



**SOLVENCY AND FINANCIAL CONDITION REPORT**

**ASPEN INSURANCE UK LIMITED**

**31 DECEMBER 2025**

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## Directors' responsibility statement

We acknowledge our responsibility for preparing the SFCR in all material respects in accordance with the requirements of the PRA Rules.

We are satisfied that:

- a) Throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA Rules as applicable to the insurer, and
- b) It is reasonable to believe that the insurer has continued to comply subsequently and will continue to comply in the future.

By order of the Board



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Sarah Stanford  
Chief Executive Officer  
13 April 2026



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Paul Bradbrook  
Chief Finance Officer  
13 April 2026

30 Fenchurch Street  
London  
EC3M 3BD

# **Report of the independent external auditor to the Directors of Aspen Insurance UK Limited ('the Company') pursuant to Rule 4.1(2) of the External Audit Part of the PRA Rulebook applicable to Solvency UK firms**

## **Report on the Audit of the relevant elements of the Solvency and Financial Condition Report**

### **Opinion**

Except as stated below, we have audited the following documents prepared by the Company as of 31 December 2025:

- The 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as of 31 December 2025 (**the Narrative Disclosures subject to audit**); and
- Company templates IR.02.01.02, IR.17.01.02, IR.23.01.01 and IR.28.01.01 (**the Templates subject to audit**).

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the **'relevant elements of the Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the Other Information which comprises:

- Information contained within the relevant elements of the Solvency and Financial Condition Report set out above which is, or derives from, the Solvency Capital Requirement, as identified in the Appendix to this report;
- The 'Summary', 'Business and Performance', 'System of Governance' and 'Risk Profile' sections of the Solvency and Financial Condition Report;
- Company templates IR.05.02.01, IR.05.04.02, IR.19.01.21 and IR.25.04.21; and
- The written acknowledgement by management of their responsibilities, including for the preparation of the Solvency and Financial Condition Report (**the Responsibility Statement**).

To the extent the information subject to audit in the relevant elements of the Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information; we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Solvency and Financial Condition Report of the Company as at 31 December 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of the Prudential Regulation Authority ('PRA') Rules as supplemented by the permissions made by the PRA under section 138BA of the Financial Services and Markets Act 2000.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) including ISA (UK) 800 *'(Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks'* and ISA (UK) 805 *'(Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial*

*Statement*, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the relevant elements of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- confirming our understanding of management's going concern assessment process and obtaining management's assessment which covers the period to 30 June 2027;
- verifying the accuracy and reasonableness of management's analysis by testing and assessing the inputs and the key assumptions;
- evaluating the solvency and liquidity position of the company by reviewing relevant projections for the company;
- evaluating the financial strength of the parent company to provide support if needed;
- evaluating the reasonableness of management's forecasts to understand the severity of downside scenarios that would result in the elimination of solvency and liquidity headroom – including the actions available to management to mitigate the impact of such scenarios; and
- performing enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern – including the existence of subsequent events that may have a material impact on the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the period to 30 June 2027.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

### **Emphasis of matter – basis of accounting and restriction on use**

We draw attention to the 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report, which describe the basis of accounting. The Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the PRA. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

This report is made solely to the Directors of the Company in accordance with Rule 2.1 of the External Audit Part of the PRA Rulebook for Solvency UK firms. Our work has been undertaken so that we might

report to the Directors those matters that we have agreed to state to them in this report and for no other purpose.

Our opinion is not modified in respect of these matters.

### **Other information**

The Directors are responsible for the Other Information contained within the Solvency and Financial Condition Report.

Our opinion on the relevant elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the relevant elements of the Solvency and Financial Condition Report themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors for the Solvency and Financial Condition Report**

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 which have been supplemented by the permissions made by the Prudential Regulation Authority under section 138BA of the Financial Services and Markets Act 2000.

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

In preparing the Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable matters related to its ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report**

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with the financial reporting provisions of the PRA Rules.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the relevant elements of the Solvency and Financial Condition Report.

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the regulatory requirements of the PRA and the Financial Conduct Authority ('FCA') and the financial reporting framework.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit and those responsible for legal and compliance matters. We also reviewed correspondence between the Company and the regulatory bodies, reviewed minutes of the Board and its committees and gained an understanding of the Company's approach to governance.
- For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the relevant elements of the Solvency and Financial Condition Report.
- For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management as to their awareness of any non-compliance with laws or regulations; inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; and inquiring about the Company's methods of enforcing and monitoring compliance with such policies.
- The Company operates in the insurance industry which is a highly regulated environment. As such we considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.
- We assessed the susceptibility of the relevant elements of the Solvency and Financial Condition Report to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, including complex transactions, performance targets, external pressures and the impact these have on the control environment and their potential to influence management to manage earnings or influence the perceptions of investors and stakeholders. The fraud risk was considered to be higher within the valuation of Solvency UK Technical Provisions. Our other audit procedures included:
  - Reviewing accounting estimates for evidence of management bias;

- Evaluating the business rationale for significant and/or unusual transactions; and
- Testing the appropriateness of journal entries recorded in the general ledger.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's Report on the Solvency and Financial Condition Report.

### **Other matter – Internal Model**

The Company has authority to calculate its Solvency Capital Requirement using an internal model ("the Model") in accordance with a permission granted by the PRA under section 138BA of the Financial Services and Markets Act 2000. In forming our opinion and in accordance with PRA Rules, we are not required to audit the inputs to, design of, operating effectiveness of and outputs from the Model, or whether the Model is being applied in accordance with the Company's application or approval order.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook for Solvency UK firms, we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of Aspen Insurance UK Limited's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Ernst & Young LLP  
London  
13 April 2026

## **Appendix – Information within the relevant elements of the Solvency and Financial Condition Report that is not subject to audit**

Information within the relevant elements of the Solvency and Financial Condition Report that is not subject to audit comprises:

- The following elements of template IR.02.01.02:
  - Row R0552: Technical provisions – risk margin – total
  - Row R0554: Technical provisions – risk margin – non-life
- The following elements of template IR.17.01.02:
  - Row R0280: Risk margin
- The following elements of template IR.23.01.01:
  - Row R0580: SCR
- The following elements of template IR.28.01.01:
  - Row R0310: SCR
- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

# **Solvency and Financial Condition Report (“SFCR”)**

## **Explanatory note**

References in this report to the “Group” or the “Aspen Group,” refer to Aspen Insurance Holdings Limited (“Aspen Holdings” or “AIHL”) or Aspen Holdings and its consolidated subsidiaries, as the context requires. References in this report to the “Company” or “AIUK,” refer to Aspen Insurance UK Limited.

As at 31 December 2025, the largest and smallest group in which the results of the Company were consolidated was that headed by AIHL, a wholly owned subsidiary of Highlands Bermuda HoldCo, Ltd. incorporated in Bermuda. Highlands Bermuda HoldCo, Ltd. is an affiliate of certain investment funds managed by affiliates of Apollo Global Management Inc., a leading global investment manager (collectively with its subsidiaries, “Apollo”).

On 27 August 2025, AIHL entered into a definitive Agreement and Plan of Merger (the “Merger Agreement”), under which Aspen will be acquired by a wholly owned indirect subsidiary of Sompo Holdings, Inc. (“Sompo”), a leading global provider of commercial and consumer property and casualty (re)insurance. The Merger Agreement is by and among Aspen, Endurance Specialty Insurance Ltd (“ESIL”), a Bermuda exempted company limited by shares and a wholly-owned indirect subsidiary of Sompo, and Ajax Ltd., a Bermuda exempted company limited by shares and a wholly owned subsidiary of ESIL (“Merger Sub”).

On 24 February 2026, the Merger Sub merged with and into Aspen, with AIHL surviving such merger (the “Merger” and such surviving company, the “Surviving Company”) as a wholly-owned subsidiary of ESIL and indirect subsidiary of Sompo.

## **Forward looking statements**

All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in these statements.

In addition, any estimates relating to loss events involve the exercise of considerable judgment in the setting of reserves and reflect a combination of ground-up evaluations, information available to date from brokers and cedants, market intelligence, initial tentative loss reports, and other sources. The actuarial range of reserves provided, if any, is based on AIUK’s current state of knowledge and explicit and implicit assumptions relating to the incurred pattern of claims, the expected ultimate settlement amount, inflation, and dependencies between lines of business. Due to the complexity of factors contributing to losses and the preliminary nature of the information used to prepare estimates, there can be no assurance that AIUK’s ultimate losses will remain within stated amounts.

## Summary

### Summary of business and performance

The principal activity of the Company continues to be the transacting of general insurance and reinsurance business in the UK and Canada through the Canadian branch. The Company continues to transact US reinsurance business on treaties written in 2021 and prior. There continue to be branches in Singapore, Australia and Switzerland, however the Singapore and Australia branches ceased writing new business from 2021, and the Switzerland branch from 2019.

### Results for the year

The financial results for the Company reflect a profit before tax for the year of \$120.6m (2024: profit of \$107.0m). This comprised:

- an underwriting profit of \$28.8m (2024: \$49.3m profit);
- an investment profit of \$83.4m (2024: profit of \$51.7m); and
- net other income of \$8.4m (2024: \$6.0m net other income).

The net underwriting profit of \$28.8m (2024: \$49.3m) reflected a \$25.6m profit (2024: \$30.4m) in the Company's direct and proportional business and a \$3.2m profit (2024: 18.9m) in the non-proportional business. The direct and proportional business reported a profit of \$25.6m (2024: \$30.4m). The slight decrease is driven by a decrease in net earned premium which is primarily a result of downwards revision on existing policies. The non-proportional business reported an underwriting profit of \$3.2m (2024: \$18.9m).

In Q2 2022 the Aspen Group closed on a ground-up Loss Portfolio Transfer ("LPT") with a wholly-owned subsidiary of Enstar, which covers all business on the 2019 and prior accident years (refer to page 7 for further details). The impact of the contract is to offset any claim reserve movements on the 2019 and prior accident years with effect from 1 October 2021. In the current year, the contract had a negative impact of \$2.4m on the underwriting profit (2024: \$18.4m positive impact) which increased the 2025 combined ratio from 73% to 75% (2024: combined ratio decreased from 83% to 73%).

The net investment return of \$83.4m (2024: \$51.7m profit), included investment income of \$56.1m (2024: \$55.8m income), realised losses of \$23.3m (2024: \$24.9m) and unrealised gains of \$51.7m (2024: \$22.5m) from government and corporate bonds and other investments, net of the associated investment expenses and charges of \$1.1m (2024: \$1.7m). The primary driver of the unrealised investment gains was decreases in interest rates causing mark to market gains on the Company's fixed income portfolio.

Other income of \$8.4m (2024: \$6.0m) comprised largely of foreign exchange ("FX") gains (the income in 2024 was related to FX gain).

### Summary of systems of governance

AIUK is governed by its Board of Directors (the "AIUK Board") and has its own Audit Committee and Risk & Capital Oversight Committee, as well as two combined UK sub-committees with Aspen Managing Agency Limited ("AMAL"), which are the UK Remuneration Committee and the UK Nominations and Governance Committee. The Board and Audit Committee may meet as a joint

Committee with AMAL to consider items which affect both entities. The AIUK Chief Executive Officer (“CEO”) chairs the UK Executive Committee, which provides support to the CEO and the UK Executive in their executive duties to manage Aspen UK operations.

The AIUK Board is responsible for ensuring that the principles of good governance are observed. AIUK has an Internal Control and Risk Management Framework and employs the Three Lines of Defence model to manage risk. The integration of the risk management process, business strategy, business planning, and capital management, is defined through AIUK’s approach to its Own Risk and Solvency Assessment (“ORSA”).

### **Summary of risk profile**

Risk management has been embedded in the management and culture of the Aspen Group since its formation in 2002. The Company, as an operating entity within the Aspen Group, operates within the Group’s established risk management practices.

The key risks for the Company are currently:

#### ***Underwriting***

AIUK’s specific focus on a number of specialist lines of business has allowed it to assess the impacts of the market changes, driven by the economic and geopolitical environment over the past few years and adapt accordingly. However, the potential for further volatility in these areas will continue to present challenging conditions over the coming period.

#### ***Reserving***

Exposures relating to the Russia and Ukraine conflict have been reviewed and Aspen has identified impacted policy holders and potential claims and examined received claims. Russia/Ukraine losses have been established on probability weighted views of potential outcomes which are still subject to material uncertainty. Exposures from conflict in the Middle East are not expected to be material for AIUK, although further volatility and potential for broader regional disruption could have an impact. AIUK’s exposure to the 2025 California Wildfires is limited and falls within expectations. AIUK has assessed the impacts of both economic and social inflation on reserves. This has been conducted at a product and coverage level.

The execution of a LPT with Enstar during 2022 has provided additional protection in terms of the reserves for all 2019 and prior years of claims. This agreement provides protection against significant deterioration of prior accident year reserves up to \$450m above the group reserves held at the time of the transaction. AIUK can recover its share of losses so long as the Group reserve deterioration does not exceed \$450m. Should surpluses develop on 2019 and prior accident years then these surpluses are also ceded under the LPT.

#### ***Market Risk***

Geopolitical risk has introduced volatility to financial markets which may challenge central banks’ efforts to manage economic volatility and inflation during 2026. Should this volatility result in conditions that see increases in inflation and interest rates we may see negative movements in the mark to market value of the assets of AIUK. While Market Risk will be very closely monitored across the

coming 12 months, the high quality, short duration nature of the asset portfolio means that we don't foresee a major risk to the achievement of the AIUK plan.

### ***Spread Risk***

The spread of a bond adjusts over time to reflect the spread required on similar new issues. This movement up or down in spread therefore contributes to overall market risk and AIUK calls this 'spread risk'. AIUK includes within spread risk the risk that a security falls in value as a result of being downgraded by a rating agency as this will cause the spread to increase. The risk of actual default on interest or redemption as a special case of spread risk is included. Spread risk is managed by limiting the overall credit quality of the investment portfolio and the concentrations of investments with specific issuers of investments. This risk is mitigated by limiting exposure to any single counterparty.

### ***Liquidity Risk***

The Company ensures that it retains sufficient liquidity to meet its liabilities as they fall due. This is primarily achieved through cash holdings and asset selection. The Company considers and regularly reports against liquidity stress events and its risk appetite is to meet the liquidity requirements of these events.

### ***Operational Risk***

The Aspen group has been through a transformative program of change in recent years, including the outsourcing of a number of processes and continues to work through a number of improvement projects. Changes have brought numerous improvements across the operations of the organization as a whole and will continue to do so as the change programme is completed. The significant level of change and transformation activity across the Aspen Group is driving an elevated level of Operational Risk related to process execution and administration.

A further area of operational risk which has been a challenge across the industry in recent years has been the retention of staff and timely recruitment. The competitive employment market remains challenging, leading to increased voluntary turnover, extended recruiting times, and higher salaries to source and retain the right people, particularly for specialised positions. Achievement of the plan is dependent on retaining key employees across underwriting and support functions. Loss of high-profile individuals or underwriting teams has the potential to impact AIUK's market standing and reputation.

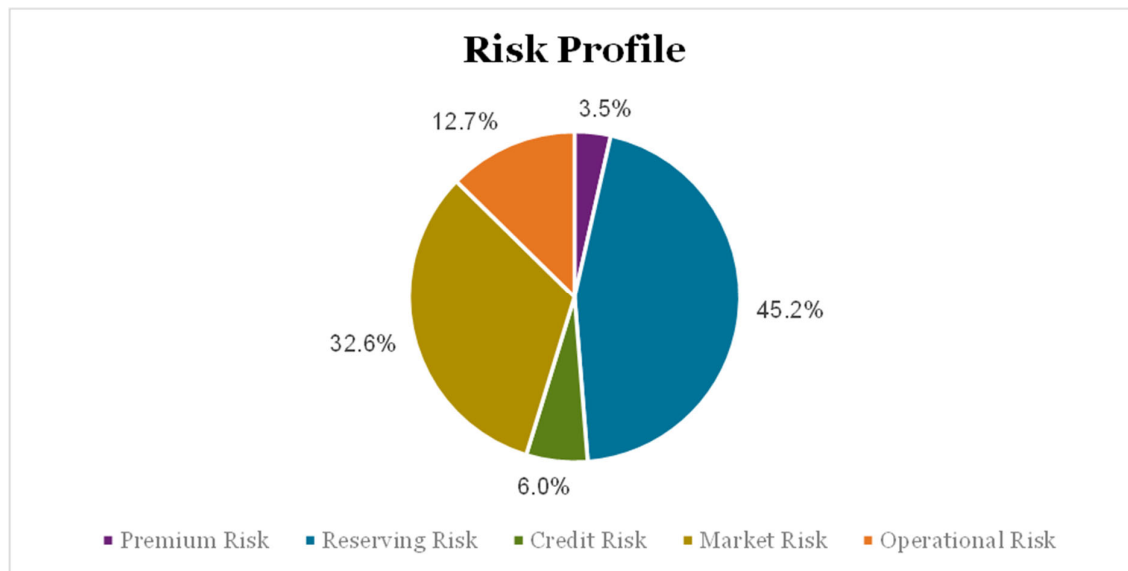
The Sompo Acquisition, which was discussed earlier in the SFCR Explanatory note section, is expected to elevate several operational risks in the near term. These risks are being actively monitored and mitigated across the business, with minimal impacts observed so far.

### ***Climate change risk***

Climate change may have a material adverse effect on AIUK's operating results and financial condition if AIUK were not to adequately assess and price for any increased frequency and severity of weather events resulting from these environmental factors. Climate change may also give rise to new environmental liability claims in sectors where our insurance customers are active.

### ***Modelled Risk Profile***

The following chart shows the diversified contribution of the Internal Model risk category components to AIUK’s Solvency Capital Requirements (“SCR”). This SCR reflects both the reported position at the 2025 year end and the 2026 underwriting plan approved by the AIUK Board.



Insurance risk has two components premium risk and reserving risk. Premium risk is defined as the risk that losses arise in the forthcoming year from both underwriting business written in that year and policies from prior years which remain in force for the forthcoming year. Reserving risk is defined as the risk that reserves established in respect of prior periods are understated.

Market risk is defined as the risk of variation in the income generated by, and the fair value of, AIUK’s investment portfolio, cash and cash equivalents and derivative contracts, including the effect of changes in foreign currency exchange rates.

Credit risk is the risk of loss to AIUK if the counterparty to a financial instrument or reinsurance agreement fails to meet its contractual obligations. AIUK is also exposed to credit risk through its investment holdings (cash and fixed income securities) which is part of market risk within the Internal Model. In certain situations the Company requires reinsurers to place collateral to act as security against the credit risk arising out of reinsurance arrangements. In particular, collateral is used to protect the Company against credit risk in relation to the Aspen Bermuda Limited (“ABL”) internal reinsurance arrangement.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, personnel or systems, or from external events.

The diagram above does not show emerging risk, liquidity risk, regulatory and taxation risk as these are not included in the Internal Model. These are discussed in further detail in section C.

**Summary of valuation for solvency purposes**

An analysis of the valuation of assets and liabilities on a Solvency UK basis is shown in Section D. Assets and liabilities have been valued at the amount for which they could be exchanged between

knowledgeable, willing parties in an arm's length transaction and technical provisions have been estimated as the sum of a best estimate and a Risk Margin. The best estimate corresponds to the probability-weighted average of future cashflows, taking account of the time value of money (expected present value of future cashflows), using the relevant risk-free interest rate term structure.

## **Summary of capital management**

As part of its Board approved risk appetite statement, AIUK defines the amount of capital required to meet its internal risk appetite and regulatory requirements, and commercial constraints. To support its objective AIUK maintains sufficient Own Funds to cover the Minimum Capital Requirement ("MCR") and the SCR with an appropriate buffer. The MCR coverage ratio at 31 December 2025 was 497% (2024: 437%) and the SCR coverage ratio was 218% (2024: 234%). The decrease in the SCR coverage ratio results from reduced available own funds following dividend payments in 2025. The decrease in SCR from prior year is analysed in further detail at Section E2.1.

# **A Business and performance**

## **A1 Business**

### **A1.1 Business**

AIUK is a private company limited by shares, incorporated in England & Wales and domiciled in the United Kingdom. It is a wholly owned subsidiary of Aspen European Holdings Limited ("AEHL"), a company incorporated in England & Wales. As at 31 December 2025, AEHL was wholly owned by Aspen Insurance Holdings Limited ("AIHL"), a company incorporated in Bermuda whose ultimate parent company was Highlands Bermuda HoldCo, Ltd. ("HBHL"). HBHL, a Bermuda exempted company, is an affiliate of certain investment funds managed by affiliates of Apollo Global Management, Inc., a leading global investment manager (collectively with its subsidiaries, "Apollo"). Immediately prior to the IPO (as defined below), and following certain pre-IPO transactions, all issued and outstanding Ordinary Shares (as defined below) were held by AP Highlands Holdings Ltd., AP Highlands Holdings Co-Invest, Ltd and certain members of AIHL's management team. AP Highlands Holdings Ltd. and AP Highlands Holdings Co-Invest, Ltd. are affiliates of certain investment funds managed by affiliates of Apollo.

On 29 April 2025, AIHL announced the launch of an initial public offering (the "IPO") of 11,000,000 of its Class A Ordinary Shares par value \$0.001 per share (the "Ordinary Shares"). On 7 May 2025, the New York Stock Exchange ("NYSE") declared effective AIHL's Registration Statement on Form F-1 and, on the same day, AIHL announced the pricing of its upsized IPO of 13,250,000 of its Ordinary Shares at a price to the public of \$30.00 per Ordinary Share. The Ordinary Shares were sold by AP Highlands Holdings Ltd. and AP Highlands Holdings Co-Invest, Ltd. and began trading on the NYSE on 8 May 2025 under the ticker symbol "AHL".

On 9 May 2025, AIHL announced the closing of its upsized IPO. Following the closing of the IPO, on 13 May 2025, the underwriters for the IPO exercised in full their option to purchase up to an additional 1,987,500 Ordinary Shares at a public offering price of \$30.00 per Ordinary Share.

On 27 August 2025, AIHL, Endurance Specialty Insurance Ltd., a Bermuda exempted company limited by shares ("ESIL"), and Ajax Ltd., a Bermuda exempted company limited by shares and a wholly owned

subsidiary of ESIL (“Merger Sub”), entered into an Agreement and Plan of Merger (the “Merger Agreement”), pursuant to which ESIL will acquire AIHL by Merger Sub merging with and into AIHL, with AIHL surviving such merger as a wholly owned subsidiary of ESIL (the “Merger”). Also, on 27 August 2025, following the execution of the Merger Agreement, AIHL’s majority shareholder approved the Merger by delivering a shareholder written resolution to AIHL.

As a result of the Merger, AIHL has become a direct wholly owned subsidiary of ESIL, which in turn is a direct wholly owned subsidiary of Sompo International Holdings Ltd., a Bermuda exempted company limited by shares, which, in turn, is a direct wholly owned subsidiary of Sompo Japan Insurance Inc., a Japan domiciled insurance company, which, in turn, is a direct wholly owned subsidiary of Sompo Holdings, Inc. (“Sompo Holdings”), a Japan domiciled insurance holding company which is listed on the Tokyo Stock Exchange (TYO: 8630). Following the consummation of the Merger, Sompo Holdings is the ultimate controlling person of AIHL.

The supervisory authority responsible for financial supervision of AIUK is the United Kingdom Prudential Regulation Authority (“PRA”), whose contact details are:

Prudential Regulation Authority  
20 Moorgate  
London, EC2R 6DA

The supervisory authority responsible for conduct supervision of AIUK is the United Kingdom Financial Conduct Authority (“FCA”), whose contact details are:

Financial Conduct Authority  
12 Endeavour Square  
London, E20 1JN

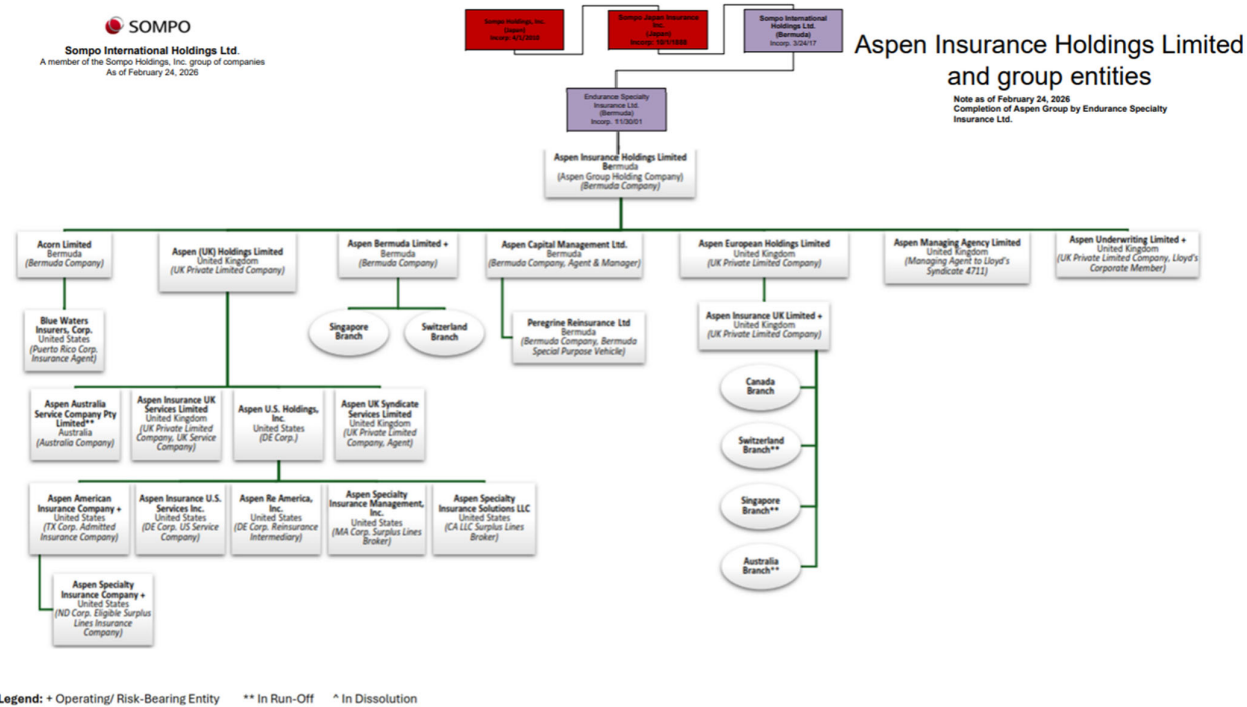
The Group supervisor is the Bermuda Monetary Authority, whose address is:

BMA House  
43 Victoria Street  
Hamilton, HM12  
Bermuda

Ernst & Young LLP is the external auditor of AIUK, and their contact details are:

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London, E14 5EY

AIUK is part of a group that conducts global insurance and reinsurance business. The largest and smallest group in which the results of the Company are consolidated as at 31 December 2025 is that headed by Aspen Insurance Holdings Limited, incorporated in Bermuda. Following the Sompco acquisition on 24 February 2026, the position of AIUK within the legal structure of the Sompco Group is set out below.



