</b>	<b>50</b>	<b>130,759</b>	<b>128,343</b>

Available and Eligible Own Funds					
Total available own funds to meet SCR	130,709	-	50	130,759	128,343
Total available own funds to meet MCR	130,709	-	-	130,709	126,653
Total eligible own funds to meet SCR	130,709	-	50	130,759	128,343
Total eligible own funds to meet MCR	130,709	-	-	130,709	126,653

Description	31 Dec 2025 (£'000s)	31 Dec 2024 (£'000s)
<b>SCR</b>	<b>51,147</b>	<b>55,219</b>
<b>MCR</b>	<b>12,787</b>	<b>13,805</b>
<b>Ratio of Eligible Own Funds to SCR</b>	<b>256%</b>	<b>232%</b>
<b>Ratio of Eligible Own Funds to MCR</b>	<b>1022%</b>	<b>917%</b>

## A Business and Performance

### A1 Business

#### A1.1 Name and legal form of the company

Tokio Marine Kiln Insurance Limited (TMKI) is a non-life insurer incorporated in England and Wales under the registered number 00989421 and operating in the UK. Since 1 January 2020 the Company has been in run-off.

#### A1.2 Name and contact details of the authorities responsible for financial supervision of TMKI

TMKI is authorised by the PRA and regulated by the FCA and the PRA under firm reference number 202574. The contact details for the PRA and the FCA are as follows:

- PRA: 20 Moorgate, London EC2R 6DA
- FCA: 12 Endeavour Square, London E20 1JN

#### A1.3 Name and contact details of the external auditors to TMKI

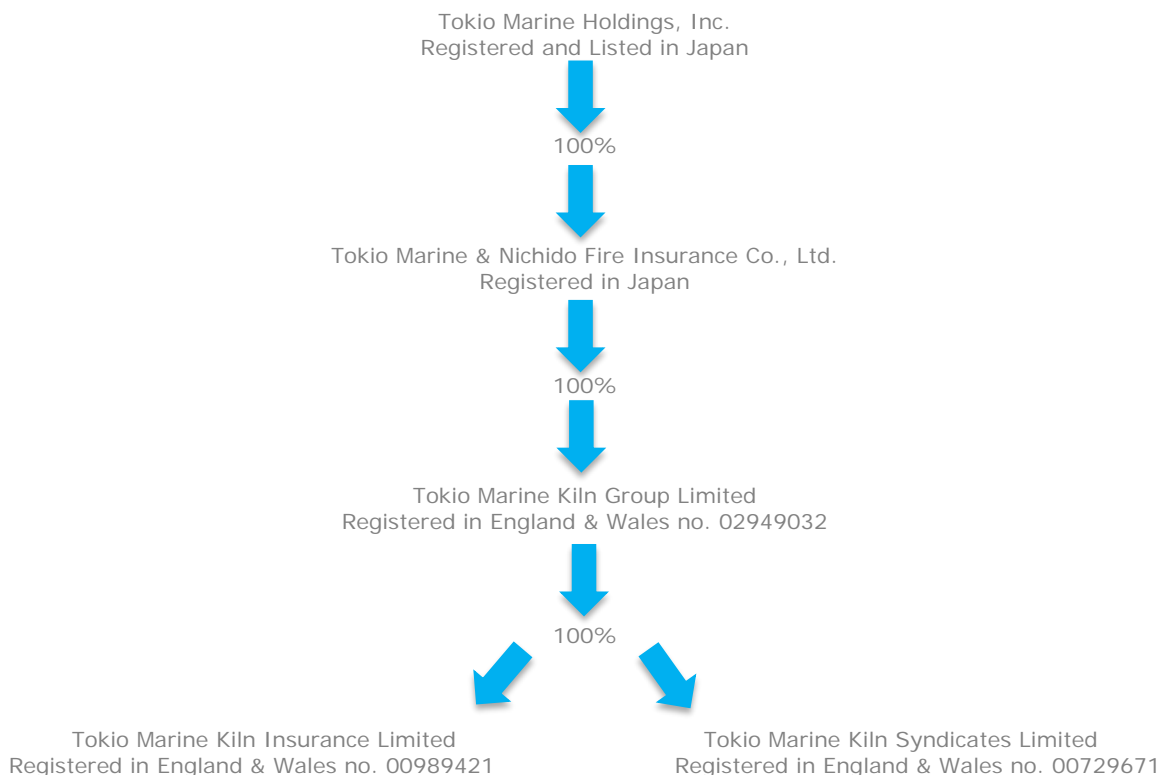
The external auditors are PricewaterhouseCoopers LLP, Chartered Accountants, 7 More London Riverside, London SE1 2RT.

#### A1.4 Holders of qualifying holdings in TMKI and its position within the Tokio Marine Group

The ultimate parent company and controlling party is Tokio Marine Holdings, Inc. (TMHD) incorporated in Japan. Copies of the consolidated financial statements of TMHD are available from 2-6-4 Otemachi, Chiyoda-ku, Tokyo, 100-0004, Japan.

The immediate parent company is Tokio Marine Kiln Group Limited (TMK), which is incorporated and registered in England and Wales. Copies of the financial statements of TMK are available from 20 Fenchurch Street, London EC3M 3BY.

The schematic of the group structure below shows TMKI’s link to the ultimate holding company, TMHD:



### A1.5 Material lines of business and geographical areas

Prior to run-off, TMKI's principal activity was the underwriting of predominantly short-tailed commercial marine cargo, property and liability insurance business in the London market, across the UK regions, and through local branches in continental Europe. Central to TMKI's strategy was the insurance of large Japanese corporates.

In run-off, the Company is focused on servicing the clients existing on its books and ensuring a successful and orderly run-off.

### A1.6 Significant business or other events during the reporting period

There are no significant business or other events to be reported.

## A2 Underwriting performance

### A2.1 Comparison of underwriting performance between 2025 and 2024

The overall summary of TMKI's underwriting performance on a UK GAAP basis is provided in the table below for the years ended 31 December 2025 and 31 December 2024.

	2025 (£'000s)	2024 (restated*) (£'000s)	Variance (£'000s)
Gross premiums written	1,323	919	404
Outward reinsurance premiums	(54)	242	(296)
Net premiums written	1,269	1,161	108
<b>Earned premiums, net of reinsurance</b>	<b>244</b>	<b>51</b>	<b>193</b>
Claims incurred, net of reinsurance	3,329	793	2,536
Net acquisition costs	(397)	(70)	(327)
Other operating expenses	(2,956)	(4,103)	1,147
<b>Underwriting result</b>	<b>220</b>	<b>(3,329)</b>	<b>3,549</b>
Net investment income	10,720	10,965	(245)
Foreign exchange (loss)/gain	(1,951)	1,043	(2,994)
Other income	44	10	34
<b>Profit before tax</b>	<b>9,033</b>	<b>8,689</b>	<b>344</b>
Taxation	(2,259)	(2,186)	(73)
<b>Profit after tax</b>	<b>6,774</b>	<b>6,503</b>	<b>271</b>

\*See section E1.5

The profit for the year is £6.8m (2024: £6.5m) reflecting a stable technical result and positive investment returns during 2025 of £10.7m (2024: £11.0m).

## A2.2 Analysis of underwriting performance by Solvency UK Line of Business

The following tables show TMKI's underwriting result, broken down by Solvency UK lines of business:

2025	GWP <sup>[1]</sup>	NEP <sup>[2]</sup>	NIC <sup>[3]</sup>	NAQ <sup>[4]</sup>	Technical result
	(£'000s)	(£'000s)	(£'000s)	(£'000s)	(£'000s)
Medical Expense	203	203	6	(105)	104
Marine, Aviation & Transport	169	212	(1,164)	(144)	(1,096)
Fire & other Property Damage	784	(406)	2,925	(216)	2,303
General Liability	172	240	1,492	(121)	1,611
Miscellaneous Financial Loss	(5)	(5)	229	2	226
Non-Proportional Casualty	-	-	35	-	35
Non-Proportional Property	-	-	(7)	-	(7)
	<b>1,323</b>	<b>244</b>	<b>3,516</b>	<b>(584)</b>	<b>3,176</b>
				<b>Operating Expenses</b>	<b>(2,956)</b>
				<b>Underwriting Result</b>	<b>220</b>

2024 (restated*)	GWP <sup>[1]</sup>	NEP <sup>[2]</sup>	NIC <sup>[3]</sup>	NAQ <sup>[4]</sup>	Technical result
	(£'000s)	(£'000s)	(£'000s)	(£'000s)	(£'000s)
Medical Expense	(70)	(70)	(39)	37	(72)
Marine, Aviation & Transport	(108)	(106)	(203)	67	(242)
Fire & other Property Damage	1,019	110	(322)	(165)	(377)
General Liability	62	101	(289)	(10)	(198)
Miscellaneous Financial Loss	16	16	1,223	(65)	1,174
Non-Proportional Casualty	-	-	239	(2)	237
Non-Proportional Property	-	-	255	(3)	252
	<b>919</b>	<b>51</b>	<b>864</b>	<b>(141)</b>	<b>774</b>

\*See section E1.5

[1] Gross Written Premium ('GWP')

[2] Net Earned Premium ('NEP')

[3] Net Incurred Claims (excluding claims management costs) ('NIC')

[4] Net Acquisition Costs (including claims management costs) ('NAQ')

	<b>Operating Expenses</b>	<b>(4,103)</b>
	<b>Underwriting Result</b>	<b>(3,329)</b>

Commentary is provided below for the main three classes of business:

### Fire & other Property Damage

The Property Solvency UK line of business reported a technical profit of £2.3m (2024: loss £0.4m), mainly due to large loss improvements on Covid-19 claims.

### General Liability

The General Liability Solvency UK line of business recorded a technical profit of £1.6m (2024: loss 0.2m) following positive claims experience during 2025.

### Marine, Aviation & Transport

The Marine, Aviation & Transport line of business reported a technical loss of £1.1m (2024: loss £0.2m), driven by a large loss in the year.

### A2.3 Analysis of underwriting performance by material geographical areas

The following tables show TMKI's underwriting result, broken down by key geographical territories as determined by Solvency UK classification:

<b>2025</b>	<b>GWP</b>	<b>NEP</b>	<b>NIC</b>	<b>NAQ</b>	<b>Technical result</b>
	<b>(£'000s)</b>	<b>(£'000s)</b>	<b>(£'000s)</b>	<b>(£'000s)</b>	<b>(£'000s)</b>
<b>United Kingdom</b>	47	(1,304)	4,844	13	<b>3,553</b>
<b>Luxembourg</b>	687	687	(1,724)	(321)	<b>(1,358)</b>
<b>United States of America</b>	81	151	746	(13)	<b>884</b>
<b>Denmark</b>	250	188	-	(28)	<b>160</b>
<b>Israel</b>	255	151	(148)	(26)	<b>(23)</b>
	<b>1,320</b>	<b>(127)</b>	<b>3,718</b>	<b>(375)</b>	<b>3,216</b>

#### United Kingdom

The UK, which is TMKI's primary underwriting territory under Solvency UK, produced a technical result of £3.6m profit mainly due to improvements in COVID-19 expected losses.

#### Luxembourg

The technical loss of £1.4m is driven by net incurred claims, due to large losses on inwards quota share reinsurance of former European branch business.

#### United States of America

The technical profit of £0.9m is driven by a reduction in net incurred claims, predominantly from reserve releases relating to Hurricane Irma.

#### Denmark

The technical profit of £0.2m is due to premium extensions from a construction policy.

#### Israel

The technical loss of £0.1m is due to net incurred claims arising from an engineering policy.

## A3 Investment performance

### A3.1 Income and expenses from investments by asset class

The investment portfolio as at 31 December 2025 consisted of investment grade fixed income securities, money market funds, fixed deposits and cash. Investment performance in terms of income and expenses is summarised by asset class in the table below on a UK GAAP basis.

	2025 (£'000s)	2024 (£'000s)
Government bonds	1,191	755
Corporate/agency bonds	7,451	8,509
Securitised assets	735	456
Money market funds and cash	1,590	1,472
<b>Gross investment return</b>	<b>10,967</b>	<b>11,192</b>
Investment management fees	(247)	(227)
<b>Net investment return</b>	<b>10,720</b>	<b>10,965</b>

Investment income comprises interest and dividends receivable, together with realised and unrealised investment gains or losses. Investment fees consist of asset management and custody fees.

Information relating to investments is reported on a fair value basis within the income statement. They are initially recorded at cost, which equates to fair value and subsequently re-measured at fair value through profit and loss. No gains or losses are recognised directly in equity.

