

CONVEX INSURANCE UK LIMITED

Solvency and Financial Condition Report 2025



Contents


Directors' statement	3
Executive summary	4
Business and performance	4
Future Outlook	5
System of Governance and Risk	5
Valuation for solvency	6
Capital management summary	7
A. Business and performance	9
A.1. Business	9
A.2. Underwriting performance	10
A.3. Investment performance	12
A.4. Performance of other activities	13
A.5. Any other information	13
B. System of governance	14
B.1. General information on the system of governance	14
B.2. Fit and proper requirements	17
B.3. Risk management system including the Own Risk and Solvency Assessment ("ORSA")	18
B.4. Internal control function	25
B.5. Internal Audit function	26
B.6. Actuarial function	27
B.7. Outsourcing	27
B.8. Any other information	29
C. Risk profile	30
C.1. Insurance risk	30
C.2. Market risk	32
C.3. Credit risk	34
C.4. Liquidity risk	35
C.5. Operational risk	36
C.6. Other material risks	38
C.7. Any other information	40
D. Valuation for solvency purposes	42
D.1. Assets	43
D.2. Technical provisions	45
D.3. Other liabilities	50
D.4. Alternative methods of valuation	50
D.5. Any other information	50
E. Capital management	51
E.1. Own Funds	51
E.2. Solvency Capital Requirement and Minimum Capital Requirement	53
E.3. Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	57
E.4. Differences between the standard formula and any internal model used	57
E.5. Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement	57
E.6. Any other information	58
Appendix A Independent auditor's report to the Directors of Convex Insurance UK Limited	59
Appendix B QRTs	63
Appendix C Glossary of Terms	74

Directors' statement

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report in all material respects in accordance with the PRA Rules and the Solvency II Regulations. 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 and the Solvency II Regulations as applicable to the insurer; and
- b) it is reasonable to believe that the insurer has continued to comply subsequently and will continue to do so in future.

Signed on behalf of the Board of Directors on 7 April 2026 by:



Matthew Wilson
Director

Executive summary

The purpose of the Solvency and Financial Condition Report (“SFCR”) is to provide stakeholders with additional information over and above that contained in the annual financial statements. This SFCR is prepared in accordance with the original requirements of the EU Solvency II Directive as implemented in the UK in the Prudential Regulation Authority (“PRA”) Rulebook and amended by subsequent Policy Statements applicable for UK Firms (“Solvency II”). The annual financial statements of Convex Insurance UK Limited (“CIL” or the “Company”) are available from Companies House. The SFCR contains qualitative and quantitative information on CIL’s business and performance, system of governance, risk profile, valuation for solvency purposes and capital management together with standardised Quantitative Reporting Templates (“QRTs”) for 2025.

The report covers the Company as a standalone entity, and fully meets all of the requirements for the SFCR as set out in the Solvency II regulations and follows the prescribed structure as set out in *Article 1A: Structure of the Solvency and Financial Condition Report (Annex XX)* included in *3A Solvency and Financial Condition Report: Report and Templates* per the Reporting section of the PRA Rulebook.

All amounts in the SFCR and the Quantitative Reporting Templates (“QRT”) are presented in US dollars rounded to the nearest thousand. Rounding differences of +/- one unit can occur. The rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Business and performance

CIL is authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”). The Company is included on the National Association of Insurance Commissioners (“NAIC”) Quarterly Listing of Alien Insurers, ensuring that it can write United States business through surplus lines eligibilities, and is approved by the NAIC and the California Department of Insurance to operate as a reciprocal jurisdiction reinsurer. The Company’s ultimate parent is Convex Group Limited (“CGL”) and it forms part of the group made up of CGL and its controlled entities (“the Group”).

In 2025 the Company focused on continued business growth, which has resulted in an increase in gross premiums written to \$4,026,406k (2024:\$3,606,050k) and maintained its prudent approach to risk retention which led to significant use of reinsurance protection, resulting in net premiums written of \$1,654,098k (2024: \$1,426,323k).

Underwriting results continued to grow in 2025, and the Company reported net underwriting profit for a third consecutive year. In addition to expected attritional losses, the Company was exposed to a number of events from both man-made and natural perils, including the California Wildfires, Hurricane Melissa and Air India losses. However, the claims arising from these events were in line with expectations given the Company’s market share. The Company also benefited from favourable development on many of the large claims relating to events incurred in prior years. The Company continues to assess the propensity for inflationary pressures to impact each class of business, and applies what it believes are appropriate assumptions considering the latest inflationary outlook. The investment result benefited from steady coupon throughout 2025 on the fixed income portfolio despite volatile moves in risk-free yields, and was complemented by returns on risk asset mandates across credit, alternatives and impact related exposures.

Expenses were higher in 2025, due to a combination of the continued growth of the Company, higher overall acquisition costs as a proportion of premium and an increased investment in strategic projects. As a result, the expense ratio increased from 46.1% to 49.4% over the year, with the higher rate of acquisition costs partially offset by administrative expenses increasing more slowly than net premiums earned.

Future Outlook

The Company will look to continue to grow its portfolio and remains focused on creating underwriting solutions for an ever-increasingly complex world, with a best in class claims service that delights as we continue on our journey to become our clients' favourite insurer.

System of Governance and Risk

CIL's strategy, values and risk culture is initially set at the Group level, with the legal entity Board ensuring that this is enacted at legal entity level. It does so with a determination to protect the interests of policyholders, customers, shareholders, and other stakeholders, ensuring that there is a strong system of governance, Risk Management and Financial controls are robust, and key functions are adequately resourced and empowered to advise management and the Board.

There is a 'three lines of defence' structure in place which assists in ensuring the Group takes risk seriously and that there is a strong risk culture embedded across all Group entities, supported by the key functions of Risk Management, Compliance, and Internal Audit (including those holding Senior Management Function ("SMF") roles under the PRA and FCA Senior Managers & Certification Regime).

The 'three lines of defence' model provides:

- Improved communication of Risk and Governance across the Company;
- Increased governance – minimising regulatory and legal discrepancies;
- Strengthened accountability across the governance model, in particular regarding First Line risk and control owners; and
- A comprehensive risk awareness at all levels.

For further information refer to Section B.1.

The Convex Group's Risk Management strategy supports the Group's wider strategy by articulating strategic objectives which enable the Risk Management function and the wider business to think about risk in a structured and consistent manner. These objectives are as follows:

- **Embedding risk within the business** by continuing to integrate the Group Risk Management function more closely into day-to-day operations. This will strengthen collaboration while still ensuring appropriate oversight and challenge that matches the Group's risk profile and complexity.
- **Enabling a positive risk culture** by helping build a well-managed and controlled business, which supports long-term growth and strengthens the Convex brand.
- **Embracing technology and outsourcing** to make the Risk Management function more innovative, efficient, and insightful for stakeholders.
- **Development of talent and skills** by continuously building the team's capabilities and ensuring the Risk Management function has the right people, expertise, and capacity to match CIL's risk profile and complexity.

Risk Management information is reported to the CIL Board and the CIL Board Risk Committee ("BRC"), a committee of the Board, on a quarterly basis. The BRC ensures that sufficient time is devoted to risk matters at Board level and issues can also be escalated to the Board if necessary. First line functions also present to the BRC on their risk management activities where appropriate.

The CIL Chief Risk Officer ("CRO") is responsible for preparing the BRC reporting and presenting this at the meeting. The CIL CRO works closely with the Group CRO, other legal entity CROs and the Group Risk Management team in order to develop a consistent and holistic view of CIL's risk profile.

The Company is exposed to risks from a number of sources, further details of which are set out below. The risk categories identified as part of the Group Risk Management Strategy are:

- **Strategic and Group Risk** – The risk of loss arising from changes in the business environment, from adverse strategic decisions, or from membership of a corporate group.
- **Insurance Risk** – The risk of adverse fluctuations in the timing, frequency and severity of insured events, relative to the expectations of the firm at the time of underwriting while the policies are in force or after the expiration of coverage. This may occur due to either inherent volatility or errors in the selection, approval, pricing, reserving and handling of risks being insured.
- **Financial Risk** – broken down into:
 - **Market Risk** – The risk which arises from fluctuations in interest, inflation or exchange rates as well as asset risk valuations. The Company is exposed to market risk through the impact of market movements to its asset portfolio and to the value of its insurance liabilities.
 - **Liquidity Risk** – The risk that insufficient liquid funds are held to meet all liabilities as they fall due or that liabilities can only be met at a high cost.
 - **Credit Risk** – The risk of loss due to the failure of a counterparty to meet its contractual obligation to repay a debt.
- **Operational Risk** – The risk that CIL could incur future unplanned losses in respect of people, process or system failures, and external events during normal operation of its business.
- **External Risk** – The risk arising from external factors that are beyond CIL's control and influence, such as political, economic, sociological, technological, legal and environmental risks. This is considered holistically across the Risk Taxonomy in current effects and through the Emerging Risk process.