### **A1.1.1 Insurance segment**

The core strategic focus of the insurance segment is UK Commercial Property and UK Casualty, Canadian business written through the Canadian branch and Credit and Political Risk (“CPR”), where policies are underwritten by the Company in certain situations where required. A more detailed analysis of the business written within these classes is listed below as follows:

- Property Insurance provides physical damage and business interruption coverage for losses arising from weather, fire, theft and other causes. The commercial team’s client base is predominantly UK institutional property owners, small and middle market corporate, public sector clients and business written through the Canadian branch;
- Commercial Liability provides employers’ liability coverage and public liability coverage for insureds domiciled in the UK and Ireland;
- The Credit and Political Risks team writes business covering the credit and contract frustration risks on a variety of trade and non-trade related transactions, as well as political risks (including multi-year war on land cover). The Company provides Credit and Political Risks cover worldwide;
- Primary Casualty mainly consists of lines written within the primary insurance sectors, focusing on insureds in hospitality, real estate, construction and product liability domiciled in Canada;
- Environmental Liability primarily provides both primary and excess coverage for contractors’ pollution liability and pollution legal liability across industry segments that have environmental regulatory drivers and contractual requirements including: real estate and public entities, contractors and engineers, energy contractors, and environmental contractors and consultants domiciled in Canada.

### **A1.1.2 Reinsurance segment**

The reinsurance segment consists of Property Reinsurance and Casualty Reinsurance. Reinsurance business reinsured from ABL via a quota share arrangement is included within Property Reinsurance. With the exception of the business written through Aspen Re America via the Canadian branch on AIUK paper, the reinsurance segment remains in run-off, with a small amount of written and earned premium being recognised in respect of certain in-force policies that were written during 2021 and prior.

#### **Outwards reinsurance**

In 2025, the reinsurance arrangements remained largely the same as for 2024 through a mixture of proportional and non-proportional reinsurance arrangements. Additional collateralized reinsurance has been utilized in 2025 providing quota share support for our Casualty Insurance, Financial & Professional Lines Insurance and Casualty Reinsurance lines through a new transaction with an existing third party vehicle (Pando Re) and for select Specialty and other Property Reinsurance lines with another third party investor vehicle.

Net retention levels remained similar for 2025 other than for Financial and Professional insurance lines where the addition of Pando Re, with effect from July 2024, resulted in a reduction in the retention during the second half of the prior year only.

The LPT with Enstar continues to cover all business on the 2019 and prior accident years. The LPT provides the Aspen Group with \$450m adverse development cover on Group claims reserves of \$3,120.0m at the effective date of which \$181.4m (2024: \$71.3m) has been utilised as at 31 December 2025. Subject to this group limit, any deterioration on 2019 and prior accident year claim reserves in the Company due to inflation or other reasons are fully recoverable.

The LPT operated on a cash withheld basis for four years with the Group, and the Company, paying an interest charge on the withheld funds throughout this four year period. Interest paid in the current year amounted to \$4.2m (2024: \$11.3m). The withheld balance of \$115.4m was settled to Enstar representing the full and final balance on the funds withheld account as at 30 September 2025. In addition, the responsibility and expense of handling the 2019 and prior claims was transferred to Enstar.

In 2025 Cavello Bay Reinsurance Limited has commenced legal proceedings against AIHL, alleging breaches of a Loss Portfolio Transfer Reinsurance Agreement entered into in January 2022. The claims relate to premium allocation, straddle account obligations, and construction defect losses. The claimant seeks amounts exceeding \$300 million plus interest, where the Company's exposure will be limited to an amount lower than that claimed from AIHL. AIHL is fully defending the claims and has filed counterclaims. Based on legal advice, no provision has been recognised by the Company as the outcome and the impact on the Company cannot be reliably estimated at this stage. As such, it is not expected to materially impact the Company's solvency position or its ability to continue as a going concern.

The whole account quota share reinsurance contract with ABL remained in place in 2025. Under the terms of this contract, 70% of net earned premium and net incurred claims are ceded to ABL, except for:

- Aspen Reinsurance America ("ARA") business which is not part of the quota share but instead protected by a stop loss cover also with ABL; and
- Canadian branch insurance business which is not part of the quota share.

### **A1.1.3 Significant events for the twelve months ended 31 December 2025**

The Company declared dividends of \$100m (2024: \$200m) during the year and paid it to its parent AEHL.

### **A1.1.4 Material related undertakings**

AIUK has no related undertakings as defined under Solvency UK.

## A2. Underwriting performance

### A2.1 Underwriting performance

#### Overview

The financial results for the Company reflect a profit before tax for the year of \$120.6m (2024: profit of \$107.0m). This comprised:

- an underwriting profit of \$28.8m (2024: \$49.3m profit);
- an investment profit of \$83.4m (2024: profit of \$51.7m); and
- net other income of \$8.4m (2024: \$6.0m net other income).

The net underwriting profit of \$28.8m (2024: \$49.3m) reflected a \$25.6m profit (2024: \$30.4m) in the Company's direct and proportional business and a \$3.2m profit (2024: \$18.9m) in the non-proportional business.

The underwriting results by Solvency UK line of business are provided in the tables below.

#### A2.1.1 Underwriting performance in aggregate

<b>Year ended 31 December 2025</b>	<b>Direct and proportional business</b>	<b>Non-proportional business</b>	<b>Total</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
<b>Gross written premiums</b>	<b>381.7</b>	<b>16.9</b>	<b>398.6</b>
<b>Gross earned premiums</b>	<b>415.9</b>	<b>25.7</b>	<b>441.6</b>
<b>Net earned premium</b>	<b>101.0</b>	<b>11.5</b>	<b>112.5</b>
<b>Net incurred claims</b>	<b>(44.4)</b>	<b>(4.8)</b>	<b>(49.2)</b>
<b>Expenses</b>	<b>(31.0)</b>	<b>(3.5)</b>	<b>(34.5)</b>
<b>Underwriting profit</b>	<b>25.6</b>	<b>3.2</b>	<b>28.8</b>
<b>Net claims ratio</b>	<b>44.0%</b>	<b>41.7%</b>	<b>43.7%</b>
<b>Expense ratio</b>	<b>30.7%</b>	<b>30.4%</b>	<b>30.7%</b>
<b>Combined ratio</b>	<b>74.7%</b>	<b>72.1%</b>	<b>74.4%</b>

Year ended 31 December 2024	Direct and	Non-	Total
	proportional	proportional	
	business	business	
	\$'m	\$'m	\$'m
Gross written premiums	433.1	22.8	455.9
Gross earned premiums	434.1	54.9	489.0
Net earned premium	148.4	35.5	183.9
Net incurred claims	(86.4)	(9.1)	(95.5)
Expenses	(31.6)	(7.5)	(39.1)
Underwriting profit	30.4	18.9	49.3
Net claims ratio	58.2%	25.6%	51.9%
Expense ratio	21.3%	21.1%	21.3%
Combined ratio	79.5%	46.7%	73.2%

Gross written premiums were \$398.6m, which represented a decrease of \$57.3m compared to the prior year (2024: \$455.9m). This decrease is in line with the entity no longer writing any new business through the Singapore, Australia and Switzerland branches. Similarly, net earned premiums decreased to \$112.5m (2024: \$183.9m).

Net incurred claims decreased to \$49.2m (2024: \$95.5m) as a result of favourable claims development.

Expenses decreased to \$34.5m (2024: \$39.1m). With this balance primarily being made up of commissions, the decrease is in line with lower levels of gross written premiums.

The combined ratio decreased to 74.4% (2024: 73.2%) and as a result the Company reported a decreased profit of \$28.8m (2024: \$49.3m).

#### **A2.1.2 Underwriting performance by Solvency UK line of business**

AIUK cedes a fixed quota share portion of its business to a fellow subsidiary, ABL. In addition to reducing net premiums and claims by the amounts ceded this also reduces expenses by the ceding commission earned under the contract.

AIUK reviews the results for individual lines of business on a pre-quota share basis, i.e. before the application of the internal quota share. For the purpose of presenting line of business results after the application of the quota share as shown below, for 2022 and prior accident years the ceding commission is allocated to lines of business pro-rata to the (earned) premium for each line of business regardless of the actual and allocated acquisition and operating expenses for that line. From the 2023 accident year and onwards, the ceding commission is calculated based on the actual acquisition and operating expenses. This means that for accident years 2022 and prior a Solvency UK line of business with an expense ratio lower than the amount of the reinsurance commission 'override' will benefit from the quota share with ABL on a net expenses basis and a Solvency UK line of business with an expense ratio higher than the amount of the reinsurance commission 'override' will be adversely affected by the quota share with ABL on a net expenses basis.

Solvency UK requires business to be categorised into standardised lines of business. In practice, the business is managed and performance is reviewed by management and the Board along the management reporting lines of the insurance and reinsurance segments, which differ to the presentation below.

Direct and proportional business	Motor vehicle liability	Marine, aviation and transport	Fire and other damage to property	General liability	Credit and suretyship	Total
2025	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Gross written premiums	2.3	8.3	219.3	141.9	9.9	381.7
Gross earned premiums	2.3	6.8	230.6	146.2	30.0	415.9
Net earned premium	2.3	2.5	49.6	41.1	5.5	101.0
Net incurred claims	(2.4)	(5.5)	(13.2)	(22.7)	(0.6)	(44.4)
Expenses	(0.7)	(0.8)	(15.2)	(12.6)	(1.7)	(31.0)
<b>Underwriting profit/(loss)</b>	<b>(0.8)</b>	<b>(3.8)</b>	<b>21.2</b>	<b>5.8</b>	<b>3.2</b>	<b>25.6</b>
Net claims ratio	104.3%	220.0%	26.6%	55.2%	10.9%	44.0%
Expense ratio	30.4%	32.0%	30.6%	30.7%	30.9%	30.7%
Combined ratio	134.7%	252.0%	57.2%	85.9%	41.8%	74.7%

Non-proportional business	Health	Casualty	Marine, aviation and transport	Property	Total
2025	\$'m	\$'m	\$'m	\$'m	\$'m
Gross written premiums	(3.7)	1.6	10.1	8.9	16.9
Gross earned premiums	(3.2)	7.4	12.7	8.8	25.7
Net earned premium	(2.6)	5.7	3.5	4.9	11.5
Net incurred claims	3.1	(7.2)	(4.7)	4.0	(4.8)
Expenses	0.8	(1.7)	(1.1)	(1.5)	(3.5)
<b>Underwriting profit/(loss)</b>	<b>1.3</b>	<b>(3.2)</b>	<b>(2.3)</b>	<b>7.4</b>	<b>3.2</b>
Net claims ratio	119.2 %	126.3 %	134.3 %	(81.6%)	41.7 %
Expense ratio	30.8 %	29.8 %	31.4 %	30.6%	30.4 %
Combined ratio	150.0 %	156.1 %	165.7 %	(51.0%)	72.1 %

The underwriting result by Solvency UK line of business for the previous year is shown below:

<b>Direct and proportional business</b>	<b>Motor vehicle liability</b>	<b>Marine, aviation and transport</b>	<b>Fire and other damage to property</b>	<b>General liability</b>	<b>Credit and suretyship</b>	<b>Total</b>
2024	\$'m	\$'m	\$'m	\$'m	\$'m	\$'m
Gross written premiums	2.2	6.6	253.9	144.0	26.4	433.1
Gross earned premiums	2.2	7.9	260.3	128.2	35.5	434.1
Net earned premium	2.0	2.8	100.4	33.7	9.5	148.4
Net incurred claims	(0.5)	(5.7)	(54.1)	(24.4)	(1.7)	(86.4)
Expenses	(0.4)	(0.6)	(21.4)	(7.2)	(2.0)	(31.6)
Underwriting (loss)/profit	1.1	(3.5)	24.9	2.1	5.8	30.4
Net claims ratio	25.0 %	203.6%	53.9%	72.4%	17.9%	58.2%
Expense ratio	20.0%	21.4%	21.3%	21.4%	21.1%	21.3%
Combined ratio	45.0%	225.0%	75.2%	93.8%	39.0%	79.5%

<b>Non-proportional business</b>	<b>Health</b>	<b>Casualty</b>	<b>Marine, aviation and transport</b>	<b>Property</b>	<b>Total</b>
2024	\$'m	\$'m	\$'m	\$'m	\$'m
Gross written premiums	0.7	10.9	3.5	7.7	22.8
Gross earned premiums	2.0	25.8	9.8	17.3	54.9
Net earned premium	0.6	15.7	4.2	15.0	35.5
Net incurred claims	(0.2)	(3.7)	(2.6)	(2.6)	(9.1)
Expenses	(0.2)	(3.2)	(0.9)	(3.2)	(7.5)
Underwriting (loss)/profit	0.2	8.8	0.7	9.2	18.9
Net claims ratio	33.3%	23.6%	61.9%	17.3 %	25.6%
Expense ratio	33.3%	20.4%	21.4%	21.3 %	21.1%
Combined ratio	66.6%	44.0%	83.3%	38.6%	46.7%

### **A2.1.3 Underwriting performance by material geographical locations**

The business written in the UK represents more than 90% of the gross written premium for 2025. The UK GAAP underwriting performance split by geographical locations is as follows:

**Year ended 31 December 2025**

<b>Country</b>	<b>Gross written premiums \$'m</b>	<b>Gross earned premiums \$'m</b>	<b>Net earned premium \$'m</b>	<b>Net incurred claims \$'m</b>	<b>Expenses \$'m</b>	<b>Underwriting result \$'m</b>
<b>United Kingdom</b>	<b>382.1</b>	<b>402.4</b>	<b>134.1</b>	<b>(73.3)</b>	<b>(40.8)</b>	<b>20.0</b>
<b>USA</b>	<b>(3.0)</b>	<b>11.2</b>	<b>(15.9)</b>	<b>19.1</b>	<b>(5.8)</b>	<b>(2.6)</b>
<b>Switzerland</b>	<b>(2.7)</b>	<b>3.0</b>	<b>0.7</b>	<b>4.9</b>	<b>3.8</b>	<b>9.4</b>
<b>Canada</b>	<b>22.1</b>	<b>22.9</b>	<b>(7.8)</b>	<b>(0.3)</b>	<b>8.8</b>	<b>0.7</b>
<b>Australia</b>	<b>(0.1)</b>	<b>2.0</b>	<b>0.8</b>	<b>(1.1)</b>	<b>(0.2)</b>	<b>(0.5)</b>
<b>Singapore</b>	<b>0.2</b>	<b>0.1</b>	<b>0.6</b>	<b>1.5</b>	<b>(0.3)</b>	<b>1.8</b>
<b>Total</b>	<b>398.6</b>	<b>441.6</b>	<b>112.5</b>	<b>(49.2)</b>	<b>(34.5)</b>	<b>28.8</b>

**Year ended 31 December 2024**

<b>Country</b>	<b>Gross written premiums \$'m</b>	<b>Gross earned premiums \$'m</b>	<b>Net earned premium \$'m</b>	<b>Net incurred claims \$'m</b>	<b>Expenses \$'m</b>	<b>Underwriting result \$'m</b>
United Kingdom	422.4	427.3	158.5	(76.9)	(37.9)	43.7
USA	11.7	25.0	17.3	(21.1)	(0.8)	(4.6)
Switzerland	(4.8)	4.3	1.3	6.5	(0.1)	7.7
Canada	25.6	28.9	5.8	(7.1)	(0.3)	(1.6)
Australia	1.0	3.2	1.0	2.0	0.1	3.1
Singapore	—	0.3	—	1.1	(0.1)	1.0
<b>Total</b>	<b>455.9</b>	<b>489.0</b>	<b>183.9</b>	<b>(95.5)</b>	<b>(39.1)</b>	<b>49.3</b>

### A3 Investment performance

The investment profit of \$83.4m (2024: \$51.7m), included investment income of \$56.1m (2024: \$55.8m), realised losses of \$23.3m (2024: \$24.9m loss), and unrealised gains of \$51.7m (2024: \$22.5m) from government and corporate bonds and other investments. The primary driver of the unrealised investment gains were decreases in interest rates causing mark to market gains on the Company's fixed income portfolio. The components of investment return by asset category are presented below.

<b>Year ended 31 December 2025</b>	<b>Government bonds</b>	<b>Corporate bonds</b>	<b>Other investments</b>	<b>Total</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
<b>Investment income</b>	<b>23.4</b>	<b>26.2</b>	<b>6.5</b>	<b>56.1</b>
<b>Realised gains/(losses) on investments</b>	<b>(5.8)</b>	<b>(15.4)</b>	<b>(2.1)</b>	<b>(23.3)</b>
<b>Unrealised gains/(losses) on investments</b>	<b>25.2</b>	<b>31.8</b>	<b>(5.3)</b>	<b>51.7</b>
<b>Investment expenses and charges</b>	<b>(0.5)</b>	<b>(0.4)</b>	<b>(0.2)</b>	<b>(1.1)</b>
<b>Total</b>	<b>42.3</b>	<b>42.2</b>	<b>(1.1)</b>	<b>83.4</b>

<b>Year ended 31 December 2024</b>	<b>Government bonds</b>	<b>Corporate bonds</b>	<b>Other investments</b>	<b>Total</b>
	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>	<b>\$'m</b>
Investment income	23.2	26.1	6.5	55.8
Realised gains / (losses) on investments	(6.2)	(16.5)	(2.2)	(24.9)
Unrealised losses on investments	11.0	13.9	(2.4)	22.5
Investment expenses and charges	(0.7)	(0.8)	(0.2)	(1.7)
<b>Total</b>	<b>27.3</b>	<b>22.7</b>	<b>1.7</b>	<b>51.7</b>

Other investments include collateralised securities, collective investment undertakings, loans and deposits.

There were no gains or losses recognised directly in equity for UK GAAP reporting purposes. Financial instruments are either held at fair value through profit or loss or amortised cost, with changes reflected directly in the income statement.

### **A3.1 Information about investments in securitisations**

A securitisation is a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having both of the following characteristics:

- payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and
- the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

AIUK invests in mortgage-backed securities that meet the definition of securitisations. The valuation of these items is explained in section D.

A split of securitisations by category is shown in the table below:

<b>Market value 31 December 2025</b>	<b>Total \$'m</b>
<b>Collateralised mortgage obligations</b>	2.6
<b>Mortgage-backed securities</b>	47.1
<b>Bonds</b>	163.2
<b>Total</b>	<b>212.9</b>

Mortgage-backed securities are securities that represent ownership in a pool of mortgages. Both principal and income are backed by the group of mortgages in the pool. They include bonds issued by U.S. government-sponsored enterprises such as the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Government National Mortgage Association. AIUK's mortgage-backed portfolio is supported by loans diversified across a number of geographical and economic sectors.

### **A4 Performance of other activities**

All income and expenses arise from the conclusion of contracts of insurance and associated investment and foreign exchange gains or losses. AIUK had no other material sources of income and expenses during the reporting period.

### **A5 Any other information**

Nothing to report.

## **B System of governance**

### **B1 General information on the system of governance**

#### **B1.1 Aspen Insurance UK Limited**

AIUK is governed by the Board in accordance with its Articles of Association and the Board's terms of reference ("ToR"), the latter of which details the matters reserved for the Board. In accordance with its ToR, the Board has delegated certain duties and responsibilities to its committees: Audit Committee, Risk & Capital Oversight Committee, UK Remuneration Committee, UK Nominations and Governance Committee, (collectively "the Board Committees"). Notwithstanding the minimum requirement specified in the Companies' Articles, the Board has determined that the quorum necessary for the transaction of business at a meeting of the Board shall be five members, comprising at least three non-executive directors (one of which shall be the Chair) and one executive director.

At the discretion of the Board, other committees may be established on an ad-hoc basis for administrative purposes.

The Board, Audit Committee and Risk and Capital Oversight Committee meetings are held at least quarterly, with a minimum of four meetings per year. The Board's terms of reference include those aspects of AIUK's operations which must be referred to and approved by the Board in order to satisfy the requirements for sound and prudent management of AIUK's business including, business planning (both underwriting and investments); the setting of reserves and approval of accounts and regulatory returns; approval of AIUK's ORSA report; the paying of dividends; and the approval of material transactions.

The Board Committees are governed in accordance with the respective committee ToR, which set out the committee's function, membership and operating procedures.

The AIUK CEO chairs the UK Executive Committee to support the CEO and the UK Executive in their executive duties to manage Aspen UK operations. The Executive Committee comprises the Executive Directors and Senior Managers.

#### **B1.2 Main roles and responsibilities of the Audit Committee**

The AIUK Audit Committee is responsible for assisting the Board in its oversight of:

- the statutory financial reporting and audit process;
- the Companies' financial internal controls;
- the performance of AIUK's internal audit function;
- the reserving process for risks underwritten on to AIUK;
- AIUK's financial returns and reports to the PRA and FCA and any other relevant regulator; and
- resolving any conflicts of interest which the Chair of the Board is unable to resolve.

In fulfilling its purpose, the Audit Committee maintains free and open communication with AIUK's independent auditor, actuarial function, compliance function, internal auditors, and management.

### **B1.3 Main roles and responsibilities of the Risk and Capital Oversight Committee**

The Risk and Capital Oversight Committee is an advisory committee (sub-committee) to the Board of Directors and has been delegated responsibility for assisting the Board in its oversight of its responsibilities which include:

- **Risk and Capital Management Framework** – review and challenge the Company’s risk appetite, and risk profile regarding regulatory capital requirements, this includes overseeing the Company’s risk profile on a quarterly basis;
- **Internal Controls** – work with the Audit Committee to review the robustness, quality and effectiveness of the internal controls and reporting to management and the Board on any issues relating to the risk management framework;
- **Risk exposures and assessment** – review and recommend methodology used in determining the Company’s capital requirements, stress and scenario analysis, and ensuring due diligence appraisals are carried out on strategic or significant transactions;
- **Remuneration and Nominations Committees** - to ensure that risk management is properly considered in setting the compensation policy and monitoring prudential regulatory requirements across AIUK.

### **B1.4 Main roles and responsibilities of the UK Nominations and Governance Committee**

The responsibilities of the Nominations and Governance Committee are overseeing the process of identifying and nominating candidates to fill board positions, to make recommendations regarding membership to board committees, make recommendations to the Board for approval of appointment of individuals as directors/ officers to branches or subsidiaries of the company.

The purpose of the Committee is to

- oversee formal annual performance review of the Board and Board committees and report the result to the Board, recommending actions for findings while also overseeing the Board governance arrangements.
- conduct the annual review of the conflicts of interest register and review its own performance, constitution and terms of reference regularly to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for their approval.
- keep the Board’s governance arrangements under review and to make appropriate recommendations to the Board to ensure that the Company arrangements are consistent with corporate governance standards and best practice;
- ensure there is a formal, rigorous and transparent procedure for the appointment of new directors to the Board;
- lead the process for Board appointments, making recommendations to the Board and ensuring plans are in place for succession to the Board and senior management positions, overseeing the development of a diverse pipeline for succession; and
- assist the Board in ensuring that the Board’s and Board committees’ composition are regularly reviewed and make recommendations to the Board with regards to any proposed changes.

## **B1.5 Main roles and responsibilities of the UK Remuneration Committee**

The purpose of this Committee is to provide independent oversight of all Aspen Group remuneration policies and decisions that impact employees of Aspen UK; and provide oversight of compliance with all applicable UK remuneration regulatory requirements, including those that have implications for risk and risk management. In addition, the Committee has specific requirements in relation to certain groups of individuals i.e., the review and approval of remuneration for all Executive Board Directors as well as any Solvency UK covered employees.

## **B1.6 Material changes to systems of governance in the period**

There were no changes in 2025.

## **B1.7 Key functions**

AIUK's system of governance includes the following key functions:

- Risk Management;
- Compliance;
- Internal Audit;
- Actuarial;
- Underwriting;
- Operations;
- Claims;
- IT;
- Human Resources;
- Executive Committee;
- Internal Model Committee;
- Finance and Investments; and
- Outwards Reinsurance.

### **B1.8.1 Authority and independence of the key functions**

AIUK has an Internal Control and Risk Management Framework in place to ensure that:

- there is clear management responsibility for key functions;
- the Board has appropriate line-of-sight over AIUK's operations; and
- material matters are brought to the Board's attention.

The CEO has apportioned responsibility for key tasks to suitably qualified and experienced staff. The appointed individuals are accountable to the CEO for their respective functions and report to the Board on their performance and service.

## **B1.9 Information on remuneration policies and practices**

### **B1.9.1 Policy**

The Group's overall approach to compensation is set out in the Group Compensation Policy. A Solvency UK Appendix to this policy has been developed to address the additional remuneration and governance requirements that have been put in place to meet the requirements of Article 275.

The Group Compensation Policy and the Solvency UK Appendix state that AIUK's remuneration arrangements should not promote inappropriate risk taking and link compensation to achievement of financial and strategic goals.

The Group Compensation policy states that the elements of total compensation; base salary and variable remuneration (annual bonus and long-term incentive awards), should be balanced such that each executive has the appropriate amount of pay that is contingent on longer-term performance.

For Covered Individuals, where they meet the specific compensation criteria, a minimum of 40% of variable remuneration must be deferred for a minimum period of three years and vest no faster than pro rata from year one. An annual assessment of compensation is undertaken to ensure specific deferrals to variable compensation are applied where Covered Individuals meet the threshold criteria specified by the PRA.

### **B1.9.2 Cash remuneration**

Annual cash bonuses are intended to reward employees for Aspen's consolidated annual performance and for individual and team achievements contributing to the success of the business over the previous financial year.

The Compensation Committee approves the bonus pool formula, following recommendations from management. Employees are allocated bonuses based on the performance of the Aspen Group, the performance of their teams and their individual contribution to the business. Bonus determinations take into account compliance with AIUK's governance and risk control requirements to ensure non-excessive risk-taking.

### **B1.9.3 Long-Term Incentive schemes**

Aspen operated a Long-Term Incentive Plan ("LTIP") for employees across the Group in order to reinforce the alignment of the participants in achieving the common objectives and the creation of value over the long term. The LTIP also acted as a retention tool and was only allocated to a select group of employees who were key to Aspen's long-term future. With all awards, continued participation in the program was dependent upon individual performance. Refer to section B.1.11 for further information.

### **B1.9.4 Governance**

Central to the governance of compensation is Aspen's Compensation Committee. The Compensation Committee oversees compensation and benefits policies and programs, including administration of the annual bonus awards and LTIPs. It also determines compensation of the Group CEO, Named Executive Officers and other relevant members of senior management.

Details of the role and responsibilities of the Compensation Oversight Group are set out in its Charter, which is reviewed by the Compensation Oversight Group and approved by the AIHL Board.

In accordance with Solvency UK Article 275 para 1 (d), (e) and (f), the UK Remuneration Committee are responsible for overseeing the local implementation of the Group Compensation Policy, establishment and oversight of this Appendix and ensuring compliance with any local regulatory requirements. So that the UK Remuneration Committee can provide oversight:

- The UK Remuneration Committee will approve this Appendix of the Group Compensation Policy as applicable to the relevant UK entities and assure themselves that the Policy and Appendix satisfy local regulatory requirements including Solvency UK. Any material changes to the Policy and/or this Appendix will also be approved by the UK Remuneration Committee.
- The UK Remuneration Committee, comprising its Non-Executive Directors has been established with the authority to approve proposed compensation arrangements and compensation outcomes, including, if necessary, those arising in conjunction with new business opportunities and those applicable on the termination of employment for Solvency UK Covered employees.