The net investment return for 2025 was a gain of £10.7m (2024: gain £11.0m). With most of the investment assets comprising Sterling denominated fixed income securities, total investment performance is materially affected by movements in UK yields.

### A3.2 Investment in securitised assets

TMKI currently has a small allocation of directly held securitised assets, which are Sterling-denominated, AAA-rated, and are in aggregate less than 9% of TMKI's total investment assets. The materiality of such securities is monitored and reviewed quarterly.

## A4 Performance of other activities

### A4.1 Other material income and expenses

TMKI has no material other income and expenses.

### A4.2 Material leasing arrangements

TMKI has no financial or operating lease agreements.

## A5 Any other information

### A5.1 Additional information on the impact of potential losses arising from long-tail liability exposures

The Company is aware of the heightened estimation uncertainty when reserving for potential losses arising from long-tail liability exposures. As remaining liabilities continue to run-off and the absolute level of reserves reduces, the proportion of reserves held for specific loss events compared to reserves held for general attritional losses has increased. The reducing volume of business across the portfolio increases the relative level of reserve volatility as individual claims reflect a high proportion of the remaining reserves. For specific loss events, such as long-tail liability exposures, management's robust reserving approach reflects the specific nature of each event, and where necessary involves the use of external specialists in assessing potential exposures.

## B System of Governance

### B1 General information on the system of governance

#### B1.1 Role and responsibilities of the administrative, management or supervisory body and key functions

TMKI was TMK's company platform in the UK, operating within the regulatory framework specified by the PRA and the FCA as set out in section A1.2 of this report.

The TMKI Board has established oversight of the business and its operations, setting the strategy and ensuring that liaison has taken place in conjunction with the regulators to ensure appropriate corporate governance and control, including risk management, are in place to ensure the Company can meet its obligations to all stakeholders, in particular, policyholders.

The TMKI Board and its sub-committees hold regular meetings to consider various items, such as the overall run-off strategy, risk management and control framework, and financial reporting, including adequacy of the business capital and reserves. These are standing items on the TMKI Board agenda.

A TMKI specific Management Responsibilities Map and Board and committee Terms of Reference have been produced, and an ORSA report is maintained to reflect TMKI's run-off status.

The following departments and functions operate at the TMK level, with group heads of department to support both entities: Actuarial, Claims, Compliance, Finance, Legal, Company Secretariat, Human Resources, Internal Audit, Operations, and Enterprise Risk Management.

#### Role and responsibilities of the TMKI Board

The role of the Board is to set the Company's standards and values, determine the strategic direction and management of the Company within the context of the wider TMK Group strategy, monitor the effectiveness of the run-off of the Company, provide leadership, to ensure that the control framework enables the required assessment and appropriate management of risk, and to ensure that the Company has sufficient human resources to meet its objectives within the Company's budget.

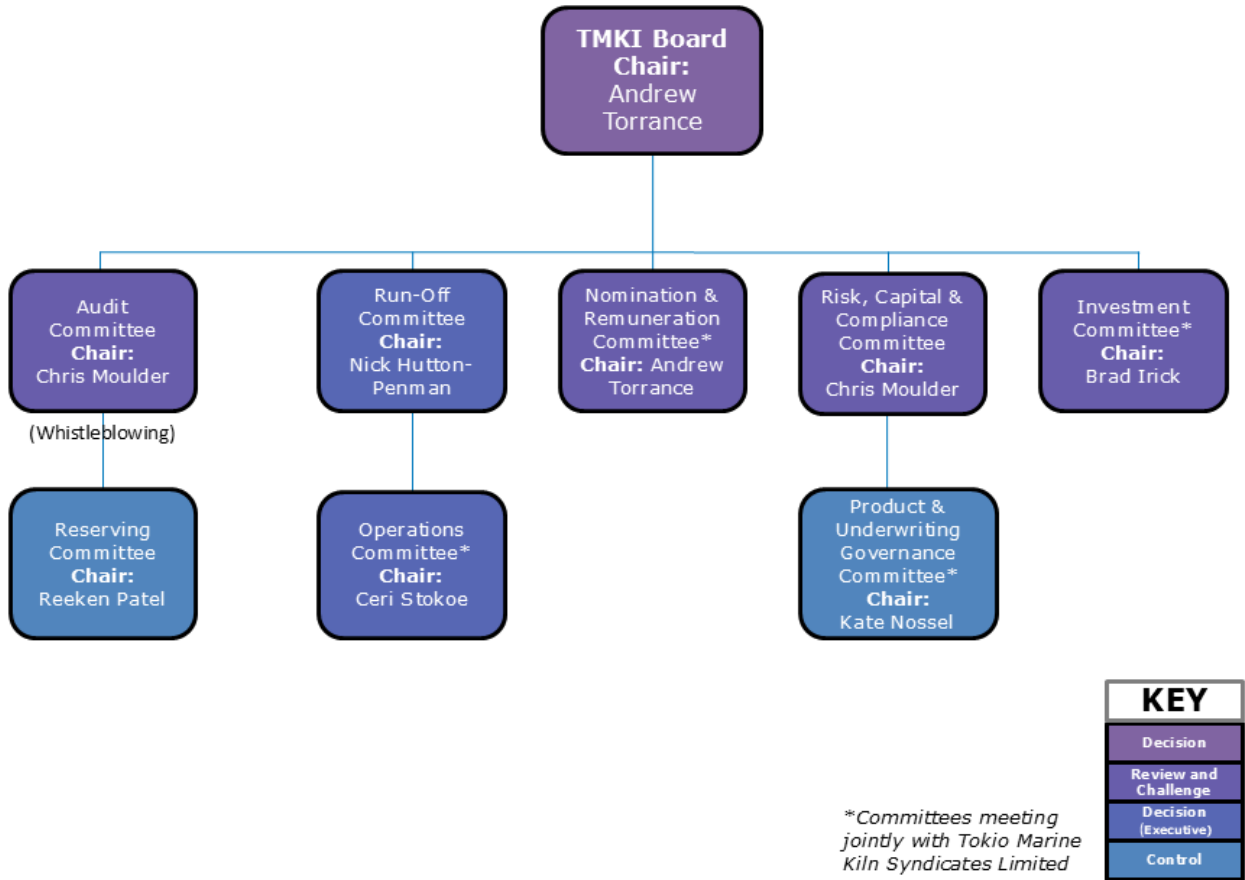
The Terms of Reference specify the matters reserved for decision by the Board. These include items relating to:

- strategy and management;
- management of the run-off;
- dividends and capital;
- financial reporting controls;
- appointments;
- business plan and associated capital requirements;
- underwriting;
- reserving;
- aggregate exposures and realistic disaster scenarios;
- risk management policies and procedures; and
- the establishment of any committee of the Board and its composition.

The Board may delegate responsibility for particular matters to one or more Board committees, the Board Chair, the TMKI Chief Executive Officer or otherwise, as it sees fit.

TMKI's governance model sets out the Board's key responsibilities and promotes its core values with the overarching aim of ensuring a successful and orderly run-off which protects policyholder interests, whilst acting with respect and integrity.

TMKI is committed to high standards of corporate governance and believes that the Board and committee structure in place supports those requirements and the provision of an adequate flow of information from the business functions into the committees and ultimately up to the Board. The schematic below shows the Company's Board and committee structure:

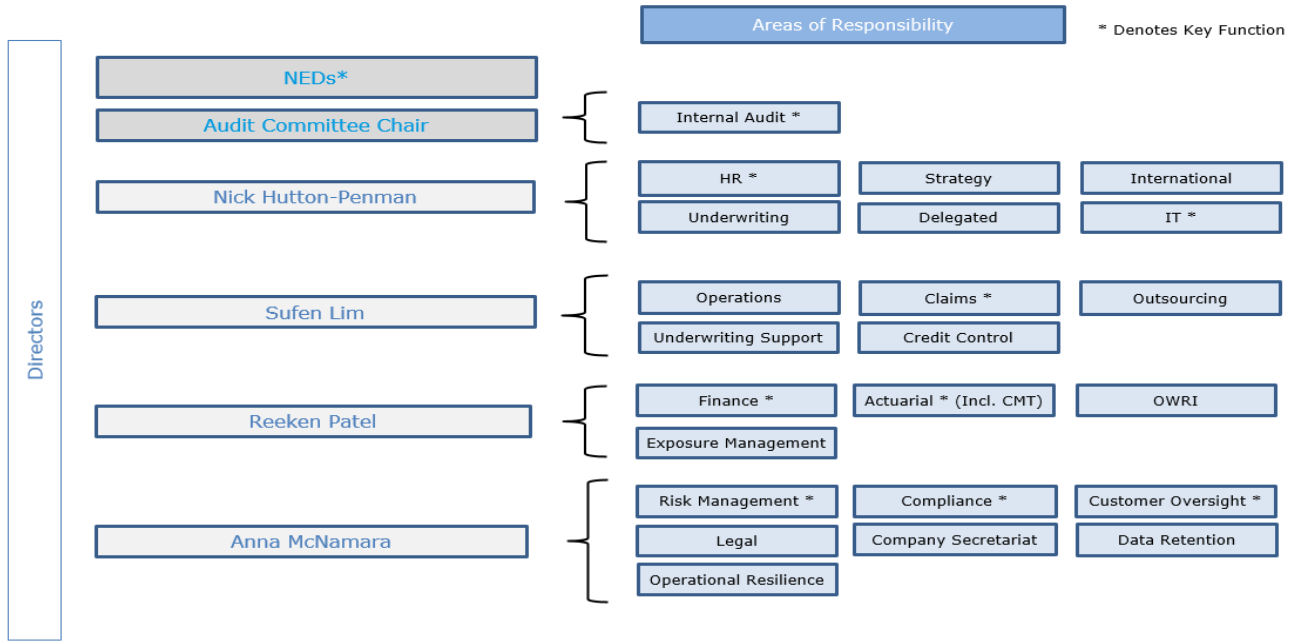


**B1.2 Key Functions**

Key functions are those functions whose operation "if not properly managed and overseen, could, depending on the nature and complexity of the business, potentially lead to significant losses being incurred or to a failure in the ongoing ability of the firm to meet its obligations to policyholders".

In accordance with the rules in the Conditions Governing Business part of the PRA Rulebook under the Solvency UK framework, the following business functions have been designated as key functions: Risk Management, Compliance, Internal Audit, and Actuarial.

Following an internal assessment, TMKI has also designated the following as key functions: Claims, Customer Oversight, Finance, IT and Human Resources. The Non-Executive Directors have also been designated as a key function. All business functions have a reporting line to the Board as shown below in the Management Responsibilities Map:



### B1.3 Roles and responsibilities of the Key Functions

#### Actuarial Function

The Actuarial function coordinates the calculation of the technical provisions as set out in accordance with the PRA Rulebook requirements under the Solvency UK framework: comparing best estimates against experience; ensuring that methodologies, models and the assumptions underlying the technical provisions are appropriate; calculating the ultimate loss ratios and GAAP technical provisions; assessing uncertainties underlying reserves estimates; and assessing the continued appropriateness and suitability of the standard formula to TMKI’s risk business and risk profiles for calculating regulatory capital requirements.

The Actuarial function also supports the development and maintenance of an effective risk management system through supporting the ORSA process; providing the Board and management with information on risk and capital profiles; and assessing the appropriateness of reinsurance programmes.

#### Risk Management Function

The Risk Management function facilitates the establishment and implementation of the risk strategy, risk policies and risk process; ensuring a consistent approach for identifying, assessing, mitigating, monitoring and reporting material risks; challenging risk management practice; and helping to embed a culture of risk awareness and proactive risk management. In addition, the function facilitates the setting of risk appetite limits and reporting against them, providing the Board and management committees with timely reporting on risks at the aggregated level.

The Risk Management function has oversight of TMKI’s internal control environment, as outlined in the Internal Controls Policy, supporting risk assessments, incident management, and providing the Board and management with training on risk matters.

#### Compliance Function

The Compliance function supports the business in managing Regulatory and Financial Crime risk.

The function undertakes a number of activities, such as providing advice to the business, maintaining oversight of the financial crime framework, carrying out horizon scanning focused on regulatory and financial crime risks, incident management, delivering compliance training and education, managing relationships with regulators, and reporting on regulatory and compliance risk exposure to the Board and management.

Within the function an independent 2nd line of defence Oversight & Assurance (O&A) team conducts risk-based independent and objective oversight and assurance regarding the operational effectiveness of systems and controls designed to mitigate and manage regulatory and financial crime risk.