Valuation for solvency

Assets and liabilities have been valued for solvency purposes in accordance with the Solvency II regulations. Table 1 shows the differences between CIL's shareholder's equity (as presented in the financial statements prepared under UK generally accepted accounting principles ("GAAP") and the Solvency II excess of assets over liabilities ("EAL"), as presented in the Solvency II balance sheet shown in Appendix B of this report.

Table 1 – Shareholder's Equity

	2025 \$000s	2024 \$000s
Shareholder's equity as shown in the financial statements	2,170,816	1,975,972
Solvency II valuation adjustments to assets (Note i)	(4,969,086)	(4,154,829)
Solvency II valuation adjustments to technical provisions (Note ii)	3,189,312	2,694,826
Solvency II valuation adjustments to other liabilities (Note iii)	1,869,090	1,584,714
Solvency II EAL	2,260,132	2,100,683

The differences between shareholder's equity and Solvency II EAL are due to valuation adjustments as explained below:

- i. **Valuation of assets under Solvency II**
Valuation adjustments to assets relate primarily to adjustments to remove deferred acquisition costs and insurance and reinsurance receivables not yet due, as these are taken into account in the valuation of technical provisions under Solvency II. No adjustments have been made to the valuation of investments for the purposes of Solvency II, except for investments in subsidiary, as they are already valued on a market consistent basis under UK GAAP. Investment in subsidiaries is recognised at fair value in the UK GAAP balance sheet. Under Solvency II, where quoted prices in active markets are not available, an adjusted equity method based on Solvency II valuation is used.
- ii. **Valuation of technical provisions under Solvency II**
Adjustments have been made to statutory technical provisions and reinsurance recoverables (consistent with the adjustments to valuation of assets) to reflect Solvency II valuation requirements. Solvency II requires the technical provisions ("claims provisions" plus "premium provisions") to be a best estimate of the current liabilities

relating to insurance contracts, plus a risk margin. The best estimate liabilities are calculated as the discounted best estimate of all future cash flows relating to claim events prior to the valuation date, as well as the discounted best estimate of all future cash flows relating to future exposure arising from policies that the insurer is obligated to at the valuation date.

iii. *Valuation of other liabilities*

Valuation adjustments to other liabilities relate primarily to adjustments to remove deferred acquisition costs payable in the financial statements (relating to reinsurance ceded) and insurance and reinsurance payables not yet due, as these are taken into account in the valuation of reinsurance recoverables under Solvency II. A deferred tax liability due to the temporary differences between UK GAAP and Solvency II valuations is recognised. CIL has no material contingent liabilities that require recognition as liabilities in the Solvency II balance sheet.

Further details of CIL’s valuation of assets and liabilities for solvency purposes are included in Section D of this report.

Capital management summary

CIL’s solvency position under Solvency II is determined by comparing eligible Own Funds with the Solvency II Capital Requirement (“SCR”). CIL is required to meet the SCR at all times and is required to rectify any breach within six months (though this period can be extended by a further three months). A breach of the lower Minimum Capital Requirement (“MCR”) is required to be rectified within three months. As at 31 December 2025, the Own Funds of CIL were \$2,220,132k (2024: \$2,100,683k), compared to a standard formula SCR of \$1,499,154k (2024: \$1,394,313k), representing an SCR coverage ratio of 148% (2024: 151%). CIL’s MCR was \$421,773k (2024: \$350,928k).

On 12 March 2026, the Board approved a \$40,000k dividend payment to Convex Re Limited (“CRL”), its immediate parent. This is reflected in the 2025 CIL eligible own funds and the SCR ratio.

CIL’s Eligible Own Funds are set out in Table 2 below.

Table 2 – Solvency Position

	2025 \$000s	2024 \$000s
Solvency II EAL	2,260,132	2,100,683
Foreseeable dividends	(40,000)	—
Restrictions on eligibility	—	—
Eligible own funds (all Tier 1)	2,220,132	2,100,683
Minimum capital requirement	421,773	350,928
Solvency capital requirement	1,499,154	1,394,313
Solvency capital requirement (SCR) ratio (%)	148%	151%

CIL’s Own Funds are in the form of unrestricted Tier 1 items (i.e. ordinary share capital, related share premium and reconciliation reserve), and are therefore eligible to cover both the SCR and MCR. CIL has not requested and therefore does not have in place approvals to use the matching adjustment, volatility adjustment, transitional interest rate term structure or the transitional deduction on technical provisions and therefore no adjustments have been made relating to these transitional measures. There are limited restrictions on the availability or transferability of CIL’s Own Funds, with a small volume of assets held in trust funds for US NAIC surplus lines.

The appropriateness of the Solvency II Standard Formula has been assessed with respect to the risk profile of CIL. Overall, the qualitative and quantitative assessments of the appropriateness of the assumptions underlying the Standard Formula have concluded that it is ‘not inappropriate’ as a measure to calculate the capital requirements for CIL. The Standard Formula captures key features of CIL’s risk profile and there are no material omissions in the Standard Formula of specific risks considered which could result in a material understatement of the SCR. As an approximate guide the assessment considers an understatement of the SCR of at least 10% as material.

Decisions on optimal capital levels are an integral part of CIL's business planning and forward-looking assessment of risk processes which cover a three-year time horizon. CIL manages its Own Funds in such a way that it will ensure it holds sufficient capital to meet its regulatory and business requirements.

There were no material changes to CIL's capital management approach during the reporting period and there were no instances of non-compliance with the SCR or MCR. Further details of CIL's capital management approach are included in Section E of this report.

A. Business and performance

A.1. Business

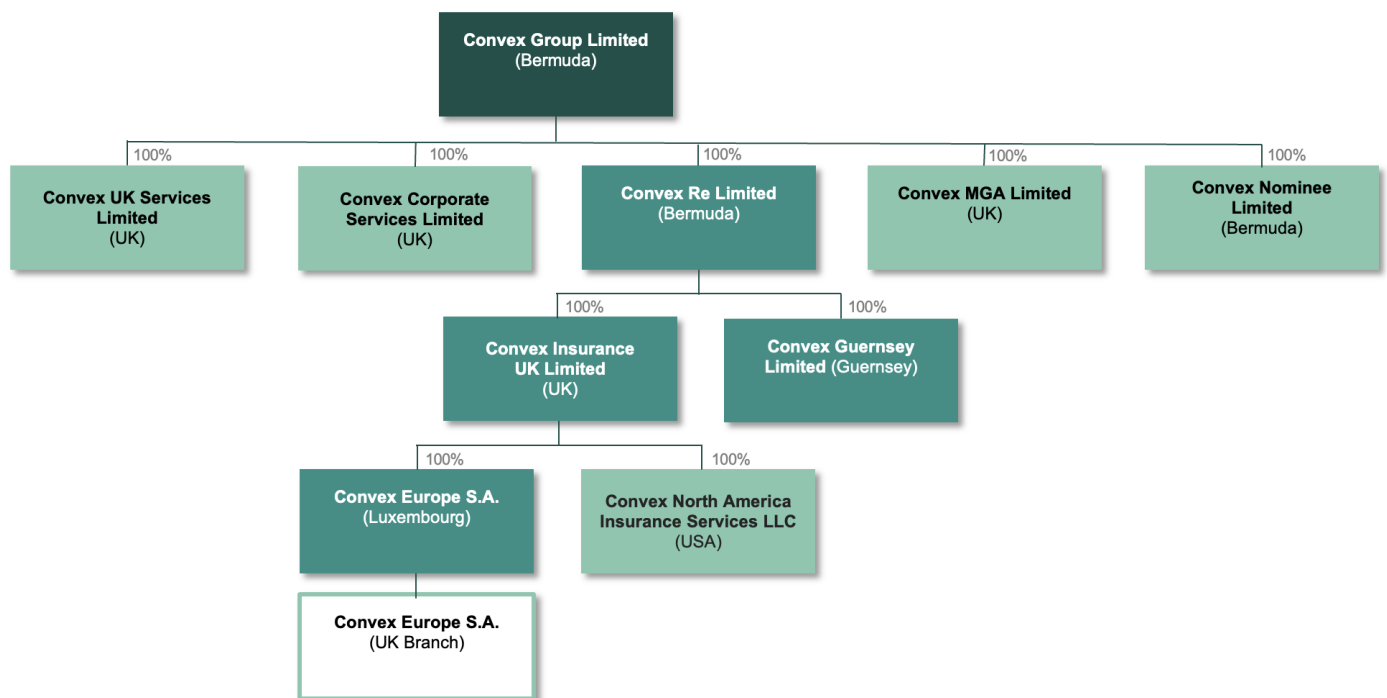
CIL is a privately-owned company incorporated in England & Wales, with registered office 52 Lime Street, London, EC3M 7AF, and is supervised by both the Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”). Their respective contact details are set out below:

- Prudential Regulation Authority, Bank of England, Threadneedle Street, London, EC2R 8AH
- Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN

The external auditor is PricewaterhouseCoopers LLP, registered office 1 Embankment Place, London WC2N 6RH.