#### **B1.9.5 Share-based payments**

RSUs (“Restricted Share Units”) and Options were introduced on May 8<sup>th</sup>, 2025, following Aspen’s IPO. These awards also act as a retention tool as awards vest over several years depending on the award type.

#### **B1.10 Supplementary pension and early retirement schemes for members of the Board**

Aspen offers all staff the choice of making contributions into a defined contribution pension plan and the company contributes an additional percentage every month based on a contribution structure.

#### **B1.11 Information about material transactions during the reporting period with shareholders and with members of the AMS (Administrative, Management or Supervisory body)**

In 2019, the Group implemented a new long-term incentive scheme, under which annual awards are split equally between Performance Units and Exit Units. Performance Units vest after two years based on cumulative Operating Income of Aspen over rolling 2-year period (note: previously calculated on Book Value Per Share compounded growth rate). Performance units are cash-based awards. Previously, Exit Units were awarded when predetermined multiples of invested capital return targets were achieved. In 2024, the Exit Units were replaced by Retention awards which will be paid in line with the regular salary run in April 2026. Due to the IPO, the LTIP plan has been replaced with RSUs & Options.

## **B2 Fit and proper requirements**

### **B2.1 Fit and proper guidelines**

There are two aspects to fitness and propriety:

- corporate – ensuring that AIUK operates to appropriate standards of corporate governance; and
- individual – ensuring that those individuals responsible for Senior Manager Functions, Key Functions and those in Certified Positions have the necessary qualities to perform their duties to an appropriate standard and carry out the responsibilities of the position which they hold. These qualities relate to the integrity demonstrated in personal behaviour and business conduct, soundness of judgement and a degree of knowledge, experience and professional qualifications commensurate with their role.

#### **Corporate**

AIUK ensures that the collective knowledge, competence and experience of its management bodies includes competency in the following areas:

- market knowledge;
- business strategy and business model;
- system of governance (including risk management);
- financial and actuarial analysis (including capital modelling); and
- regulatory framework and requirements.

In addition, AIUK will regularly assess whether the board composition has sufficient diversity of qualifications, knowledge and relevant experience to ensure thorough review and robust challenge.

#### **Individual**

AIUK ensures that background checks are conducted on all staff at the point of recruitment and will utilise third party suppliers to perform such checks as appropriate. Additional checks will be conducted throughout an individual's employment where deemed necessary, such as on appointment to a Senior Manager role. As a minimum, a background check will address the following areas:

- criminal records check;
- credit check;
- confirmation of qualifications;
- confirmation of employment history; and
- regulatory references.

AIUK considers whether any additional matters should also be addressed when recruiting individuals to perform any key business activities, including the following:

- more extensive criminal record checks;
- checks on current and past directorships; and
- compliance and sanctions checks.

### **B2.1.1 Ongoing assessment of fitness and propriety**

AIUK uses an annual appraisal process to provide confirmation that the fitness and propriety standards established for a role remain appropriate and that the person undertaking that role remains suitably qualified through a review of required knowledge, competence, qualifications and where necessary development requirements.

In addition, the Board performs Board and Committee effectiveness reviews annually and HR and Management undertake an annual fitness and propriety attestation process for all senior managers, key function holders and certified persons.

## **B3 Risk management system including own risk and solvency assessment**

### **B3.1 Risk Management Framework**

The Risk Management Framework (the “RMF”) is the mechanism that defines the controls in place and the processes within AIUK to manage risk. The Framework consist of a number of key documents:

- the Aspen UK Risk Mandate
- Group Risk Policy with legal entity appendices
- the AIUK Risk Appetite Statement defines how much risk we are willing to take
- the Group Operational Risk Policy (with AIUK appendix)
- the Group Reserve Risk Policy (with AIUK appendix)
- the Aspen UK (Re) Insurance Risk Policy
- the Aspen UK Financial Risk Policy

The RMF specifies roles and responsibilities for risk management activities in each of the risk categories to which AIUK is exposed.

### **B3.1.1 Risk Universe**

AIUK maintains a Risk Universe which defines the different types of risk that the Company faces and how they are monitored and measured. AIUK and Aspen as a group, records the risks to which we are exposed, referred to as the Risk Universe. The Risk Universe is structured into risk categories within the Risk Taxonomy. There are 3 levels of risks within the Risk Taxonomy to allow for risks to be considered at a granular enough level to be managed effectively.

Aspen’s Risk Universe includes risks that are actively taken as part of our insurance or investment operations, insurance risk and market risk, which are accepted in pursuance of underwriting and

investment strategies and classified as core risks. All other risks that are not explicitly sought but are actively monitored and controlled due to their significance are classified as non-core risks.

The main risks faced by the Company can be split between core risks and non-core risks. The Risk Appetite distinguishes between core risks and non-core risks.

AIUK actively seeks insurance risk across the diversified non-life insurance lines of business in all global geographical markets and also takes investment/market risk across a diversified range of investment types and strategies. These are considered core risks, which are assumed as part of the value creation strategy. These core risks are actively sought in cases where:

- there is an understanding of how risks can be measured and managed;
- the potential risk accumulation arising from both additional exposures and the dependencies between risk categories are understood and can be controlled;
- AIUK is adequately remunerated for the risk it takes; and
- there is appropriate alignment of interests between Aspen and its clients. Aspen's appetite for core risks is further detailed in the business plans (including investment plans) approved annually by the Board.

All other risks to the business are non-core risks. Non-core risks will be minimized through a range of options, where cost effective and reasonable to do so (e.g. mitigation does not result in an unacceptable level of risk in other areas).

Where risks are part of the ongoing activities of the business and have the potential to harm the capital position or ongoing viability of the Company, these will be reviewed as part of the risk appetite process.

The Group Risk Policy with legal entity appendices sets out these risks in the context of AIUK's business and provides an overview of how they are addressed and quantified through a combination of the internal model, including stochastic modelling and stress testing, as well as qualitative reviews through the Risk and Control Self-Assessment and other approaches including scenario analysis.

### **B3.1.2 Risk Appetite Statement**

The Risk Appetite Statement is the central component of AIUK's approach to risk management. The Risk Appetite Statement specifies, the principles that define how and where AIUK seeks to deploy its financial resources in support of its strategic objectives. The Risk Appetite provides the foundation for strategic planning and decision making during the implementation of our strategy and business plans.

This Risk Appetite Statement is reviewed at least annually to ensure it remains fit for purpose. AIUK seeks to maintain a level of profitability consistent with the Group return targets and the AIUK returns as set out in the business plan and as outlined in the AIUK Risk Appetite Statement. The Risk Appetite Statement distinguishes between core risks and non-core risks, as described above.

The AIUK Risk Appetite is designed to align with the Group Risk Appetite and ensure that no risk can breach the Group Tolerances or Limits in isolation or in aggregate. This will be monitored through local reporting and as part of the wider Aspen Group reporting processes.

### **Capital constraint**

The target level of capital, requires that AIUK will always seek to maintain a level of qualifying capital that:

- meets the Internal Model SCR regulatory requirement based on the latest version of the Internal Model approved by the PRA;
- establishes a buffer over the SCR that is Board approved and articulates a risk appetite that provides a level of security to policyholders.

### **B3.1.3 Business planning**

AIUK reviews and updates the strategy and business plan on an annual basis in line with the overall Aspen Group Strategy.

The Business Plan is presented to and reviewed by the AIUK Board of Directors both through the main Board and Board Committees. This Business Plan builds on the strategic view of the re/insurance market, current performance against business plan, the latest understanding of current and prospective risks the business faces and the capital required to support the plan.

A change in strategy or amendments to the plan may introduce new categories of risk and the need for new or updated policies for the management of those risks. Similarly, revisions to the business plan or strategy may require a change in AIUK’s risk appetite related to risk preferences.

The business plan will take into account the agreed strategy, a further assessment of the current and prospective risks that the company considers need to be taken into account, and a quantitative assessment of each of the plans using the Economic Capital Model (“ECM”).

The Risk function produces a “Risks to the Plan” document including quantitative and qualitative assessments. This is provided to the UK Executive Committee and the Board of Directors on an annual basis.

### **B3.1.4 Risk limits**

AIUK’s Risk Framework translates the key risk objectives into measurable criteria. Limits based around exposure management metrics provide the primary control for accumulated risk exposures and provide a mechanism to manage diversification of the risk profile. Additionally, the framework establishes connections to business planning by placing constraints on risk-taking activities, in line with the approved business plan.

Limits are established for the most important drivers of risk and express the maximum level of allowable exposure per risk driver. The motivation for these Key Risk Limits is to protect our business model and avoid headline losses. Risk Limits are hard limits approved by the board which are not to be exceeded. Where the risk limit is being approached or should a limit have been unintentionally exceeded, a management report into the potential or actual breach will be provided to the AIUK Board Risk and Capital Oversight Committee along with the proposed management response. The risk limits are subject to annual approval by the AIUK Board as part of the annual review process. The risk limits are underpinned by a range of key risk indicators.

The Key Risk Limits include:

#### **Insurance risk limits:**

- **Natural catastrophe accumulation risks:** limits set by region and peril for catastrophic events covering both individual occurrences and annual catastrophe losses in aggregate;
- **Terrorism accumulation risks:** a limit based upon a series of modelled scenarios;

- **Clash risk:** a limit covering the potential losses arising from a single non-catastrophe event, allowing for the possibility of losses from different risks in the same class of business, as well as losses across multiple classes from the same event; and
- **Insurance credit risk:** the level of net loss over a 1-year or ultimate time horizon that is expected to be exceeded on average only once in each 100 years on AIUK's credit exposed insurance underwriting lines of business (CPR).

**Market (investment) risk limits:** a variety of limits to manage exposures to interest rate, default risk, spread risk and concentration risks on the asset portfolio. The Investment Mandate outlines the key market risk limits which is updated and reviewed regularly;

**Credit risk:** limits set for the maximum amount of any one exposure or counterparty;

**Operational, including compliance risk:** operational risk is inherent within AIUK's business processes. The operational risk management objective is to identify and take the appropriate action in relation to the operational risks within the business, to mitigate these to an acceptable level.

### **B3.1.5 Risk management framework**

AIUK achieves controlled risk taking by operating within our detailed risk management framework. The framework defines the following core components of the risk management cycle.

- **Risk identification:** is an ongoing process to establish transparency into risks to which AIUK is exposed;
- **Risk measurement:** enables the assessment of risk exposures and provides the basis to set quantitative controls for risk taking. The approved Internal Model is used by AIUK to aid business planning, to calculate and allocate risk-based capital, to calibrate pricing models, and other business applications. Where it is impractical to model the risk using stochastic methods or where there is significant parameter uncertainty, we may also use deterministic methodologies;
- **Risk monitoring:** is the process through which AIUK ensures that the risks being taken across the firm remain within appetite. AIUK uses a range of processes and systems to regularly monitor risks. These processes are overseen by risk owners and executed by subject-matter experts within the business. These are then overseen from a second line by the Risk Function;
- **Risk management:** risk exposures are managed in all activities using a variety of approaches. Clearly established authorities and risk limits govern all risk-taking decisions within AIUK. External reinsurance, retrocession, and hedging strategies are used to mitigate and diversify our risk exposure to a level consistent with our risk appetite. To assist in protecting the company against certain operational risks, Aspen purchases external insurance. Additionally, operational risks are managed by segregation of duties, systems of internal control and, in certain cases, contingency plans as appropriate.
- **Risk reporting:** dialogue between the Risk function, the AIUK Board, the Executive Committee and key business stakeholders is an important component in monitoring and managing risk. Risk transparency is ensured through regular internal risk reporting which incorporates both quantitative and qualitative risk information. On a quarterly basis, the AIUK CRO provides to the AIUK Board Risk and Capital Oversight Committee a comprehensive risk report that covers all aspects of the risk landscape.

The report includes an overview of the adequacy of capital and liquidity, quantitative views of risk, an overview of the operational risk assessment including key risk themes, operational events, and other risk developments as deemed appropriate. Risk reporting is also prepared and presented to various other governance bodies.

### **B3.1.6 Three lines of defence**

Aspen operates within a ‘Three lines of defence’ integrated approach to assurance designed to achieve a strong risk culture built on the principles of ownership and accountability. The three lines of defence model distinguishes between three groups (or lines) involved in effective risk management:

- functions that own and manage risk (the 1st Line);
- functions that oversee risk (the 2nd Line, Risk Management and Compliance);
- functions that provide independent assurance (the 3rd Line, Internal Audit).

#### **First line of defence**

As the first line of defence (“1LOD”), operational managers own and manage risks. They are responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis related to the people, processes, and systems under their supervision. They also are responsible for implementing corrective actions to address known process and control deficiencies. Aspen formed a team to focus primarily on the design and implementation of our Internal Controls over Financial Reporting (“ICoFR”) across the organisation, to increase the rigour around the processes and controls that underpin our external financial reporting. Working in close collaboration with process and control owners, the team initiated control uplifts across the environment.

#### **Second line of defence**

The AIUK Risk Management function develop AIUK’s Risk Management Framework, and oversee the implementation and embedding of risk management practices by the 1LOD, including monitoring and assessing the adequacy and effectiveness of the 1LOD system of internal control.

These second line of defence functions have a degree of independence from the 1LOD, but they are management functions. As management functions, they may intervene directly in modifying and developing the internal control and risk systems.

#### **Third line of defence**

Internal Audit provide independent and objective assurance on the adequacy and effectiveness of governance, risk management, and internal controls. Internal audit’s independence from the responsibilities of management is critical to its objectivity, authority and credibility.

Internal Audit is accountable to the Audit Committee of the AIUK Board, has unfettered access to people, resources, and data needed to complete its work; and freedom from bias or interference in the planning and delivery of audit services.

### **B3.1.7 Corporate governance**

AIUK is governed by the AIUK Board and its committees as described at section B1.1.

Joint Boards and Audit Committees, with AMAL, are also held throughout the year to consider items which affect both entities. As much of the operational capabilities of Aspen UK are provided on a consistent basis many of the operational processes and projects are common across both AIUK and AMAL. These joint Boards and Audit Committees are therefore an efficient and effective governance process to consider updates in relation to these specific items.

While the Board is responsible for oversight, the AIUK Management Team is responsible for managing the operations as delegated by the Board. This structure maintains effective checks and balances between the governing bodies.

### **B3.2 Aspen’s Own Risk and Solvency Assessment (“ORSA”)**

AIUK’s approach to ORSA is documented in the UK ORSA policy, which is applicable to AIUK.

The approach to the ORSA is to integrate its requirements into existing business processes and communicate the resulting analysis, recommendations and agreed actions in a standalone ORSA report. The totality of the scope of the ORSA is delivered through the combination of these processes and their effective integration in to business decision making.

The Aspen UK approach to the overall ORSA can be seen below:

- The process for ensuring a comprehensive coverage of the current and future business and risks associated with it is as important as the conclusions reached.
- It is critical that the business and specifically the Board and Supervisory bodies are able to have confidence that all aspects of risk are addressed within the Aspen UK ORSA process.

The policy explains that ORSA outcomes are communicated internally via those business-as-usual processes with which they are aligned, in a context that allows stakeholders at all levels to act effectively on them in their day-to-day management and decision making. AIUK is required to report on the ORSA process and its outcomes at least once a year to the PRA. The AIUK Risk function is responsible for the coordination of the ORSA process and the production of the ORSA report.

The ORSA report is approved by the AIUK Board as providing an accurate account of the AIUK Internal Control and Risk Management Framework and the ORSA processes conducted during the year.

The individual components of the Internal Control and Risk Management Framework and the outputs of the ORSA process upon which the ORSA report relies are subject to approval, review and challenge by the AIUK Risk and Capital Oversight Committee with changes and actions agreed by the AIUK Board.

Throughout the year, the UK Board will continue to carry out its oversight in the following ways:

- Quarterly review of net risk exposures to relative internal risk limits
- Quarterly review of risk capital requirements against available capital
- Annual business plan review, including output from the internal model supporting the prospective own risk assessment and capital requirements
- Annual review and approval of risk appetites and
- Annual review and approval of the AMAL / AIUK ORSA report

As such the ORSA Governance is overseen and directed by the Risk Function.

### **B3.3 Internal Model**

The ECM is integral to Aspen's ORSA process. The ECM is used to measure and monitor AIUK's Risk Appetite Statement through calculation of the SCR and the required buffer above the SCR, in satisfaction of the capital constraint within AIUK's Risk Appetite. The SCR is evaluated using the ECM as part of the annual business planning process and for the ongoing measurement and monitoring of certain key risks reported within the UK CRO reports and many other risks identified within AIUK's Risk Universe. Section E2 of this document shows the SCR for AIUK's 2026 business plan as modelled via the ECM.

#### **B3.3.1 Outline of the Internal Model**

The scope of Aspen's Internal Model comprises:

- the ECM – also referred to as the Calculation Kernel;
- the Economic Scenario Generator (“ESG”);
- catastrophe risk management processes (including third party vendor catastrophe models);
- all spreadsheets which carry assumptions, parameters or standing data into the ECM;
- all other data sources which feed the spreadsheets; and
- policies and processes in relation to Internal Model change, data, documentation, expert judgement, operational control and validation.

The scope of the Internal Model excludes:

- separate multi-year projection models and other bespoke simulation-based models built for strategic purposes;
- the business planning system;
- stress & scenario testing; and
- the reserving process.

The purpose of the model is to provide a quantification of those risks included in the scope of the model. The ECM is a simulation-based model and allows the business to focus on the tail of the distribution (i.e. the most severe downside scenarios) and, in particular, what are the key drivers of losses in the tail.

### **B3.4 Internal Model governance**

In order to satisfy the requirements of the UK prudential solvency regime (Solvency UK it is important to demonstrate that appropriate governance surrounds the Internal Model and any proposed changes thereto.

Management maintains a three-tier structure for the governance of Aspen's Internal Model as follows:

- **High-Level Governance** covers the approval of any application to regulators for approval to use the Internal Model to calculate a company's solvency capital requirements; approval of major changes or extensions to the model; deciding roles and responsibilities for the Internal Model governance; aligning the model design and operations with the undertaking's risk profile and operations; ensuring there are sufficient resources to develop, monitor and maintain the

Internal Model, and monitoring on-going compliance with the requirements for Internal Model approval.

High-level governance is the responsibility of the AIUK Board, with responsibility for some functions being delegated to the AIUK Risk and Capital Oversight Committee.

- **Low-Level Governance** covers design and implementation of the Internal Model; testing and validation of the model; documentation of the Internal Model and any changes to it; analysing the performance of the Internal Model, and reporting on the performance to the high-level governance body, including compliance with the Internal Model approval requirements. Low-level governance is the responsibility of the UK Capital Committee.
- **Day-to-day operations and change** are the responsibility of the Capital Modelling Team. Feedback between the high-level and low-level governance functions are provided via a standing agenda item for capital updates at AIUK Risk and Capital Oversight Committee, alongside scheduled consideration of other items within the committee's terms of reference.

The deep integration of the Internal Model into the wider business results in continuous challenge of its outputs by stakeholders, for instance during the business planning process, when model outputs feed directly into the formulation of the business plan, or through commercial uses such as analysis of reinsurance efficacy or the setting of cost of capital assumptions within technical price adequacy tools.

#### **B3.4.1 Model change**

The purpose of the UK Internal Model Change Policy is to ensure that appropriate and robust governance controls exist in relation to any proposed changes to the Internal Model, as well as to satisfy the requirements of Solvency UK. The UK Internal Model Change Policy applies to any change for any element within the scope of the Internal Model.

The reporting and assessment of Internal Model changes is a key Solvency UK requirement. The quantitative impact of changes is assessed against a baseline model representing the last version of the model approved by the PRA via a 'Major' change application, and as updated for 'Minor' changes (which are approved internally in line with the governance process set out in our Internal Model Change policy).

The baseline model against which the quantitative impact is assessed is further updated annually to be the model used to assess the capital requirement presented to the AIUK Board as part of the annual approval of the AIUK business plan. Changes are categorised into one of seven types (Data, Underlying Risk Profile, Model Parameterisation, Model Methodology, Model Design (including scope), Non-functional, and Governance / Controls).

The UK Internal Model Change Policy defines qualitative and quantitative criteria to determine whether changes are 'Major' or 'Minor'. The quantitative criteria for a major change is defined as a movement in economic capital of 10% or more from an individual non-data change, or 15% or more from an accumulated set of changes. The types of change that accumulate against this threshold are Underlying Risk Profile, Model Parameterisation, Model Methodology, and Model Design (including Scope). Major changes require approval by the AIUK Board and the PRA. Minor changes are reported quarterly to the AIUK Risk and Capital Oversight Committee, AIUK Board, and to the PRA.

Aspen submitted a Major Model Change in April 2025 which was subsequently approved by the PRA in September 2025. This included four changes, two which were classified as Minor with two being Major changes. These are:

- Economic Scenario Generator (ESG) Recalibration (minor change)
- Emergence Factors Recalibration (minor change)
- Operational Risk Update (major change)
- Treatment of Modelled Profit (major change)

These are described in more detail in section E2.2.

### **B3.4.2 Capital modelling team review and verification processes**

The controls and detailed checks operated by the Capital Modelling team as defined in the ECM Operational Control Framework are undertaken every time there is a reported update of the capital requirement for AIUK. The Capital Modelling team processes include the assessment of the quality of data and the review and challenge of parameterisation including expert judgements. The detailed checks vary by risk type and typically include:

- reconciliations of input data (including understanding reasons for changes in data);
- comparisons of parameters to historical data;
- documentation of the rationale for parameterisation;
- review of parameterisation; and
- explanation of changes between model runs.

The Operational Risk Management team provide assurance that these controls have operated effectively as part of the regular monitoring of the Risk and Control Self-Assessment (“RCSA”) process.

### **B3.4.3 Internal Model validation**

AIUK has a validation policy which requires an annual independent validation of the Internal Model for AIUK. The annual validation exercise is co-ordinated by an independent actuary. As part of the validation activity, Stress and Scenario Testing acts as a check on the modelling by allowing comparison of the assessment of stress scenarios with the distributions produced by the Internal Model to ensure they are not out of line.

Validation reports are presented annually to the AIUK Risk and Capital Oversight Committee in line with the AIUK Validation Policy.

## **B4 Internal control system**

### **B4.1 Internal control**

An overview of the Internal Control and Risk Management Framework is provided in Section B3 above. The section below sets out the additional controls in place for AIUK.

## **B4.2 Internal control functions**

The additional controls in place for AIUK cover:

- Compliance;
- Sarbanes-Oxley and other internal controls; and
- Business continuity and disaster recovery.

## **B4.3 Compliance**

The UK Compliance function is a second line function in the Three Lines of Defence model.

The role of UK Compliance team is to provide assurance to AIUK management and the Board that AIUK's business operations meet all applicable regulatory requirements and are reflective of relevant guidance and best practice standards. In doing so, the UK Compliance function seek to ensure that the risks to AIUK's overall strategy and local business plans resulting from local regulatory intervention or reputational risk are minimised.

The UK Compliance resources report to the UK CEO and are supported by the wider Group Compliance team.

## **B4.4 Other systems of internal control**

Other significant elements of Aspen's internal control complementary to the Three Lines of Defence model and which have an AIUK dimension are discussed below.

### **B4.4.1 Sarbanes-Oxley**

As a Group with preference shares and debt listed on the New York Stock Exchange at 31 December 2025, Aspen is subject to the Sarbanes-Oxley Act of 2002 ("SOx"). This is a U.S. federal law intended to give comfort to investors in relation to the quality of financial information by requiring senior executives to take individual responsibility for its accuracy and completeness. SOx also requires an effective internal control structure and procedures.

Aspen has detailed processes in place in parallel with the Three Lines of Defence model to ensure that it fulfils the comprehensive SOx requirements. These include:

- the identification of control owners who are accountable for specific controls, their operation and documentation and the implementation of any remedial action which may be identified;
- a reporting and attestation process by the control owners (including oversight of remedial action) managed by the Operational Risk team;
- process assurance through an annual programme of testing which is undertaken on behalf of the business by the ICoFR team; and
- a SOx Committee which supports the Group Chief Executive Officer and the Group Chief Financial Officer in their attestations as to the effectiveness of the ICoFR, and provides assurance to the AIUK Audit Committee.

## **B4.4.2 Employee standards**

Controls are exercised by the Human Resources function for employer and employee protection and to fulfil statutory and regulatory requirements. These include pre-contract screening of all new employees and regulatory “fit and proper” procedures where required. These are more fully explained in Section B2 above.

## **B4.4.3 Business continuity**

AIUK has appropriate business continuity management processes and internal control mechanisms to assess and manage the exposure to the risk of business interruption.

The following high level minimum standards have been defined to mitigate the risk of business interruption:

- Sources of business continuity risk and critical processes are identified and assessed to determine the extent of exposure;
- Aspen has formal business continuity plans covering identified critical processes which are reviewed and approved annually. The Business Continuity Policy is approved annually by the local Board; and
- Aspen has a documented escalation and invocation process for disaster scenario planning.

Aspen has documented these procedures including necessary arrangements to ensure continuity of the core business activities and management of a disruptive incident.

Aspen also has a Cyber Incident Response Plan in place. Aspen recognises that an adequate and timely cyber incident response is a key component in our overall cyber risk management strategy. A robust cyber incident response plan can improve the speed and efficiency of response actions and decisions to minimise the impact of a cyber incident on Aspen’s operations. The Cyber Incident Response Plan sets out the steps to be followed, action to be taken, and people to be engaged in the event of a cyber security incident. The Plan is regularly updated to incorporate lessons-learned, to reflect opportunities and challenges that arise as Aspen’s operations and technology evolves and the changing threat environment.

## **B5 Internal Audit Function**

### **B5.1 Internal Audit**

#### **B5.1.1 Mission**

The primary role of Internal Audit is to help the AIUK Board and Executive Management protect the assets and reputation of AIUK, and to help management to improve the effectiveness of risk management, control and governance processes in a maintainable manner. Internal Audit achieves this in its capacity as the third line of defence by:

- Providing an independent and objective assessment that all significant risks are identified and appropriately reported by management and the risk function to the AIUK Board and Executive Management;
- Assessing whether they are adequately controlled; and

- Challenging Executive Management to improve the effectiveness of governance, risk management and internal controls.

### **B5.1.2 Reporting lines**

The Head of Internal Audit must operate at all times with independence and objectivity.

The Head of Internal Audit reports functionally to the Group Audit Committee and Group Audit Committee Chair, and to the Group Chief Corporate Affairs & People Officer from an administrative perspective only (recruitment, goal setting, performance appraisal and remuneration).

The Group Audit Committee will review and concur in the appointment, replacement or dismissal of the Head of Internal Audit, having taken input from the AIUK Audit Committee members and the Group CEO / Chair.

### **B5.1.3 Authority**

Internal Audit derives its authority from the Boards of Aspen through the Aspen Audit Committees.