### **Internal Audit Function**

The Internal Audit function evaluates the appropriateness, adequacy, operation and effectiveness of the system of governance, including the internal control system. Internal Audit's remit covers review of processes and controls, how these are being adhered to and implemented by all business areas, and the timing and frequency of reports. The function provides reports of their reviews with findings and recommendations, deadlines for completion and assigned action owners. The function also monitors completion of the agreed actions and reports on these biannually to the Audit Committee.

The roles of the other designated as key functions (as detailed in the Management Responsibilities Map) are as set out in their internal departmental documentation.

### **B1.4 Authority, resourcing and operational independence of Key Functions**

All the designated key functions are provided with the necessary authority, resource and independence they require to effectively fulfil their roles. They each report to the Board, either directly or through designated Board committees. Their reports are standing items on the Board and Board committees' agendas.

### **B1.5 Material changes in the system of governance over the reporting period**

Following the decision to put TMKI into run-off, a run-off plan was implemented for TMKI in 2019 and agreed with the PRA. The updated governance structure has been in place since 1 January 2020. Although TMKI remains part of the Tokio Marine Kiln Group, the separate Board was constituted for the Company to consider specific matters to ensure an orderly run-off, which protects policyholders' interests and is consistent with upholding the group's "Good Company" philosophy.

To ensure continuity of Board accountability, the TMKI Board is comprised of executive directors and independent non-executive directors.

The Board is responsible for ensuring that the relevant risk appetite framework and associated measures support effective management of the run-off. The Company continues to ensure that policyholders are treated fairly, while adequate capital and reserves are maintained.

### **B1.6 Material Risk Takers**

In line with the PRA's requirement that firms should implement a "Material Risk Taker" process and identify staff whose roles involve exposing the Company to material risks and who are able to influence material risk-taking, the Nomination and Remuneration Committee have reviewed the criteria (including "consistent materiality thresholds") and designated the following categories of staff as Material Risk Takers:

- Board members;
- Individuals who "effectively run the business", which includes Executive Committee members;
- Senior Management Function (SMF) holders with PRA or FCA supervisory pre-approved and Significant Influence Functions (SIF) holders with Financial Conduct Authority (FCA) supervisory pre-approval;
- Key Function office holders (Claims, Internal Audit, Actuarial, HR, Compliance, Customer Oversight, and IT);
- Those considered to have a material impact on our risk profile based on role held. This category includes the Underwriting Department Heads, the Reserving Actuary, and other underwriters with significant sign off rights; and
- Chairs of Board Committees.

## **B1.7 Remuneration policies and practices**

### **Principles of the remuneration policy**

TMKI's overall remuneration strategy is based on a robust process for reviewing and aligning all aspects of employees' reward against relevant market data. Furthermore, the Company's practices and procedures reflect best practice and PRA/FCA requirements.

Specifically, TMKI seeks to:

- ensure that the level of total compensation paid to reflect the pay position that it wants to take against the market. For consistently high performers, the total compensation aspiration will be the upper quartile;
- maintain a risk management culture, which ensures that the Company's employees conduct their affairs in line with regulatory requirements and external stakeholders' interests; and specifically, that TMK leadership does not incentivise behaviours in contravention to good customer outcomes;
- ensure employees' pay awards are fair, consistent, equitable and transparent;
- ensure that we do not unintentionally discriminate in any way and strive to eliminate anomalies;
- keep up-to-date with the market by benchmarking and reviewing pay on an annual basis;
- Consider all aspects of compensation and benefits; and
- ensure that our approach to compensation and benefits supports our aim of being a family friendly employer.

### **Explanation of relative importance of the fixed and variable components of remuneration**

Remuneration at TMKI is based on fixed and variable pay:

- Fixed pay comprises salary, pension and benefits. Salaries are benchmarked annually to ensure that each employee is paid the market rate for the position they fill.
- Variable pay rewards employees for their contribution to TMKI above the basic performance and behaviour expectations of their role.

## **B1.8 Information on individual and collective performance evaluation criteria on which any entitlement to share options, shares or variable components of remuneration is based**

TMKI follows a robust performance management process and ensures that staff receive feedback on their performance and behaviours and understand how this relates to their remuneration.

The Company follows a four-tier system of performance grading, to enable managers to differentiate between various levels of performance. Managers and staff are asked to provide a rating for each individual performance objective, as well a rating against how effectively behaviours have been demonstrated that align to our values.

Performance ratings are then calibrated by senior managers in respective departments to ensure all managers are allocating ratings on a fair, objective and consistent basis, reducing the likelihood for bias.

The performance ratings and behavioural ratings then impact the level of variable pay an individual receives, calibrated in reward meetings between senior managers and the HR department.

## **B1.9 A description of the main characteristics of supplementary pension or early retirement scheme for members of the Board and/or key function holders**

TMKI does not provide supplementary pension or early retirement schemes for members of the Board or other key function holders.

## **B1.10 Material transactions with shareholders and those who exercise significant influence during the reporting period**

TMKI enters into transactions with other Tokio Marine Group entities in the normal course of business. The most material transactions are reinsurance contracts accepted from Tokio Marine Europe S.A. and reinsurance cessions to TMNF.

## B1.11 Assessment of adequacy of the system of governance

### Review of Board effectiveness

In line with best practice, a review of Board effectiveness for the TMK Group as a whole is completed regularly, as appropriate.

A summary of key findings and actions are presented at a Board meeting for consideration, where appropriate actions are agreed and tracked to completion.

### Ongoing Review

At each Board meeting, the directors will discuss the items included on the agenda, in consideration of the current matters impacting the business. Any observations or suggestions for improvement are recorded in the minutes, and agreed actions are tracked to completion.

The review process forms the basis for the Board's assessment of the adequacy of the system of governance and the appropriateness of TMKI's governance to its business and risk profile.

## B2 Fit and proper requirements

### B2.1 A description of the specific requirements for skills, knowledge and expertise of persons who effectively run TMKI or have other key functions

TMKI takes the fitness and propriety status of all its employees, not just key function holders, very seriously and ensures that all staff are, and continue to be, fit and proper for their respective roles.

All candidates are assessed prior to appointment as part of the recruitment process and on an ongoing basis, through the performance review process. All employees are also required to self-assess their fitness and propriety each year and are asked to notify the HR team of any changes to their circumstances. Certain events, such as an internal promotion, may also trigger a further review.

When considering employees' fitness and propriety, the following are taken into account:

- competence and capability;
- honesty, integrity and reputation; and
- financial soundness.

TMKI will ensure the professional competence, qualifications and suitability of all new employees through its recruitment procedures, which include which include assessment methods and background checks.

### B2.2 A description of the fitness and propriety assessment process for persons who effectively run TMKI or have other key functions

In assessing a candidate's competence and capability prior to employment, all relevant matters are considered. This includes a review and assessment of:

- the required competencies and capability to fulfil the intended role. This is assessed through structured interviews and assessments for new employees, and performance management and manager feedback for existing employees.
- the experience and training required to ensure that these are commensurate for the intended role; and
- whether the candidate's reputation would suit the role they are being considered for, bearing in mind the factors set out within the FCA Handbook's section on fitness and propriety.

In order to comply with the fitness and propriety requirements, as part of any recruitment process, the Company:

- completes civil and criminal checks through the use of a third-party provider (with the full knowledge and agreement of the candidate);
- verifies professional or other qualifications;
- ensures that any gaps within the candidate's employment record are accounted for;

- obtains references from the candidate's former employers, including any required regulatory references, if applicable; and
- considers any adverse disclosures made by candidates.

In determining a candidate's financial soundness, the Company takes into account whether the individual has been subject to any judgement debt or award in the United Kingdom or elsewhere, and whether the individual has made any arrangements with creditors, filed for bankruptcy, had a bankruptcy petition served on them, been adjudged bankrupt or been the subject of a bankruptcy restriction order or any other related matter.

For existing employees, TMKI performs an annual fitness and propriety assessment for all certified and SMF staff under the Senior Managers & Certification Regime. This assessment is conducted by the Head of HR and the Head of Compliance and takes into consideration the following factors:

- Recent information on background checks, including civil and criminal checks and financial soundness
- Recent performance review information and capability assessment
- Compliance with the Conduct Rules
- Completion of recent required training and qualifications.

TMKI will ensure that training gaps are identified and met, and that ongoing objectives and performance are met through a robust performance management process.

Upon receipt of any changes to circumstance, consideration will be given to whether they remain fit and proper in accordance with the Fit and Proper Policy, and a decision will be made on whether any further action is required. Any non-disclosure of relevant information is taken seriously. An escalation group is used to make decisions on a person's fitness and propriety should this come into question. The escalation group must consist of at least two Executive Directors of TMKI.

On an annual basis, the Board considers a report from the Group Chief Executive Officer on the competency of the persons approved under the PRA's Senior Managers and Certification Regime (SM&CR), following the performance review process. The competency of the executive and non-executive members of the Board is reviewed by the Nomination and Remuneration Committee.

## B3 Risk management system, including the own risk and solvency assessment

### B3.1 Implementation of the risk management system

The Risk Management function is organised at the TMK Group level to support the business in achieving its strategic objectives through appropriately managing risk taking within the business.

The risk management system is supported by a comprehensive, enterprise-wide Risk Management Framework (RMF) and a suite of risk management policies, which are updated and approved on an annual basis. The RMF details the Company's approach to Enterprise Risk Management (ERM), summarising how risk is monitored and managed throughout TMKI at various levels and across various departments.

In managing its risk exposures, the Company seeks to balance the risks and opportunities associated with the business strategy and objectives. The Risk Management Team (RMT) reviews and updates the RMF annually, or more frequently if there are major changes in the business' risk profile that warrants this. It is reviewed and approved by the Risk, Capital & Compliance Committee (RCCC).

The Risk Appetite Framework (RAF), sets out the parameters for risk-taking, laying out the agreed appetite or tolerance for each area of risk the business is exposed to. Following an annual update by the RMT, the RAF, which is approved by the RCCC each year, feeds in the outcomes of the business planning process. The RAF was comprehensively refreshed in 2025 to update TMKI's risk appetite in line with the run-off plan.

### **B3.2 Integration of the risk management system into the decision-making processes**

The RAF ensures that risk taking is aligned to the business strategy by managing risks according to a set of risk preferences and tolerances. These are strategic choices taken by the business to deliver the best result to its stakeholders.

In addition, risk management policies are in place for each Solvency UK risk category. These are owned by the business and functional areas and are updated annually, in line with the processes detailed within the RMF. These policies support the business in carrying out their risk management responsibilities and encourage risk management and ownership in the First Line, as per the Three Lines Model, which the Company adopts.

Risk management policies were reviewed and updated throughout 2025 to ensure consistency and accuracy. These were approved by the RCCC.

Risk reporting is a regular, continuous and important process for TMKI as it builds alignment and transparency of risk information between the business, management and the executive team. The risk management system and processes facilitate this reporting throughout the year, allowing the Board and relevant committees to review and challenge risk information and make informed decisions about the changing risk profile of the business

### **B3.3 TMKI's own risk and solvency assessment (ORSA) process**

#### **Governance and steering of the ORSA process**

The Board leads and steers the process for delivering the TMKI ORSA. The TMKI ORSA process is documented in the TMKI ORSA policy, which sets out the Board's overarching guidance on the ORSA process, including reporting requirements, to ensure that regulatory and business requirements are continuously met. The goal of the policy is to assist the Board in implementing processes to demonstrate the link between business strategy, risk appetite, risk profile and solvency needs. The TMKI ORSA policy is reviewed and re-approved on an annual basis by the Board.

The TMKI ORSA process operates continuously throughout the year and is supported by several key elements, detailed below, to provide the Board and management with a comprehensive assessment of risk, strategy and capital, informing and supporting business decisions on an ongoing basis.

The annual ORSA report is reviewed and challenged by the Run-off Committee and RCCC. Once the RCCC is satisfied the assessment is accurate and provides information required for capital allocation and strategic planning purposes, the report is recommended for approval to the Board and submitted to the PRA annually.

#### **Triggers for ORSA reassessment**

A significant change to TMKI's risk profile will trigger an ad-hoc re-run of the ORSA process outside its regular cycle. A significant change is defined to be a movement of 15% or more in the modelled Economic Capital Requirement over a quarter, or a major model change or merger/acquisition activity impacting the TMK Group.

The final decision on whether an ad-hoc ORSA is required in these circumstances would be made through consultation involving the RMT, the CRO and the chair of RCCC.