The Convex Group

The Convex Group is a property and casualty (“P&C”) insurer and reinsurer focused on large commercial clients with complex insurance requirements. CIL’s position within the legal structure of the Convex Group is set out below.



- **Convex Group Limited (“CGL”)** is the Bermuda holding company;
- **Convex Re Limited (“CRL”)** is a Bermuda operating insurance company, a specialty P&C reinsurer;
- **Convex Insurance UK Limited (“CIL”)** is the UK operating insurance company;
- **Convex Europe S.A. (“CES”)** is the Luxembourg operating insurance company writing European risks;
- **Convex Guernsey Limited (“CGU”)** is the Guernsey operating insurance company;
- **Convex North America Insurance Services LLC (“CUS”)** is a US managing general agent;
- **Convex Corporate Services Limited (“CCS”)** is a UK insurance intermediary;

- **Convex MGA Limited ("CML")** is a UK managing general agent;
- **Convex UK Services Limited ("CSL")** is a services company, the main UK employing and contracting entity; and
- **Convex Nominee Limited ("CNL")** is the trustee for CGL's employee share purchase scheme.

A.2. Underwriting performance

A.2.1. Measurement of underwriting performance

CIL uses underwriting result to measure its underwriting performance. Underwriting result is a non-GAAP financial performance measure, calculated on a UK GAAP basis. It excludes certain items to enhance comparability and understanding of underwriting performance by highlighting net underwriting income attributable to ongoing underwriting operations. Examples of items excluded from underwriting result are investment return and expenses not directly attributable to underwriting.

A.2.2. Underwriting profit

Table A.1 below presents the underwriting profit for CIL for the years ended 31 December 2025 and 2024, as well as the reconciliation of profit/(loss) before tax to underwriting profit. Profit/(loss) before tax is as shown in CIL's financial statements.

Table A.1 – Underwriting Performance

	2025 \$000s	2024 \$000s
Gross premiums written	4,026,406	3,606,050
Premiums ceded to reinsurers	(2,372,308)	(2,179,727)
Premiums written net of reinsurance	1,654,098	1,426,323
Net change in provision for unearned premium reinsurance	(140,569)	(193,391)
Net premiums earned	1,513,529	1,232,932
Net investment gain/(loss)	183,810	138,859
Total Revenues	1,697,339	1,371,791
Claims paid net of recoveries from reinsurers	(389,773)	(260,600)
Change in insurance liabilities, net of reinsurance	(299,894)	(307,372)
Fee and commission expense, net of reinsurance	(443,331)	(292,213)
Other expenses, net of reinsurance	(303,992)	(275,675)
Profit/(loss) for the period before tax	260,349	235,931
(Deduct)/add back: Net investment (gain)/loss	(183,810)	(138,859)
Add back: Indirect expenses	307,686	268,283
Underwriting profit for the period	384,225	365,355

In 2025, the Company continued to grow the business whilst maintaining the prudent approach to risk retention. This has led to an increase of both gross premium written by 12% to \$4,026,406k and premium written net of reinsurance by 16% to \$1,654,098k in 2025.

Although the continued build out of operations during the year led to increased expenses in 2025, CIL's GAAP financial statements recorded a pre-tax profit of \$260,349k (2024: \$235,931k). The underwriting result, which excludes investment income and expenses not directly attributable to policies, was a profit of \$384,225k (2024: \$365,355k).

A.2.3. Quantitative Reporting Templates IR.05.04

Quantification of premiums, claims and expenses, analysed by Solvency II lines of business, is provided in QRT IR.05.04 (see Appendix B). This QRT has been prepared in accordance with the definitions and formats prescribed under Solvency II. It includes the items (except net investment income) excluded from underwriting result in the reconciliation presented in Section A.2.2, which are described in Section A.3.

A summary of the information provided in the premium, claims and expenses QRT IR.05.04, analysed by Solvency II lines of business, is provided in Table A.2 below, set out separately for the 2024 and 2025 financial years.

Table A.2 – Summary of QRT IR.05.04

Financial Year 2025	Direct and Proportional Reinsurance											Non Proportional Reinsurance					Total \$000s	Total \$000s
	Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, Aviation and Transport	Fire and Property Damage	General Liability	Credit and suretyship insurance	Assistance	Miscellaneous financial loss	Total	Health	Marine, Aviation and Transport Aviation	Property	Casualty			
Gross premiums written	23,975	19,819	14,607	11,111	528,054	1,124,686	884,048	165,275	3,060	48,338	2,822,973	34,008	228,654	311,528	629,244	1,203,433	4,026,406	
Net premiums earned	6,526	12,753	6,426	3,998	161,227	454,469	339,311	81,714	980	22,130	1,089,534	11,579	91,846	90,802	229,768	423,995	1,513,529	
Gross claims incurred	12,683	9,566	13,216	2,473	330,794	396,926	511,581	58,103	614	9,641	1,345,597	17,726	135,133	298,154	302,145	753,158	2,098,755	
Net claims incurred	4,329	3,735	5,530	884	102,958	130,378	172,624	22,708	213	3,360	446,719	5,375	52,697	77,828	101,718	237,617	684,336	
Direct expenses incurred	3,586	7,514	2,961	1,823	41,394	177,110	118,970	42,666	686	9,668	406,378	1,244	12,045	5,306	23,691	42,286	448,664	

Financial Year 2024	Direct and Proportional Reinsurance											Non Proportional Reinsurance					Total \$000s	Total \$000s
	Medical expense insurance	Income protection insurance	Motor vehicle liability insurance	Other motor insurance	Marine, Aviation and Transport	Fire and Property Damage	General Liability	Credit and suretyship insurance	Assistance	Miscellaneous financial loss	Total	Health	Marine, Aviation and Transport Aviation	Property	Casualty			
Gross premiums written	32,679	27,400	10,020	6,448	493,897	1,096,079	662,591	131,262	145	43,796	2,504,316	20,491	285,097	599,406	196,740	1,101,734	3,606,050	
Net premiums earned	13,516	14,274	2,551	3,416	151,203	368,173	225,580	40,691	98	15,772	835,274	7,133	93,708	218,921	77,896	397,658	1,232,932	
Gross claims incurred	17,157	15,375	5,390	3,006	309,778	400,639	310,240	6,148	154	2,955	1,070,842	11,119	282,285	244,077	123,877	661,358	1,732,200	
Net claims incurred	6,038	5,723	2,251	1,035	94,597	144,873	102,002	1,946	56	1,131	359,652	3,090	63,420	83,332	49,014	198,856	558,508	
Direct expenses incurred	3,949	7,412	1,176	1,106	43,653	128,916	61,810	16,506	82	4,708	269,318	932	443	19,613	11,372	32,360	301,678	

Table A.3 – Technical Result – Analysis by Geographic Area

31 December 2025	United Kingdom	United States of America	Bermuda	Canada	Other	Total \$000s
Gross Premiums Written	1,348,370	1,833,625	118,224	94,097	632,090	4,026,406
Reinsurers' Share	861,229	1,021,026	61,327	47,621	381,105	2,372,308
Net Premiums Written	487,141	812,599	56,897	46,476	250,985	1,654,098
Gross Premiums Earned	1,185,126	1,684,327	114,238	126,675	598,677	3,709,043
Reinsurers' Share	767,717	941,366	61,151	68,741	356,539	2,195,514
Net Premiums Earned	417,409	742,961	53,087	57,934	242,138	1,513,529
Gross Claims Incurred	731,143	841,871	89,856	40,817	395,068	2,098,755
Reinsurers' Share	488,985	562,951	58,416	26,327	277,739	1,414,418
Net Claims Incurred	242,158	278,920	31,440	14,490	117,328	684,336
Expenses Incurred	265,238	338,012	27,243	29,025	101,223	760,741
Technical Result	(89,987)	126,029	(5,596)	14,419	23,587	68,452