Any attempts to limit the scope of work, information restrictions, or any other impediment limiting the ability of Internal Audit to perform its role will be reported to the Chair of the Group and AIUK Audit Committees as appropriate.

### **B5.1.4 Audit Coverage and Universe**

The Internal Audit Universe is broad, encompassing all of Aspen's business activities.

It is the responsibility of Internal Audit to identify all auditable areas within the audit universe. Auditable areas will be analysed on a case by case basis using a risk based methodology to determine appropriate audit coverage and efficient and effective use of resources. Based on this analysis, a rolling 3 year audit plan will be developed and updated annually.

Audit plans will be communicated to senior management and the Audit Committee(s) at least annually.

### **B5.1.5 Communication of results**

#### ***i) Individual reports***

Results and conclusions of audit work will be reviewed with the management responsible for the activity being evaluated. The written report will be objective, clear, concise, constructive and timely. Standard reports will contain a rated opinion of the function being evaluated, and where applicable, a risk culture maturity rating. Other unrated reports may also be produced as memos or maturity assessments.

#### ***ii) Audit Committee reporting***

Annually, the Head of Internal Audit shall submit to senior management and the Group and entity Audit Committees a summary of the audit work schedule, staffing plan, including the planned use of any subject matter experts, and resources for the following year.

Any significant deviation from the formally approved annual plan shall be communicated to senior management and the Group and entity Audit Committees through periodic reports to the Group and entity Audit Committees.

### **B5.1.6 Independence**

To preserve both the perception and reality of its independence and objectivity, Internal Audit will not perform any activities that could impact, or could be seen to impact its independence from management.

Annually, the Head of Internal Audit will confirm to the Group and AIUK Audit Committees, the continuing independence of the Internal Audit activity.

Should the Head of Internal Audit's tenure extend over 7 years, the IIA Internal Audit Financial Services Code of Practice requires the Audit Committee to "explicitly discuss annually the chair's assessment of the chief audit executive's independence and objectivity".

## **B6 Actuarial Function**

### **B6.1 Actuarial Function**

The UK Chief Actuary is the AIUK Actuarial Function Holder.

The UK Chief Actuary reports to the UK CEO with a secondary reporting line to the Group Chief Actuary.

The various activities constituting the AIUK Actuarial Function are embedded within a number of teams:

- The Reserving Team;
- The Capital Modelling Team; and
- The Pricing Team.

Individuals within these teams have a mixture of direct and "dotted line" reporting to the UK Chief Actuary.

#### **B6.1.1 Key responsibilities of the Actuarial Function**

The key responsibilities of the Actuarial Function are as follows:

- performing the reserving calculations, facilitating the reserve setting process and coordinating the calculation of technical provisions on a Solvency UK basis;
- ensuring the appropriateness of underlying methodologies, models and data;
- back testing reserving best estimates and held reserves against experience;
- assessing the reliability and adequacy of the technical provisions calculation and associated uncertainties;
- expressing an opinion on the overall underwriting policy;
- expressing an opinion on the adequacy of outwards reinsurance arrangements;
- contributing to the effective implementation of the risk-management system; and
- maintaining actuarial pricing and reserving standards across Aspen's portfolios.

The UK Chief Actuary produces AIUK's annual Actuarial Function Report and opinions on technical provisions, the underwriting policy and reinsurance arrangements which are provided annually to the AIUK Board.

### **B6.1.2 Identification of the users of the Actuarial Function's work**

The key internal users of the AIUK Actuarial Function's work include:

- the UK Finance and Risk teams;
- the AIUK Audit, Risk and Capital Oversight and Reserving Committees;
- the AIUK Board; and
- the Group Reserve, Underwriting and Risk Committees.

The key external users of the AIUK Actuarial Function's work include:

- the PRA;
- rating agencies.

### **B6.1.3 Independence of the Actuarial Function**

The UK Chief Actuary is responsible for ensuring there is sufficient independence in the activities undertaken by the Actuarial Function.

Independence of the AIUK Actuarial Function is maintained with the following controls:

- The AIUK Board ensures that the Actuarial Function is appropriately segregated, has unrestricted access to relevant information and is not constrained, controlled, or unduly influenced by management in the setting of reserves.
- Actuaries within the Actuarial Function are members of actuarial associations and are subject to both professional and technical requirements.
- An independent reserve review is conducted by an external actuarial consultancy at year-end to provide the Board with an alternative view of reserves.
- The Insurance Risk team which sits within Risk Management assess the work of the pricing and reserving teams and ensures sufficient independence as well as coordinating and completing significant elements of the internal validation of the Internal Model.
- Key tasks of the Actuarial Function are subject to governance through the Audit Committee, Risk and Capital Oversight Committee and the Board. These committees include non-executive directors ensuring familiarity and adequate challenge.
- All tasks of the Actuarial Function are subject to internal audit on a regular basis which aids identification and escalation of deficiencies.
- The UK Chief Actuary holds a Chief Actuary (Including Lloyd's) Practising Certificate issued by the Institute and Faculty of Actuaries and the AIUK Actuarial Function Holder (SMF20) role is an approved position role and is subject to the PRA/FCA SIMR.

## **B7 Outsourcing**

### **B7.1 Outsourcing policy**

The AIUK outsourcing policy documents Aspen's approach to outsourcing and third-party risk management. The policy covers the risks related to outsourcing and non-outsourcing third party arrangements. This includes in-sourcing/ intra-group outsourcing i.e. where another Aspen business

provides a critical, important or material service or a key control function to any part of AIUK or non-outsourcing third party arrangements where these are deemed material or high risk.

The AIUK policy is aligned with our Group Outsourcing Policy, which is intended to establish a prudent risk management framework in relation to the management of the outsourcing arrangements and ensure compliance with the relevant regulatory requirements. The Outsourcing Policy, supported by the Group Procurement Policy and the Group Supplier Management Policy, covers the entire outsourcing lifecycle, from identifying the need for outsourcing through relationship management and oversight and provides processes to effectively manage risk associated with outsourcing relationships.

Consistent with regulatory requirements, the Outsourcing Policy covers any form of agreement between AIUK and a service provider which performs an insurance or reinsurance activity or undertakes a key function on behalf of AIUK. All outsourcing arrangements are classified as either 'Critical or Important' or 'Non-Critical', and the requirements set out in the Outsourcing Policy differ based on this classification. The basis and responsibilities for determining the classification are detailed in this policy.

Effective 1 April 2023, Aspen Insurance UK Services Limited, Aspen Insurance U.S. Services, Inc. and Aspen Bermuda Limited entered into an Outsourcing Agreement (the "Agreement") with Genpact (UK) Limited, a company registered in England and Wales ("Genpact U.K."). Pursuant to the Agreement, Genpact provides AIUK with a range of operational business processes, primarily from their offshore service centre in Gurugram, India, to enable Aspen to deliver greater operating effectiveness and efficiencies. The Agreement has a term period of three years. Aspen has the right to extend the Agreement for three additional one year terms, a 1-year extension to March 2027 has been agreed.

In September 2022, following a detailed analysis of the cost and effectiveness of the Group's IT vendors and a resulting decision to consolidate the range of services undertaken by previous specialist providers, an agreement was entered into with Mindtree Limited (a vendor headquartered in India). As of December 2025, Mindtree Limited remains the vendor of Aspen's IT infrastructure (broadly managing and maintaining Aspen's servers, desktops etc) and cybersecurity requirements.

In addition, on 30 June 2022, various entities of the Group, including AIUK, entered into a LPT with Enstar (EU) Limited located in the UK and Enstar (US) Inc. located in New York, U.S (together "Enstar") for the 2019 and prior business. As part of the LPT, Enstar undertook claims handling functions for all AIUK's claims covered under the LPT.

The following services are supported by the Group's centres of excellence to each of the entities:

- treasury;
- actuarial;
- risk management;
- compliance;
- internal audit.

The centres of excellence provides internal service functions to enable operational efficiency and effectiveness across the Group.

## **B8 Any other information**

AIUK has nothing to report under other information.

## **C Risk profile**

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets, and policyholder liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance policies as they fall due. The most important components of this financial risk are insurance risk, market risk (including interest rate risk and currency risk), credit risk, and liquidity risk.

### **C1 Underwriting risk**

#### **C1.1 Insurance risk**

##### **C1.1.1 Insurance risk**

Insurance risk is defined as the risk that underwriting results vary from their expected amounts, including the risk that reserves established in respect of prior periods differ significantly from the level of reserves included in the Aspen Group's solvency balance sheet.

Insurance risk includes the following:

- a. Underwriting risk: The variation of current accident year technical result from its expected value (other than as a result of operational or counterparty risks). Underwriting risk can be further split into sub-categories including:
  - Pricing calibration risk: the risk that actual technical results differ from expected values as a result of invalid assumptions, methodology or parameters used in the pricing process (excluding operational risk);
  - Premium deficiency risk: the risk that premium levels deviate from expected levels, leading to variation in technical results, including lower business volumes, changes in market pricing, business timing, business mix, and lapse (excluding operational risk);
  - Catastrophe risk: the risk that severe losses from natural or man-made events or series of events accumulate across policies and/or classes of business to exceed total expected claims levels;
  - Large loss risk: the risk that individual losses stemming from a single risk/event, or losses arising from linked exposures that accumulate within or across line(s) of business exceed expected levels. Large losses are greater than a certain dollar threshold and not otherwise categorized as a catastrophe loss; and
  - Attritional risk: the risk that all the incurred losses other than catastrophe and large losses exceed the expected level.
- b. Reserving risk: the variation in policyholder reserves for prior accident years.

## **Processes for addressing and monitoring risk**

AIUK models exposure to underwriting and reserving risks using its Internal Model to measure the associated capital requirements on the Solvency UK SCR (unaudited) regulatory basis. Modelling of insurance risk exposure is a key process for monitoring and managing insurance risk.

The Group Reserving Risk Policy with legal entity appendices, Aspen UK (Re) Insurance Risk Policy & Aspen Group Underwriting Risk Policy evidence how Aspen manages the risk of loss or of adverse change in the values of insurance and reinsurance liabilities, resulting from inadequate pricing and provisioning assumptions. The Group Underwriting Risk Policy requires and defines the use of Aspen Underwriting Principles or Underwriting Guidelines for each underwriting team. The Group Pricing Standard which establishes the Underwriting Guidelines set out a series of key principles translated into specific guidelines, requirements, processes and management controls, the compliance with which is mandatory for all underwriters. The Pricing Policy Document sets out a series of standards and principles to apply to all business underwritten.

Underwriting risk is also managed through the purchase of outwards reinsurance. The Company benefits from scale in outwards reinsurance purchasing by participating on group reinsurance programmes including the LPT. The Company also benefits through a significant quota share protection from its fellow subsidiary ABL.

The UK (Re)Insurance Risk policy defines Aspen's approach to management of material risk concentrations by categorising those risks, setting tolerances and limit, measuring, monitoring, reporting and escalating natural catastrophe and non-natural catastrophe accumulations. This includes the approach to managing the risk that gross losses are not reduced by reinsurance recoveries to the extent expected.

Significant to the management of insurance risk is the LPT with Enstar which covers all business on the 2019 and prior accident years. This contract ensures that the Company is substantially covered against deterioration on the 2019 and prior accident years effective from 1 October 2021 for losses up to a Group deterioration of \$450m. Subject to this Group limit, any deterioration on 2019 and prior accident year claim reserves in the Company due to inflation or other reasons are fully recoverable.

The Key Risk limits are monitored and reported in the UK Chief Risk Officer's report to the AIUK Risk and Capital Oversight Committee.

### ***Material risk concentrations***

AIUK has limited its exposure to material risk concentrations by imposing maximum claim amounts on certain contracts as well as the use of reinsurance arrangements in order to limit exposures, so they are managed within key risk limits. The material risk concentrations managed via Key Risk limits include natural catastrophe risks (such as hurricanes, earthquakes, and flood damage) and man-made catastrophic events (such as acts of war, acts of terrorism, cyber, and losses resulting from political instability). The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile and escalation of deviations from plan.

## C1.2 Sensitivity analysis

### Claims incurred sensitivity

The liabilities established could be significantly lower or higher than the ultimate cost of settling the claims arising. This level of uncertainty varies between the classes of business and the nature of the risk being written and can arise from developments in case reserving for large losses and catastrophes, or from changes in estimates of claims incurred but not reported. A 5% increase or decrease in net claims liabilities would have the following effect on profit or loss and equity after tax:

Year ended 31 December	2025		2024	
	5% Increase	5% Decrease	5% Increase	5% Decrease
\$'m				
P&L Impact	(21.3)	21.3	(24.6)	24.6
Equity Impact	(16.0)	16.0	(18.5)	18.5

The impact of a 10% increase or decrease in the net claims ratio would have the following effect on profit or loss and equity:

Year ended 31 December	2025		2024	
	10% Increase	10% Decrease	10% Increase	10% Decrease
	\$m	\$m	\$m	\$m
P&L Impact	(11.0)	11.0	(18.4)	18.4
Equity Impact	(8.3)	8.3	(13.8)	13.8

## C2 Market risk

### C2.1 Investment/Market risk

For this purpose of this report we will use Investment/Market risk interchangeably. This is defined as the risk of variations in the valuation of investments due to changes in macroeconomic factors and the general uncertainty related to any investment decision.

Within the Company's Risk Universe eight categories of market risk are defined:

- Currency risk: The risk of a decline in the value of an asset as a result of depreciation of a domestic currency;
- Interest rate risk: The risk of variation in the fair value of fixed income securities as a result of changes in prevailing interest rates;
- Investment credit risk comprising default and downgrade risk and spread risk: Two components of this: (i) the risk of loss as a result of a default by an issuer or counterparty (entity and aggregate) or issuer downgrade; and (ii) the risk of variation in the fair value of fixed income securities as a result of changes in the yield differential ('spread') relative to risk-free

securities (typically government debt), due to changes in credit risk or other risk factors (e.g. the liquidity of an asset);

- Equity risk: AIUK defines equity risk as the risk of adverse movements in the market price of equity-related investments (or their derivatives) other than fixed income securities;
- Asset concentration risk: The risk of correlated adverse variation in the market value of a subset of assets with linked risk exposures;
- Country Risk: The risk of variations in the valuation of assets as a result of investing in a specific geography e.g. macroeconomic factors, exposure to natural disasters and/or political instability.

### ***Processes for addressing and monitoring risk***

As with insurance risk, Aspen model exposure to market risk using the Internal Model to measure the associated capital requirements on both an internal basis and the Solvency UK SCR (unaudited) regulatory basis. Modelling market risk exposures is a key process for monitoring and managing market risk.

The Group Investment Policy and UK Financial Risk Policy describe the investment strategy in the context of the annual business plan, asset allocation, and concentration limits at group and AIUK levels.

The UK Financial Risk Policy describes the measurement of market risks, and specifically describes what is permissible with regards to the use of derivatives in order to manage currency positions, portfolio duration, and interest rate risk in the investment portfolio.

Use of derivatives is limited to interest rate swaps, forward interest rate transactions, bond options, interest rate futures, foreign exchange spot and forward transactions, and currency options. During 2025, AIUK only entered into foreign exchange forward transactions.

The Asset and Liability Management Policy defines Aspen's approach to duration and currency matching. Management monitors the value, currency, and duration of cash and investments held by AIUK to ensure that it is able to meet the insurance and other liabilities as they become due. The following components of both cash matching and duration matching are employed to manage the investment portfolio:

- the average duration of liabilities;
- the outlook for interest rates and the yield curve;
- the need for cash to pay claims; and
- total return.

### ***Material risk concentrations***

As with insurance risks as well as modelling exposures and the capital required to address potential market risks using the Internal Model, AIUK has also limited its exposure to material risk concentrations.

Key Risk Limits regarding asset allocation, overall credit rating, and the volatility of AIUK's investment portfolio have been defined by management and approved by the Board. In order that AIUK can manage its currency risks within the regulatory parameters required, a Key Risk Limit approved by the Board limits the mismatch between assets and liabilities where there are material positions in currencies other than the functional currency of AIUK. The effectiveness of risk mitigation techniques is assessed through continual monitoring of the underlying risk profile and escalation of any deviations from plan.

### C2.1.1 Prudent Person Principle

The Group Investment Risk Policy and Guidelines refers specifically to the prudent person principle and describes how it ensures that it properly identifies, measures, monitors, manages and controls, as well as appropriately takes into account in the assessment of its overall solvency needs, the risks originating from its investments. The Investment Risk Policy works in conjunction with the Investment Guidelines, the latter providing a framework for a strategy consistent with the overall business strategy and risk tolerances.

### C2.2 Sensitivity analysis

#### Foreign currency risk sensitivity

The table below depicts foreign currency exchange scenarios and the effect on profit or loss and equity from foreign currency denominated financial assets:

<b>Movement in foreign currency %</b>	<b>-10</b>	<b>+10</b>
<b>31 December 2025</b>	<b>\$m</b>	<b>\$m</b>
Foreign exchange - P&L gain/(loss)	<b>(122.4)</b>	<b>100.1</b>
Foreign exchange - Equity gain/(loss)	<b>(91.8)</b>	<b>75.1</b>
<b>31 December 2024</b>	<b>\$m</b>	<b>\$m</b>
Foreign exchange - P&L gain/(loss)	(71.3)	58.3
Foreign exchange - Equity gain/(loss)	(53.4)	43.7

#### Interest rate risk sensitivity

The table below depicts interest rate change scenarios and the effect on profit or loss and equity from AIUK's interest rate sensitive invested assets. The sensitivity analysis is based on debt securities and other fixed income securities and short term investments:

<b>Movement in basis points</b>	<b>-200</b>	<b>-100</b>	<b>100</b>	<b>200</b>
<b>31 December 2025</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Fixed income portfolio effect - gain/(loss)	<b>74.3</b>	<b>37.2</b>	<b>(37.2)</b>	<b>(74.3)</b>
Fixed income portfolio effect -Equity gain/(loss)	<b>55.7</b>	<b>27.9</b>	<b>(27.9)</b>	<b>(55.7)</b>
<b>Movement in basis points</b>	<b>-200</b>	<b>-100</b>	<b>100</b>	<b>200</b>
<b>31 December 2024</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Fixed income portfolio effect - gain/(loss)	77.8	38.9	(38.9)	(77.8)
Fixed income portfolio effect -Equity gain/(loss)	58.3	29.2	(29.2)	(58.3)

On a Solvency UK basis the impact of interest rates on the value of the investment portfolio will be offset, to a material but not complete extent, by the impact on the valuation of the future liabilities within the technical provisions, which are discounted on a Solvency UK basis.

## Spread risk sensitivity

The table below depicts spread change scenarios and the effect on profit or loss and equity from investment grade corporates:

<b>Corporate bond spreads</b>	<b>-50</b>	<b>50</b>	<b>100</b>	<b>200</b>
<b>31 December 2025</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Fixed income portfolio effect - gain/(loss) (\$m)	7.7	(7.7)	(15.5)	(30.9)
Fixed income portfolio effect -Equity gain/(loss)	5.8	(5.8)	(11.6)	(23.2)
<b>Corporate bond spreads</b>	<b>-50</b>	<b>50</b>	<b>100</b>	<b>200</b>
<b>31 December 2024</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Fixed income portfolio effect - gain/(loss)	8.3	(8.3)	(16.6)	(33.3)
Fixed income portfolio effect -Equity gain/(loss)	6.2	(6.2)	(12.5)	(25.0)

## Equity risk sensitivity

AIUK currently does not invest in equities so this risk is not currently relevant but is not restricted from investing in equities in the future.

## C3 Credit risk

### C3.1 Credit risk

Credit risk is the risk of loss to AIUK if the counterparty to a financial instrument or reinsurance agreement fails to meet its contractual obligations. AIUK is exposed to credit risk through its investment holdings and cash balances. As already stated within the Internal Model and management process, AIUK treats credit risk relating to investments (including cash and debt securities) as part of market risk.

#### **Counterparty default risk**

AIUK is also exposed to credit risk through the diminution in the value of insurance receivables as a result of counterparty default. This principally comprises default and concentration risks relating to amounts receivable from intermediaries, policyholders, and reinsurers. Reinsurance and retrocession does not isolate AIUK from its obligations to policyholders. In the event that a reinsurer or retrocessionaire fails to meet its obligation, AIUK's obligations remain.

#### **Processes for addressing and monitoring risk**

As with Insurance risk, AIUK models exposure to credit risks using the Internal Model to measure the associated capital requirements on the Solvency UK SCR (unaudited) regulatory basis. Modelling of credit risk exposures is the key process for monitoring and managing credit risk.

In certain situations the Company requires reinsurers to place collateral to act as security against the credit risk arising out of reinsurance arrangements. In particular collateral is used to protect the Company against credit risk in relation to the ABL outwards quota share.

The processes for addressing credit risk in relation to financial instruments is covered as part of the explanation of the processes to address market risk. The Group Credit Risk and UK Financial Risk policies define the processes for assessing, monitoring, and managing credit exposure to intermediaries, policyholders, and reinsurance counterparties.

### **Material risk concentrations**

AIUK has a potential credit risk concentration in respect of amounts recoverable from reinsurers, and insurance and reinsurance balances owed by the brokers with whom it transacts business. AIUK manages the levels of credit risk by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to regular review. The creditworthiness of reinsurers is considered by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information. The recent payment history of reinsurers is also used to update the reinsurance purchasing strategy. AIUK has risk limits and indicators for the amount of exposure to both third party and intragroup related reinsurers and any breaches of those limits are reported to the AIUK Risk and Capital Oversight Committee and Board, and the Company makes use of collateral arrangements to further reduce credit risk. The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile.

### **C3.2 Sensitivity analysis**

The assets bearing credit risk are summarised below, with analysis by credit rating issued by Standard and Poor's:

<b>Year ended 31 December</b>	<b>2025</b>	<b>2024</b>
	<b>\$'m</b>	<b>\$'m</b>
Reinsurers' share of claims outstanding	<b>1,720.2</b>	1,940.8
Debtors arising out of direct insurance operations - intermediaries	<b>118.6</b>	120.8
Debtors arising out of reinsurance operations	<b>89.8</b>	308.9
Cash at bank and in hand	<b>111.6</b>	78.1
Deposits with ceding undertakings	<b>24.5</b>	23.7
Amounts due from fellow group undertakings	<b>24.2</b>	11.1
Accrued interest and rent	<b>10.6</b>	10.4
Other debtors	<b>13.0</b>	14.7
Debt securities and other fixed income securities	<b>1,308.3</b>	1,461.7
Short term investments	<b>273.7</b>	237.2
ETF fixed income securities	<b>8.1</b>	0.0
Derivative financial assets	<b>0.3</b>	6.7
<b>Total assets bearing credit risk</b>	<b>3,702.9</b>	4,214.1

<b>Year ended 31 December</b>	<b>2025</b>	<b>2024</b>
	<b>\$'m</b>	<b>\$'m</b>
AAA	<b>471.1</b>	354.9
AA	<b>759.6</b>	987.5
A	<b>1,962.9</b>	2,210.6
BBB	<b>85.5</b>	82.0
Below BBB or non-rated	<b>423.8</b>	579.1
<b>Total assets bearing credit risk</b>	<b>3,702.9</b>	4,214.1

To date, AIUK has not experienced any material losses related to such credit risk.

## **Collateral**

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Credit risk is also mitigated by entering into collateral agreements. Management monitors the market value of the collateral, requests additional collateral when needed, and performs an impairment valuation when applicable. At 31 December 2025 the fair value of such collateral held was \$2,720.0m (2024: \$2,647.6m). Cover to the Aspen Group companies is \$1,915.3m (2024: \$1,810.9m). All collateral held is against reinsurers' share of claims outstanding. No collateral received from the counterparty has been sold or repledged (2024: \$nil).

## **C4 Liquidity risk**

### **C4.1 Liquidity risk**

Liquidity risk is defined as the risk of failing to maintain sufficient liquid financial resources to meet liabilities as they fall due or to provide collateral as required for commercial or regulatory purposes.

Liquidity risk includes the following:

- **Insufficient unrestricted assets:** The risk that unrestricted assets are insufficient to meet liabilities as they come due or to provide collateral.
- **Market Liquidity:** The risk that investment assets cannot be monetised as and when required or incur significant amounts of realised losses.
- **Funding Liquidity:** The risk that advances from credit facilities, repurchase agreements or other solutions are unavailable or that liquidity for a legal entity cannot be secured from elsewhere in the Group.

### **Processes for addressing and monitoring risk**

Unlike insurance, market, and credit risk, AIUK does not model and manage liquidity risk using its Internal Model as it is not a risk that is mitigated by holding capital against it. AIUK's annual Stress & Scenario Testing ("SST") alongside the Liquidity Stress Testing process is used to determine the basis of the key liquidity risk limit. The Group Liquidity Risk and UK Financial Risk policies provide further

details of how liquidity risks are identified, monitored, managed, and modelled. This includes details of an escalation process for a breach of the minimum free funds limit.

### **Material risk concentrations**

AIUK limits its exposure to material risk concentrations through the operation of the Group Liquidity Risk and UK Financial Risk Policies. These highlight the measures that Aspen have put in place in order to maintain an agreed amount of unencumbered assets in cash and cash equivalents. These measures include concentration limits to ensure the liquidity of assets, appropriateness of the marketability or realisability of assets.

Liquidity stress testing is carried out against AIUK's and the Group's risk profiles at least annually by the Risk Management department as part of the Stress and Scenario Testing programme. This allows management to identify the potential strains on AIUK's liquidity as a result of the scenarios assessed as well as gaining understanding of the Group's ability to support the liquidity needs of entities such as AIUK as the need arises. Cash flow forecasting is also used to reduce liquidity risk. The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile. The Company's assets and liabilities are sorted into their relevant maturity groups. For financial instruments this is based on the period remaining at the year end to their contractual maturities, and for insurance contract assets and liabilities it is based on their expected settlement dates:

### **C4.2 Duration analysis**

The table below analyses AIUK's liabilities into their relevant maturity groups. For financial instruments this is based on the period remaining at the year end to their contractual maturities, and for insurance contract liabilities it is based on their expected settlement dates:

<b>\$'m</b>	<b>Up to 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>2025</b>					
<b>Claims outstanding</b>	<b>242.5</b>	<b>254.8</b>	<b>305.9</b>	<b>1,342.0</b>	<b>2,145.2</b>
<b>Amounts due to group undertakings</b>	<b>264.6</b>	—	—	—	<b>264.6</b>
<b>Creditors arising out of direct insurance operations</b>	<b>17.3</b>	—	—	—	<b>17.3</b>
<b>Creditors arising out of reinsurance operations</b>	<b>45.3</b>	—	—	—	<b>45.3</b>
<b>Deposits received from reinsurers</b>	—	—	—	<b>582.1</b>	<b>582.1</b>
<b>Other creditors</b>	<b>8.1</b>	—	—	—	<b>8.1</b>
<b>Accruals and deferred income</b>	<b>26.7</b>	—	—	—	<b>26.7</b>
<b>Total</b>	<b>604.5</b>	<b>254.8</b>	<b>305.9</b>	<b>1,924.1</b>	<b>3,089.3</b>

\$'m

<b>2024</b>	<b>Up to 1 year</b>	<b>1-3 years</b>	<b>3-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Claims outstanding	336.9	383.8	307.9	1403.9	2,432.5
Amounts due to group undertakings	105.1	0.0	0.0	0.0	105.1
Creditors arising out of direct insurance operations	60.3	0.0	0.0	0.0	60.3
Creditors arising out of reinsurance operations	273.1	0.0	0.0	0.0	273.1
Deposits received from reinsurers	23.4	30.1	17.8	590.8	662.1
Other creditors	16.6	0.0	0.0	0.0	16.6
Accruals and deferred income	37.3	0.0	0.0	0.0	37.3
<b>Total</b>	<b>852.7</b>	<b>413.9</b>	<b>325.7</b>	<b>1994.7</b>	<b>3587.0</b>

### **C4.3 Expected Profit Included in Future Premium (“EPIFP”)**

The total of EPIFP as at 31 December 2025 amounted to \$177.3m (2024: \$175.0m). The amounts are presented on a gross basis.