#### **Forward-looking assessment of risk and capital**

In line with Solvency UK requirements, the ORSA process facilitates a forward-looking assessment of risk and capital.

In line with Solvency UK requirements, TMKI's ORSA process facilitates a forward-looking assessment of risk and capital. The output of this assessment is included in the annual ORSA Report.

Where appropriate, the RMT would provide recommendations in the TMKI ORSA report to address and mitigate identified current and future risks.

## Stress and scenario testing process

TMKI undertake stress and scenario testing (SST) to assess its ability to meet solvency and liquidity requirements under stressed conditions. With TMKI in run-off, the use of reverse stress tests and sensitivity testing are now of less relevance to the business profile. The SST process therefore now focuses on extreme event scenario tests. These test the solvency, capital adequacy and liquidity of the business, as well as challenges to the business across each risk category. Tests are plausible but extreme events.

## TMKI capital

TMKI has adopted the Standard Formula (SF) approach to calculating its SCR. No USPs are utilised within this calculation. The SCR is calculated by the Finance team and reviewed by the Run-off Committee and the Board. To ensure that the SF SCR is appropriate for the risks faced by TMKI, an assessment of appropriateness is undertaken annually by the Internal Model Validation Team, looking at the assumptions underlying the SF versus the risk profile of TMKI, with key points documented in the annual ORSA report. The SCR numbers are reviewed and signed off by the Board annually.

Regarding economic capital, capital assessments and allocations are presented to, and discussed with, senior management. Outputs are included in the annual ORSA Report.

### B3.4 Use of the ORSA to determine TMKI's solvency needs – interaction between capital and risk management

As noted in the previous sections, the TMKI ORSA process provides an update on the business risk profile on an annual basis. Changes to the risk and capital profile are highlighted with any necessary changes to strategy also noted.

The Chief Actuary provides the Run-off Committee and the RCCC with updates, which detail the latest regulatory and economic capital calculations, and the amount of Own Funds available to the business. These two committees review the capital positions against the business and risk profiles and make appropriate recommendations to the Board.

Metrics on capital are reported to the Run-off Committee and the RCCC through the annual ORSAs. This includes metrics used to track the level of required economic capital compared to the capital held and the agreed solvency margins.

## B4 Internal control system

### B4.1 Description of the internal control system

TMKI's internal control system comprises a combination of activities carried out to eliminate or reduce the likelihood of risks materialising and impacting the effective execution of its business strategy and the achievement of its objectives.

Activities include control management undertaken by the business, independent reviews and reporting undertaken by both the RMT and the Compliance team, and the independent review and assurance activities undertaken by the Internal Audit team.

All departments within TMK are responsible for proactively managing their control environment, including processes relating to TMKI. Each department has in place an Internal Control Framework (ICF) document, capturing the most material controls they rely upon to perform core activities, fulfil departmental objectives and mitigate the risks captured on the Risk Register. These ICF documents are owned by the business and updated whenever there are changes to departmental processes. The role of the Risk function is to provide oversight and challenge of departments' risks and controls.

### B4.2 How the Compliance function is implemented

The Compliance team operates as a key element of the internal control system. Compliance is a second line function and, as such, it reports to executive management but retains operational independence to preserve the objectivity needed to effectively perform its role. Ultimate responsibility for the effective identification of risk and the maintenance of adequate system of control rests with the first line. The first line of defence is responsible for corrective action on reported weaknesses.

The Compliance function seeks to provide expert insight on regulatory and financial crime risk and to give independent assurance and oversight to senior management as to the effectiveness of those systems and controls designed to mitigate and manage these risks.

The Compliance function is implemented through seven main areas:

Area	Responsibilities of the Compliance function
Advisory	<ul style="list-style-type: none"> <li>Engage with the business to identify and advise on regulatory and financial crime matters, whether internally or externally generated, to mitigate the risks whilst supporting business objectives.</li> <li>Proactively involved in new strategic initiatives to provide guidance on regulatory matters. Staff are encouraged to speak to Compliance promptly should they need help with obtaining, interpreting or implementing regulation, or to engage them for review and approval.</li> <li>Advise the business on operating principles, instructions and guidance to manage and mitigate regulatory and financial crime risk.</li> <li>Set the standards by which financial crime risks are managed.</li> </ul>
Regulatory Change & Horizon Scanning	<ul style="list-style-type: none"> <li>Monitor projected changes and revisions to relevant legislation and regulation and plans to introduce new legislations and regulations.</li> <li>Assess and report on potential impacts to TMKI and proposing amendments to TMKI's operations to meet with changes.</li> <li>Identify and evaluate compliance risk related to TMKI's business transactions.</li> <li>Review sources of emerging regulatory risk on an appropriate frequency and maintaining a log, noting any potential impact and action being taken/communicated to the business.</li> </ul>
Incident Management	<ul style="list-style-type: none"> <li>Coordinate the management of regulatory and financial crime incidents and all stakeholders involved to bring to satisfactory conclusion, whilst involving regulatory legal and the use of external counsel, where appropriate.</li> <li>Advise on appropriate remedial action for the business to take.</li> </ul>
Regulatory Relationship Management	<ul style="list-style-type: none"> <li>Act as the primary contact point between TMKI and its regulators and other relevant authorities (including law enforcement agencies) to facilitate and assist as required with the proactive management of those relationships.</li> <li>Being a portal for routine communication and contact between TMKI and the external regulatory community (the UK regulators and regulators in other countries as necessary). This includes managing TMKI's response to information requests (excluding routine reporting), special notifications and involvement in meetings with the regulators in a note-taking and support capacity.</li> <li>Record relevant interactions with regulators, including notes of meetings and exchange of correspondence relating to regulatory matters.</li> </ul>
Compliance Training and Education	<ul style="list-style-type: none"> <li>Support the business in fulfilling the requirements of complying with regulation, including providing direction, education and formal training on issues within Compliance's remit.</li> <li>Manage the content of financial crime training modules.</li> <li>Supporting Approved Persons in their appointment process and ongoing training.</li> </ul>
Reporting and Compliance Framework	<ul style="list-style-type: none"> <li>Report on regulatory and financial crime matters to the Board, relevant committees and other stakeholders.</li> <li>Manage external regulatory reporting in line with the Regulatory Communications Policy.</li> <li>Maintain oversight of the Compliance Framework, which includes Compliance Function planning, maintenance of the ICF, risk register, and ensuring that policies and procedures are in place.</li> <li>Report to the RCCC on a quarterly basis, showing progress against the Compliance Plan.</li> </ul>
Oversight and Assurance	<ul style="list-style-type: none"> <li>Provide oversight and assurance regarding identification and management of regulatory and financial crime risk.</li> <li>Operate independently of the rest of Compliance and RMT by developing and implementing a risk-based plan across in-scope areas of the business.</li> <li>Report findings to the appropriate management team and monitor agreed actions to conclusion.</li> <li>Undertake special investigations or projects as directed regulator(s) or executive management.</li> </ul>

## B5 Internal Audit function

### B5.1 How the Internal Audit function is implemented

The Internal Audit function is organised at the TMK level and provides independent, objective assurance and consulting services designed to add value and improve the Company's operations.

Internal Audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. Internal Audit helps the Company to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

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

Tokio Marine Holdings (TMHD) issues an Annual Policy for Internal Audit, which sets out the key objectives for Group Internal Audit functions and identifies a number of key focus areas that must be addressed in the audit cycle.

The Internal Audit function is governed by an Internal Audit Charter, which sets out the function's role, mandate and authority, and includes independence and objectivity criteria. In addition, Internal Audit adheres to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework (IIA IPPF), which are the Global Internal Audit Standards and Topical Requirements and the Financial Services Code.

The Group Head of Internal Audit (HIA) reports periodically to senior management and the Audit Committee regarding the function's conformance to these professional standards.

### B5.2 Independence of the Internal Audit function

The HIA ensures that the function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the HIA determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to the Audit Committee and any other appropriate parties.

Internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors do not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair their judgment, including:

- assessing specific operations for which they had responsibility within the previous year;
- performing any operational duties for the Company or its affiliates;
- initiating or approving transactions external to the Internal Audit function; and
- directing the activities of any TMKI employee not employed by the Internal Audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the HIA has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards are established to limit impairments to independence or objectivity. Internal auditors also:

- disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties;
- exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined;
- make balanced assessments of all available and relevant facts and circumstances; and
- take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The HIA confirms to the Audit Committee, at least annually, the organisational independence of the Internal Audit function. The HIA will disclose to the Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

## B6 Actuarial function

### B6.1 How the Actuarial function is implemented

The Actuarial Function is organised at the TMK level to support both TMKI and TMKS. It comprises of the following technical teams: the Actuarial Reserving Team, the Capital Modelling Team, and the Pricing and Analytics Team.

In addition to their day-to-day responsibilities, the teams are also responsible for, or contribute to, the following high-level areas as set out in the PRA's governance and actuarial function requirements:

- technical provisions;
- own risk and solvency assessment; and
- opinion on reinsurance arrangements.

All the above technical teams report to the Chief Actuary, who has overall responsibility for oversight of the Actuarial Function and for ensuring that the processes comply with relevant regulatory and actuarial standards.

The Chief Actuary delivers TMKI's annual Actuarial Function Reports and opinions on technical provisions and reinsurance arrangements to the TMKI Board.

During 2025, the Chief Actuary held a Chief Actuary Practising Certificate issued by the Institute and Faculty of Actuaries and was certified under the SM&CR.

## B7 Outsourcing

### B7.1 The outsourcing policy

The outsourcing of certain business tasks or processes to third-party suppliers or service providers is guided by the Procurement Policy. This Policy provides guidance on how reviews and approvals of outsourcing arrangements are performed in a controlled manner and that TMKI's outsource partners provide an effective level of service, not unduly impacting any of the Company's own systems or controls.

To maintain effective control over outsourced functions (including those which are sub-outsourced or outsourced to other companies within the TMK Group) and to adequately manage the associated risk, TMKI use a tiered approach to manage outsourced third parties.

TMKI classify all existing and new contracts into three tiers. Contract tiers are based on risk/criticality, materiality and total annual contract value. It is necessary to adopt a risk-based approach to due diligence and monitoring controls, which will differ across third parties. Therefore, it is important to classify third parties into various bands according to criticalities attached with each party. This tiered system will determine the level of scrutiny required for on boarding, due diligence and ongoing management, monitoring and reporting with any issues escalated to the Operations Committee.

Tier 1:

Criteria for a Supplier to be deemed as Tier 1 (can be any one of these criteria)

1. Supplier provides Material Outsourcing services, as defined by a regulator, such as:
  - Material contracts in line with the FCA/PRA Definitions
  - underwriting in the name of and because of the insurer
  - design and pricing of insurance products
  - investment of assets or portfolio management
  - claims handling
  - provision of regular or constant compliance, internal audit, accounting, risk management or actuarial support
  - provision of data storage
  - provision of ongoing, day-to-day systems maintenance or support
  - ORSA process

2. Supplier provides a business-critical service, that if it fails, or is interrupted, causes significant impact across all operations. Contracts could be classified by some or all of these criteria:
  - Sole provider of services in the market
  - More than 3 business units dependent upon service
  - Operational Resilience – Unavailability of third party will ‘Significantly’ impact TMK
3. Supplier provides Material Non-Outsourcing services, as defined by a regulator or,
4. Supplier annual total contract value is  $\geq$  £1M

Tier 2: A non-material but essential service that if it fails or is interrupted could impact business operations. Contracts could be classified by some or all of these criteria:

- Only few provide service in the market
- At least 2 business units dependent upon service
- Operational Resilience – Unavailability of third party will ‘Moderately’ impact TMK
- Annual total contract value with the supplier is  $\geq$  £100k

Tier 3: Any other contract with a supplier that does not fall into either Tier 1 or Tier 2. Contracts could be classified by some or all of these criteria:

- Only 1 business unit dependent
- Multiple firms provide service in the market
- Operational Resilience – Unavailability of third party will ‘Minimum’ impact TMK
- Annual total contract value with the supplier is  $\geq$  £1k

Risk assessment is different for every department, but there are some fundamentals that apply to all business units. While this may differ by the service supplied, common sense assessment will include the following if applicable:

- Type of service being provided
- Access to internal data involved in providing the service
- Nature of data set involved (client confidential, private data, financial transactions, identifiers, passwords, etc.)
- Cloud Outsourcing
- Data and information security expectations (related to nature of data)
- Financial standing of the vendor
- The size of the contract
- History of the relationship
- Identifying the beneficial owners of the third-party business
- Location (country or region) where services are provided from or where the firm is headquartered.