31 December 2024	United Kingdom	United States of America	Bermuda	Canada	Other	Total \$000s
Gross Premiums Written	1,113,718	1,608,929	153,457	132,859	597,087	3,606,050
Reinsurers' Share	761,615	889,223	86,965	77,621	364,303	2,179,727
Net Premiums Written	352,103	719,706	66,492	55,238	232,784	1,426,323
Gross Premiums Earned	979,772	1,420,824	124,942	122,743	520,745	3,169,026
Reinsurers' Share	682,376	789,833	74,087	70,372	319,426	1,936,094
Net Premiums Earned	297,396	630,991	50,855	52,371	201,319	1,232,932
Gross Claims Incurred	801,626	542,541	48,591	88,600	201,955	1,732,200
Reinsurers' Share	569,647	347,016	32,411	60,176	130,748	1,173,693
Net Claims Incurred	231,979	195,526	16,180	28,424	71,207	558,508
Expenses Incurred	189,446	270,295	17,141	26,755	68,108	571,745
Technical Result	(124,026)	165,170	17,533	(2,808)	39,646	102,679

A.3. Investment performance

A.3.1. Income and expenses arising from investments by asset class

CIL's asset portfolio was predominantly invested in investment grade fixed income securities during 2025, with a small allocation to risk assets (c.8.8% of the market value of the portfolio at year end). During 2025, the investment assets produced a total investment return of 5.9% (2024: 4.9%). The positive return was predominantly driven by consistent coupon income earned throughout the year. Decreases in risk-free yields also contributed to positive price returns on fixed income holdings.

As at 31 December 2025 the portfolio duration of 2.3 years is positioned modestly short of CIL's liability benchmark given the uncertainty around US inflation and expansionary fiscal policies.

Table A.4 below sets out net investment income by asset class for the 2025 and 2024 financial years.

Table A.4 – Net investment income analysed by asset class

Financial Year 2025	Debt Securities	Other Financial Investments	Total \$000s
Interest income/(expenses)	133,217	9,464	142,681
Realised losses	6,452	2,616	9,068
Unrealised gains	36,452	—	36,452
Other (incl. investment expenses)	(4,391)	—	(4,391)
Total Investment Return	171,730	12,080	183,810

Financial Year 2024	Debt Securities	Other Financial Investments	Total \$000s
Interest income/(expenses)	117,717	7,774	125,491
Realised gains	(2,859)	—	(2,859)
Unrealised losses	18,941	—	18,941
Other (incl. investment expenses)	(2,714)	—	(2,714)
Total Investment Return	131,085	7,774	138,859

A.3.2. Gains and losses recognised directly in equity

There were no gains and losses recognised directly in equity during the period. All investment gains and losses were recognised in the Statement of Profit and Loss and Other Comprehensive Income under UK GAAP.

A.3.3. Information about any investments in securitisations

Investments were held in securitisation vehicles in the form of debt securities. These securities consisted of AA-rated agency mortgage backed securities (“Agency MBS”), AAA-rated residential mortgage backed securities (“RMBS”) and AA/AAA-rated collateralised loan obligations (“CLO”).

The fair value of investments in securitisations as at 31 December 2025 was \$717,719k (2024: \$542,418k).

A.4. Performance of other activities

A.4.1. Other material income and expenses incurred over the reporting period

CIL has no other material income and expenses incurred over the reporting and prior period.

A.4.2. Leasing arrangements

CIL has no material leasing arrangements.

A.5. Any other information

There is no other material information to disclose regarding CIL’s business and performance.

B. System of governance

B.1. General information on the system of governance

The System of governance section of this report sets out information regarding the system of governance in place within CIL. This includes a description of the Board, executive committees and a description of the roles, responsibilities and governance of CIL's key control functions of Risk Management, Compliance, and Internal Audit.

B.1.1. Overview of the Governance Framework

CIL is the UK operating insurance entity within the Group and carries out the business of insurance and reinsurance. It was incorporated on 30 January 2019, authorised by the PRA on 30 April 2019 and is regulated by the PRA and FCA. CIL underwrites risks located in many different parts of the world on an insurance and reinsurance basis.

CIL has established a robust governance and control framework that includes levels of authority, accountability, responsibility, oversight and challenge and is supported by a 'three lines of defence' model.

CIL Governance Framework – Governance Structure

CIL Boards and Committees

CIL is governed by a Board of Directors ("the Board") which is responsible for leadership and control, setting strategic direction, promoting the success of the Company and exercising oversight. The Board operates in accordance with its legal and regulatory duties, its own Terms of Reference and according to established principles and requirements of good governance. The Board meets at least four times a year and receives sufficient and timely information to ensure that it can fulfil its responsibilities.

In 2025, the Board consisted of a Chairman, Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), a Non-Executive Director and four independent Non-Executive Directors (including a Senior Independent Director).

The Board has established the Audit Committee (the "Audit Committee"), consisting of Non-Executive Directors, in order to assist it with the oversight of financial and other controls. The Audit Committee operates under Terms of Reference and is responsible for supporting the Board to maintain systems, practices and processes for the internal and external audit of the Company's business which are appropriate given the nature, scale and lines of its business and to maintain effective internal quality control and risk management systems regarding financial reporting. The Audit Committee reports to the Board on these matters.

The Board has established the Risk Committee consisting of Non-Executive Directors in order to assist it with the oversight of the Risk Management Framework. The Risk Committee operates under Terms of Reference and assists the Board with the embedding of a strong risk culture and robust Risk Management Framework. The Risk Committee covers all types of risks faced by the Company and it monitors and reports the key risks and issues to the Board.

Certain members of the Board hold Senior Management Function ("SMF") positions under the PRA and FCA Senior Managers and Certification Regime ("SMCR"). The CEO and the CFO hold SMF positions, as well as the Chairman, the Chair of the Audit Committee, the Chair of the Risk Committee and the Senior Independent Director.

CIL Executive Committees

CIL has established a CIL Executive Committee ("UK Executive Committee" or "UK ExCo") consisting of key executives under the leadership of the CIL CEO. The UK ExCo meets on at least a monthly basis and is responsible for supporting the CEO in exercising the authority delegated by the Board for the management of CIL. CIL executives also participate in the Convex Group executive committees, namely, the Group Executive Committee ("GEC") and other internal Group executive committees.

B.1.2. Board Responsibilities

The Board's responsibilities and duties are derived from law and regulation, its own Term of Reference and principles of good governance. These include the matters set out in B.1.1 above and also include: determining risk appetite; approving the Company's financial and regulatory reporting; ensuring the company is adequately resourced; establishing and maintaining a culture of risk awareness and ethical behaviour; and ensuring the Company has an appropriate Risk Management Framework which is subject to regular evaluation.

B.1.3. Control Framework

The Board retains ultimate responsibility for the Company's systems of internal control and the Risk Management Framework. It reviews the effectiveness through the establishment of an effective governance and monitoring process. This includes regular reporting and in-depth monitoring of the establishment and operation of prudent and effective controls.

CIL operates a 'three lines of defence' controls framework whereby the business implements first line controls so as to ensure that the front-line business units comply with the requirements set by the Board regarding risk appetite and control. The Compliance and Risk Management functions undertake monitoring to provide second line assurance that these controls are effective, meet the expectations of our regulators and are in accordance with the Company's risk appetite.

The Internal Audit function provides independent oversight across CIL and reports to the Audit Committee.

The respective responsibilities of each line are shown below.

First line: Management Monitoring

Management is responsible for implementing and monitoring the system of internal control to ensure key business objectives are achieved and for complying with the risk appetite and controls set by the Board.

Second line: Risk and Compliance functions

The Risk function is accountable for developing the Risk Management Framework ("RMF") and for the quantitative and qualitative oversight and challenge of the process to identify, measure, manage, monitor and report ("IMMMR") risk. As the business responds to changing market conditions, customer needs and regulatory requirements, the Risk function regularly monitors the appropriateness of the Company's risk policies and the RMF to ensure they remain up to date.