## **C5 Operational risk**

### **C5.1 Operational risk**

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, personnel or systems, or from external events. This includes the risk of material misstatement in financial reporting and non-compliance with regulatory requirements.

#### **Processes for addressing and monitoring risk**

The UK and Group Operational Risk Policies articulate the management of operational risk encompassing the processes for identification, assessment, mitigation and communication.

The Risk Universe categorises operational risk as a ‘non-core’ risk, and as such AIUK’s appetite for operational risk is severely limited. Where considered material, AIUK seeks to minimise it through control or avoidance where possible.

Operational risk is managed via a collaborative approach between the first and second lines of defence which combines:

- Identification, assessment of operational risks and definition of the mitigating controls by the 1st Line of Defence risk owners;
- Advice and independent challenge of the identification and assessment of the operational risks and the appropriateness of the controls defined to mitigate those risks by 2nd Line of Defence, the Risk Management team;
- Discussion and approval of documented operational risk assessment and controls within the Operational Risk Register with executive risk owners and annual ratification of the appropriateness and completeness of the overall AIUK Operational Risk Register (including the risk assessments) with the AIUK Risk and Capital Oversight Committee and AIUK Board;

- Regular review of the operational risk assessments and the appropriateness and completeness of controls with executive risk owners and assessment (via attestations and testing) of the design and operation of controls with the day to day control owners in the business; and
- Process for identifying emerging operational risk.

Key control gaps and control failures are reported through the quarterly UK CRO report.

We consider conduct risk as part of operational risk and have specific processes to address it including a conduct risk forum and a specific quarterly conduct risk report to the AIUK Board. The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile.

## **C6 Other material risks**

### **C6.1 Group risk**

The risk that events or circumstances affecting one or more other companies in the Aspen Group threaten the solvency, liquidity or reputation of the Company. The Aspen Group has a number of regulated entities within its holding company structure. As such it is exposed to risks arising from events primarily affecting other Group companies and to the risk of adverse circumstances existing in respect of one or more of those companies.

The main Group risks to AIUK arise from the following relationships:

- ABL is a major reinsurer of both AIUK and other Group companies and AIUK is a major reinsurer of ABL. Both companies are therefore exposed to adverse underwriting results of the companies in the group they reinsure;
- ABL's, AIUK's, AAIC's and ASIC's financial strength ratings with certain rating agencies, depend on those agencies overall assessment of the Aspen Group;
- All Aspen entities have a dependence on AIHL for the provision of capital and may also be called upon to pay dividends to AIHL, subject to regulatory requirement;
- All entities may participate in inter-company lending between itself and other group companies.

### **C6.2 Emerging risk**

Emerging risk is the risk that events or issues not previously identified, fully understood, or developed have the potential to adversely impact the operations, financial results, and ability of AIUK and the Group to achieve its strategic objectives, which are not currently managed as part of the Group Risk Framework or modelled by the ECM.

The Aspen UK CRO will provide periodic updates on the strategic and emerging risks to the Aspen UK Board Risk and Capital Oversight Committees.

A continuing review of emerging risks against operational risk events, occurred losses and near miss events provides a useful feedback loop to ensure that any emerging risk which starts to crystallise is managed accordingly.

## **C6.2.1 Climate Change, Sustainability and Environmental and Social Governance (“ESG”) risk**

### **Strategy**

For Aspen, sustainability is about helping our clients when they need us, delivering for our shareholders, supporting our communities and creating a nurturing, diverse and inclusive working environment for our colleagues. We are proud signatories to the UN Global Compact, the UN Principles for Sustainable Insurance (UN PSI), and the UN Principles for Responsible Investment (UN PRI), aligning our values with global standards.

- Corporate Operations – We are dedicated to understanding and addressing the environmental impact of our operations, with a view to offsetting them in the short term while looking for long term reduction in our carbon footprint. As part of our commitment to developing leaders of the future, we invest in programs that support sustainability across all of our businesses and championed through the work of our Inclusion Delivery Board.
- Underwriting – Aspen’s sustainable underwriting principles are applied appropriately to the nature, size, complexity, and impact of the risks we see. We will continue to use catastrophe models, scoring tools, and principles-based frameworks in order to enhance our view of risk and evolve our approach to underwriting.

As a result of our expertise in understanding a variety of sustainability related risks, we are able to assist current and potential clients on their own sustainability journeys.

- Investment Management –We work closely with our external asset managers to ensure that ESG considerations are integrated into their investment process. We do this by seeking evidence of consideration of climate and sustainability factors, and also by assessing their approach to active management.

### **Physical risk**

As a Property & Casualty Re/Insurer, climate related risks are of particular relevance in our business, and therefore, a priority from a risk management perspective. Climate considerations are built into our underwriting and risk frameworks.

The physical risks from climate change manifest themselves in changes to both the frequency and severity of specific weather events. The impact of this on both Aspen and the insurance industry is that losses may become greater than historically experienced, which means that there is a risk that we are not adequately reflecting the risk in our pricing for related exposures. It may also lead to the understatement of our measurements of exposure against our risk appetite and limits.

AIUK is most directly exposed to climate change physical risks through Property underwriting. Our view is that physical risk over the shorter-term is mitigated to an acceptable level by the short-term nature of relevant policies, allowing for continuous reviews and monitoring of exposure levels and also through the reinsurance we purchase to protect the impacts of extreme events to our balance sheet. Natural-catastrophe perils are modelled and monitored on a quarterly basis through the Risk and Capital Oversight Committee and relevant sub-committees. Limits are in place for these exposures and an established governance and reporting system in place.

Catastrophe models are built to represent the current annual risk in order to price and accumulate

(re)insurance exposures. Part of the calibration process when developing catastrophe models is to use historical event data to inform expected patterns of events in terms of frequency and severity. Climate change is therefore implicitly captured where a signal is present within the historical event data, however natural variability, limited historical data or confounding factors make it difficult to assess how much climate change contributes to the model output and whether the output is truly representative of the current risk.

Where available, third-party vendor models are used and for the key region-peril models our policy is, subject to satisfactory validation by our subject matter experts, to adopt the latest versions of the vendor models.

In addition to the above, Aspen's internal Stress and Scenario Testing exercise (SST) is conducted on an annual basis for several extreme natural catastrophe scenarios.

We consider that our own operations may be exposed to the physical risks of climate change. However, our locations are not deemed to be in exposed areas and both business continuity and disaster recovery plans are reviewed and refreshed regularly which addresses the potential threat of severe weather events impacting our offices or our people.

### **Transition risk**

Transition risks arise from the process of adjustment towards a low-carbon economy. A range of factors influence this adjustment, including developments in climate-related policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations.

Our investment portfolio is subject to both ESG factors and transition risks relating to climate change. We have actively been monitoring our direct exposure within our investment portfolio to companies with coal, gas, or oil reserves. The continuous monitoring of AIUK's portfolio indicates that the exposure to organisations with fossil fuel assets is minimal, which are concentrated in highly rated investment grade entities. Both of our portfolio managers, Blackrock Financial Management Inc and Apollo Asset Management Europe, are highly engaged and supportive of ESG measures, where investment decisions include an ESG overlay to assess impact on overall investment outcome. The Aspen Group Responsible Investment Policy is applicable to all Group entities, including AIUK.

Transition risks are also material for AIUK's Credit insurance policies where the financial strength of the ultimate obligors would be adversely affected by the transition towards a low-carbon economy.

The risk of a default and a claim on our policies could be impacted. We regularly assess the 1 in 100 year modelled loss against a limit based on a specific in-house model. Every six months management information on all exposures is produced and circulated to key management stakeholders across the Aspen group. This includes information on country exposures (for both insurance and reinsurance) as well as on obligor and industry sector exposures (for insurance, including the average tenor of those exposures). The Credit and Political Risks underwriting team have also undertaken a project to embed a methodology to assess specific transactions impact across environmental, social and governance factors. Allowing the team to create a roadmap to a more sustainable and ESG favourable portfolio.

### **Litigation Risk**

Aspen analyzed the climate litigation trends from Sabin Center's Climate Litigation database and recognized the increasing worldwide trend with US jurisdiction focused. Most of

the cases have no direct impact on the insurance industry. Therefore, Aspen has focused on the potentially insurance - relevant cases which fall mostly within three categories: Mitigation Claims where disputes arise from a defendant's contribution to climate change, Adaption Claims where disputes relate to a defendant's failure to adapt the physical, societal, or legal changes caused by climate change, and Governance and Regulatory Claims where disputes arise from breaches of legal duties related to climate change, such as failure to comply with regulations or misrepresenting climate impacts.

### **Scenario analysis**

Scenario analysis allows us to enhance our understanding of the impact of financial risks from climate change and assess the resilience of the business model to a range of outcomes. In 2025, Aspen conducted Climate Scenario analysis covering Physical, Transition and Litigation risk which allows us to enhance our understanding of the impact of risks from climate change and assess the resilience of the business model to a range of outcomes.

Aspen has adopted three core scenarios: Early Action, Late Action and No Additional Action from Bank of England Climate Biennial Exploratory Scenarios (CBES) framework, which build on scenarios by the Network for Greening the Financial System (NGFS).

### **Risk Management**

Our Risk Management Framework sets out how we identify, measure, monitor, manage and report risks relevant to our business, which include climate related risks. The impacts of climate change on our business and sector have become more evident, as we see from an increase in the severity in recent years of major hurricanes, wildfires, and flooding across the globe. We continually monitor developments in risk management, underwriting, litigation trends, and relevant legislation to understand and assess any potential impacts on our business; and as needed, revise relevant policies, as well as underwriting and investment guidelines.

We regularly review and update our catastrophe models to reflect the latest scientific information. Modelled natural-catastrophe risk, including hurricanes, wildfires and floods are managed to within limits stated in our risk appetites and monitored and reported on quarterly to Risk and Capital Oversight Committees and Boards.

## **C6.3 Regulatory risk**

The risk of non-compliance with regulatory requirements, including ensuring AIUK understands and complies with changes to those requirements, is managed as an operational risk. There is a residual risk that changes in regulation impact AIUK's ability to operate profitably in some jurisdictions or some lines of business.

## **C6.4 Taxation risk**

The risk that AIUK does not understand, plan for and manage AIUK's tax obligations is addressed as an operational risk. There is a residual risk that changes in taxation impacts AIUK's ability to operate profitably in some jurisdictions or some lines of business.

## **C7 Any other information**

### **C7.1 Stress and Scenario Testing (“SST”)**

Each year, a Group wide SST and Reverse Stress Test (“RST”) exercise is conducted to assess the impact of stressed scenarios on the Group and each legal entity, including AIUK. For Aspen our focus is on assessing the impact of ‘severe but plausible’ events.

The exercise is an integral component of Aspen’s Risk Management Framework and core to the processes used to define and deliver our business and capital management strategy. It complements and assists with the process of validating the Internal Capital Model in assessing and quantifying risk, and is key to informing and maintaining the risk limits and tolerances within which the business is managed.

Aspen undertakes both stochastic and deterministic stress testing. Varying severities are used in the scenarios which, in aggregate, cover all classes of risk, including underwriting, reserving, market, credit, liquidity, operational, Group and reputational risks.

The SST typically aims to assess the impact on the organisation of a single event in a stress test, or to assess the impact of a combination of events, as in a scenario test. The source of the shock, or stress event, is well defined, as are the financial risk parameters which are affected by the shock. SST can involve testing both standard Stress Scenarios (i.e. driven by one or more exceptional yet plausible shocks) and Reverse Stress Scenarios – the latter being designed to identify potential scenarios that could lead to business model failure. RST is designed to identify risks or combinations of events which could threaten the viability of our business model and/or our ability to meet obligations to policyholders.

The Risk Management team, in conjunction with relevant business stakeholders review and revise the scenarios to be tested each year. The UK CRO represents AIUK to ensure that the scenarios are defined considering stresses relevant to AIUK. The proposed scenarios are agreed upon at the Group Risk Capital Committee (“GRCC”), whose members include the UK CRO and other senior management who provide feedback and challenge over the process and the Business Risk Committee which is a specific UK Risk Committee, whose members include UK executives.

Results of the SST and RST exercises are reported back to the GRCC, BRC and subsequently the UK Risk and Capital Oversight Committee as part of Risk Management’s review of the Business Plan. Results are also included within the ORSA.

Scenarios that were included within the latest exercise include:

- natural catastrophes;
- terrorism events;
- man-made disasters;
- economic events; and
- reserving scenarios

The most recent update of the identified SST scenarios shows no breaches of the regulatory capital requirement.

## D Valuation for solvency purposes

The section that follows sets out information on valuation for solvency purposes. In accordance with Rule 2 of each of the Technical Provisions and Valuation Parts of the PRA Rulebook for Solvency UK firms, assets, liabilities and technical provisions have been valued on the following basis:

- Assets have been valued at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction;
- Liabilities have been valued at the amount for which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction;
- Technical provisions have been estimated as the sum of a best estimate and a Risk Margin. The best estimate corresponds to the probability-weighted average of future cashflows, taking account of the time value of money (expected present value of future cashflows), using the relevant risk-free interest rate term structure; and
- The cash flow projection used in the calculation of the best estimate takes account of all the cash inflows and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof.

### D1 Assets

#### D1.1 Valuation of assets

Class of assets	UK GAAP value	Differences relating to technical provisions	Other valuation differences	Reclassifications	Solvency UK value
	\$'m	\$'m	\$'m	\$'m	\$'m
Deferred acquisition costs [1.1a]	21.1	—	(21.1)	—	—
Property, plant and equipment held for own use [1.1b]	—	—	11.2	—	11.2
Investments and cash and cash equivalents [1.1c]	1,701.3	—	—	10.8	1,712.1
Deposits to cedants [1.1d]	24.5	—	—	—	24.5
Insurance and intermediaries receivables [1.1e]	201.7	(178.4)	—	—	23.3
Reinsurance receivables [1.1e]	6.8	—	—	—	6.8
Receivables (trade not insurance) [1.1f]	26.1	—	—	—	26.1
Deferred tax asset [1.1g]	19.5	—	(13.0)	—	6.5
Any other assets, not elsewhere shown [1.1h]	22.6	—	—	(10.8)	11.8
<b>Total assets</b>	<b>2,023.6</b>	<b>(178.4)</b>	<b>(22.9)</b>	<b>—</b>	<b>1,822.3</b>

The UK GAAP figures are shown above using the Solvency UK balance sheet presentation in QRT IR.02.01.01. These figures do not tie directly to the AIUK statutory financial statements at a line item level. The reason for this is the different presentation methods required for statutory financial statements and Solvency UK reporting. Amounts due from group undertakings are shown as a separate line item in the UK GAAP balance sheet, whereas for Solvency UK they are shown across different receivable and payable lines to correspond to the nature of the balances. The effect of these differences

is that total assets (excluding technical provisions) as disclosed in the statutory financial statements are \$2,039.6m, compared to \$2,023.6m in the table above.

Noted, however, that these are merely reclassifications across the Balance Sheet between asset and liabilities. As such, the Company's UK GAAP net assets amount to \$514.7m in both returns.

The total asset balance in the table above excludes the reinsurance recoverables balance, which has been analysed separately as part of the reinsurance technical provisions that have been included in section D2.1.

## **D1.2 Narrative explanation of assets (other than technical provisions)**

### **Deferred acquisition costs (“DAC”) [1.1a]**

DAC are not permissible under Solvency UK, therefore the deferred acquisition costs and deferred ceding commissions balances have been removed from the balance sheet.

### **Property, plant and equipment (“PPE”) held for own use [1.1b]**

Existing lease agreements have been valued and capitalised on the balance sheet in accordance with IFRS 16 as AIUK considers that the IFRS 16 value approximates fair value for the purposes of Solvency UK. UK GAAP does not currently incorporate IFRS 16.

### **Investments and cash and cash equivalents [1.1c]**

Financial instruments are measured at fair value for Solvency UK purposes. The UK GAAP fair value measurement principles of AIUK's shares and other variable-yield securities and units in unit trusts are consistent with this Solvency UK valuation policy.

Cost and amortised cost as valuation methods are explicitly not allowed under Solvency UK. For deposits with credit institutions, whilst AIUK's UK GAAP policy states that these are valued at amortised cost, this valuation policy is deemed to be equivalent to Solvency UK fair value methodology because this basis of valuation is viewed by AIUK's directors as having regard to the likely realisable values, and also due to the short term and highly liquid nature of these investments.

All other financial assets falling into this category are valued based on the valuation hierarchy as defined under Solvency UK:

1. quoted market prices in active markets for the same assets or liabilities;
2. where the use of quoted market prices in active markets for the same assets or liabilities is not possible, quoted market prices in active markets for similar assets and liabilities with adjustments to reflect differences (where required).

For assets falling into (2) above, no adjustments to reflect differences have been recognised. This is due to the fact that these assets are held on an exchange for which there is a liquid secondary market.

The only difference in valuation for Solvency UK for investments and cash equivalents relates to a reclassification of accrued interest of \$10.8m.

### **Deposits to cedants [1.1d]**

Deposits with ceding undertakings is valued at the net realisable cash value within the financial statements and therefore represents the fair value under a Solvency UK basis.

### **Insurance and intermediaries receivables/Reinsurance receivables [1.1e]**

The full balance of the insurance and intermediaries receivables and reinsurance receivables is reflected under UK GAAP (at carrying value). Under Solvency UK, \$178.4m of the receivables (amounts that are not yet due at the balance sheet date) are transferred to Solvency UK technical provisions and form part of the valuation of technical provisions in section D2 below. The remaining debtor balances totalling \$30.1m of Insurance and Reinsurance receivables represent the net realisable value (undiscounted amortised cost less any adjustment for expected default) of these debtors, which are considered to be due. Given the short-term maturity of these assets, this is considered to be a close approximation to fair value.

### **Receivables (trade, not insurance) [1.1f]**

Receivables (trade, not insurance) are measured at fair value for Solvency UK purposes. AIUK values other assets at undiscounted amortized cost less any adjustment for expected default. Given the short term maturity of these assets, this is considered to be a close approximation to fair value.

### **Deferred tax asset [1.1g]**

Deferred tax is calculated on the differences between the value of assets and liabilities on a Solvency UK basis and the value of those same assets and liabilities on the tax basis balance sheet. The valuation of deferred tax assets and liabilities is based on the principles prescribed by section 29 of FRS102, whereby a deferred tax asset or liability is recognised on timing differences reversing in future periods. The subsequent deferred tax asset or liability is included on the Solvency UK balance sheet on an undiscounted basis.

AIUK approximates a Solvency UK deferred tax adjustment on the increase/ decrease in shareholders' funds from UK GAAP to Solvency UK.

In accordance with section 29 of FRS102, AIUK nets deferred tax assets and liabilities from balances from the same tax regime which are expected to reverse in the same period.

The Management plan indicates that there are sufficient profits over the planning cycle to justify including the deferred tax asset on the balance sheet. The amount of UK tax losses carried forward that are expected to be utilized against projected profits in the Company's Business Plan have been recognized. As the Company's planning cycle operates on a 3 year basis, deferred tax assets which can not be offset within a 3 year period are not recognised.

### **Other asset [1.1h]**

Other assets are measured at fair value for Solvency UK purposes. AIUK values other assets at undiscounted amortized cost less any adjustment for expected default. Given the short term maturity of these assets, this is considered to be a close approximation to fair value. Other assets do not represent a significant balance for AIUK.

### **D1.2.1 Intangible assets**

AIUK does not hold any intangible assets.

### D1.2.2 Active and inactive markets and valuation methods

An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. AIUK's assets have been analysed to determine whether the markets they are traded in are consistent with this definition and the results of this analysis are set out below.

#### Investments other than cash

AIUK holds bonds and does not invest in hedge funds, private equity or other investments that require potentially subjective valuation. Fair values are based on quoted market prices and other data provided by third-party pricing services and index providers. There are no significant estimates used in valuing these due to the nature of corporate and government bonds held which are listed on an exchange for which there is a liquid secondary market.

#### Cash and cash equivalents

The valuation of cash does not rely on market valuation as they are cash deposits. Cash and cash equivalents are traded with sufficient frequency and volume that AIUK considers there is an active market for these assets. There is little judgement involved in the valuation of these items.

#### Other assets

By their nature, most other assets are unique or specific to AIUK. Although contracts could be negotiated for the sale of receivables (debt factoring), these transactions are not frequent and, in addition, the price of one transaction would not provide sufficient evidence of the fair value of another. For other assets, AIUK has concluded that there is no active market, and as a result the amortised cost basis under UK GAAP is used as a reasonable approximation of the realisable amount.

AIUK monitors the receivables balance to determine whether using the amortised cost basis under UK GAAP would no longer be a reasonable approximation of fair value, using discounted cash flow valuation techniques.

The \$10.8m reclassification of other assets to investments and cash and cash equivalents relates to accrued interest.

### D1.2.3 Material deferred tax assets

The following table shows the breakdown of the Solvency UK deferred tax asset at 31 December 2025:

	UK GAAP	Solvency UK adjustment	Total
	\$'m	\$'m	\$'m
Losses carried forward	19.5	0.0	19.5
Temporary differences related to Solvency UK adjustments	0.0	(13.0)	(13.0)
<b>Total</b>	<b>19.5</b>	<b>(13.0)</b>	<b>6.5</b>
<b>Losses carried forward</b>			

This relates to UK tax losses, which have no expiry date.

## **Temporary differences related to Solvency UK adjustments**

This amount relates to the approximated taxable/deductible temporary differences between the Solvency UK balance sheet and the UK GAAP balance sheet.

### **D1.2.4 Related Undertakings**

AIUK has no related undertakings as defined under Solvency UK at 31 December 2025.

### **D1.2.5 Changes to valuation of assets in the period**

There have been no changes to AIUK's methodology for valuing assets in the twelve months ended 31 December 2025.

### **D1.2.6 Major sources of estimation uncertainty**

#### Insurance contracts

For some contracts premium is initially written based on estimates of ultimate premiums. Estimates might be derived from underwriter experience, historical data and broker estimation. These estimates are judgemental and could result in misstatements if they differ materially to expectations.

#### Taxation

AIUK establishes provisions based on reasonable estimates for possible consequences of audits by the tax authorities of the countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the tax authority. Management estimation is required to determine the amount of deferred taxes that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

## **D2 Technical provisions (“TP”)**

### **D2.1 Valuation of gross technical provisions**

Under Solvency UK, Technical Provisions are determined using the valuation requirements set out in the Technical Provisions Part and the Technical Provisions - Further Requirements Part of the PRA Rulebook.

- Technical Provisions consist of a Best Estimate Liability and a risk margin.
  - The Best Estimate Liability consists of a claims provision and a premium provision. Each is determined gross, with separate calculation of reinsurance recoverables.
    - The claims provision represents provisions for claims incurred at the balance date and is based on the present value of future cash flows including claims payments and related expenses, as well as future premiums in respect of claims already incurred.
    - The premium provision represents the present value of future cash flows for claims not yet incurred, on bound business (including unaccepted business)

together with associated expenses, reduced by future premiums attributable to those exposures.

- Claim and premium provision estimates for each material line of business are based on the best available information for that line of business including past experience and current expectations. Recognised actuarial techniques are used in projecting the cash flows. Allowance is made for events not in the data. Future expenses include a share of overhead expenses and items such as investment expenses. It is assumed for these purposes that business continues as a going concern.
- Future cash flows are discounted using yield curves prescribed by the PRA.
- The risk margin is determined as the present value of the cost of holding the SCR applicable to the BEL obligations over their lifetime, if those obligations were transferred to another insurer.

The calculation of Solvency UK technical provisions requires a number of adjustments to the UK GAAP reserve calculations. A summary of the adjustments on technical provisions between UK GAAP and Solvency UK are set out below. These are split between:

- Gross technical provisions;
- Reinsurers share of technical provisions; and
- Net technical provisions.

There have been no material changes in assumptions for the calculation of the technical provisions from the previous period.