All contracts which fall under the FCA/PRA definition of “Material Contract” automatically fall under “Tier 1 Material Outsourcing”.

Procurement are continually monitoring all requisitions and assessing if there are any new Tier 1 suppliers via a ‘triage’ process. Total supplier spend is reviewed annually and changes to Tier 1 suppliers based on spend reviewed annually.

The second stage in this review is notification and ratification by the Operations Committee.

## B7.2 Material outsourcing arrangements

TMKI has material outsourcing arrangements in place for the following activities:

Service received	Jurisdiction Located In
Discretionary Investment Management Service	London, UK
Application development & Support services	London, UK
Disaster Recovery Services	Hounslow, UK
Claims and Premium Administration	London/Bridgend, UK

## B8 Any other information

There is no other information to be reported.

## C Risk Profile

### Summary of risk profile

TMKI's principal activities were the underwriting of commercial marine cargo, property and liability insurance business in the United Kingdom. TMKI ceased underwriting with effect from 1 January 2020 and is now in run-off.

TMKI's business model remained consistent with specialist underwriters providing a wide variety of products tailored to our clients' changing risk profile. This was supported by a comprehensive, enterprise-wide framework for the management of risk across the Company.

TMKI focused largely on shorter-tail lines of insurance where the business was able to quickly make immediate and reliable assessment of losses to expect. TMKI remains substantially exposed to losses from man-made and catastrophe property damage events-related business due to risks written before its being placed into run-off.

It was TMKI's policy to confine its exposure to risk primarily within its core areas of expertise: the underwriting of large commercial insurance and reinsurance risks. This approach means that TMKI was at the cautious end of the spectrum in all areas of financial risk management, such as investment management. This allowed TMKI to protect the capital on its balance sheet and focus its risk appetite on underwriting.

Underwriting risk constituted 73% of TMKI's total undiversified SF SCR as at 31 December 2025, due to the size of the reserves and the remaining unearned exposures. Counterparty Default Credit risk was 7% of the SCR, while Market risk, which is conservatively managed in line with the Company's cautious investment strategy, constituted 15% of the total SCR. Operational risk, which constituted 5% of the SCR, is tolerated but mitigated wherever possible.

### C1 Underwriting risk

This is the risk arising from fluctuations in the frequency and severity of financial losses incurred as a result of the acceptance of the insurance portfolio of business.

As highlighted above, as at 31 December 2025, underwriting risk constituted approximately 73% of TMKI's total undiversified SF SCR (2024: 74%).

#### C1.1 Key underwriting risks

TMKI now has only very limited unearned exposure; this relates to longer-term risks that were underwritten prior to TMKI entering run-off.

As of the end of 2025, the majority of the remaining unearned exposures are in the Engineering and Liability lines of business.

The engineering policies are located across various territories with a combination of direct business and inward facultative reinsurance. The main exposures are in the USA, UK, Bangladesh, Pakistan and Australia.

Liability was a split of both general liability and employers' liability risks, with a greater proportion of the book centred on general liability risks in the sport, leisure and entertainment, and retail areas.

As an entity in run-off, a key part of underwriting risk sits with reserving for earned exposures.

#### C1.2 Underwriting risk assessment and mitigation

##### Use of outward reinsurance as the main underwriting risk mitigation technique

TMKI's outward reinsurance arrangements serves to limit its overall risk exposure, as well as reduce the volatility of its claims.

### C1.3 Underwriting risk sensitivity and concentrations

#### Reserving risk

This is the risk of loss arising from claims reserves already in the balance sheet being understated, i.e. the risk that reserves are inadequate due to the inherent uncertainty of knowing the ultimate timing and quantum of liabilities incurred.

Claims provisions represent estimates, based on the Company's Actuarial function's statistical projections, of the expectation of the ultimate settlement and administration costs of claims incurred. A variety of estimation techniques are used, generally based upon statistical analyses of historical loss and premium development patterns, to assist in the establishment of appropriate claims reserves. In addition to the statistical techniques, the Actuarial function engages with the Underwriting and Claims departments so that relevant information relating to reserve exposures can be included in the claims reserving process.

## C2 Market risk

This is the risk arising from fluctuations in values of, or income from, assets, interest rates or exchange rates. Market risk as at 31 December 2025 comprised 15% of TMKI's total undiversified SF SCR (2024: 16%).

### C2.1 Market risk assessment and mitigation

A key reason for the low contribution of Market risk to TMKI's overall risk profile is the conservative nature of the Company's Investment policy, which has protection of capital as the overriding aim. As a result, Market risk has been consistently managed within the risk tolerances set by the Board and accepted as a by-product to risks that TMKI seeks, such as Underwriting risk.

Market risk is measured on a quarterly basis using the Economic Scenario Generator (ESG) model for capital purposes and more regularly using the BlackRock Aladdin risk system for the day-to-day management of the investment portfolio.

TMKI's Market risk profile is monitored by looking across the various assets and liabilities. The tolerances of each risk metric are reviewed annually as part of the Risk Appetite Framework update. Using an Investment risk metric and an asset liability management (ALM) metric, quarterly reports are presented to the Investment Committee to update them on the Market risk profile against agreed tolerances.

## C3 Credit risk

This is the risk of loss if another party fails to meet its financial obligations, including failure to meet them in a timely manner. TMKI's Credit risk exposure as at 31 December 2025 constituted 7% of its total undiversified SF SCR (2024: 4%).

### C3.1 Credit risk assessment and mitigation

TMKI is exposed to three types of Credit risk: Reinsurer Credit risk, Broker/Intermediary Credit risk and Investment Credit risk.

Credit exposure and aggregate exposure to reinsurers are managed through assessment and approval of all new reinsurers before business is placed with them. The credit ratings of all reinsurers used and the performance of premium debt, from brokers and intermediaries are also monitored quarterly by the Run-off Committee. The Investment Committee regularly tracks and reviews the Company's investment portfolio.

## C4 Liquidity risk

This is the risk that TMKI is unable to meet its liabilities in a timely manner because of the lack of liquid resources.

### C4.1 Liquidity risk assessment and mitigation

Liquidity risk is mitigated through the overall strategy of ensuring that TMKI holds sufficient liquid assets in order to settle any financial obligation as they fall due. Frequent review of the ongoing liquidity position takes place in order to ensure early identification of any shortfall.

Potentially, the most significant source of Liquidity risk is either large claims arising from Underwriting risk (mainly catastrophe-related losses) or delay in receipt of payments from reinsurers in respect of large claims. However, if a series of large losses were to occur, the extensive outwards reinsurance that TMKI has in place would minimise the losses significantly. Furthermore, given that substantial reinsurances are placed with TMNF, which would be extremely unlikely to delay payments to the detriment of TMKI's liquidity position, TMKI's Liquidity risk is, therefore, mitigated by being fully backed by its parent company's financial strength.

The existence of substantial outwards reinsurance experience within the Company and the rigorous process involved in approving reinsurers for the reinsurer pool, also mitigates potential Liquidity risk arising from failure of reinsurers to settle claims when the fall due. Furthermore, given the conservative nature of its investment portfolio in which liquid assets are extensively held, TMKI's exposure to Liquidity risk from assets illiquidity is very low.

## C5 Operational risk

Operational risk is the risk that errors caused by people/culture, processes, data or systems/IT lead to losses to TMKI.

As at 31 December 2025, Operational risk constituted 5% of TMKI's total undiversified SF SCR, (2024: 7%).

### C5.1 Operational risk assessment and mitigation

The Company seeks to manage this risk by the recruitment of high calibre staff and providing them with ongoing, high quality training. Given the run-off status of the Company, retention strategies are in place to ensure that essential staff remain in place throughout the course of the run-off.

There is a strong risk reporting and risk governance system in place to ensure effective risk management of operational risk. This is underpinned by the Enterprise Risk Management Framework (ERMF) and the TMKI Risk Appetite Framework (RAF). The TMKI RCCC reviews the most material elements of the operational risk profile in line with the TMKI RAF.

## C6 Other material risks

### Solvency risk

This is the risk of non-compliance with solvency capital requirements. These requirements are set out to ensure that the Company has enough capital to meet demands as they fall due.

Solvency risk is driven by exposure to several other risks such as Insurance, Market, Credit and Operational.

### Regulatory risk

This is the risk of loss owing to a breach of regulatory requirements or failure to respond to regulatory change.

The Company is required to comply with the requirements of the Financial Conduct Authority (FCA) and the PRA.

The Company's Compliance function is responsible for monitoring compliance with regulation and monitoring of regulatory change. The Compliance framework outlines the broad regulatory and compliance structure that applies to all staff.

The nature of TMKI's business exposes the Company to controls and sanctions which regulate international trade, although this exposure is reduced as no new business is being written. Processes and controls are in place to screen and monitor transactions against relevant requirements to ensure compliance with them.

**Conduct risk**

This is an essential element of regulatory risk and is the risk of financial and/or service detriment which adversely affects the Company's customers due to failings in the customer value chain. Conduct risk and the treatment of customers is managed and monitored by the Product and Underwriting Governance Committee (PUGC).

The Board aims to embed a culture, from the top down, where the conduct risk arising from the execution of the business plan and strategy is appropriately monitored and managed to ensure good outcomes for customers. The management of conduct risk applies to all business, regardless of product lines and customer types, across both open market and delegated underwriting and is achieved through the application of the conduct risk framework. Conduct risk and the treatment of customers is managed and monitored by the PUGC.

**Reputational risk**

The risk of negative publicity regarding an institution's business practices will lead to a loss of revenue or litigation.

This risk is reduced with the decision to cease writing new business, but is still managed carefully, particularly because the Company shares the Tokio Marine Kiln brand with other Group entities. Loss of confidence from customers, regulators or capital providers could cause long-term harm to the wider business. In light of this, all staff are made aware of their responsibilities to clients and other stakeholders. Reputational risk is monitored on a quarterly basis by RMT and reported annually as part of the ORSA process to the Risk, Capital & Compliance Committee.

**Run-off risk**

Run-off risk is the risk of failing to manage the run-off of the Company efficiently and effectively and avoiding any detriment to policyholders. The various risks associated with the run-off include the reputational risk, regulatory risk and the impact it may have from a resourcing perspective in terms of the potential for distraction from business-as-usual activities.

These risks require careful management and are a key priority for the business. The run-off is being managed in line with existing policies and procedures. A Run-Off Committee is in place to oversee the management of the run-offs and this reports into the Audit Committee.

## C7 Any other information

There is no other information to be reported.

## D Valuation for Solvency Purposes

### D1 Assets

#### D1.1 Solvency UK valuation for each class of asset

£'000s	UK GAAP	SUK valuation	Difference
<b>Asset classes</b>			
Investments	200,528	205,586	(5,058)
Cash and cash equivalents	10,490	5,432	5,058
Reinsurers' share of technical provisions	29,103	20,722	8,381
Deferred acquisition costs	28	-	28
Insurance debtors	1,143	689	454
Reinsurance debtors	9,831	1,495	8,336
Other debtors	10,400	10,400	-
Deferred tax asset	50	50	-
<b>Total assets</b>	<b>261,573</b>	<b>244,374</b>	<b>17,198</b>

#### D1.2 Differences between Solvency UK valuation and UK GAAP valuation

The following section describes how each asset class is valued under UK GAAP, and any difference arising in the valuation technique under Solvency UK. Except where noted, there are no differences between the bases, methods and main assumptions used for each asset class in the valuation for solvency purposes as opposed to the valuation included within the financial statements.

##### Investments

Investment assets are managed at the TMK level on behalf of both TMKI and TMKS by the Investment Committee. These assets are largely split between government and corporate bonds and short-term deposits. Whilst the total value of investments and cash was unchanged between UK GAAP and Solvency UK, the classification between asset sectors varied, as shown below:

Asset sector	UK GAAP valuation (£'000s)	SUK valuation (£'000s)	Difference (£'000s)
Government	45,151	49,069	(3,918)
Agency	14,256	-	14,256
Corporate	105,364	114,838	(9,474)
Securitised assets	18,576	19,440	(864)
MMF and Term Deposits	17,181	22,239	(5,058)
<b>Total</b>	<b>200,528</b>	<b>205,586</b>	<b>(5,058)</b>

At the year-end the bond portfolio was managed by BlackRock Investment Managers.