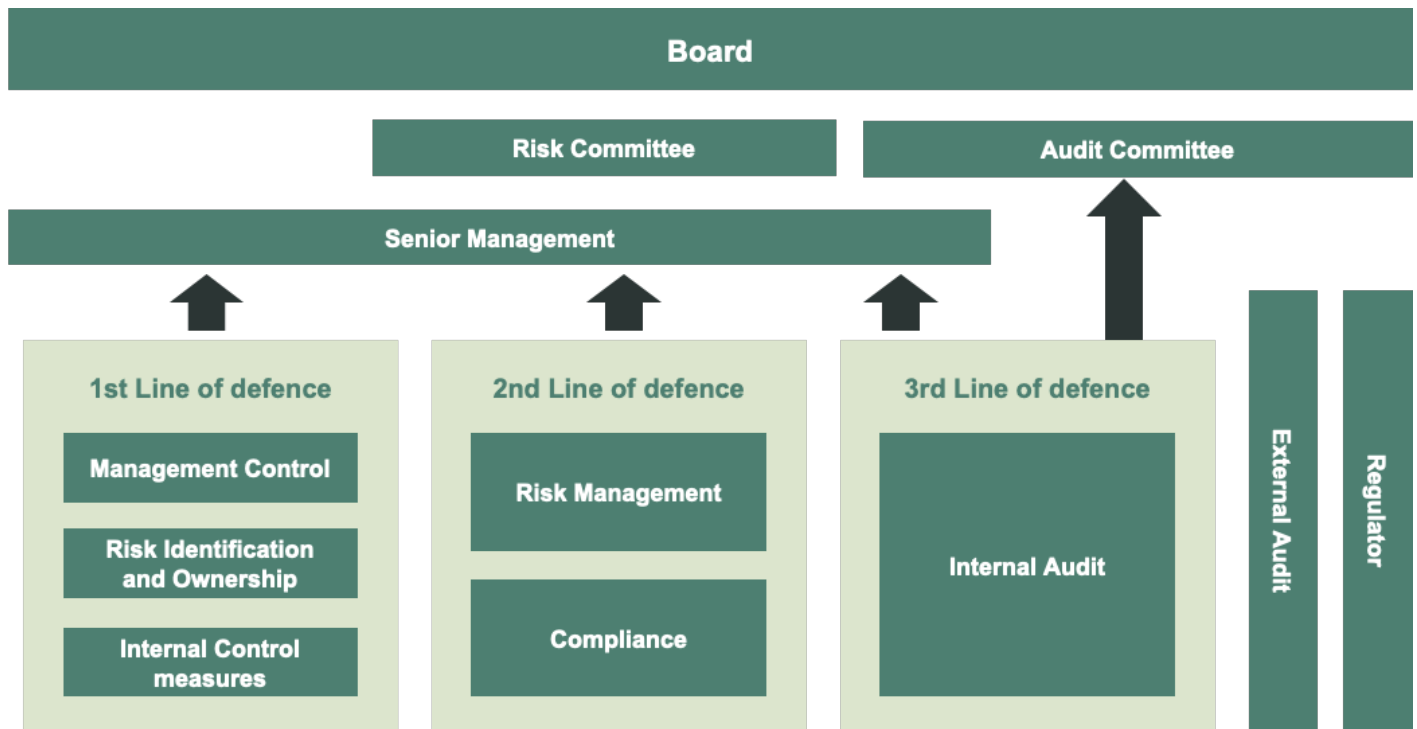
The Compliance function supports and advises the business on the identification, measurement and management of its regulatory, financial crime and conduct risks. In this regard the Compliance function acts as part of the first line of defence. Compliance also monitors, evaluates and provides assurance on the effectiveness of the first line controls and therefore also acts as part of the second line of defence. In addition, Compliance is accountable for monitoring and reporting on the performance of CIL against the conduct risk metrics agreed by the Board.

Third line: Internal Audit

This function provides independent and objective assurance on the robustness of the RMF and the appropriateness and effectiveness of internal controls to the Audit Committee and the Board.

CIL Three Lines of Defence Model

The diagram below sets out the structure of CIL's three lines of defence model.



B.1.4. Remuneration

CIL's reward principles and arrangements are designed to incentivise and reward employees for achieving stated business goals in a manner that is consistent with the Company's approach to sound and effective risk management. These principles adhere to the PRA's remuneration requirements as per PRA SS10/16, including the identification of Solvency II staff. The remuneration approach is aligned to the Company's strategy, incentivises achievement of the Company's annual business plan and longer-term sustainable growth of the business, and differentiates reward outcomes based on performance and behaviour that is consistent with the Company's values. The remuneration approach provides market competitive remuneration and incentivises all staff members to contribute towards both the annual business plan and the longer-term strategic objectives of the Company. Variable remuneration can be zero if performance thresholds are not met.

Remuneration of staff is split between the following components:

- Basic salary informed by individual and business performance, levels of increase for the broader UK employee population and relevant pay data;
- Variable components (based on business and individual performance);
- Pensions; and
- Benefits.

Non-Executive Directors receive a basic annual fee in respect of their Board duties. Further fees are paid for membership of and, where appropriate, chairing Board committees. Fees are reviewed annually taking into account market data and trends and the scope of specific Board duties.

B.1.5. Material transactions during the reporting period with its shareholder, persons who exercise a significant influence on CIL and with members of the Board

The Company did not have any material transactions in the reporting period with persons who exercise significant influence or senior executives.

The Company enters into transactions with other Convex group entities in the normal course of business. The most material transactions are the reinsurance cessions to the Company's immediate parent company, Convex Re Limited ("CRL").

B.2. Fit and proper requirements

B.2.1. Specific Requirements Concerning Fit and Proper

As per the SMCR requirements, individuals who are performing roles in either an SMF or Certification Function, or are notified Non-Executive Directors, are required to be assessed for their fitness and propriety at appointment and on an ongoing basis by CIL.

Assessing a person's fitness and propriety includes an assessment of:

- Their honesty, integrity and reputation;
- Their competence and capability, including whether the person satisfies any relevant FCA training and competence requirements; and
- Their financial soundness.

The Board identifies the skills and experience that are required at Board level, including the appointments of Executive Directors or Non-Executive Directors, so as to ensure the relevant diversity, experience, skills and knowledge required for effective oversight and challenge.

B.2.2. Policies and Process for assessing fitness and propriety

CIL has policies in place to ensure that the individuals that are employed by the Company are Fit and Proper in accordance with the requirements set by the FCA and PRA. CIL operates under the SMCR rules and those individuals that undertake Senior Management Function roles are approved by the FCA/PRA through the application and interview process.

Where those individuals are not already identified as an SMF and are identified as 'Material Risk Takers', 'Key Function Holders' or hold a role that includes significant responsibility for a significant business unit, these individuals are subject to the requirements of the Certification Regime. CIL holds the responsibility for assessing the fitness and propriety of these individuals.

To ensure that CIL identifies and recruits appropriate people to perform the SMCR roles, the individual is assessed for:

- Fitness: skills and experience must be adequately matched to the role they are being employed to undertake;
- Propriety: checks are in place to ensure that an individual is honest, of good reputation, has integrity and is financially sound; and
- Regulatory References: Dating back six years, with the questions aligned to the requirements set out in SYSC 22.

A basic level of screening is applied to all employees. Individuals falling within the SMCR are additionally subject to the enhanced screening process that includes Disclosure and Barring Service checks, or equivalent agencies in Scotland, Northern Ireland and overseas regulators where the candidate has spent a considerable amount of time working in another country.

Fit and Proper assessments are carried out on an annual basis, although it is made clear to individuals that should they consider that they may have incurred a breach of the requirements, it is their responsibility to report this to HR immediately.

B.2.3. Culture and ongoing monitoring

At CIL the importance of fitness and propriety is reinforced by the culture set by the Board and this is expressed through:

- Mandatory training that all staff need to complete on an annual basis;
- Assessment of fitness to perform the role through the ongoing performance management discussions;
- Ability for individuals to report where they consider there are barriers to them being able to perform their role such as not being provided with sufficient time or staff or where they have identified a training need;
- Completion of the annual fit and proper assessments reported to the Board; and
- Adherence to the applicable conduct rules as per the requirements under SMCR.

B.3. Risk management system including the Own Risk and Solvency Assessment (“ORSA”)

B.3.1. Description of the risk management system

Risk Management Overview

Risk is defined as the possible occurrence of an event(s) which will affect the ability of Convex Group and/or its legal entities to achieve its strategy and goals adversely or opportunistically. The Risk Committee and the CIL Risk Management Function provide risk oversight of the business for all risk types and categories. The CIL Chief Risk Officer attends the Board, Risk Committee, UK ExCo, and the Group Executive Risk Committee.