The following table presents, by Solvency UK line of business, a reconciliation from UK GAAP values to Solvency UK values for net technical provisions:

**Gross technical provisions \$'m**  
**31 December 2025**

Line of business	UK GAAP TP	Solvency UK claims adj [2.1a]	Removal of UPR [2.1b]	Future premium cash flow [2.1c]	ENID [2.1d]	Expense provision [2.1e]	RI default [2.1f]	Discounting [2.1g]	Risk Margin [2.1h]	Solvency UK TP
Credit and suretyship insurance	(108.6)	0.6	34.1	38.6	(3.1)	(1.0)	—	11.2	(3.6)	(31.8)
Fire and other damage to property insurance	(451.9)	5.0	86.1	48.8	(4.6)	(4.3)	—	28.4	(4.0)	(296.5)
General liability insurance	(931.6)	7.4	91.8	34.5	(22.3)	(10.1)	—	128.7	(9.4)	(711.0)
Marine, aviation and transport insurance	(162.3)	4.6	6.0	14.3	(5.3)	(1.8)	—	13.8	(4.3)	(135.0)
Miscellaneous financial loss	(0.6)	—	—	—	—	—	—	0.1	—	(0.5)
Motor vehicle liability insurance	(6.4)	—	—	0.6	(0.1)	(0.1)	—	1.4	(4.1)	(8.7)
Non-proportional casualty reinsurance	(463.0)	11.0	(15.5)	25.0	(13.0)	(6.1)	—	99.7	(12.0)	(373.9)
Non-proportional health reinsurance	(79.2)	—	—	5.6	(2.7)	(1.1)	—	20.4	(4.2)	(61.2)
Non-proportional marine, aviation and transport reinsurance	(115.1)	1.5	1.1	11.1	(2.5)	(1.4)	—	13.1	(1.5)	(93.7)
Non-proportional property reinsurance	(35.9)	0.7	(1.4)	4.8	(0.6)	(0.5)	—	6.3	(7.1)	(33.7)
<b>Total</b>	<b>(2,354.6)</b>	<b>30.8</b>	<b>202.2</b>	<b>183.3</b>	<b>(54.2)</b>	<b>(26.4)</b>	<b>—</b>	<b>323.1</b>	<b>(50.2)</b>	<b>(1,746.0)</b>

**RI Share technical provisions \$'m**  
**31 December 2025**

<b>Line of business</b>	<b>UK GAAP TP</b>	<b>Solvency UK claims adj [2.1a]</b>	<b>Removal of UPR [2.1b]</b>	<b>Future premium cash flow [2.1c]</b>	<b>ENID [2.1d]</b>	<b>Expense provision [2.1e]</b>	<b>RI default [2.1f]</b>	<b>Discounting [2.1g]</b>	<b>Risk Margin [2.1h]</b>	<b>Solvency UK TP</b>
<b>Credit and suretyship insurance</b>	<b>169.5</b>	<b>0.7</b>	<b>(15.4)</b>	<b>(145.2)</b>	<b>2.1</b>	<b>—</b>	<b>(0.2)</b>	<b>(7.8)</b>	<b>—</b>	<b>3.7</b>
<b>Fire and other damage to property insurance</b>	<b>223.9</b>	<b>7.8</b>	<b>(19.2)</b>	<b>(193.1)</b>	<b>2.7</b>	<b>—</b>	<b>(0.5)</b>	<b>(25.0)</b>	<b>—</b>	<b>(3.4)</b>
<b>General liability insurance</b>	<b>682.8</b>	<b>(16.6)</b>	<b>(34.1)</b>	<b>(305.3)</b>	<b>16.0</b>	<b>—</b>	<b>(2.4)</b>	<b>(97.0)</b>	<b>—</b>	<b>243.4</b>
<b>Marine, aviation and transport insurance</b>	<b>30.0</b>	<b>(6.4)</b>	<b>(0.5)</b>	<b>123.6</b>	<b>1.8</b>	<b>—</b>	<b>(0.2)</b>	<b>(9.0)</b>	<b>—</b>	<b>139.3</b>
<b>Miscellaneous financial loss</b>	<b>4.8</b>	<b>(0.3)</b>	<b>—</b>	<b>(14.0)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(9.5)</b>
<b>Motor vehicle liability insurance</b>	<b>6.9</b>	<b>—</b>	<b>—</b>	<b>(1.9)</b>	<b>0.1</b>	<b>—</b>	<b>—</b>	<b>(1.1)</b>	<b>—</b>	<b>4.0</b>
<b>Non-proportional casualty reinsurance</b>	<b>518.7</b>	<b>(7.5)</b>	<b>(0.6)</b>	<b>22.4</b>	<b>10.0</b>	<b>—</b>	<b>(1.9)</b>	<b>(71.1)</b>	<b>—</b>	<b>470.0</b>
<b>Non-proportional health reinsurance</b>	<b>47.3</b>	<b>2.0</b>	<b>—</b>	<b>9.0</b>	<b>2.4</b>	<b>—</b>	<b>(0.4)</b>	<b>(14.6)</b>	<b>—</b>	<b>45.7</b>
<b>Non-proportional marine, aviation and transport reinsurance</b>	<b>82.5</b>	<b>1.4</b>	<b>—</b>	<b>(53.4)</b>	<b>2.2</b>	<b>—</b>	<b>(0.2)</b>	<b>(9.6)</b>	<b>—</b>	<b>22.9</b>
<b>Non-proportional property reinsurance</b>	<b>23.7</b>	<b>(7.5)</b>	<b>(0.1)</b>	<b>(12.7)</b>	<b>0.4</b>	<b>—</b>	<b>0.3</b>	<b>8.1</b>	<b>—</b>	<b>12.2</b>
<b>Total</b>	<b>1,790.1</b>	<b>(26.4)</b>	<b>(69.9)</b>	<b>(570.6)</b>	<b>37.7</b>	<b>—</b>	<b>(5.5)</b>	<b>(227.1)</b>	<b>—</b>	<b>928.3</b>

**Net technical provisions \$'m**  
**31 December 2025**

<b>Line of business</b>	<b>UK GAAP TP</b>	<b>Solvency UK claims adj [2.1a]</b>	<b>Removal of UPR [2.1b]</b>	<b>Future premium cash flow [2.1c]</b>	<b>ENID [2.1d]</b>	<b>Expense provision [2.1e]</b>	<b>RI default [2.1f]</b>	<b>Discounting [2.1g]</b>	<b>Risk Margin [2.1h]</b>	<b>Solvency UK TP</b>
<b>Credit and suretyship insurance</b>	<b>60.9</b>	<b>1.3</b>	<b>18.7</b>	<b>(106.6)</b>	<b>(1.0)</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>3.4</b>	<b>(3.6)</b>	<b>(28.1)</b>
<b>Fire and other damage to property insurance</b>	<b>(228.0)</b>	<b>12.8</b>	<b>66.9</b>	<b>(144.3)</b>	<b>(1.9)</b>	<b>(4.3)</b>	<b>(0.5)</b>	<b>3.4</b>	<b>(4.0)</b>	<b>(299.9)</b>
<b>General liability insurance</b>	<b>(248.8)</b>	<b>(9.2)</b>	<b>57.7</b>	<b>(270.8)</b>	<b>(6.3)</b>	<b>(10.1)</b>	<b>(2.4)</b>	<b>31.7</b>	<b>(9.4)</b>	<b>(467.6)</b>
<b>Marine, aviation and transport insurance</b>	<b>(132.3)</b>	<b>(1.8)</b>	<b>5.5</b>	<b>137.9</b>	<b>(3.5)</b>	<b>(1.8)</b>	<b>(0.2)</b>	<b>4.8</b>	<b>(4.3)</b>	<b>4.3</b>
<b>Miscellaneous financial loss</b>	<b>4.2</b>	<b>(0.3)</b>	<b>—</b>	<b>(14.0)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>0.1</b>	<b>—</b>	<b>(10.0)</b>
<b>Motor vehicle liability insurance</b>	<b>0.5</b>	<b>—</b>	<b>—</b>	<b>(1.3)</b>	<b>—</b>	<b>(0.1)</b>	<b>—</b>	<b>0.3</b>	<b>(4.1)</b>	<b>(4.7)</b>
<b>Non-proportional casualty reinsurance</b>	<b>55.7</b>	<b>3.5</b>	<b>(16.1)</b>	<b>47.4</b>	<b>(3.0)</b>	<b>(6.1)</b>	<b>(1.9)</b>	<b>28.6</b>	<b>(12.0)</b>	<b>96.1</b>
<b>Non-proportional health reinsurance</b>	<b>(31.9)</b>	<b>2.0</b>	<b>—</b>	<b>14.6</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(0.4)</b>	<b>5.8</b>	<b>(4.2)</b>	<b>(15.5)</b>
<b>Non-proportional marine, aviation and transport reinsurance</b>	<b>(32.6)</b>	<b>2.9</b>	<b>1.1</b>	<b>(42.3)</b>	<b>(0.3)</b>	<b>(1.4)</b>	<b>(0.2)</b>	<b>3.5</b>	<b>(1.5)</b>	<b>(70.8)</b>
<b>Non-proportional property reinsurance</b>	<b>(12.2)</b>	<b>(6.8)</b>	<b>(1.5)</b>	<b>(7.9)</b>	<b>(0.2)</b>	<b>(0.5)</b>	<b>0.3</b>	<b>14.4</b>	<b>(7.1)</b>	<b>(21.5)</b>
<b>Total</b>	<b>(564.5)</b>	<b>4.4</b>	<b>132.3</b>	<b>(387.3)</b>	<b>(16.5)</b>	<b>(26.4)</b>	<b>(5.5)</b>	<b>96.0</b>	<b>(50.2)</b>	<b>(817.7)</b>

## **D2.2 Narrative explanation of technical provisions**

### **UK GAAP technical provisions**

#### Claims provision

AIUK adopts multiple techniques to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the class and the extent of the development of each accident year. The main projection methodologies that are used are:

- Initial expected loss ratio (“IELR”) method: This method calculates an estimate of ultimate losses by applying an estimated loss ratio to an estimate of ultimate earned premium for each accident year.
- Bornhuetter-Ferguson (“BF”) method: The BF method uses as a starting point an assumed IELR and blends in the loss ratio implied by the claims experience to date by using benchmark loss development patterns on paid claims data (“Paid BF”) or reported claims data (“Reported BF”).
- Loss development (“Chain Ladder”): This method uses actual loss data and the historical development profiles on older accident years to project more recent, less developed years to their ultimate position.
- Exposure-based method: This method is used for specific large, typically catastrophic events such as a major hurricane, in the very early stages of their development. AIUK exposure is identified and AIUK work with known market information and information from our cedants to determine a percentage of the exposure to be taken as the ultimate loss.

#### Provision for unearned premium

Unearned premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date computed separately for each insurance contract. Written premiums are recognised as earned over the period of the policy on a time apportionment basis having regard where appropriate, to the incidence of risk. The proportion attributable to subsequent periods is deferred as a provision for unearned premiums.

Unearned outwards reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the reporting date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses-occurring contracts.

### **Solvency UK claims adjustment [2.1a]**

Solvency UK Claims adjustments include two elements:

#### Removal of margin for prudence

UK GAAP reserves include a management margin for prudence or conservatism. For Solvency UK reporting, any amounts in excess of the mean best estimate are excluded from the technical provision calculations.

### Future loss provision

Future losses are accounted for on a best estimate basis. In order to do this, planned gross loss ratios are applied to gross unearned and written but not incepted (“WBNI”) policies to calculate gross expected losses.

### **Removal of unearned premium reserve (“UPR”) [2.1b]**

UPR is eliminated from the balance sheet and replaced with a provision accounted for on a best estimate basis taking account of all the cash flows (i.e. losses and premium debtors) relating to unearned business.

When considering which cashflows to include in the calculation of outwards reinsurance premium and recoveries in the best estimate underlying technical provisions, AIUK’s key principle is to ensure these are consistent with the inwards policies included in the same valuation subject to certain specific rules on recognising legally obliged reinsurance contracts.

### **Future premium cash flow [2.1c]**

The Solvency UK guidance requires that the best estimate calculation should take account of projections for all potential cash inflows and outflows required to settle insurance / reinsurance obligations. This includes premiums paid in instalments and due in the future (not-yet-due premiums).

Under Solvency UK, insurance contracts are recognised when AIUK becomes legally obliged to provide cover, whether the contracts have incepted or not. This differs from premium recognition under UK GAAP where contracts are recognised on inception and results in the inclusion of WBNI business.

The same principle is applied for outwards reinsurance – with reinsurance creditors payable with a due date post the balance sheet date recognised in the reinsurance claims provision to the extent they relate to an earned exposure and the premium provision where they relate to unearned exposure.

In addition, future outwards reinsurance premium is estimated on unearned business and WBNI. Specifically for reinsurance, AIUK considers whether the reinsurance contract is an existing or legally obliged arrangement, or is to be purchased in future.

### **Events not in data (“ENID”) [2.1d]**

Solvency UK best estimates should make an allowance for “all possible events” – this should include high severity, low probability claims. ENIDs are not explicitly modelled as part of the reserving process. AIUK performs a separate analysis once a year to derive an ENID event load. A truncated distribution methodology is used to estimate ENIDs.

### **Expense provision [2.1e]**

The Solvency UK expense provision includes more costs than the UK GAAP current unallocated loss adjustment expenses provision as it specifically includes overheads/ admin/ investment management expenses.

The Solvency UK guidance requires that the best estimate includes all cash flows arising from expenses that will be incurred servicing existing policies during their lifetime. Allocated loss adjustment expenses directly assignable to individual claims are included in the claims and premium provision. Solvency UK guidance details the following examples of expenses that will be incurred servicing all obligations from existing insurance and reinsurance contracts:

- administrative expenses;
- investment management expenses;
- claims management expenses / handling expenses; and
- acquisition expenses including commissions.

Expenses include both overhead expenses and expenses which are directly assignable to individual claims, policies or transactions.

AIUK's approach has been to allocate planned expenses for the following year removing expenses directly related to the acquisition of premiums (as these are considered as part of premium cash flows). Expenses are then allocated to lines of business using the mean best estimate reserves and ENID. The year-on-year indirect expense cash flows are then decreased in line with the run off of claims reserves using actuarial claims payment patterns. This is done on an on-going business basis so that new business is expected to support an increasing share of the overheads into the future based on the percentage reduction in claims reserves implied by the claims payment patterns. An allowance for expense inflation is included. All UK expenses are assumed to be in Pounds Sterling.

Non-commission related acquisition costs on incepted contracts (e.g. underwriters' salaries) will have by definition occurred by the balance sheet date and hence are already accounted for.

### **RI default [2.1f]**

Solvency UK requires inclusion of a provision for non-receipt of reinsurance recoveries whether caused by default or dispute. The probability of counterparty default is set to the rate used in the internal model dependent on the rating of the counterparty.

A recovery rate (in the event of default), which is derived using a weighted average of recovery rates by reinsurer is used. The recovery rates vary based on the credit rating of the reinsurer. The recovery rates by credit rating are in line with the credit risk component of the internal capital model. The calculation is applied to the recoveries' cash flows. For discounting purposes, the cash flows are deemed to be in proportion to the recovery cash flows and in the same currencies.

### **Discounting [2.1g]**

The best estimate cash flows are the probability weighted average cash flows, taking into account the time value of money using the relevant risk-free interest rate term structure. A blended yield curve approach to discounting is followed.

AIUK begins with the yield curves published by the PRA for the reporting date, for each of the six major currencies, at the 50% illiquidity premium level, as advised by the PRA for general insurance companies.

AIUK uses a blended yield curve approach to discounting, taking the split into the 6 major currencies for each accident year for inwards and outwards business separately and for each reserving class

separately, and multiplies the percentage list of currencies by the six yield curves to create a blended yield curve at that level of detail.

Each type of provision (inwards or outwards, premiums or claims or expenses), is multiplied by its payment pattern for the accident year for the reserving class, and by the blended yield curve applying to give a discounted provision.

### **Risk Margin [2.1h]**

The Risk Margin is a component of the Solvency UK technical provisions that does not exist under UK GAAP accounting, which is intended to capture the difference between the best estimate of technical provisions and its theoretical market value. The theoretical market value is estimated using cost of capital principles, based on the principle of a notional portfolio transfer to a third-party insurer with no insurance obligations of its own. There was an increase in the risk margin to \$50.2m (2024: \$44.8m) due to a reduction in the unutilised cover for the Loss Portfolio Transfer (LPT) and a lengthening of payment patterns.

## **D2.3 Level of uncertainty associated with technical provisions**

The AIUK Actuarial Function ensures management receives appropriate and complete information on the extent and nature of uncertainties associated with the calculation of mean best estimates and policyholder reserves. In general terms, there are limitations on the accuracy of the estimates of technical provisions on both a UK GAAP and Solvency UK basis, as there is inherent uncertainty in any evaluation of loss reserves. This is because the ultimate liability for claims is subject to the outcome of processes yet to occur, for example, the attitude of claimants to the settlement of their claims, changes in the standards of liability, and the size of court awards.

Given the contraction of the AIUK book with significantly lower premium volumes since 2021, reserves will be expected to reduce over time which could lead to greater volatility in reserve outcomes.

There are specific areas of AIUK's current UK GAAP reserves that have additional uncertainty associated with them.

### **Loss Trend**

Loss Trend is a key consideration in developing our understanding of emerging loss experience. For each line of business, we consider specific loss trend assumptions which impact resulting loss ratios by considering historic loss trend over time and future views on contributing factors.

Loss Trend can be impacted by economic inflation relevant to the line of business in question, as well as changes in claims frequency. It can also be impacted by social inflation. We have observed an increasing trend of large losses/adverse judgements in largely US exposed Casualty classes that also appear to be in line with the market.

During 2022, we carried out sensitivity testing on the potential impact of higher inflation over the following few years. This analysis was presented to the AIUK Reserve Committee for 2022 Q2 and 2022 Q4. The outcome resulted in an uplift to the reserves from the Central Reserving Team ("CRT"), to be included in the year end reserves.

In the 2024 year end assessment the Actuarial team advised that their view of the uplift reduced as the impact of inflation starts to be reflected in incurred claims experience. It is challenging to clearly see

the emergence of inflation within payments being made, however various analyses support the view of a reduction in the allowance.

The CRT produce estimates on an Actuarial Central Estimate (“ACE”) best estimate basis. In addition, management may decide to hold a Central estimate which is different to that provided by the CRT. An additional inflation load has been added above the ACE for the UK Actuarial Best Estimate at year end 2025.

### **Opioid Litigation**

A key uncertainty is the potential implication to our clients from the increasing Opioid litigation in the US. This business is subject to material uncertainty. Although it is a material exposure to the wider Aspen group, the exposure impacting AIUK is relatively small due to reinsurance protection.

### **Geopolitical Risk**

Geopolitical risks may increase through ongoing downturn in the macroeconomic environment. This may worsen either through further escalation of the Russia-Ukraine war, or through indirect impacts from this as prices of oil, gas, and certain agricultural products (e.g. grain and sunflower oil) have risen, intensifying inflation pressures and threatening food security in some developing economies. This has the potential to lead to civil unrest in territories where we provide cover. Uncertainty has also struck markets in relation to metals that are produced in Russia, and which are indispensable to supply chains of modern manufacturing production and could also have knock-on impacts to claims costs. There is also heightened potential of conflict in Taiwan given the current geopolitical climate which could exacerbate these risks.

The Russian invasion of Ukraine set in motion a series of events that could potentially result in significant claims exposure to the (re)insurance industry. Aspen has cedants/insureds that have assets in Ukraine, and we have run several scenarios to assess our potential exposure. The most material exposure at this stage is potential losses arising from aircraft seizures. There remains uncertainty at this stage due to legal and jurisdiction-related complexities and this will be monitored. We have used a range of methods to assess the claims impact and are holding explicit reserves for claims resulting from these events, although this has not had a significant impact on the 2025 results and is not expected to have a significant impact in 2026.

Exposures have been assessed following the conflict seen in Israel and Gaza, however these are not material for AIUK.

Exposures from the recent conflict in the Middle East are not expected to be material for AIUK, although further volatility and potential for broader regional disruption could have an impact.

### **Climate Change**

As global average temperatures continue to rise to unprecedented levels, the frequency and nature of extreme weather events become even more unpredictable. Extreme natural catastrophe events may appear more frequent and damaging than historic levels and may render catastrophe models and pricing inadequate.

In addition, Climate change has the potential to impact Casualty and Financial Lines through second order impacts regarding management of climate related issues.

### **D2.3.1 Future premium income**

Ultimate premium income is subject to uncertainty arising from, for example, changes in premium receipt patterns and adjustments relating to future claims experience.

### **D2.3.2 Loss ratios**

For unearned exposures there is a risk that the loss ratio applied to the underlying exposure may prove to be inappropriate. In certain classes of business, such as specialty and niche segments, AIUK has a limited number of years of its own experience on which to base its analysis. This leads to greater uncertainty in the selection of both the initial expected loss ratios and the development patterns. To mitigate this, AIUK makes use of publicly available information in addition to more specific advice obtained from external actuarial consultants. If considered suitably homogeneous, data may also be combined with our Syndicate 4711 entity to increase the credibility of our selections.

### **D2.3.3 Discount rate**

Other factors such as risk-free discount rates may change over time which would change the value of AIUK's technical provisions, even if all other assumptions remained the same.

### **D2.3.4 ENID**

By their very nature, ENIDS are difficult to determine by type, frequency and severity. Whilst this has been allowed for within the assumptions, the risk remains that this may prove to be inadequate.

### **D2.3.5 Expense provisions**

Expense provisions are calculated on a going concern basis and make a number of assumptions which may also prove to be inappropriate. However, this is considered a minor risk in relation to risks associated with premium and claim provisions.

## **D2.4 Recoverables from reinsurance contracts and special purpose vehicles**

Recoverables from each reinsurance contract are calculated separately and with reference to the gross technical provisions. The calculated amounts are subject to a counterparty default adjustment, which is based on the risk of a reinsurer default.

Other than fully collateralized reinsurance, the substantial majority of AIUK's reinsurers have a rating of "A" (Excellent), the third highest of fifteen rating levels, or better by A.M. Best and the minimum rating at the time of placement for uncollateralised programs of any of AIUK's material reinsurers is "A-" (Excellent), the fourth highest rating, by A.M. Best.

## D2.5 Risk Margin calculation (unaudited)

The precise formula to be used in the calculation of the Risk Margin is as follows:

$$RM = CoC \cdot \sum_{t \geq 0} \frac{SCR(t)}{(1 + r(t+1))^{t+1}}$$

**CoC** = Cost-of-Capital rate in excess of risk-free = **4%** (by prescription)

**r(t)** = Risk-free interest rate applicable at maturity t (i.e. risk-free spot rate)

**SCR(t)** = Notional SCR of third party at time t to run off the obligations included within the technical provisions.

The following notes are made in relation to the Risk Margin:

- the SCR used allows for insurance, credit and operational risks of the third party in running off the business. Additionally, “unavoidable market risk” is allowed for, if there are any assets that cannot be de-risked (e.g. converted to cash) in the hypothetical event of a portfolio transfer, though it is generally understood that this ought to be nil for the non-life insurance industry;
- diversification credit between risks (e.g. between classes, between reserve years and between risk types) is allowable in estimating the SCR;
- operational risks of the third party are assumed to be the same as for Aspen, and include the full amount of operational risk (consistent with the standard formula approach);
- the Risk Margin is subsequently allocated to class of business, as it is required to be disclosed ultimately by “Solvency UK Class of Business”.

### Risks considered within the Risk Margin SCR

The initial SCR (i.e. SCR(0)) considers the capital required for a third party to run off all legally bound business within the Technical Provisions. The risks considered within the Risk Margin SCR for AIUK include:

- the full amount of Reserving Risk (since all earned claims provisions are legally bound);
- a portion of the Underwriting Risk (to include the capital in respect of unexpired exposures and WBNI business, which are legally bound, but excluding the risk associated with any other new business to be written that wasn't legally bound at t=0);
- credit risk arising from counterparties in relation to the above insurance risk calculations, including reinsurance counterparties and premium debtors;
- operational risks associated with the third party; and
- diversification credit between the risks described above.

In order to avoid circularity, the SCR component in relation to the movement in the Risk Margin is deliberately excluded.

#### D2.5.1 Capital run-off patterns

As indicated by the Risk Margin formula, a full run-off profile of the SCR is required. Without using a nested stochastic approach (which is computationally intensive), this is not something that can be

calculated directly from AIUK's ECM. AIUK therefore uses a simplification approach to select capital run-off patterns in order to project the future SCRs.

AIUK does not consider it appropriate to apply a single capital runoff pattern for the full amount of the SCR. In particular, underwriting risk capital is, to a large extent, held in relation to 'event risk' (i.e. the risk associated with the occurrence (or not) of loss events). At the end of the year, the occurrence of any event is generally known, and any residual risk associated with claims estimates (i.e. reserve risk) is generally of a smaller magnitude.

AIUK therefore expects the capital runoff pattern in respect of underwriting risk to be considerably shorter, and weighted significantly to the first year, in which the majority of the event risk lies.

In light of the above, AIUK's approach is to use two different capital runoff patterns: a single pattern for all the risks other than underwriting risk and a shorter capital runoff pattern for the underwriting risk.

AIUK's approach effectively results in the calculation of two separate Risk Margins, which are eventually aggregated to produce a single Risk Margin.

#### **D2.5.2 Justification of simplification of Risk Margin – capital run-off patterns**

In using reserve run-off patterns as a proxy for capital run-off patterns, AIUK makes use of the 'square root method'. Under this approach, capital is assumed to run off more slowly than the run-off of the underlying claims provisions. The general form of this simplification assumes that the run-off pattern for the SCR used in the Risk Margin calculation is identical to the square root of the run-off pattern of the claims provisions. Specifically, AIUK selects the run-off pattern to be the square root of the reserve run-off patterns, rather than based on the full Technical Provisions, which include premiums and expenses.

The exclusion of expenses is for simplicity (and these are small, so unlikely to materially change the pattern used), and the exclusion of premiums is because the claims run-off provides a better representation of the run-off of risk. It is possible, if premiums were included, to have negative items within the run-off pattern, which AIUK does not consider appropriate as a feature of a capital run-off pattern. Under the relevant guidance such a simplification is allowable, subject to justification, which includes considerations of proportionality and appropriateness to risk profile.

- Parsimony – it is a simple approach that, in AIUK's view, appropriately captures the desired risk characteristics.
- Industry standard – the square root method is a common approach adopted across the market and is consistent with both PRA and Lloyd's recommendations (Supervisory Statement issued by the PRA in April 2014 and technical provisions under Solvency UK – Lloyd's guidance issued July 2015). While AIUK do not see the market practice as sufficient justification in itself, in light of the other considerations, this gives us assurance that the approach is not unreasonable.

AIUK acknowledges that there are some limitations to this approach (e.g. it has been suggested the square root method may misestimate the rate of decay in the tail of the pattern). However, any theoretical limitations of the Risk Margin estimation method are considered in light of the fact that the overall Risk Margin methodology is predicated on a number of much greater theoretical assumptions and limitations of the approach prescribed by the PRA Rulebook.

### D2.5.3 Allocation to line of business

The Risk Margin calculation is carried out at legal entity level, followed by allocation to class of business, this allows for diversification benefit between risk types and lines of business.

## D3 Other liabilities

### D3.1 Valuation of liabilities (other than technical provisions)

Class of other liabilities	UK GAAP value \$'m	Differences relating to technical provisions \$'m	Other differences \$'m	Solvency UK value \$'m
Derivatives [3.1a]	(8.1)	—	—	(8.1)
Reinsurance payables [3.1b]	(628.2)	504.1	—	(124.1)
Payables (trade, not insurance) [3.1c]	(297.5)	—	—	(297.5)
Insurance and intermediaries payables [3.1c]	(10.6)	—	—	(10.6)
Financial liabilities other than debts owed to financial institutions [3.1d]	—	—	(10.9)	(10.9)
Any other liabilities, not elsewhere shown [3.1e]	—	—	—	—
<b>Total liabilities</b>	<b>(944.4)</b>	<b>504.1</b>	<b>(10.9)</b>	<b>(451.2)</b>

The UK GAAP figures are shown above using the Solvency UK balance sheet presentation in QRT IR.02.01.02. These figures do not tie directly to the AIUK statutory financial statements at a financial line item level. The reason for this is the different presentation methods required for statutory financial statements and Solvency UK reporting. Amounts due from group undertakings are shown as a separate line item in the financial statements, whereas for Solvency UK they are shown across the different receivable and payable lines.

Noted, however, that these are merely reclassifications across the Balance Sheet between asset and liabilities. As such, the Company's UK GAAP net assets amount to \$514.7m in both returns.

### D3.2 Narrative explanation of liabilities

#### Derivatives [3.1a]

Financial instruments are measured at fair value for Solvency UK purposes. The fair value measurement principles of AIUK's derivatives are consistent with the Solvency UK valuation policy.

#### Reinsurance payables [3.1b]

For Solvency UK purposes, \$628.2m of reinsurance payables mainly comprises \$582.3m funds withheld balance with ABL payable to Enstar are transferred to technical provisions net of a \$78.1m reanalysis of reinsurance creditors that form part of the valuation of technical provisions in section D2 above. This leaves \$124.1m of reinsurance payables that have been measured at initial recognition value

in the financial statements. This amount represents the amount they are expected to be settled at and therefore represents the fair value on a Solvency UK basis.