The Company has also outsourced a number of accounting and reconciliation tasks to BlackRock Solutions (BRS). BRS is subject to a service company audit under the Statement on Standards for Attestation Engagements Number 18 (SSAE18), the results of which show no significant deficiencies in internal controls and processes. As a result, TMKI can rely on BRS output data. In addition, certain controls are undertaken within the Company to ensure that BRS are carrying out their required controls properly and that the output information can be relied upon.

All the assets are valued by BRS on a mark-to-market basis, using several third-party sources based on the schedule of data providers they maintain for each class of asset. This approach is based on sourcing prices from active markets and BRS 'Primary Providers'. An active market is deemed to be a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

In accordance with Solvency UK and FRS 102 valuation principles, TMKI does not hold any financial instrument that is not traded on an active market. The pricing methodologies by asset class are as follows:

- Government Bonds: UK Gilts pricings are obtained from the Tradeweb Markets Inc who source their prices from observable market activity.
- Government Agencies: These include supra-nationals and government agency bonds, which are ordinarily priced from Markit (part of S&P Global) pricing and reference data.
- Corporate Bonds: Corporate bonds are priced across a number of pricing vendors which are selected using BlackRock's pricing hierarchy to select the most appropriate source depending on security characteristics/sector. Bonds can be quoted in a variety of ways, including nominal spreads over benchmark securities/treasuries, spreads over swap curves, or direct price quotes as a percentage of par.

In most instances, the quote type used is a spread measure that results in daily security price changes from the movement of the underlying curve (swap or relevant government bond curve) and/or changes in the quoted spread. Where a bond is not in the index, a price is obtained from Reuter's pricing service.

Securitised Assets: There are two types of securitised assets: covered bonds and asset-backed securities (ABS). Prices are ordinarily obtained from Markit.

Currently, TMKI's directly held investment portfolio does not contain assets which require mark-to-model valuation techniques.

#### **Cash and cash equivalents**

Cash and cash equivalents include on-demand bank deposits under both Solvency UK and FRS 102. Under FRS 102 they also include other highly liquid investments with original maturities of three months or less. All are measured at fair value.

#### **Technical provisions – reinsurance recoverable**

The value of reinsurance recoverable as at 31 December 2025 was £20.7m on a Solvency UK basis and £29.1m on an FRS 102 basis. Under Solvency UK, the technical provision includes reinsurers' share of unearned premium reserve. Technical provisions are valued by the actuaries in accordance with Solvency UK principles and PRA's guidance. Please refer to the Section D2 for further details and the reconciliation between UK GAAP and Solvency UK valuations.

#### **Deferred acquisition costs**

Under FRS 102, acquisition costs comprising commission and other costs related to extensions on insurance contracts are deferred to the extent that they are attributable to premiums unearned at the statement of financial position date. Deferred acquisition costs are not recognised separately under Solvency UK to the extent that they form part of the premium provision calculation of the technical provisions. Please refer to Section D2.2 for further details.

#### **Insurance debtors**

The value of insurance debtors was £0.7m on a Solvency UK basis and £1.1m on an FRS 102 basis as at 31 December 2025. Under the FRS 102 basis, insurance debtors include all insurance balances receivable, irrespective of the amounts overdue. Under a Solvency UK valuation basis, insurance debtors are reclassified as part of the technical provisions balance (see section D2 for further detail). The exception to this reclassification is where balances are more than three months overdue. These overdue balances are still reported as insurance debtors in the balance sheet and are not included in the technical provisions. Such overdue balances incur a capital penalty within the standard formula SCR calculation.

### Reinsurance debtors

As at 31 December 2025, the value of reinsurance debtors was £1.5m on a Solvency UK basis and £9.8m on an FRS 102 basis. Under the FRS 102 basis, reinsurance debtors include all reinsurance balances receivable, irrespective of the amounts overdue. Reinsurance debtors, as with insurance debtors, are reclassified as part of the technical provisions balance (see section D2 for further detail). The exception to this reclassification is where balances are more than three months overdue. These overdue balances are still reported as reinsurance debtors in the balance sheet and are not included in the technical provisions. Such overdue balances incur a capital penalty within the standard formula SCR calculation.

### Deferred tax asset

The value of the deferred tax asset was £0.1 million at 31 December 2025.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The deferred tax asset is calculated at tax rates based on tax laws enacted or substantively enacted which are expected to apply in the period the assets are realised.

TMKI deferred tax assets of £0.1m in relation to fixed assets, have been recognised on the basis of that such profits will be available to utilise the tax losses and the fixed asset related tax credits.

TMKI has not recognised any additional deferred tax asset for Solvency UK purposes, as the Solvency UK value is consistent with the value in the financial statements.

### D1.3 Alternative methods for valuation of assets and liabilities for solvency purposes

TMKI does not use any alternative methods in its valuation of assets and liabilities for solvency purposes.

## D2 Technical provisions

### D2.1 Technical provisions by material line of business

For each Solvency UK line of business, the following table shows the net best estimate and risk margin, as well as the total technical provisions as at 31 December 2025.

All amounts in £'000s		Year-end 2025			Movement in Net TPs	
Code	SUK line of business	Net best estimate	Risk margin	Net technical provisions	Year-end 2024	Increase/ (decrease)
1 & 13	Direct & Proportional Medical Expenses	594	34	628	555	73
	<b>Total Health</b>	<b>594</b>	<b>34</b>	<b>628</b>	<b>555</b>	<b>73</b>
6 & 18	Direct & Proportional Marine, Aviation & Transport	1,542	89	1,631	3,202	(1,571)
7 & 19	Direct & Proportional Fire & Other Property Damage	20,000	1,155	21,155	30,310	(9,155)
8 & 20	Direct & Proportional General Liability	46,244	2,671	48,915	54,156	(5,241)
12 & 24	Direct & Proportional Miscellaneous Financial Loss	19	1	20	25	(5)
26	Non-Proportional Casualty Reinsurance	729	42	771	759	12
27	Non-Proportional Marine, Aviation & Transport Reinsurance	465	27	492	544	(52)
28	Non-Proportional Property Reinsurance	-	-	-	39	(39)
	<b>Total Non-Life</b>	<b>68,999</b>	<b>3,985</b>	<b>72,984</b>	<b>89,035</b>	<b>(16,051)</b>
	<b>Total</b>	<b>69,593</b>	<b>4,019</b>	<b>73,612</b>	<b>89,590</b>	<b>(15,978)</b>

The decrease in net technical provisions from year-end 2024 to year-end 2025 was predominantly driven by claims settled during the year as the run-off progresses. Material changes in the assumptions for calculating the technical provisions are discussed below.

## **D2.2 Bases, methods and main assumptions used for valuation of best estimate**

The process of calculating each element of the best estimate for solvency purposes is covered in detail below, but the key methods are similar for each. The basic approach for each element is as follows:

1. Estimate bound premium and claims (for both earned and unearned business).
2. Calculate the corresponding undiscounted future premium and claims reserve amounts.
3. Estimate appropriate payment patterns to apply to each of these amounts.
4. Estimate the cash-flows within each future period using the relevant payment pattern.
5. Discount each future cash-flow using the appropriate risk-free interest rate.

### **Claims**

Gross claims are projected to ultimate at a reserving class level using standard projection methods, including the link ratio method and the Bornhuetter-Ferguson method, with actuarial judgement applied, where appropriate. Exposure-based assessments are also used in estimating catastrophe claims. The earned claims estimates were consistent with those produced for the UK GAAP Technical Provisions.

Reinsurance recoveries are allowed for by applying estimated net-to-gross ratios consistent with the approach used for the UK GAAP technical provisions.

Projected cash-flows are estimated by applying payment patterns to the estimates of the gross claims and recoveries separately.

A "look through" basis is used for the valuation of binder business. As such, only individual declarations attached as at the valuation date are included in the Solvency UK technical provisions.

### **Premiums**

Premium cash-flows are projected net of insurance premium tax and gross of acquisition expenses using a link ratio model, based principally on the most recent underwriting years. As with claims, the estimated premium development patterns are produced at a reserving class level and are used to derive disposal rate payment patterns to apply to the corresponding future premium amounts.

### **Bound but not incepted (BBNI) business**

Claims and premium cash-flows from BBNI business are estimated using data from the core systems showing entered but not incepted policies. Policies that have tacit renewal clauses are separately allowed for and are assumed to automatically renew if not cancelled in advance of the expiry date (typically 90 days), with an assumed proportion of lapses.

### **Allowance for inflation**

The statistical methodology used in the calculation of the technical provisions assumes that the future will be broadly similar to the past with regard to the legal environment and business operation. The assumption is considered realistic and proportionate given the reasonably short tail nature of the business, and hence the relatively limited exposure of the business to variations in future inflation rates.

### **Expenses**

For each expense item at a Finance budget level, an estimate was made of the latest available budget for the forthcoming calendar year and of the corresponding proportion which relate to the servicing of existing liabilities.

These assumptions were combined for each expense item to give an estimate of the total cost of servicing the liabilities during 2025. For future calendar years, this cost was assumed to reduce in line with the claims reserves within the Solvency UK technical provisions.

The paid claim amounts used in the analysis included all allocated loss adjustment expenses (ALAE) that were booked as paid as at the relevant date. Hence, they were assumed to cover future claim payments and the corresponding claims administration expenses. Unallocated loss adjustment expenses (ULAE) were not included within the paid claim amounts but projected as part of the expenses' analysis above.

### **Acquisition expenses**

All premium cash-flows were projected net of insurance premium tax, but gross of acquisition expenses. Acquisition expense loadings, based on actual policy data, where available, or historical averages otherwise, were applied separately for both inwards and outwards reinsurance cash-flows to produce an allowance for both inwards acquisition costs and outwards reinsurance acquisition costs.

### **Adjustment for counterparty default**

A report of outwards claims reserves split by reinsurer was produced, with all reinsurers assigned a reinsurer rating, sourced from Standard & Poor's and AM Best. For each reinsurer rating, a set of default probabilities and recovery rates were then assumed. The recovery rate for a specific counterparty was the share of debts that the counterparty will still be able to honour in the case of default. The default probabilities and recovery rates used were based on the technical information published by the Prudential Regulation Authority (PRA) for Solvency UK reporting purposes. The projected outwards claims reserves split by reinsurer rating were then combined with the recovery rate information to produce an estimate of the overall adjustment in respect of counterparty default.

### **Allowance for events not in data (ENID)**

The allowance for ENID uses a truncated distribution approach, under which we have assumed that the full range of reserve outcomes were represented by the reserve risk distributions produced by the Capital Modelling Team. The ENID estimate was calculated as a percentage loading, based on the reserve risk distributions of the average loss from an event beyond the 1-in-10 likelihood, the 90% TVaR (Tail Value at Risk).

A premium-weighted average approach and judgement was applied to determine how much credibility to lend to certain segments of the business. This was then applied to the 90% TVaR amount to calculate the average loading required to cover such events. The judgement to apply a greater weighting to this business was based on the view that the more limited the historical data we have, the higher the likelihood of events not being captured.

### **Discounting**

All relevant cash-flows were discounted using the prescribed PRA yield curves as at the valuation date.

### **Risk margin**

The risk margin was calculated using the cost-of-capital approach prescribed under the Solvency UK framework. This method reflects the cost of holding capital to support the insurance obligations over their lifetime.

The Standard Formula SCRs used in the calculation of the risk margin were produced by the Company's Finance Team. The SCRs were calculated using a process in line with that for the full SCR calculation, but only applied to business included within the Solvency UK technical provisions, that is, business legally bound at the valuation date. This was calculated as at the valuation date (proxy SCR) and the subsequent four year-ends (t=1 through t=4), using the Standard Formula. Thereafter, a risk-based approach was used to run-off the SCR.

Under the risk-based approach, the capital held to support the technical provisions was assumed to reduce in line with the Premium risk and Reserve risk underlying the technical provisions. The Reserve risk remaining after the first four years was assumed to reduce in line with the square root run-off method.

### D2.3 Uncertainty associated with the value of technical provisions

There is always uncertainty in estimating the technical provisions for insurance business. The nature of most of these issues is such that they are difficult to quantify in both likelihood and magnitude. The issues that arise in respect of the business include:

- In valuing the technical provisions, it is necessary to project numerous cash-flows, including future premiums, claims and reinsurance recoveries. None of these will develop exactly as projected and they may vary significantly from the projections.
- For certain elements of the technical provisions, such as the allowance for ENIDs, there is very little data on which to base any analysis. This could potentially lead to increased uncertainty in the estimates for these elements of the technical provisions.
- Low levels of historical data can lead to an increased uncertainty in actuarial projections.
- There is greater uncertainty associated with the more recent years of account, mainly due to pricing strength and the unearned exposure to future events, such as natural catastrophes and large losses.