The Group Executive Reserving Committee and the Group Executive Risk Committee are Group Executive Committees. However their oversight and responsibilities span across all the entities of the Group, including CIL. A number of CIL Executives are members of these Committees and represent CIL in the oversight and decision making. The UK ExCo reviews and approve relevant CIL matters discussed at either the Group Executive Reserving Committee or the Group Executive Risk Committee, and the UK ExCo can escalate any matters for review or discussion to these Group Executive Committees.

B.3.2. Implementation of the risk management system

Risk Management Implementation

The following sections detail how the Risk Management Function and System are implemented within CIL.

Risk Strategy

The Convex Group’s Risk Management strategy supports the Group’s wider strategy by articulating strategic objectives which enable the Risk Management Function and the wider business to think about risk in a structured and consistent manner. These objectives are as follows:

- **Embedding risk within the business** by continuing to integrate the Group Risk Management function more closely into day-to-day operations. This will strengthen collaboration while still ensuring appropriate oversight and challenge that matches the Group’s risk profile and complexity.
- **Enabling a positive risk culture** by helping build a well-managed and controlled business, which supports long-term growth and strengthens the Convex brand.
- **Embracing technology and outsourcing** to make the Risk Management function more innovative, efficient, and insightful for stakeholders.
- **Development of talent and skills** by continuously building the team’s capabilities and ensuring the Risk Management function has the right people, expertise, and capacity to match CIL’s risk profile and complexity.

CIL takes risk seriously, and risk culture is embedded within the business. Risk and assurance reviews are embedded with the first line to ensure risks are adequately identified and mitigated. For example, the Actuarial function is a key stakeholder from the first line in managing underwriting and solvency risks on a day-to-day basis. CIL aims to differentiate itself from its peers and its business model requires a strong underwriting and operating cost discipline. As a result, the first line plays a strong role in identifying and managing risks.

The Board and Risk Committee are responsible for CIL's risk and internal control framework, including setting and approving CIL's business strategy, determining its risk appetite, establishing appropriate risk policies and monitoring capital requirements and risks against the agreed risk appetite and in line with the risk appetite statements.

A number of processes support the Risk Management Framework including:

- Risk governance;
- The Risk Taxonomy;
- Key risk categories;
- Risk identification, assessment, response, monitoring, and reporting;
- Risk appetite setting;
- Risk incident management;
- Risk reviews and opinions;
- Risk training; and
- Climate change risk management considerations.

As a specialty insurer and reinsurer, the CIL actively seeks underwriting risk while carefully managing the associated downside risks to capital. Market conditions, loss experience and a bespoke view of target markets and clients drive the underwriting risk strategy. CIL benefits from a diversified underwriting portfolio across property, casualty and specialty lines of business within its insurance and reinsurance portfolios.

Risk Management Process

1) Risk identification – What might affect CIL and its objectives?

The risk identification process enables CIL to identify the risks, including emerging risks, that CIL is facing, and to monitor and mitigate them. The Risk Management Function has defined the risk taxonomy in which CIL operates.

A key component of the risk identification process at CIL is the Risk Register. CIL has a comprehensive Risk Register which is mapped against the risk taxonomy. The most material risks included in the Risk Register are reported to the Board on a quarterly basis. The Risk Management Function reviews and updates the Risk Register on a quarterly basis.

The effective management of emerging risks is essential for maintaining CIL's business strategy and underwriting performance. It helps to identify external trends, threats and opportunities, and improves risk selection and knowledge of future risk exposures.

The Risk Management Function, together with relevant stakeholders from the business, review the emerging risks landscape for the year ahead and assess the impact on the Company's business profile and strategy. This process is performed in a formalised Emerging Risk Working Group ("ERWG"), supported by external sources of information (including the Oracle Partnership), to provide foresight and strategic advice for future threats and opportunities. The regular emerging risk assessment also feeds into the ORSA process and ORSA report.

The Risk Register is the repository of all material risks and controls in the Company. It is one of the Risk Management Function's most important management and monitoring tools and drives a significant portion of risk reporting to the Board, Risk Committee and UK ExCo on a quarterly basis.

Risk Management Process

The fundamental sources of risk give rise to the following top-level risk categories that form the risk taxonomy:

- Strategic and Group risk – such as incorrect assessment of insurance market and climate change;
- Insurance risk – such as aggregate exposures and reserves;
- Financial risk – such as Market, Liquidity and Credit risk; and
- Operational risk – such as operational resilience and disaster recovery.

2) Risk Assessment – Which uncertainties can impact CIL and its objectives the most?

The Risk & Control Self-Assessment (“RCSA”) process allows CIL to identify key risks, assess the materiality and status of the risks and controls, use this information to manage the CIL risks and potential impact to Group risks, and review and then monitor them on a periodic basis. The outcome of the RCSA process is shared with the relevant stakeholders, UK ExCo, Board and the Risk Committee on a regular basis.

Risk owners are responsible for the identification and day-to-day management of controls, including implementation, regular monitoring and reporting of the risk status. The Risk Management Function uses its risk management system to perform quarterly risk and control self-assessments with risk and control owners to review each function’s risk profile and effectiveness of controls in place, and provide further challenge as necessary. The output from these assessments enables the Risk Management Function to focus their attention on those risks that have a high materiality.

3) Risk Mitigation – What will we do to manage these risks?

Risk mitigation is the process of reducing the potential adverse effects of a risk down to an acceptable level, i.e. within CIL’s risk appetite. Risk mitigation is mainly achieved through the implementation of controls and management actions. It is the responsibility of each function within CIL to own and manage their internal control environment. Risk Management provides an independent second line view of the function’s internal control environment and reports findings to the relevant committees.

4) Risk Monitoring – Is the management of risk working effectively?

Risk monitoring is an important part of the risk management process. Effective risk monitoring ensures that CIL is operating within risk appetite and tolerances. It is a continuous and dynamic process of keeping track of identified risks and monitoring residual risks for any changes. It is also used to monitor the effectiveness of controls over time.

Risk monitoring enables CIL to make effective decisions on risks in advance of these materialising. It helps to ensure that the correct risks continue to be represented on the Risk Register, reflecting the changing risk profile of the business and ensures that the correct risk response actions have been implemented and are effectively working.

All identified material risks are monitored through the Risk Register to ensure risk profile changes are identified early, allowing appropriate mitigating actions to be applied in order to prevent negative outcomes. Any material changes identified form part of the risk reporting to the Board, UK ExCo and Risk Committee.

In addition to the Risk Register and the regular risk assessment process, the Risk Management function has in place other second line risk monitoring tools and activities such as risk management deep dives, the Emerging Risks Working Group and reverse stress testing exercises.

5) Risk Reporting – Who needs to know about the status of risk management?

The purpose of risk reporting is to provide management with useful information, allowing them to make effective decisions about the risks the business faces. Risk reporting is a regular, continuous and important process for CIL as it builds alignment and transparency of risk information between the business, management and the executive. The Risk Management Framework, system and processes facilitate this reporting throughout the year, allowing the Risk Committee to review and challenge risk information and make informed decisions about the changing risk profile of the business.

Information from the Risk Register is aggregated, analysed and presented in the risk report to the UK ExCo and Risk Committee, showing the current concerns and most material risks to the business and quarter-on-quarter changes in risk profile.

The Risk Report also provides the UK ExCo and Risk Committee with the Risk Management Function’s opinion on the risks faced by each area of the business. The report is a combination of qualitative and quantitative information, with qualitative commentary provided to support understanding of the current risk environment, as well as the future risk outlook for the next reporting period.

This provides an opportunity for breaches and key trends to be explicitly raised by the Risk Management Function, where relevant.

B.3.3. Own Risk and Solvency Assessment

ORSA Overview

Overall responsibility for the ORSA framework, output and policy lies with the Board. This policy is reviewed annually by the Risk Management function and approved by the Board each year.

The ORSA requires inputs from a number of key CIL business activities including but not limited to:

- Strategy and business planning: The forward-looking assessment section of the ORSA, which is the assessment of CIL’s strategic goals made up of the strategy and business planning processes;
- Risk profile: Assessment and understanding of the current and emerging risks facing CIL across all risk categories, also including stress and scenario testing and other Risk Management Framework techniques to assess risk impacts;
- Risk appetite: Review of appetites and tolerances to allow CIL to measure the level of risk currently being taken;
- Capital requirements: Assessment of CIL’s regulatory capital requirements; and
- Solvency assessment: Assessment of CIL’s solvency against requirements and appetite.