### **Payables (trade, not insurance)/ Insurance and intermediaries payables [3.1c]**

AIUK values payables at undiscounted amortized cost less any adjustment for expected default. Given the short term maturity of these liabilities, the UK GAAP valuation policy is considered to be a close approximation to fair value, and therefore sufficient for Solvency UK purposes.

### **Financial liabilities other than debts owed to financial institutions [3.1d]**

The PRA's Rules require liabilities to be valued at the amount at which they could be transferred, or settled, between knowledgeable willing parties in an arm's length transaction. In the case of lease liabilities, valuation at the present value of minimum lease payments, the approach also adopted in IFRS16, is generally presumed to be consistent with the liability valuation rule provided that value is determined using market-consistent inputs and without subsequent adjustment to reflect changes in the entity's own credit standing. The Company's lease liabilities have been valued for Solvency UK purposes in accordance with these requirements.

The effect of this is to report a lease liability balance of \$10.9m which is not reported under UK GAAP.

### **Any other liabilities, not elsewhere shown [3.1e]**

These mostly consist of general accrued expenses and are valued at book value as per UK GAAP which is considered to be a close approximation to fair value, and therefore sufficient for Solvency UK purposes.

#### **D3.2.1 Expected timing of outflows of economic benefits**

Payables and other liabilities have a mean term for payment of less than two years. As these are expected to be settled in the short term no discounting has been applied.

#### **D3.2.2 Employee benefits**

AIUK does not have a defined benefit pension plan.

#### **D3.2.3 Changes to valuation of liabilities in the period**

There have been no changes to AIUK's methodology for valuing other liabilities in the reporting period.

#### **D3.2.4 Major sources of estimation uncertainty**

See section D1.2.6 above.

## **D4 Alternative methods for valuation**

Except where quoted prices in active markets for the same or similar assets are available, with the exception of insurance including intermediaries and reinsurance receivable, all other assets, and liabilities (trade, not insurance) are fair valued using models and observable inputs where they are available. This is in accordance with alternative valuation methods as referred to in Article 6.5 of the Valuation section of the PRA Rulebook.

There were no assets or liabilities valued using the alternative valuation method in the period ended 31 December 2025.

**D5 Any other information**

AIUK has nothing to report under other information.

## **E Capital management**

### **E1 Own Funds**

#### **E1.1 Objectives for managing Own Funds**

The primary objective and positioning of AIUK is to provide an efficient platform to offer specialty insurance and reinsurance products while providing a high level of security to policyholders. To support this objective, AIUK maintains sufficient Own Funds to cover the MCR and SCR with an appropriate buffer. A key consideration of the Company's dividend policy is the impact any proposed dividends have on the SUK coverage ratio. AIUK has put into place Ancillary Own Funds and in the past has also received capital injections from its parent in order to support the SUK capital position. The PRA approved the application for the \$100.0m of Ancillary Own Funds on 24 January 2023 for a period of 4 years. The letter of credit was renewed with effective date from 11 February 2023 until 11 February 2027. There have been no changes to these objectives during 2025.

#### **E1.2 Policies and process**

As described in section B3.2, capital management is defined through AIUK's approach to its ORSA. The ORSA report is an accurate account of the AIUK Internal Control and Risk Management Framework which is the over-arching control mechanism that defines the controls in place and the processes AIUK will follow within Aspen to manage risk. To assist the embedding of the Framework into the business, AIUK use Risk Policies and Risk Limits. Risk Policies define the processes AIUK will follow in managing the different categories of risk on a day-to-day basis. They also describe the internal control processes.

#### **E1.3 Capital and liquidity plan**

##### **E1.3.1 Solvency UK Own Funds**

The regulatory capital is the Solvency UK Own Funds. The Solvency UK Own Funds based on the closing balance sheet as at 31 December 2025 consists of the following:

	\$'m
<b>Ordinary shares</b>	<b>390.0</b>
<b>Deferred tax asset</b>	<b>6.5</b>
<b>Reconciliation reserve (note 1)</b>	<b>94.4</b>
<b>Ancillary Own Funds</b>	<b>100.0</b>
<b>Total Solvency UK Own Funds to meet SCR</b>	<b><u>590.9</u></b>

##### **Note 1**

	\$'m
<b>Solvency UK excess of assets over liabilities (after deduction of ordinary shares, paid in capital and deferred tax asset)</b>	<b>156.9</b>
<b>Ring fenced funds deduction</b>	<b>(62.5)</b>
<b>Reconciliation reserve</b>	<b><u>94.4</u></b>

### **E1.3.2 Assessment of solvency**

The solvency assessment of AIUK compares projected held capital measured on both a Solvency UK basis and under US GAAP with AIUK's Risk Appetite over the next three years. Three years is the time horizon used for AIUK's business planning.

### **E1.4 Differences between Solvency UK Own Funds and UK GAAP shareholders funds**

Solvency UK Own Funds include the Ancillary Own Funds of \$100.0m and the ring fenced funds reduction of \$62.5m. These two items are not included within shareholders funds under UK GAAP. The other difference between Solvency UK Own Funds and UK GAAP shareholders funds is the net total of the balance sheet valuation adjustments between UK GAAP and Solvency UK.

### **E1.5 Structure, amount and quality of basic Own Funds**

Under Solvency UK, Own Funds are classed as 'Basic' or 'Ancillary'. Basic Own Funds are defined as the excess of assets over liabilities. Ancillary Own Funds are defined as any capital resources that could be called up to absorb losses.

Own Funds are further divided into three tiers. A list of Own Fund items which falls into these three categories as well as an explanation of the features which determine classification are contained in the PRA Rulebook. The material Own Fund items that make up Own Funds in AIUK, after adjusting for ring fenced funds (see section E1.7.1), (i.e. paid-in ordinary share capital and capital contributions) have been assessed against the criteria of Article 3B.1 in the Own Funds section of the PRA Rulebook and are classified as Tier 1 based on the following fact pattern:

- they rank after all other claims in the event of winding-up proceedings regarding the insurance or reinsurance undertaking;
- they do not include features which may cause the insolvency of the insurance or reinsurance undertaking or may accelerate the process of the undertaking becoming insolvent;
- they are immediately available to absorb losses and do not hinder any recapitalisation;
- the nominal or principal are written down in such a way that all of the following are reduced:
  - the claim of the holder of that item in the event of winding-up proceedings;
  - the amount required to be paid on repayment or redemption of that item;
  - the distributions on that item;
- they are undated;
- they are only repayable or redeemable at the option of the insurance or reinsurance undertaking and shall not include any incentives to repay or redeem that item;
- they provide for the suspension of repayment or redemption of that item in the event that there is non-compliance with the SCR or repayment or redemption would lead to such non-compliance until the undertaking complies with the SCR and the repayment or redemption would not lead to non-compliance with the SCR;
- they allow for the distributions in relation to that item to be cancelled, either under the legal or contractual arrangements governing the item or under national legislation, in the event that there is non-compliance with the SCR or the distribution would lead to such non-compliance until the undertaking complies with the SCR and the distribution would not lead to non-compliance with the SCR;

- they may only allow for a distribution to be made where there is non-compliance with the SCR or where distribution would lead to such non-compliance where all the following conditions are met:
  - the supervisory authority has exceptionally waived the cancellation of dividends,
  - the distribution does not further weaken the solvency position of the insurance or reinsurance undertaking;
  - the MCR is complied with after the distribution is made;
- the insurance or reinsurance undertaking has full flexibility over the distributions on the basic own-fund item; and
- the basic own-fund item is free from encumbrances and is not connected with any other transaction.

AIUK has agreed that it will have access to \$100m in the form of an unsecured letter of credit from National Australia Bank (issued by its parent Aspen European Holdings Limited and guaranteed by AIHL, its former ultimate parent). AIUK applied to the PRA for approval of this arrangement to be treated as Tier 2 Ancillary Own Funds. The PRA approved this application on 24 January 2023 for a period of 4 years. The letter of credit was renewed with effective date from 11 February 2023 until 11 February 2027. The Ancillary Own Funds of \$100m constitute the sole Tier 2 capital of AIUK. Other than the Tier 2 letter of credit, AIUK holds Tier 1 Capital with a minimal amount of Tier 3 Capital.

During the year no capital was injected into AIUK (2024: \$nil).

The structure, amount and quality of AIUK's Own Funds as at 31 December 2025 and 31 December 2024 is set out below:

### 31 December 2025

<b>Basic Own Funds</b>	<b>Tier 1 – \$'m</b>	<b>Tier 2 \$'m</b>	<b>Tier 3 \$'m</b>	<b>Total \$'m</b>
Ordinary shares	390.0	–	–	390.0
Deferred tax asset	–	–	6.5	6.5
Reconciliation reserve	94.4	–	–	94.4
<b>Total basic Own Funds</b>	<b>484.4</b>	<b>–</b>	<b>6.5</b>	<b>490.9</b>
Ancillary Own Funds	–	100.0	–	100.0
<b>Total available Own Funds</b>	<b>484.4</b>	<b>100.0</b>	<b>6.5</b>	<b>590.9</b>

### 31 December 2024

<b>Basic Own Funds</b>	<b>Tier 1 – Unrestricted \$'m</b>	<b>Tier 2 \$'m</b>	<b>Tier 3 \$'m</b>	<b>Total \$'m</b>
Ordinary shares	390.0	–	–	390.0
Deferred tax asset	–	–	28.4	28.4
Reconciliation reserve	129.9	–	–	129.9
<b>Total basic Own Funds</b>	<b>519.9</b>	<b>–</b>	<b>28.4</b>	<b>548.3</b>
Ancillary Own Funds	–	100.0	–	100.0
<b>Total available Own Funds</b>	<b>519.9</b>	<b>100.0</b>	<b>28.4</b>	<b>648.3</b>

Movements in the period relate to:

- the reconciliation reserve - the movement reflects the impact of the payment of \$100m dividend during the year to AEHL;
- the deferred tax asset - the movement is mainly due to UK GAAP deferred tax movements from \$36.9m to \$19.5m in 2025 and explained further in section E1.5.1.

### **E1.5.1. Deferred tax assets**

The deferred tax assets largely consist of tax losses carried forward for use against future profits in the UK.

The amount of UK tax losses carried forward that are expected to be utilized against projected profits in the Company's Business Plan have been recognized. As the Company's planning cycle operates on a 3 year basis, deferred tax assets which cannot be offset within a 3 year period are not recognised.

Deferred tax of \$19.5m (2024: \$36.9m) has been recognised on \$80.4m (2024: \$147.7m) of the UK losses carried forward at a tax rate of 25%.

Based on assessed future profits, management have deemed it is now appropriate to recognise deferred tax on all UK losses carried forward.

The net deferred tax assets are available as basic own-fund items and classified as Tier 3 capital. The amount of deferred tax assets have been assessed against the eligibility limits and no restrictions to the amount of deferred tax assets recognized as eligible Own Funds is required.

### **E1.5.2. Reconciliation reserve**

The reconciliation reserve equals the total of assets less liabilities under Solvency UK reduced by the following items:

- own shares included as assets on the balance sheet;
- the basic Own Fund items included in Tier 1-3; and
- restricted Own Fund items due to ring fencing (as described in section E 1.7.1 below).

The Company holds no own shares as at 31 December 2025.

The reconciliation reserve's volatility is materially dependent on the performance of the entity as well as any significant changes to the balance sheet.

	<b>2025</b>	<b>2024</b>
	<b>\$'m</b>	<b>\$'m</b>
Excess of assets over liabilities from Solvency UK balance sheet	<b>553.4</b>	602.3
Less: other basic Own Fund items	<b>396.5</b>	418.4
Less: ring fenced funds restriction	<b>62.5</b>	54.0
<b>Reconciliation reserve</b>	<b>94.4</b>	129.9

Dividends of \$100m (2024: \$200m) were paid during the year to the Company's only shareholder AEHL.

## E1.6 Amount of Own Funds to cover the SCR and MCR (unaudited)

The amount of Own Funds available and eligible to cover the SCR and the MCR is summarised in the table below:

<b>31 December 2025</b>	<b>Total</b>	<b>Tier -1 Unrestricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
	<b>\$'m</b>	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Total available Own Funds to meet the SCR</b>	<b>590.9</b>	<b>484.4</b>	<b>100.0</b>	<b>6.5</b>
<b>Total available Own Funds to meet the MCR</b>	<b>484.4</b>	<b>484.4</b>	<b>—</b>	<b>—</b>
<b>Total eligible Own Funds to meet the SCR</b>	<b>590.9</b>	<b>484.4</b>	<b>100.0</b>	<b>6.5</b>
<b>Total eligible Own Funds to meet the MCR</b>	<b>484.4</b>	<b>484.4</b>	<b>—</b>	<b>—</b>
<b>SCR</b>	<b>271.2</b>			
<b>MCR</b>	<b>97.4</b>			
<b>Ratio of eligible Own Funds to SCR</b>	<b>218%</b>			
<b>Ratio of eligible Own Funds to MCR</b>	<b>497%</b>			

## E1.7 A description of any item deducted from Own Funds and a brief description of any significant restriction affecting the availability and transferability of Own Funds within the undertaking

### E1.7.1 Restricted capital

Solvency UK introduced the concept of Ring Fenced Funds (“RFFs”). The main characteristic of a RFF is the existence of a restriction on assets in relation to certain liabilities on a going concern basis.

In certain cases local regulators require AIUK’s overseas branches in that country to hold assets greater than the total amount of its liabilities. As a result, any excess assets from that branch are not available to meet liabilities elsewhere in the business and are restricted under Solvency UK. AIUK reviewed all of its restrictions and determined that the regulatory capital required by local branch regulators (over and above that required to meet branch liabilities) represent RFFs. This resulted in the following RFFs at the end of 2025:

<b>RFF</b>	<b>Description</b>	<b>Restricted Surplus \$'m</b>
Australian Branch	The Australian branch of AIUK is required to localise assets equal to the value of its technical liabilities plus an amount equal to the regulatory capital requirement. AIUK have agreed with the Australian Regulator (“APRA”) to maintain within the Trust an amount equal to its technical liabilities plus an agreed regulatory capital amount.	<b>8.5</b>
Canadian Branch	The Canadian branch of AIUK is required to localise assets equal to the value of its technical liabilities plus an ‘Internal Target % x Minimum Capital’ margin within the Canadian Trust fund.	<b>53.6</b>
Singapore Branch	The Singapore branch of AIUK is required to localise assets equal to the value of its technical liabilities in excess of 100% of the total risk requirements.	<b>0.3</b>
Zurich Insurance Branch	The Zurich insurance branch of AIUK is required to localise assets equal to the value of its technical liabilities plus a margin of 4%.	<b>0.1</b>
<b>Total</b>		<b>62.5</b>

As part of its review, AIUK assessed whether these RFFs were material either individually or in aggregate and concluded they were not. The materiality assessment considered a number of factors including the assets as a proportion of AIUK’s assets and an assessment of the impact on the SCR requirement for AIUK as a whole if these risks were excluded and the SCRs of the two more significant branches (Australia and Canada) on a standalone basis. While the RFFs in each branch are ring fenced for each branch, the remaining AIUK funds remain available to meet any capital requirements of those branches. The approach of deducting the RFFs from the available Solvency UK Own Funds is prudent as it does not allow for any reduction in the SCR requirement arising from liabilities in those branches.

If AIUK deems any of the RFFs to be material it will calculate and report separate SCR requirements in relation to those branches.

## **E2 SCR and MCR**

### **E2.1 SCR (unaudited)**

<b>Risk type</b>	<b>2025 SCR</b>	<b>2024 SCR</b>	<b>Movement</b>	<b>%</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
Premium risk excluding Risk Margin	<b>67.7</b>	<b>24.4</b>	<b>43.3</b>	177.5 %
Reserving risk excluding Risk Margin	<b>168.3</b>	<b>160.7</b>	<b>7.6</b>	4.7 %
Change in Risk Margin	<b>19.7</b>	<b>29.6</b>	<b>(9.9)</b>	(33.4)%
Credit risk	<b>18.1</b>	<b>17.5</b>	<b>0.6</b>	3.4 %
Market risk	<b>147.9</b>	<b>120.0</b>	<b>27.9</b>	23.3 %
Operational risk	<b>96.2</b>	<b>77.1</b>	<b>19.1</b>	24.8 %
<b>Total (without diversification)</b>	<b>517.9</b>	<b>429.3</b>	<b>88.6</b>	20.6 %
Diversification benefit	<b>(246.7)</b>	<b>(151.9)</b>	<b>(94.8)</b>	
Diversification Benefit %	<b>(47.6)%</b>	<b>(35.4)%</b>	<b>(12.2)%</b>	
<b>Solvency Capital Requirement</b>	<b>271.2</b>	<b>277.4</b>	<b>(6.2)</b>	7.9 %

The Solvency Capital Requirement has increased from the previous year. The movements in the individual risk categories are explained in more detail below.

### **E2.1.1 Reasons for change in the SCR**

#### Premium Risk

Premium Risk has increased by \$43.3m.

The profit calculation has been updated as part of a Major Model Change. A below-the-line adjustment to the overall SCR which removes the benefit of any modelled profit from the SCR calculation has been removed. Instead, the plan loss ratios have been loaded to account for three potential sources of uncertainty: geopolitical uncertainty, macroeconomic uncertainty, and the credibility of plan loss ratios based on prior experience. This results in an increase in Premium risk but is neutral on overall capital.

#### Reserve Risk

Reserve Risk has increased by \$7.6m. The small increase is due to largely offsetting factors:

- The reserves have been updated to the 2025 year-end position. Following the transfer of underwriting to other Aspen entities in 2021 and 2022, the legacy reserves have continued to run off leading to a decrease in risk.
- There is a further reduction due to a recalibration of the emergence factors which has reduced the emergence of the ultimate deterioration over a 1-year time horizon.
- These decreases are more than offset by:
  - The Reserve Risk parameters have been strengthened which increases the overall Reserve Risk charge. This is primarily due to an increase in volatility selections for US Casualty and UK Liability to improve coverage of historic volatility.
  - There is an increase in the forward-looking view of inflation volatility due to increased uncertainty in global markets following the introduction of broad US import tariffs and a lengthening of reserve durations.
  - There is a reduced benefit from the Loss Portfolio Transfer (LPT) in the tail due to a reduction in the unutilised cover for Aspen Group.

#### Change in Risk Margin

Change in Risk Margin has decreased by \$9.9m.

There has been a reduction in the unutilised cover for the Loss Portfolio Transfer (LPT) and as such it gives less benefit to the opening risk margin. The LPT benefit to the Risk Margin is designed to unwind in stressed scenarios, since if reserve deterioration exhausts the cover there would be no remaining LPT benefit against the capital requirement (and therefore no benefit to the Risk Margin). As such, this leads to a decrease in the 'Change in Risk Margin' as a result of the reduction in the unwinding of the LPT benefit embedded within the Opening Risk Margin.

#### Credit risk

Credit Risk has stayed broadly flat.

There has been a decrease in outstanding reinsurance balances for external and internal counterparties as the reserves continue to run-off. This is offset by increases in exposure in the tail predominately due to an increase in Premium Risk.

### Market Risk

Market Risk has increased by \$27.9m due to:

- There has been a growth in the planned overall size of the portfolio which increases risk. In addition, updating the assumed allocation of funds to asset classes to the latest planned position further increases Market Risk due to a small shift away from Cash and Bonds to Equities.
- In addition, there is a small increase in yields at longer durations which increases the volatility of discounting on liabilities.

### Operational Risk

Operational Risk has increased by \$19.1m.

The Operational Risk model has been rebuilt as part of a Major Model Change. The new operational risk model adopts a scenario-based approach, replacing the previous drivers-based approach which was overly complex, opaque, and difficult to maintain. This leads to an increase in Operational Risk.

### Diversification Benefit

Diversification benefit has increased by 12.2%.

The modelled profit was previously being removed from SCR calculation via a below-the-line adjustment to the overall SCR. Instead, as part of a Major Model Change, the plan loss ratios have now been loaded to account for potential sources of uncertainty. This change increases Premium Risk whilst being neutral on overall capital, hence the increase in diversification benefit.

## **E2.2 MCR**

The MCR is calculated using inputs for the net (of reinsurance/SPV) Solvency UK best estimate and the net (of reinsurance/SPV) written premium in the last twelve months. Factors are applied to these inputs based on the PRA rules. This is used to calculate a pre-corridor MCR. A corridor of 25-45% of the SCR is then applied to calculate a post-corridor MCR subject to a prescribed absolute minimum (the USD equivalent of £3.5m). The post-corridor MCR is shown below:

<b>Year ended 31 December</b>	<b>2025</b>	<b>2024</b>
	<b>\$m</b>	<b>\$m</b>
'Post-corridor' MCR	<b>97.4</b>	124.8

### **E2.2.1 Reasons for changes in the MCR**

The post corridor MCR is capped at 45% of the SCR. Therefore the change in the MCR in the period can be explained with reference to the change in the SCR in section E 2.1.1 above.

## **E3 Differences between the standard formula and the Internal Model used (unaudited)**

### **E3.1 Main differences in the methodologies and underlying assumptions used in the standard formula and in the Internal Model**

The overall capital requirement for the standard formula is higher than for the Internal Model as per previous years.

This is mainly driven by the standard formula having greater charges for non-Life underwriting risk and Market Risk components and lower diversification between the high-level risk types. This is discussed in more detail below.

#### **Non-Life underwriting risk**

Non-Life Underwriting Risk, which is made up of Premium and Reserve Risk, Catastrophe Risk and Lapse Risk components, is higher for the standard formula than the internal model due to the following:

#### **Exposure measure**

The exposure measure for Reserve risk for the standard formula contains the premiums associated with the net claims provisions as well as the claims themselves. This increases the exposure measure for the standard formula relative to the internal model, where only the volatility of the claims is considered, due to the large funds withheld balance relating to premiums owed to ABL through the internal quota shares.

#### **Diversification within Premium and Reserve Risk**

Within the Internal model we model lines of business at a greater level of granularity than the standard formula. The diversification between sub-classes is not sufficiently allowed for within the standard formula calculation, which only allows for within class diversification between:

- Reserve to Premium risk correlations;
- Geographical diversification factors (although significantly the standard formula does not give credit for geographical diversification within non-proportional lines).

As a result, the internal model gives a higher level of diversification benefit than the standard formula.

#### **Granularity of modelled classes**

The claims provisions for the non-proportional casualty reinsurance and general liability classes are large, making up a significant proportion of AIUK's reserves. Within the internal model these classes are modelled as multiple separate classes. For example, this includes US Med Mal, Canadian PI and International Motor classes. These lines of business are very distinct from each other, writing different products as well as in different territories. As such, they are not perfectly correlated with each other and there is diversification benefit between them. The standard formula gives a lower level of diversification between these distinct lines of business, particularly for non-proportional casualty reinsurance, where there is no credit for geographical diversification.

Furthermore, the non-proportional casualty RI class is subject to the highest volatility factors for both premium and reserve risk under the standard formula calculation. This also leads to a high charge for this class.

### **Loss Portfolio Transfer (LPT)**

Furthermore, the reserve risk in the internal model is partially offset by the impact of the Loss Portfolio Transfer (LPT) which covers 2019 and prior accident years. The standard formula makes no allowance for the non-proportional risk mitigating effect of this contract. As such the LPT impact is greater on the internal model than the standard formula.

### **Economic basis**

The factor-based approach used in the standard formula makes no allowance for the economic profit generated by the business expected to be written. The internal model makes explicit allowance for this through the modelling of expected loss ratios, uplifted for potential sources of uncertainty, for newly written business within the time horizon of the calculation.

### **Catastrophe risk**

Catastrophe risk for the standard formula is higher than for the internal model.

Both Man-Made Catastrophe and Natural Catastrophe risk are captured within the standard formula and the internal model calculations, but using very different methodologies. The standard formula results in a higher charge for Natural catastrophe risk and a lower charge for Man-made catastrophe risk. For both methods natural catastrophe is the larger of the two risks.

For Natural catastrophe risk the standard formula focusses in more detail on EU-Perils. For non-EU perils a simple factor based approach is used, which significantly stresses total exposure with limited geographical diversification. For the internal model we use proprietary vendor models such as RMS with detailed modelling of AIUK's exposures. This approach leads to a lower natural catastrophe risk using the internal model compared with the standard formula.

For Man-Made catastrophes, both the standard formula and the internal model use a scenario based approach. However, there are significant differences between the scenarios modelled and the methodology employed.

For both Natural and Man-Made catastrophe risk the calculation of reinsurance recoveries is more accurate within the internal model. The internal model generates gross individual losses at class level. Each loss can be explicitly netted down using the reinsurance programme. As such there are fewer approximations needed than for the standard formula calculation.

### **Lapse Risk**

Lapse risk is the risk that the profit which is included within the technical provision future premiums does not materialise due to policy lapses and discontinuance. Due to a large expected profit within the technical provisions, there is a high Lapse Risk charge under the Standard Formula. However, Lapse risk is not considered for the Internal Model as this risk is believed to be immaterial in practice.

This is partially offset by the inclusion of a capital charge within the Internal Model for the movement in the risk margin, which is not allowed for by the standard formula.

### **Market Risk**

Market Risk is higher for the Standard Formula compared to the Internal Model mainly due to a higher Currency Risk charge as well as no allowance for economic profit.

### **Currency Risk**

Currency risk for the standard formula is higher than for the internal model.

Currency risk in the standard formula is calculated simplistically, by applying a shock of 25% to AIUK's net opening asset value position for non-USD currencies. As such mismatches due to fluctuations in the net asset value position in the following years are not taken into account.

For the internal model, currency risk is measured by the impact of currency exchange rate movements on AIUK's balance sheet, capturing the level of mismatch between assets and liabilities by currency. Currency risk includes the modelled capital position in the Internal Model which contains future fluctuations in the value of assets and liabilities. As such there will be some scenarios where liabilities in non-USD currencies are projected to move differently to assets. Currency exchange rate movements are obtained from the ESG.

The difference between the standard formula and internal model reflects the differences in the calculation approach.

### **Economic Basis**

The factor-based approach used in the standard formula makes no allowance for the economic profit generated by assets as investment income. The internal model makes explicit allowance for this through the modelling of investment income within the time horizon of the calculation.

### **Diversification between Risk Types**

There is a lower diversification benefit between the high-level risk types within the standard formula.

Our internal model results are derived from a process of Monte Carlo simulations that simulates random variables at a low level of granularity with explicit modelling of complex features like macroeconomic variables, event-level catastrophe losses and the behaviour of outward reinsurance contracts. The diversification between risk is a result of drivers of correlation, both statistical and structural e.g. inflation, which have been implemented within the internal model to capture real-world interactions between variables.

By contrast, the standard formula's is far less granular than our own modelling. The correlations within the standard formula are therefore necessarily at a higher level e.g. the standard formula does not capture differences in correlation between components of market risk and the specific components of underwriting risk some of which are and some of which are not driven by economic factors. The standard formula also does not allow explicitly for any structural drivers of correlation e.g. inflation.

The Internal Model is further explained below.