### D2.4 The recoverables from reinsurance contracts and Special Purpose Vehicles

The main reinsurance contracts in place for TMKI were the catastrophe excess of loss treaties that protect the construction business against catastrophic loss events. Where appropriate, these are supplemented by facultative reinsurance arrangements.

As part of the wider Tokio Marine Group, there are also various fronting arrangements whereby risks are written by TMKI and ceded via quota share reinsurance contracts to TMNF. The use of Special Purpose Vehicles (SPVs) is limited to specific contracts, which are generally part of the fronted arrangements. For information on the calculation of reinsurance recoveries, please see the claims and premiums sub-sections in section D2.2 above.

### D2.5 Material changes in the relevant assumptions made for calculating the technical provisions between year-end 2025 and year-end 2024

The assumptions used in the valuation of the Solvency UK technical provisions at 31 December 2025 are consistent with those made at 31 December 2024.

## D3 Other liabilities

### D3.1 Solvency UK valuation for each class of other liabilities

£'000s	UK GAAP	SUK valuation	Difference
<b>Liability classes</b>			
Gross technical provisions	93,936	94,334	(398)
Reinsurers' share of deferred acquisition costs	25	-	25
Insurance creditors	677	665	12
Reinsurance creditors	8,301	167	8,134
Other creditors	18,449	18,449	-
<b>Total liabilities</b>	<b>121,388</b>	<b>113,615</b>	<b>7,773</b>
<b>Net capital and reserves</b>	<b>140,185</b>	<b>130,759</b>	<b>9,426</b>

### D3.2 Differences between Solvency UK valuation and UK GAAP valuations

The following section describes how each liability class was valued under UK GAAP and any difference arising in the valuation techniques under Solvency UK. Except where noted, there were no differences between the bases, methods and main assumptions used for each liability class in the valuation for solvency purposes as opposed to the valuation included within the financial statements.

During the reporting period, no changes were made to any of the recognition or valuation bases or estimation techniques described below.

**Gross technical provisions**

The value of gross technical provisions at 31 December 2025 was £94.3m on a Solvency UK basis and £93.9m on an FRS 102 basis. Technical provisions are valued by the actuaries in accordance with Solvency UK principles and PRA guidance. Please refer to Section D2 for further details and the reconciliation between UK GAAP and Solvency UK valuations.

**Reinsurers' share of deferred acquisition costs**

Under FRS 102, acquisition costs comprising commission and other costs related to the acquisition of new insurance contracts are deferred to the extent that they are attributable to premiums unearned at the statement of financial position date. Deferred acquisition costs are not recognised separately under Solvency UK to the extent that they form part of the premium provision calculation of the technical provisions. Please refer to Section D2.2 for further details.

**Insurance creditors**

The value of insurance creditors was £0.7m on a Solvency UK basis and £0.7m on an FRS 102 basis at 31 December 2025.

Under FRS 102 basis, insurance creditors include all insurance balances payable irrespective of the amounts overdue. Under a Solvency UK valuation basis, insurance creditors are reclassified as part of the technical provisions balance (see section D2 for further detail). The exception to this reclassification is where balances are more than three months overdue. These overdue balances are still reported as insurance creditors in the balance sheet and are not included in the technical provisions.

**Reinsurance creditors**

The value of reinsurance creditors was £0.2m on a Solvency UK basis and £8.3m on an FRS 102 basis at 31 December 2025.

On an FRS 102 basis, reinsurance creditors include all reinsurance balances payable, irrespective of the amounts overdue. Under a Solvency UK valuation basis, reinsurance creditors are reclassified as part of the technical provisions balance (see section D2 for further detail). The exception to this reclassification is where balances are more than three months overdue. These overdue balances are still reported as reinsurance creditors in the balance sheet and are not included in the technical provisions.

## D4 Any other information

### D4.1 Additional information on the impact of potential losses arising from long-tail liability exposures

The Company is aware of the heightened estimation uncertainty when reserving for potential losses arising from long-tail liability exposures. As remaining liabilities continue to run-off and the absolute level of reserves reduces, the proportion of reserves held for specific loss events compared to reserves held for general attritional losses has increased. The reducing volume of business across the portfolio increases the relative level of reserve volatility as individual claims reflect a high proportion of the remaining reserves. For specific loss events, such as long-tail liability exposures, management's robust reserving approach reflects the specific nature of each event, and where necessary involves the use of external specialists in assessing potential exposures.

## E Capital Management

### E1 Own funds

#### E1.1 Objectives, policies and processes for managing TMKI's own funds

The objective of own funds management is to maintain, at all times, sufficient own funds to cover the SCR and MCR such that the solvency ratio, as measured against the SCR and referred to as the regulatory solvency ratio (RSR), remains within risk appetite.

These own funds are to be of sufficient quality to meet the eligibility requirements as set out in the PRA Rulebook requirements on Own Funds under Solvency UK. Separate to the RSR risk appetite, the TMKI Board sets a target buffer of own funds to be held above the economic capital requirement (ECR) as determined by the TMKI capital model.

The Board is provided with a half yearly capital update in which the eligible own funds to cover the RSR is reviewed.

As part of own funds management, TMKI maintains a run-off plan, which sets out annual solvency projections and includes the structure of, and requirements for, own funds over the foreseeable run-off period.

The RSR was 232% at the end of 2024 and was 256% at the end of 2025 when the SF SCR was recalculated.

The Company's capital, balance sheet exposure and solvency position are reviewed on an ongoing basis and actions are taken as necessary to protect the solvency position.

#### E1.2 Structure, amount and quality of total available own funds to meet the SCR

Description (£'000s)	31 Dec 2025			31 Dec 2024	
	Tier 1	Tier 2	Tier 3	Total	Total
<b>Basic Own Funds</b>					
Ordinary share capital	35,000	-	-	35,000	35,000
Share premium account	186,000	-	-	186,000	186,000
Reconciliation reserve	(90,291)	-	-	(90,291)	(94,347)
Net deferred tax assets	-	-	50	50	1,690
<b>Total Basic Own Funds</b>	<b>130,709</b>	<b>-</b>	<b>50</b>	<b>130,759</b>	<b>128,343</b>
<b>Available and Eligible Own Funds</b>					
Total available own funds to meet SCR	130,709	-	50	130,759	128,343
Total available own funds to meet MCR	130,709	-	-	130,709	126,653
Total eligible own funds to meet SCR	130,709	-	50	130,759	128,343
Total eligible own funds to meet MCR	130,709	-	-	130,709	126,653

TMKI's available own funds to meet the SCR are £130.8m and the available own funds to meet the MCR are £130.7m.

#### E1.3 Key elements of the reconciliation reserve

The reconciliation reserve is mainly driven by the underlying profitability of the Company resulting from its underwriting performance, which reflects TMKI's appetite for underwriting risk.

#### E1.4 Eligible amount of own funds to cover the SCR and MCR, classified by tiers

As shown in the table in section E1.2, TMKI's eligible own funds to meet the SCR are £130.8m and the eligible own funds to meet the MCR are £130.7m.

### E1.5 Material differences between equity as shown in TMKI's financial statements and the excess of assets over liabilities as calculated for solvency purposes

The majority of asset and liability classes within TMKI's balance sheet are valued identically under both Solvency UK and UK GAAP. The key differences are the valuation of the technical provisions and the reclassification of non-overdue debtor and creditor balances to technical provisions.

During the year, the Company removed the Unexpired Risk Provision (URR) that had previously been held under UK GAAP. The URR was no longer required following updated assessments of premium adequacy. As the URR is not recognised under Solvency UK, its prior-year removal increased UK GAAP equity with no impact on Solvency UK technical provisions. The adjustment is reflected in the prior-year reconciliation between UK GAAP equity and Solvency UK Own Funds.

The valuation differences impact the amount of capital held as follows:

Description	31 Dec 2024 before adjustment (£'000s)	URR Adjustment	31 Dec 2024 Adjusted (£'000s)	Movement in 2025 (£'000s)	31 Dec 2025 (£'000s)
<b>Equity per financial statements</b>					
Ordinary share capital	35,000	-	35,000	-	35,000
Share premium account	186,000	-	186,000	-	186,000
Retained earnings	(90,041)	2,452	(87,589)	6,774	(80,815)
<b>Total equity per financial statements</b>	<b>130,959</b>	<b>2,452</b>	<b>133,411</b>	<b>6,774</b>	<b>140,185</b>
Difference in net technical provisions including DAC	(346)	(3,269)	(3,615)	(5,667)	(9,282)
Difference in net (re)insurance debtors and creditors	(2,270)	-	(2,270)	2,126	(144)
Difference in Tax balance associated with the URR adjustment	-	817	817	(817)	-
<b>SUK Basic Own Funds</b>	<b>128,343</b>	<b>-</b>	<b>128,343</b>	<b>2,416</b>	<b>130,759</b>

## E2 Solvency capital requirement and minimum capital requirement

### E2.1 Amount TMKI's SCR and MCR as at 31 December 2025 by risk modules

The SCR and MCR at 31 December 2025 were, respectively, £51.1m and £12.8m, with the SCR split by risk modules as shown in the following table:

Solvency capital requirement (£'000)		2025	2024	Change
Non-life underwriting risk	Premium and Reserve risk	17,628	21,756	(4,128)
	Catastrophe risk	35,218	36,325	(1,107)
	Lapse risk	9	33	(24)
	SCF <sub>nl</sub> Pre-diversification	<b>52,855</b>	<b>58,114</b>	<b>(5,259)</b>
	SCF <sub>nl</sub> Diversification credit	(9,710)	(11,338)	1,628
<b>SCF<sub>nl</sub> Post-diversification</b>		<b>43,145</b>	<b>46,776</b>	<b>(3,631)</b>
Health underwriting risk	NSLT underwriting risk	103	91	12
	SCF <sub>health</sub> Pre-diversification	103	91	12
	<b>SCF<sub>health</sub> Post-diversification</b>	<b>103</b>	<b>91</b>	<b>12</b>
Market Risk	Interest Rate risk	1,403	2,804	(1,401)
	Spread risk	4,535	4,396	139
	Concentration risk	499	232	267
	Currency risk	5,945	6,918	(973)
	SCF <sub>mkt</sub> Pre-diversification	<b>12,382</b>	<b>14,350</b>	<b>(1,968)</b>
	SCF <sub>mkt</sub> Diversification credit	(3,677)	(4,350)	673
<b>SCF<sub>mkt</sub> Post-diversification</b>		<b>8,705</b>	<b>10,000</b>	<b>(1,295)</b>
Counterparty Default Risk	Type 1 risk	1,589	2,398	(809)
	Type 2 risk	2,936	236	2,700
	SCF <sub>def</sub> Pre-diversification	<b>4,525</b>	<b>2,634</b>	<b>1,891</b>
	SCF <sub>def</sub> Diversification credit	(266)	(54)	(212)
	<b>SCF<sub>def</sub> Post-diversification</b>	<b>4,259</b>	<b>2,580</b>	<b>1,679</b>
Undiversified Basic SCR		<b>56,212</b>	<b>59,447</b>	<b>(3,235)</b>
Diversification credit		(7,774)	(7,846)	72
Basic SCR		<b>48,438</b>	<b>51,601</b>	<b>(3,163)</b>
Operational risk		2,709	3,618	(909)
<b>Final Standard Formula SCR</b>		<b>51,147</b>	<b>55,219</b>	<b>(4,072)</b>

### E2.2 Simplifications applied within the Standard Formula risk modules and sub-modules

In calculating the SCR, the following simplifications were applied:

- Calculations of the risk margin during the financial year, as set out in the PRA's Solvency UK Technical Provisions requirements. The proxy SCR (required for the calculation of the risk margin) was not recalculated for the quarterly update of the technical provisions; it was kept as at year-end. However, the materiality of any change in the SCR was monitored via the quarterly monitoring file.
- Partial application of the simplified calculation of the risk-mitigating effect as set out in the PRA Rulebook

### E2.3 Inputs used to calculate the minimum capital requirement

The table below shows the inputs into the MCR calculation as at 31 December 2024 and 31 December 2025.