The ORSA provides a framework to enable the Board and Risk Committee to be aware of the impact that strategic decisions have on the risk and overall solvency needs of the business. The main outcomes of the exercise reported to Board and Risk Committee in relation to the ORSA are:

- The capital and solvency position – the capital assessment is produced based on the risk profile of the firm and its business plan. Solvency has also been considered under both normal and stressed conditions;
- The risk profile of the firm is reviewed and reported – the ORSA is based on the risk profile of CIL;
- The risk appetite of the firm – this forms a key part of the risk profile reporting throughout the year and the Risk Committee is regularly informed of the position of the firm against its agreed risk appetite; and
- The adequacy of the standard formula and an assessment of any risk category which deviates significantly from the standard formula parameters.

ORSA Oversight

Oversight of the ORSA process and report is provided by the Board and relevant committees, as follows:

CIL Audit Committee	<ul style="list-style-type: none"> • Provides independent oversight of the ORSA process through internal audit reports.
CIL Board	<ul style="list-style-type: none"> • Sets the overall business strategy and direction and ensure this is in line with Group objectives; • Sets the risk appetite for the Company; • Reviews and signs off the ORSA Policy and Annual ORSA Report; • Ensures that CIL has established appropriate governance arrangements and escalation procedures such that the risks are monitored and managed; • Reviews and sign off the results of any event driven ORSA reports arising from material changes to the business or business operating environment; • Approves the current and forward-looking capital and changes to it in line with the entity’s risk profile and operations; • Receives assurance relative to the effectiveness of the control environment from the Audit Committee and take actions as appropriate; and • Ensures compliance with regulatory requirements.

CIL Risk Committee	<ul style="list-style-type: none"> • Helps to set the tone and develop a strong risk culture to promote open discussion regarding risk, integrate risk management into CIL strategic objectives and compensation structure, and creates a corporate culture such that people at all levels manage risks; • Reviews and recommends the Risk Management Framework for approval by the Board, ensuring it covers all risk categories and key risk management processes, including Enterprise Risk Management; • Oversees the maintenance of the Risk Management Framework, including the risk policies, and ensures the risk identification, management and monitoring process is effective; • Advises the Board on the current risks facing CIL across its risk universe and supports the development of a risk management strategy; • Provides recommendations to the Board on the risk appetite statement and metrics for each key risk category (i.e. solvency, insurance, market, liquidity and operational risks); • Reviews and monitors CIL exposures against the agreed risk appetite and tolerances, to ensure that the risk profile remains within tolerances and that appropriate, timely mitigating action is taken if any tolerances are breached; • Proposes remedial actions to the Board for any risk appetite breaches or for any issues escalated to the Risk Committee; • Provides oversight of the ORSA process; • Reviews and recommends the Annual ORSA Report for approval by the Board; • Reviews the effectiveness of the Risk Governance Framework; • Reviews and monitor material aggregate exposures across all categories of risk, as well as the output and findings from key stress and scenario testing; • Reviews the emerging risk and the associated mitigation plans on a regular basis; • Oversees the design and implementation of the framework for assessing financial risks from climate change and makes recommendations to the Board; • Reviews regulatory developments relating to governance and risk management and assesses the implications; and • Proposes and agrees the annual Risk function work plan, including proposed deep-dive reviews. Monitors progress against plan and resourcing capability of the Risk function.
UK Executive Committee	<ul style="list-style-type: none"> • Helps implement corporate culture in which risk is understood and managed at all levels; • Provides oversight of the ORSA process; • Reviews the Annual ORSA Report and ORSA Policy and recommends both documents to the Board for approval; • Reviews proposed risk appetite statements and metrics prior to recommendation to the Board; • Reviews the quarterly risk appetite dashboard; • Reviews the quarterly risk and control assessment and incident report, and ensures that the risk identification, management and monitoring process is operating as part of business-as-usual activities; • Ensures CIL's risk profile remains within the Board approved risk appetite limits, and escalates risk appetite breaches to the Board if necessary, including proposed remediation; • Ensures CIL has an appropriate risk and controls framework in place and reviews and recommends the Risk Management Framework for approval by the Board, including risk policies; and • Identifies new risks that arise in the course of business and adds to the risk register as appropriate.
Group Executive Reserving Committee	<ul style="list-style-type: none"> • Reviews the technical provisions and will make recommendations to the Board for sign-off.

Supporting IT Systems

CIL uses a risk system to capture pertinent details about risks and controls and other Enterprise Risk Management processes in support of the ORSA process. Other risk systems are also used by CIL to assess the level of risk within the insurance and investment portfolios, how that risk has changed, and to undertake scenario testing of the exposure.

Risk Management and Risk Appetite Frameworks

The ORSA process is built upon the established and embedded Risk Management Framework and Risk Appetite Framework. A full description of these frameworks is set out in the relevant internal documentation. A summary of the purpose of these frameworks is listed below:

- Establish the risk management governance requirements;
- Ensure a regular review of the risk profile takes place in relation to the strategic and operational objectives of CIL;
- Ensure a regular review of the internal controls and mitigation plans designed to manage identified risks takes place;
- Ensure metrics to support assessment of risks are regularly gathered and reported;
- Ensure that regular review of the appetite for seeking or tolerating risk in pursuit of CIL’s strategic and operational objectives take place; and
- Ensure that regular reporting of the status of risks against risk appetite to the UK ExCo and the Risk Committee takes place.

Reporting

ORSA reporting occurs throughout the year via the quarterly Risk Report, including the quarterly risk appetite dashboard, and also in an annual standalone report to the Board and to the PRA. The quarterly Risk Report contains information on all major risk categories considered by CIL, and includes current concerns, emerging risks, risk incidents, and risk appetite metrics.

Separately, the Annual ORSA Report:

- Recognises the risk, governance and management processes across CIL;
- Conveys the strategy, capital and risk matters for the Board and Risk Committee to review and challenge; and
- Identifies the material one-year and three-year risks to the business and confirm that these are monitored throughout the year through the ORSA process.

The results and conclusions of the Annual ORSA Report are presented to the UK ExCo for review, and ultimately to the Board and Risk Committee for sign-off.

ORSA Process



The ORSA process considers all key risks faced by CIL, including Insurance, Operational, Financial (Credit, Market and Liquidity), Strategic and Group risk, as well as risks included within the SCR calculation.

CIL undertakes stress testing and scenario analysis to identify and quantify potential stress events that could heavily impact the performance and financial resilience of the business. The Risk Management Function involves relevant subject matter experts from key business and functional areas in stress and scenario testing development and selection. This is reported to the Risk Committee and included in the Annual ORSA Report.

Sensitivity analyses are carried out on the business plan as part of the planning cycle to challenge the resilience of the plan and financial impacts of further potential risks to the plan.

The Risk Management Function uses the emerging risk process, with the support of the Oracle Partnership, to help ensure that the identification, monitoring and management of emerging risks that Convex Group should consider. The framework moves beyond historical ad hoc analysis to a structured governance model. A key component of this evolution is the establishment of the Emerging Risk Working Group. The framework clarifies accountabilities, placing primary responsibility for the identification and mitigation of risks within the First Line of Defence, while the Risk Management function provides oversight, facilitation, and reporting to the management and Board.

The results of this process are included in the Annual ORSA Report. Forward-looking activities include:

- The cross-functional planning team meeting with Senior Management to gain their strategic views for the 3-year planning period;
- The cross-functional planning team holding discussions with the Chief Underwriting Officer (Insurance) to identify growth targets, reinsurance trends, assumptions for rating levels and key risks facing the firm;
- The Board signing-off the business plan and risk and capital projections; and
- Independent challenge from the Risk Management function on the three-year business plan, risks to the plan and capital requirements.

Capital Requirements Calculation

CIL has adopted the Standard Formula approach to calculating its SCR. The SCR is calculated by the Actuarial Team and signed off by the CIL Chief Actuary. The appropriateness of the SCR to cover the risks faced by CIL is validated on an annual basis. This is carried out via an assessment of the assumptions underlying the Standard Formula versus the risk profile of CIL, and any key differences are documented in the Annual ORSA Report. An overall assessment of the suitability of the SCR to calculate regulatory capital for CIL based on these differences is also included in the Annual ORSA Report.