### E3.2 Uses of the Internal Model

The uses of the Internal Model are as follows:

- **Core use:** Any use of the Internal Model relating to measurement or monitoring of the overall capital or solvency position of the entities in scope.
- **Ancillary use:** Any use of the Internal Model not directly relating to measurement or monitoring of overall capital or solvency, but nonetheless informing and optimising business decision-making as part of a defined and ongoing business process.
- **Ad-hoc use:** Same as ancillary, except as and when required (i.e. not as part of a defined, ongoing process).

Aspen defines each use in terms of whether the Internal Model is critical to the process, enhances the process or is related to the process as follows:

- **Model critical:** The process could not function effectively without use of the model.
- **Model enhanced:** The process may be enhanced by use of the model from time to time, but the model is neither the core driver nor critical to the majority of the process.
- **Model related:** The process is relied upon in use test evidence but does not consume model outputs, rather supports their usage.

The following table summarises the various uses of the Internal Model, together with their importance and reliance on the outputs of the Internal Model.

<b>Use Test Process</b>	<b>Importance</b>	<b>Reliance on model</b>
Business and Multi-year Planning	Core use	Model critical
CRO Reporting	Core use	Model critical
Own Risk & Solvency Assessment ('ORSA')	Core use	Model critical
Regulatory Reporting	Core use	Model critical
Insurance Counterparty Risk Management	Ancillary use	Model critical
Reinsurance Optimisation & Management	Ancillary use	Model critical
Reserve Setting and Monitoring	Ancillary use	Model critical
Investment / Asset Allocation	Ancillary use	Model enhanced
Performance Management	Ancillary use	Model enhanced
Pricing Calibration	Ancillary use	Model enhanced
Model Validation	Ancillary use	Model related
Mergers & Acquisitions	Ad-hoc use	Model enhanced
Embedding Understanding	Ad-hoc use	Model related

## **Links to decision making**

Output from the ECM is supplied to senior management and this output is used to support the decision making in each of the processes listed above, with the importance of and the reliance on the model as shown.

## **E3.3 Scope of the Internal Model**

### **E3.3.1 Risk categories**

The ECM models the following major risk categories:

- insurance risk (termed “Non-Life Underwriting Risk” under Solvency UK, and includes reserving risk);
- market risk (currency risk and asset risk components);
- counterparty default risk (broker and outwards reinsurance credit risk components as well as intragroup credit risk); and
- operational risk (the operational risk category includes certain other key risk scenarios identified by Aspen’s risk management team including aspects of Group risk and liquidity risk).

The main unmodelled risk categories are:

- liquidity risk;
- strategic risk;
- emerging risk;
- regulatory risk; and
- taxation risk.

AIUK does not quantify liquidity risk within the ECM as liquidity risk tends not to impact the level of capital needed (which is what the ECM seeks to quantify). Liquidity risk is however carefully managed by the UK Chief Financial Officer and AIUK uses Stress and Scenario Testing to assess its exposure to liquidity risks and to assist in determining the minimum levels of cash and cash equivalents to hold.

Strategic risk is not believed to be sufficiently quantifiable to estimate within the ECM. It is, however, evaluated qualitatively as part of the strategic planning process.

As emerging risk inherently relates to risks that are largely unknown at a point in time, it is extremely difficult to quantify within the ECM. Any risk initially identified as emerging would, if material and quantifiable, be included in a new or existing risk classification and quantified within the ECM. This is also true in relation to the potential impact of future changes in regulation or taxation which are residual risks beyond those covered by operational risk.

### **E3.3.2 Business units**

The Internal Model covers all business units of AIUK.

## **E3.4 Calculation of the probability distribution**

The Internal Model is used to derive a probability distribution for economic capital.

The ECM uses stochastic “Monte Carlo” techniques to generate 250,000 independent scenarios (“simulations”) that consider all risk types and entities holistically within the same model, and allowing for realistic interactions between variables within the model.

In AIUK’s judgement, the chosen number of simulations gives a sufficient number of modelled data points to capture a wide range of outcomes representative of the entire probability distribution, whilst also providing a good degree of stability in the tail of the distribution, from which the extreme modelled scenarios that drive economic and regulatory capital requirements are simulated. Increasing the number of scenarios (for example, to twice the current number) may result in a slight increase in the stability of the simulated values in the tail of the distribution, but the benefits would be disproportionately outweighed by the increase in run-time.

For each simulation, as much detail as possible is retained to allow a deep and detailed drill-down into the drivers of risk across the risk distribution (e.g. full sets of large loss detail, catastrophe losses, clash losses, reserving changes by class and accident year). Mathematically speaking, the 250,000 resulting scenarios can be used to generate a probability distribution, from which various risk metrics can be inferred.

### **E3.5 Risk measure and time period used in the Internal Model**

The Internal Model SCR captures the risk to AIUK’s available Own Funds, calibrated to a 1-in-200 level of confidence, over a 1-year time horizon, based on an ‘economic’ balance sheet and on valuation principles prescribed by Solvency UK.

### **E3.6 Nature and appropriateness of the data used in the Internal Model**

The majority of internal inputs are from spreadsheets used as part of the parameterisation process, which are maintained and controlled by the Capital Modelling Team in line with Aspen’s Operational Control Framework. Key data include business plan inputs from the outputs of the financial plans and forecasts. These plans and forecasts include, for example, the forecasted expected value of gross and net (of reinsurance) premiums, claims, expenses and other financial data for a given line of business. Further important internal data sources include the reserves provided by the reserving actuaries and the details of the outwards reinsurance programme provided by the outwards reinsurance team.

There are a number of inputs to the Internal Model from external models or data sources. The most significant external models are the Economic Scenario Generator (‘ESG’) and the vendor catastrophe models used for material natural catastrophe perils to which AIUK is exposed. The outputs from these models undergo extensive validation before being deemed fit for use in the Internal Model. The selected ESG, including any adjustments or material changes in the risk profile, is reviewed in conjunction with the Aspen investment team who assist in assessing its appropriateness and provide recommendations. The ESG along with the associated capital requirement impacts are then presented to the UK Internal Model Committee (“UK IMC”) for approval. Validation of vendor catastrophe models is performed by the Catastrophe Risk Management team.

To provide further independent model validation, AIUK additionally commissions an external third party review of its Internal Model approximately every three years, and as and when deemed necessary by the AIUK Risk and Capital Oversight Committee or AIUK Board.

**E4. Non-compliance with the SCR and non-compliance with the MCR**

AIUK has complied with the SCR and MCR throughout the period and therefore this section is not applicable.

**E5. Any other information**

Nothing to report.

**Annex 1**

**Balance sheet**

**Premiums, Claims and expenses by line of business**

**Premiums, Claims and expenses by country**

**Non-Life technical provisions**

**Non-Life Insurance Claims Information**

**Own Funds**

**Solvency Capital Requirement - Only life or only non-life insurance or reinsurance activity**

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

## Annex 1

## IR.02.01.02

## Balance Sheet (\$000)

		Solvency UK value
		C0010
<b>Assets</b>		
Goodwill	R0010	-
Deferred acquisition costs	R0020	-
Intangible assets	R0030	-
Deferred tax assets	R0040	6,522
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	11,227
<b>Investments (other than assets held for index-linked and unit-linked contracts)</b>	<b>R0070</b>	<b>1,600,575</b>
Property (other than for own use)	R0080	-
<i>Holdings in related undertakings, including participations</i>	<i>R0090</i>	<i>-</i>
<b>Equities</b>	<b>R0100</b>	<b>-</b>
Equities - listed	R0110	-
Equities - unlisted	R0120	-
<b>Bonds</b>	<b>R0130</b>	<b>1,358,109</b>
Government Bonds	R0140	569,472
Corporate Bonds	R0150	575,053
Structured notes	R0160	-
Collateralised securities	R0170	213,584
Collective Investments Undertakings	R0180	235,503
Derivatives	R0190	253
Deposits other than cash equivalents	R0200	6,710
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	-
<b>Loans and mortgages</b>	<b>R0230</b>	<b>-</b>
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
<b>Reinsurance recoverables from:</b>	<b>R0270</b>	<b>928,347</b>
Non-life and health similar to non-life	R0280	928,347
Life and health similar to life, excluding index-linked and unit-linked	R0315	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	24,500
Insurance and intermediaries receivables	R0360	23,298
Reinsurance receivables	R0370	6,779
Receivables (trade, not insurance)	R0380	26,096
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	111,564
Any other assets, not elsewhere shown	R0420	11,702
<b>Total assets</b>	<b>R0500</b>	<b>2,750,610</b>
<b>Liabilities</b>		
<b>Technical provisions - total</b>	<b>R0505</b>	<b>1,746,078</b>
<b>Technical provisions - non-life</b>	<b>R0510</b>	<b>1,746,078</b>
<b>Technical provisions - life</b>	<b>R0515</b>	<b>-</b>
<b>Best estimate - total</b>	<b>R0542</b>	<b>1,695,838</b>
Best estimate - non-life	R0544	1,695,838
Best estimate - life	R0546	-
<b>Risk margin - total</b>	<b>R0552</b>	<b>50,240</b>
Risk margin - non-life	R0554	50,240
Risk margin - life	R0556	-
Transitional (TMTP) - life	R0565	-
Other technical provisions	R0730	-
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	-
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	-
Derivatives	R0790	8,082
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	10,945
Insurance & intermediaries payables	R0820	10,576
Reinsurance payables	R0830	124,105
Payables (trade, not insurance)	R0840	297,472
<b>Subordinated liabilities</b>	<b>R0850</b>	<b>-</b>
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	-
Any other liabilities, not elsewhere shown	R0880	-
<b>Total liabilities</b>	<b>R0900</b>	<b>2,197,258</b>
<b>Excess of assets over liabilities</b>	<b>R1000</b>	<b>553,352</b>



## Annex 1

## IR.05.02.01

## Premiums, Claims and expenses by line of country (\$000)

		Home Country	Country (by amount of gross premiums written) - non-life obligations						Total Top 5 and home country
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	
			CA	US	FR	BM	AU		
	R0010	C0080	C0090	C0100	C0110	C0120	C0130	C0140	
<b>Premiums written</b>									
Gross - Direct Business	R0110	279,630	19,831	46	-	-	-	299,507	
Gross - Proportional reinsurance accepted	R0120	9,483	(277)	1,487	61,207	2,981	2,643	77,524	
Gross - Non-proportional reinsurance accepted	R0130	7,527	412	858	1,964	2,101	(366)	12,496	
Reinsurers' share	R0140	269,513	11,878	1,697	(11,115)	5,923	(10)	277,886	
<b>Net</b>	<b>R0200</b>	<b>27,127</b>	<b>8,088</b>	<b>694</b>	<b>74,286</b>	<b>(841)</b>	<b>2,287</b>	<b>111,641</b>	
<b>Premiums earned</b>									
Gross - Direct Business	R0210	287,236	21,582	42	-	115	-	308,975	
Gross - Proportional reinsurance accepted	R0220	8,349	(214)	588	61,212	4,622	106	74,663	
Gross - Non-proportional reinsurance accepted	R0230	13,255	445	805	1,419	2,424	(423)	17,925	
Reinsurers' share	R0240	255,530	13,257	1,692	(9,478)	5,758	(28)	266,731	
<b>Net</b>	<b>R0300</b>	<b>53,310</b>	<b>8,556</b>	<b>(257)</b>	<b>72,109</b>	<b>1,403</b>	<b>(289)</b>	<b>134,832</b>	
<b>Claims incurred</b>									
Gross - Direct Business	R0310	87,991	13,703	15	-	42	-	101,751	
Gross - Proportional reinsurance accepted	R0320	(1,841)	1,615	(312)	54,045	228,813	(2,536)	279,784	
Gross - Non-proportional reinsurance accepted	R0330	37,881	587	(413)	(55,389)	209,713	(59,081)	133,298	
Reinsurers' share	R0340	100,566	16,265	(676)	(33,810)	352,781	(49,371)	385,755	
<b>Net</b>	<b>R0400</b>	<b>23,465</b>	<b>(360)</b>	<b>(34)</b>	<b>32,466</b>	<b>85,787</b>	<b>(12,246)</b>	<b>129,078</b>	
<b>Net expenses incurred</b>	<b>R0550</b>	<b>27,811</b>	<b>7,518</b>	<b>(13)</b>	<b>34,486</b>	<b>21,074</b>	<b>(2,979)</b>	<b>87,897</b>	

Annex 1  
 IR.17.01.02  
 Non-Life Technical Provisions (5000)

Best estimate	Premium provisions	Gross	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 marine, aviation and transport reinsurance	Non-proportional property reinsurance				
			0020	0030	0040	0050	0060	0070	0080	0090	0100	0110	0120	0130	0140	0150	0160	0170	0180		
			-	-	-	-	-	-	4,284	9,507	26,451	(18,250)	-	-	(32)	55	(15,545)	(3,963)	(7,690)	(4,791)	
		Total recoverable from reinsurers/SPV and Fintec Re after the adjustment for expected losses due to insolvency default	R0140	-	-	-	(1)	-	3,419	(12,365)	9,317	(9,846)	-	-	2	(11)	2,874	(2,016)	23	(8,604)	
		Best Estimate of Premium Provisions	R0150	-	-	-	1	-	865	22,273	17,133	(8,410)	-	-	(34)	66	(18,419)	(1,949)	(7,713)	3,813	
		Claims provisions	R0160	-	-	-	4,501	-	126,369	282,493	665,568	46,355	-	-	532	56,886	287,216	96,201	34,308	1,700,629	
		Gross	R0240	-	-	-	-	-	4,501	-	-	-	-	-	-	-	-	-	-	-	
		Total recoverable from reinsurers/SPV and Fintec Re after the adjustment for expected losses due to insolvency default	R0240	-	-	-	1,015	-	85,959	93,915	319,459	23,551	-	-	-	476	40,841	319,654	39,873	12,207	
		Best Estimate of Claims Provisions	R0250	-	-	-	3,486	-	40,411	188,578	346,106	23,004	-	-	-	56	16,045	67,563	56,328	22,101	
		Best Estimate of Premium Provisions	R0260	-	-	-	4,501	-	130,653	292,400	692,015	28,299	-	-	-	500	56,041	371,671	92,236	26,618	
		Total Best estimate - gross	R0270	-	-	-	3,487	-	41,276	210,850	363,240	14,594	-	-	22	16,111	49,164	54,379	14,388	1,695,838	
		Total Best estimate - net	R0280	-	-	-	4,116	-	4,325	4,019	9,386	3,614	-	-	-	4,229	11,969	1,517	7,995	50,240	
		Best margin	R0290	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Technical provisions - total (Best estimate plus risk margin)	R0320	-	-	-	8,617	-	134,978	296,420	701,405	31,912	-	-	-	500	61,170	383,640	93,753	33,683	
		Recoverable from reinsurers/SPV and Fintec Re after the adjustment for expected losses due to insolvency default - total	R0330	-	-	-	1,014	-	89,377	81,550	328,778	13,704	-	-	-	479	40,830	322,528	37,857	12,230	
		Technical provisions minus recoverables from reinsurers/SPV and Fintec Re - total	R0340	-	-	-	7,603	-	45,601	214,870	372,627	18,208	-	-	-	22	20,341	61,112	55,896	21,452	

Annex 1  
IR.19.01.21

Non-Life Insurance Claims Information (\$000) - Accident Year

		Development year															
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +

Gross Claims Paid (non-cumulative)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160
Prior	R0100																13,947
2011	R0110	96,740	232,945	208,191	117,127	49,866	50,017	32,493	16,542	17,627	15,398	4,761	10,197	3,738	14,269	3,129	
2012	R0120	61,913	186,453	166,701	72,505	69,137	47,887	31,933	25,325	28,914	16,998	13,487	14,323	15,666	13,500		
2013	R0130	54,584	165,135	126,532	73,850	68,420	35,082	30,617	14,039	9,426	13,250	5,530	19,806	14,873			
2014	R0140	51,900	142,462	121,400	66,529	63,852	65,948	31,938	15,247	20,950	30,922	25,541	13,801				
2015	R0150	52,104	174,244	176,413	56,344	73,100	56,334	35,474	31,233	6,187	39,500	11,092					
2016	R0160	103,215	255,591	142,804	96,887	67,310	52,317	41,248	49,355	23,498	19,633						
2017	R0170	75,376	388,784	160,221	169,220	87,913	75,711	93,080	56,599	25,386							
2018	R0180	145,286	333,769	174,597	89,333	57,166	59,145	60,307	30,399								
2019	R0190	102,270	241,635	153,148	65,913	66,014	75,491	80,888									
2020	R0200	115,102	182,248	130,506	127,439	79,192	65,040										
2020	R0210	88,379	167,394	143,417	114,859	79,045											
2022	R0220	67,099	101,738	60,821	70,283												
2023	R0230	31,217	59,452	37,863													
2024	R0240	25,635	36,655														
2025	R0250	27,286															

		In Current year C0170	Sum of years (cumulative) C0180
Prior	R0100	13,947	13,947
2011	R0110	3,129	873,041
2012	R0120	13,500	764,740
2013	R0130	14,873	631,145
2014	R0140	13,801	650,490
2015	R0150	11,092	712,027
2016	R0160	19,633	851,857
2017	R0170	25,386	1,132,290
2018	R0180	30,399	950,001
2019	R0190	80,888	785,360
2020	R0200	65,040	699,526
2020	R0210	79,045	593,093
2022	R0220	70,283	299,941
2023	R0230	37,863	128,532
2024	R0240	36,655	62,290
2025	R0250	27,286	27,286
<b>Total</b>	<b>R0260</b>	<b>542,820</b>	<b>9,087,764</b>

Annex 1  
IR.19.01.21

Non-Life Insurance Claims Information (\$000) - Accident Year

		Development year															
		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15 & +

Gross undiscounted Best Estimate Claims Provisions

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0310	C0320	C0330	C0340	C0350
Prior	R0100																139,820
2011	R0110	0	0	0	0	0	181,664	121,941	92,313	69,243	60,428	61,542	50,629	42,463	37,784	36,698	
2012	R0120	0	0	0	0	281,534	213,802	173,360	158,995	143,787	121,672	111,008	77,603	58,520	48,949		
2013	R0130	0	0	0	284,039	191,758	149,632	138,777	117,250	106,857	89,231	85,361	63,904	40,969			
2014	R0140	0	0	384,442	308,293	238,257	191,730	152,913	135,201	112,497	123,002	69,281	62,480				
2015	R0150	0	524,957	388,035	293,942	268,287	206,487	173,437	115,254	103,329	62,984	51,144					
2016	R0160	529,379	559,383	432,615	311,231	278,000	221,858	183,918	123,834	109,054	93,156						
2017	R0170	972,885	691,755	596,865	447,987	323,797	264,685	179,525	115,428	110,792							
2018	R0180	737,085	614,425	497,540	409,309	313,802	221,588	154,081	138,735								
2019	R0190	625,286	611,734	441,762	396,650	314,576	248,652	168,319									
2020	R0200	737,200	632,705	445,885	301,801	256,436	201,981										
2020	R0210	629,110	532,812	385,067	265,648	187,089											
2022	R0220	455,106	374,915	276,135	248,630												
2023	R0230	250,026	201,047	144,541													
2024	R0240	204,939	165,902														
2025	R0250	181,922															

		Year end (discounted data) C0360
Prior	R0100	111,285
2011	R0110	30,533
2012	R0120	42,614
2013	R0130	33,317
2014	R0140	50,890
2015	R0150	39,955
2016	R0160	74,950
2017	R0170	89,076
2018	R0180	114,636
2019	R0190	140,067
2020	R0200	171,971
2020	R0210	156,888
2022	R0220	218,743
2023	R0230	124,978
2024	R0240	144,565
2025	R0250	156,161
<b>Total</b>	<b>R0260</b>	<b>1,700,629</b>

Annex 1

IR.23.01.01

Own Funds (\$000)

			Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
			C0010	C0020	C0030	C0040	C0050
Basic own funds	Ordinary share capital (gross of own shares)	R0010	390,000	390,000	-	-	-
	Share premium account related to ordinary share capital	R0030	-	-	-	-	-
	Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	-	-	-	-	-
	Subordinated mutual member accounts	R0050	-	-	-	-	-
	Surplus funds	R0070	-	-	-	-	-
	Preference shares	R0090	-	-	-	-	-
	Share premium account related to preference shares	R0110	-	-	-	-	-
	Reconciliation reserve	R0130	94,354	94,354	-	-	-
	Subordinated liabilities	R0140	-	-	-	-	-
	An amount equal to the value of net deferred tax assets	R0160	6,522	-	-	-	6,522
	Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	-	-	-	-	-
<b>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</b>							
		R0220	-	-	-	-	-
<b>Total basic own funds</b>			<b>R0290</b>	<b>490,876</b>	<b>484,354</b>		<b>6,522</b>

Ancillary own funds	Unpaid and uncalled ordinary share capital callable on demand	R0300	-	-	-	-	-
	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	-	-	-	-	-
	Unpaid and uncalled preference shares callable on demand	R0320	-	-	-	-	-
	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	-	-	-	-	-
	Letters of credit and guarantees	R0340	100,000	-	-	100,000	-
	Letters of credit and guarantees other	R0350	-	-	-	-	-
	Supplementary members calls	R0360	-	-	-	-	-
	Supplementary members calls - other	R0370	-	-	-	-	-
	Other ancillary own funds	R0390	-	-	-	-	-
<b>Total ancillary own funds</b>			<b>R0400</b>	<b>100,000</b>		<b>100,000</b>	

Available and eligible own funds	Total available own funds to meet the SCR	R0500	590,876	484,354	-	100,000	6,522
	Total available own funds to meet the MCR	R0510	484,354	484,354	-	-	-
	Total eligible own funds to meet the SCR	R0540	590,876	484,354	-	100,000	6,522
	Total eligible own funds to meet the MCR	R0550	484,354	484,354	-	-	-
<b>SCR</b>		<b>R0580</b>	<b>271,229</b>				
<b>MCR</b>		<b>R0600</b>	<b>122,053</b>				
<b>Ratio of Eligible own funds to SCR</b>		<b>R0620</b>	<b>218%</b>				
<b>Ratio of Eligible own funds to MCR</b>		<b>R0640</b>	<b>397%</b>				

			C0060
Reconciliation reserve	Excess of assets over liabilities	R0700	553,352
	Own shares (held directly and indirectly)	R0710	-
	Foreseeable dividends, distributions and charges	R0720	-
	Deductions for participations in financial and credit institutions	R0725	-
	Other basic own fund items	R0730	396,522
	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	62,477
<b>Reconciliation reserve</b>			<b>R0760</b>
			<b>94,354</b>

**Annex 1**

**IR.25.04.21**

**Solvency Capital Requirement - Solo disclosure (\$000)**

		<b>C0010</b>
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	<b>147,246</b>
Interest rate risk	R0070	375
Equity risk	R0080	23,061
Property risk	R0090	-
Spread risk	R0100	72,277
Concentration risk	R0110	104,122
Currency risk	R0120	68,145
Other market risk	R0125	-
Diversification within market risk	R0130	(120,734)
Counterparty default risk	R0180	<b>18,034</b>
Type 1 exposures	R0150	17,443
Type 2 exposures	R0160	1,126
Other counterparty risk	R0165	-
Diversification within counterparty default risk	R0170	(535)
Life underwriting risk	R0270	-
Mortality risk	R0190	-
Longevity risk	R0200	-
Disability-Morbidity risk	R0210	-
Life-expense risk	R0220	-
Revision risk	R0230	-
Lapse risk	R0240	-
Life catastrophe risk	R0250	-
Other life underwriting risk	R0255	-
Diversification within life underwriting risk	R0260	-
Total health underwriting risk	R0320	<b>20,163</b>
Health SLT risk	R0280	-
Health non SLT risk	R0290	19,127
Health catastrophe risk	R0300	-
Other health underwriting risk	R0305	1,039
Diversification within health underwriting risk	R0310	(3)
Non-life underwriting risk	R0370	<b>173,092</b>
Non-life premium and reserve risk (ex catastrophe risk)	R0330	151,033
Non-life catastrophe risk	R0340	57,060
Lapse risk	R0350	-
Other non-life underwriting risk	R0355	19,582
Diversification within non-life underwriting risk	R0360	(54,583)
Intangible asset risk	R0400	-
Operational and other risks	R0430	<b>96,240</b>
Operational risk	R0422	96,240
Other risks	R0424	-
Total before all diversification	R0432	<b>630,630</b>
Total before diversification between risk modules	R0434	<b>454,775</b>
Diversification between risk modules	R0436	(183,546)
Total after diversification	R0438	271,229
Loss-absorbing capacity of technical provisions	R0440	-
Loss-absorbing capacity of deferred taxes	R0450	-
Other adjustments	R0455	-
Solvency capital requirement including undisclosed capital add-on	R0460	-
Disclosed capital add-on - excluding residual model limitation	R0472	-
Disclosed capital add-on - residual model limitation	R0474	<b>271,229</b>
<b>Solvency capital requirement including capital add-on</b>	<b>R0480</b>	<b>271,229</b>
Biting interest rate scenario	R0490	-
Biting life lapse scenario	R0495	-

**Annex 1**

**IR.28.01.01**

**Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (\$000)**

**Linear formula component for non-life insurance and reinsurance obligations**

MCR calculation Non Life		Non-life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	-	-
Income protection insurance and proportional reinsurance	R0030	-	-
Workers' compensation insurance and proportional reinsurance	R0040	-	-
Motor vehicle liability insurance and proportional reinsurance	R0050	3,487	2,301
Other motor insurance and proportional reinsurance	R0060	-	-
Marine, aviation and transport insurance and proportional reinsurance	R0070	41,276	3,527
Fire and other damage to property insurance and proportional reinsurance	R0080	210,850	32,410
General liability insurance and proportional reinsurance	R0090	363,240	30,790
Credit and suretyship insurance and proportional reinsurance	R0100	14,594	-
Legal expenses insurance and proportional reinsurance	R0110	-	-
Assistance and proportional reinsurance	R0120	-	-
Miscellaneous financial loss insurance and proportional reinsurance	R0130	22	-
Non-proportional health reinsurance	R0140	16,111	0
Non-proportional casualty reinsurance	R0150	49,144	195
Non-proportional marine, aviation and transport reinsurance	R0160	54,379	843
Non-proportional property reinsurance	R0170	14,388	4,962

**Linear formula component for life insurance and reinsurance obligations**

MCR calculation Life		Life activities	
		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	-	-
Obligations with profit participation - future discretionary benefits	R0220	-	-
Index-linked and unit-linked insurance obligations	R0230	-	-
Other life (re)insurance and health (re)insurance obligations	R0240	-	-
Total capital at risk for all life (re)insurance obligations	R0250	-	-

**MCR components**

		Non-life activities	Life activities
		C0010	C0040
MCRNL Result	R0010	97,425	-
MCRL Result	R0200	-	-

**Overall MCR calculation**

Linear MCR	R0300
SCR	R0310
MCR cap	R0320
MCR floor	R0330
Combined MCR	R0340
Absolute floor of the MCR	R0350

**C0070**

	97,425
	271,229
	122,053
	67,807
	97,425
	4,050

<b>Minimum Capital Requirement</b>	<b>R0400</b>
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**97,425**