	31 Dec 2024 (£'000s)	Movement in 2025 (£'000s)	31 Dec 2025 (£'000s)
Absolute Floor of the Minimum Capital Requirement	3,500	-	3,500
Linear MCR	8,794	(1,625)	7,169
SCR	55,219	(4,072)	51,147
MCR floor (25% of SCR)	13,805	(1,018)	12,787
<b>MCR (higher of linear MCR and MCR floor)</b>	<b>13,805</b>	<b>(1,018)</b>	<b>12,787</b>

The following information, by Solvency UK Line of Business, were used to calculate the Linear MCR:

- Net written premium in the previous 12 months to the valuation date.
- Net best estimate technical provisions.

#### **E2.4 Material changes to the SCR and MCR over the reporting period, and the reasons for any such change.**

The decreases in the SCR and MCR between 31 December 2024 and 31 December 2025 were consistent with ongoing run-off of the business. This was evidenced via a quarterly risk monitoring report with prescribed triggers, agreed by the Board and applied to the material drivers of the SCR and MCR to monitor potential deviations from the last valuation date.

### **E3 Use of duration-based equity risk sub-module in the calculation of the SCR**

Not applicable.

### **E4 Differences between the Standard Formula and any internal model used**

Not applicable.

### **E5 Non-compliance with the MCR and non-compliance with the SCR**

TMKI met both regulatory capital requirements throughout the year.

### **E6 Any other information**

There is no other information to be reported.

## Governing body's responsibility for the SFCR

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency UK regulations which have been supplemented by the approvals made by the PRA, under the PRA rules and Solvency UK regulations on which they are based as detailed below:

We are satisfied that:

- a. throughout the financial year in question, TMKI has complied in all material respects with the requirements of the PRA Rules and the Solvency UK Regulations as applicable to the Company; and
- b. it is reasonable to believe that, at the date of publication of the SFCR, TMKI has continued to comply and will continue to do so in future.

On behalf of the TMKI Board

Signed by:  
  
BF982022D18A4FB...

**Reeken Patel**

Deputy Chief Executive Officer & Chief Financial Officer

31 March 2026

# Tokio Marine Kiln Insurance Limited

## Solvency and Financial Condition Report

### Disclosures

31 December

**2025**

(Monetary amounts in GBP thousands)

**General information**

Entity name	Tokio Marine Kiln Insurance Limited
Entity identification code and type of code	LEI/391200DTAYLSAHINXK49
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

**List of reported templates**

- 
- IR.02.01.02 - Balance sheet
- IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations
- IR.05.04.02 - Non-life income and expenditure : reporting period
- IR.17.01.02 - Non-Life Technical Provisions
- IR.19.01.21 - Non-Life insurance claims
- IR.23.01.01 - Own Funds
- IR.25.04.21 - Solvency Capital Requirement
- IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

## IR.02.01.02

## Balance sheet

		Solvency II value
		C0010
<b>Assets</b>		
R0030	Intangible assets	
R0040	Deferred tax assets	50
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	205,586
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	183,347
R0140	<i>Government Bonds</i>	49,069
R0150	<i>Corporate Bonds</i>	114,838
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	19,440
R0180	<i>Collective Investments Undertakings</i>	17,181
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	5,058
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	20,722
R0280	<i>Non-life and health similar to non-life</i>	20,722
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	689
R0370	Reinsurance receivables	1,495
R0380	Receivables (trade, not insurance)	10,399
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	5,432
R0420	Any other assets, not elsewhere shown	0
R0500	<b>Total assets</b>	<b>244,374</b>

		<b>Solvency II value</b>
		C0010
<b>Liabilities</b>		
R0505	Technical provisions - total	94,334
R0510	<i>Technical provisions - non-life</i>	94,334
R0515	<i>Technical provisions - life</i>	0
R0542	Best estimate - total	90,315
R0544	<i>Best estimate - non-life</i>	90,315
R0546	<i>Best estimate - life</i>	
R0552	Risk margin - total	4,019
R0554	<i>Risk margin - non-life</i>	4,019
R0556	<i>Risk margin - life</i>	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	0
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	666
R0830	Reinsurance payables	167
R0840	Payables (trade, not insurance)	18,448
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	<b>Total liabilities</b>	113,615
R1000	<b>Excess of assets over liabilities</b>	130,759

## IR.05.02.01

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

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Top 5 countries (by amount of gross premiums written)						Total Top 5 and home country
Home Country	LU	IL	DK	US	CH		
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
<b>Premiums written</b>							
R0110 Gross - Direct Business	12	0	0	250	71	0	333
R0120 Gross - Proportional reinsurance accepted	35	687	255	0	10	3	990
R0130 Gross - Non-proportional reinsurance accepted							0
R0140 Reinsurers' share	258	1	102	0	-48	3	315
R0200 Net	-210	687	153	250	129	0	1,008
<b>Premiums earned</b>							
R0210 Gross - Direct Business	304	0	0	188	71	0	564
R0220 Gross - Proportional reinsurance accepted	35	687	252	0	32	3	1,009
R0230 Gross - Non-proportional reinsurance accepted							0
R0240 Reinsurers' share	1,644	1	101	0	-48	3	1,700
R0300 Net	-1,304	687	151	188	151	0	-128
<b>Claims incurred</b>							
R0310 Gross - Direct Business	985	0	0	-50	-100	2	838
R0320 Gross - Proportional reinsurance accepted	817	5,955	245	1	-884	0	6,134
R0330 Gross - Non-proportional reinsurance accepted	-70	0	0	0	0	0	-70
R0340 Reinsurers' share	6,577	4,231	97	-49	-238	2	10,621
R0400 Net	-4,844	1,724	148	0	-746	0	-3,718
R0550 Net expenses incurred	175	321	26	28	13	0	562





IR.17.01.02  
Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
<b>Best estimate</b>																	
<b>Premium provisions</b>																	
R0060 Gross	0			0		0	-330	-85	0	0	0	0	0	0	0	0	-415
R0140 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0					0	-3,476	0	0	0	0	0	0	0	0	0	-3,476
R0150 <b>Net Best Estimate of Premium Provisions</b>	0			0		0	3,146	-85	0	0	0	0	0	0	0	0	3,061
<b>Claims provisions</b>																	
R0160 Gross	594			0		9,501	22,649	56,672	0	0	0	19		830	464	0	90,730
R0240 Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0					7,959	5,795	10,342	0	0	0	0		102	0	0	24,198
R0250 <b>Net Best Estimate of Claims Provisions</b>	594			0		1,542	16,854	46,330	0	0	0	19		728	464	0	66,532
R0260 <b>Total best estimate - gross</b>	594					9,501	22,320	56,587	0	0	0	19		830	464	0	90,315
R0270 <b>Total best estimate - net</b>	594			0		1,542	20,000	46,245	0	0	0	19		728	464	0	69,593
R0280 <b>Risk margin</b>	34					89	1,155	2,671	0	0	0	1		42	27	0	4,019
R0320 <b>Technical provisions - total</b>	628			0		9,590	23,475	59,258	0	0	0	20		872	491	0	94,334
R0330 <b>Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total</b>	0			0		7,959	2,319	10,342	0	0	0	0		102	0	0	20,722
R0340 <b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>	628			0		1,631	21,155	48,916	0	0	0	20		770	491	0	73,612

IR.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)														
(absolute amount)														
Year	C0010	C0020	C0030	C0040	Development year						C0110	C0170	C0180	
	0	1	2	3	4	5	6	7	8	9	10 & +	In Current year	Sum of years (cumulative)	
Prior											697	697	697	
R0160 -9	17,392	49,509	26,533	4,820	4,272	1,861	1,675	453	1,054	2,757		2,757	110,324	
R0170 -8	17,427	43,792	21,888	15,886	9,885	11,851	5,104	3,303	13,227			13,227	142,363	
R0180 -7	32,075	54,533	33,816	18,618	14,027	14,860	11,992	11,817				11,817	191,739	
R0190 -6	47,558	38,473	21,271	10,712	8,484	6,824	11,807					11,807	145,130	
R0200 -5	170	1,520	52	222	7	1						1	1,972	
R0210 -4	0	0	0	0	0							0	0	
R0220 -3	0	0	0	0								0	0	
R0230 -2	0	0	0									0	0	
R0240 -1	0	0										0	0	
R0250 0	0											0	0	
R0260												<b>Total</b>	40,306	592,224

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	Development year						C0300	C0360	
	0	1	2	3	4	5	6	7	8	9	10 & +	Year end (discounted data)	
Prior											7,784	7,442	
R0160 -9	0	0	0	0	0	0	0	0	10,388	10,775		9,800	
R0170 -8	0	0	0	0	0	0	0	31,605	22,631			20,915	
R0180 -7	0	0	0	0	0	0	58,352	36,354				31,126	
R0190 -6	0	0	0	0	0	18,154	20,691					20,167	
R0200 -5	0	0	0	0	183	205						202	
R0210 -4	0	0	0	0	0							0	
R0220 -3	0	0	0	0								0	
R0230 -2	0	0	0									0	
R0240 -1	0	0										0	
R0250 0	0											0	
R0260												<b>Total</b>	89,653

Gross premium		
	C0570	C0580
	Gross earned premium at reporting reference date	Estimate of future gross earned premium
R0160 N-9	205,408	232
R0170 N-8	255,266	76
R0180 N-7	252,541	129
R0190 N-6	140,867	0
R0200 N-5	667	0
R0210 N-4	0	0
R0220 N-3	0	0
R0230 N-2	0	0
R0240 N-1	0	0
R0250 N	0	0

IR.23.01.01

Own Funds

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

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

R0290 **Total basic own funds**

**Ancillary own funds**

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

**Available and eligible own funds**

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

R0580	<b>SCR</b>
R0600	<b>MCR</b>
R0620	<b>Ratio of Eligible own funds to SCR</b>
R0640	<b>Ratio of Eligible own funds to MCR</b>

**Reconciliation reserve**

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	<b>Reconciliation reserve</b>

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
35,000	35,000		0	
186,000	186,000		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-90,291	-90,291			
0		0	0	0
50				50
0	0	0	0	0
0				
130,759	130,709	0	0	50

0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

130,759	130,709	0	0	50
130,709	130,709	0	0	
130,759	130,709	0	0	50
130,709	130,709	0	0	

51,147
12,787
255.65%
1022.22%

C0060
130,759
0
221,050
0
-90,291

IR.25.04.21

**Solvency Capital Requirement****Net of loss absorbing capacity of technical provisions**

		C0010
<b>Market risk</b>		
R0070	Interest rate risk	1,403
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	4,535
R0110	Concentration risk	498
R0120	Currency risk	5,945
R0125	Other market risk	
R0130	Diversification within market risk	-3,677
R0140	<b>Total Market risk</b>	<b>8,705</b>
<b>Counterparty default risk</b>		
R0150	Type 1 exposures	1,589
R0160	Type 2 exposures	2,935
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-266
R0180	<b>Total Counterparty default risk</b>	<b>4,259</b>
<b>Life underwriting risk</b>		
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	<b>Total Life underwriting risk</b>	<b>0</b>
<b>Health underwriting risk</b>		
R0280	Health SLT risk	0
R0290	Health non SLT risk	102
R0300	Health catastrophe risk	0
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	0
R0320	<b>Total Health underwriting risk</b>	<b>102</b>
<b>Non-life underwriting risk</b>		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	17,628
R0340	Non-life catastrophe risk	35,218
R0350	Lapse risk	8
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-9,710
R0370	<b>Non-life underwriting risk</b>	<b>43,145</b>
R0400	<b>Intangible asset risk</b>	
<b>Operational and other risks</b>		
R0422	Operational risk	2,709
R0424	Other risks	
R0430	<b>Total Operational and other risks</b>	<b>2,709</b>
R0432	<b>Total before all diversification</b>	<b>72,573</b>
R0434	Total before diversification between risk modules	58,921
R0436	Diversification between risk modules	-7,774
R0438	<b>Total after diversification</b>	<b>51,147</b>
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	<b>Solvency capital requirement including undisclosed capital add-on</b>	<b>51,147</b>
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	<b>Solvency capital requirement including capital add-on</b>	<b>51,147</b>
R0490	Biting interest rate scenario	
R0495	Biting life lapse scenario	

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR<sub>NL</sub> Result

C0010

7,169
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
---	---

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

C0020	C0030
594	203
0	0
0	0
0	0
0	0
1,542	212
20,000	689
46,245	170
0	0
0	0
0	0
19	0
0	0
728	0
464	0
0	0

Linear formula component for life insurance and reinsurance obligations

R0200 MCR<sub>L</sub> Result

C0040

0
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
---	--

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

C0050	C0060

Overall MCR calculation

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

C0070

7,169
51,147
23,016
12,787
12,787
3,500
12,787