Solvency Assessment

The Finance function undertakes a periodic assessment of the funds available to support CIL's economic capital requirements, ensuring that the proportions of available Tier 1, Tier 2, and Tier 3 capital categories meet or exceed the requirements of the SCR.

ORSA Frequency

The ORSA process is continuous. There are quarterly risk updates to the Risk Committee, UK ExCo and Board containing information on Insurance, Financial and Operational risks as well as an update on departmental control environments, incidents and near misses during the quarter and the results of CIL's comprehensive risk appetite metric process. This is supported by an Annual ORSA Report.

Ad hoc ORSAs and Triggers

An ad hoc ORSA may be run outside of the regular cycle in response to certain triggers (see below). This may be a full ORSA or a partial ORSA (where only a sub-section of the ORSA process is impacted). The principle of proportionality is applied to the running of an ad hoc ORSA.

Change to CIL risk profile

The Risk Committee will determine whether or not a full or partial ORSA run is required, upon the recommendation of the Risk Management Function.

The Risk Committee will take into account and advise to the Board the following potential triggers for an ad hoc re-run:

- Material change to the CIL risk profile;
- Failure in underlying controls or risk assessment process leading to an incorrect assessment of capital requirements;
- Significant insurance loss, especially major or multiple natural catastrophe events;
- Major financial market shock; and
- Failure of counterparties or reinsurers, where there is significant exposure.

If one of the above triggers occurs, the decision to run a full or partial ORSA report would be made through consultation involving, at least, the CIL CRO, the CIL Chief Actuary, the CIL CFO and the CIL CEO.

B.4. Internal control function

B.4.1. Description of the internal control system

The internal controls framework is based on the 'three lines of defence' model. Risk management is the responsibility of the employees who constitute the first line, the control owners. Oversight and guidance are provided by the second line through the Risk and Compliance teams.

Control activities carried out by control owners within the business as part of the Risk Management Framework are assessed at least annually. In practice, most are reviewed on a quarterly basis as part of the Risk and Control Self-Assessment process, to ensure that any deficiencies in the control environment are identified and appropriate actions can be taken to improve the overall control environment. These controls serve to reduce the likelihood of occurrence of risks, to ameliorate any impact caused by the risk crystallising, or to enable early detection of the risk's impact.

Independent oversight of the systems of internal control for the business is the responsibility of the third line, the Internal Audit Function. Internal Audit operates a risk-based audit review programme to provide independent assurance to the Board (via the Audit Committee) that the Risk Management Framework and control environment are suitability designed and properly operated and governed.

B.4.2. The Compliance function

The primary purpose of the Compliance function is to assess and manage the Company's exposure to regulatory risk. The Compliance function is an integral part of CIL's risk management system and constitutes a key part of CIL's corporate governance.

The Compliance function manages the relationships with the PRA, the FCA and other regulatory bodies, and is committed to transparent and constructive relationships with regulators. The Compliance function works closely with the Legal function and also with the Risk Management and Internal Audit functions. The Compliance function activities include:

- Horizon scanning and identification of forthcoming regulatory changes;
- Identification of conduct risks and supporting the Board in agreeing measures including metrics and conduct risk appetite;
- Providing advice, support, guidance, and challenge to the business in regards conduct risk, regulatory requirements and financial crime;
- Managing regulatory engagement with regulators, including financial crime and data protection;
- Undertaking ongoing and ad hoc monitoring of the controls implemented by the business and report findings to the Board;

- Managing compliance risks with outsource partners, ensuring that they are aligned with CIL culture and risk appetite;
- Setting the financial crime policy and sanctions framework;
- Escalating identified risks and breaches to management and the Board;
- Liaising with Internal Audit regarding key risk areas and effective use of monitoring and audit inspections;
- Participating in the UK ExCo; and
- Reporting to the Board.

The Compliance function is headed by the Group Chief Compliance Officer who is approved as the SMF16 (Compliance Oversight) for CIL.

B.5. Internal Audit function

B.5.1. Implementation of the Internal Audit function

Internal Audit's purpose is to provide independent and objective assurance over the adequacy, effectiveness and sustainability of Risk Management Framework and the system of internal control to CGL's audit committee, its subsidiaries' audit committees, and to the Executive Committees. It does this by establishing, undertaking and reporting on an approved assurance plan each year.

The Purpose, Authority and Responsibility of the Internal Audit function is defined within the Internal Audit Charter. Internal Audit operates in accordance with the Global Institute of Internal Auditors' international standards, the UK Chartered Institute of Internal Auditors Financial Services Code, all mandatory elements of the International Professional Practices Framework, and Convex Group's Internal Audit methodology. The Internal Audit Charter, which is reviewed annually, was approved by the Audit Committee in December 2025 and is available on <https://convexin.com/>.

Internal Audit is primarily staffed internally with a professional team that has sufficient knowledge, skills, experience and professional qualifications. Where specialist technical support is necessary to supplement Internal Audit resource, this is available through a co-sourcing contract with external specialist firms, ensuring that Internal Audit has immediate access to specialist skills where required.

Internal Audit maintains a quality assurance and improvement programme which includes continuous external quality assurance activity undertaken by a third party as well as feedback gathered via stakeholder and employee engagement surveys. On an annual basis, Internal Audit confirms to the Audit Committee that the International Standards for the Professional Practice of Internal Auditing of the Chartered Institute of Internal Auditors are complied with.

In order to operate an effective framework Internal Audit maintains regular and ongoing dialogue with the first and second line functions to maintain a current and timely perspective of business direction and issues. Demarcation between the third line of defence and the first two lines is preserved to enable Internal Audit to provide an independent overview to the Audit Committee on the effectiveness of risk management and assurance processes within CIL.

The Audit Services Guide provides a framework to Internal Audit on the spectrum of assurance work the function may perform, to give the various stakeholders the most appropriate type of assurance. For example:

- Risk-based internal audits – Internal Audit's standard audit response, this methodology will also be used in the limited circumstances where Internal Audit responds to ad hoc management requests for assurance. This response focuses on assessing the adequacy and effectiveness of key controls mitigating high risk areas.
- Programme & Project Assurance – a series of risk-based assurance responses to programmes and projects. This differs from standard risk-based audits in that it focuses on key controls as well as the commercial aspects of the programme, such as benefits realisation.
- Close and Continuous – this involves Internal Audit having regular meetings with key stakeholders and attending decision making forums as appropriate. It will also include ongoing assessment of key documents as

they are produced. Any concerns will be raised with management at an early stage to allow the programme to address them in a timely manner.

The above are communicated through the following methods:

- Reporting to the Board and Audit Committee, including thematic reporting. Quarterly reporting is provided to the Audit Committee, where the Chief Audit Officer attends to summarise the output within the reporting period and provide an opinion on a number of key risk themes.
- Reporting to the Convex Group Executive Committees, where the Chief Audit Officer presents a summary of the key successes/challenges within the period.
- In addition to the audit client, Internal Audit reports are issued to all executive management and relevant members of the business and the external auditor. Reporting of issues focuses on describing the control breakdown or failure, who was responsible, and the risk that has materialised or could potentially materialise. In response to the issues raised by Internal Audit, management are required to document the steps they are taking to address the issue, provide a realistic timescale and, importantly, the action is assigned a single owner to enhance accountability.

B.5.2. Maintaining the independence of the Internal Audit function

To ensure the independence of Internal Audit, the Chief Audit Officer reports functionally to the respective independent Chairs of CGL and its subsidiaries' Audit Committees, and has a secondary reporting line to the CGL Chief Executive Officer. The CGL Audit Committee approves the performance evaluation, appointment, or removal of the Chief Audit Officer, and reviews their annual remuneration each year.

Internal Audit is functionally independent from the activities audited and the day-to-day internal control processes of Convex Group and is therefore able to conduct assignments on its own initiative, with free and unfettered access to people and information, in respect of any relevant department, establishment or function of the organisation, including the activities of subsidiaries and outsourced activities. The Chief Audit Officer and audit staff are not authorised to perform any operational duties for CIL or the wider Group or direct the activities of any employee not employed by Internal Audit. Internal Audit maintains policies and procedures to ensure that potential conflicts of interest of audit staff are managed appropriately to maintain Internal Audit's independence.

To ensure that the system of governance works efficiently and effectively, Internal Audit will work together and co-operate with the other assurance functions in an appropriate open and collegiate way (for example, Risk Management and Compliance). Where such co-operation takes place, the work will be planned and carried out in such a way as to ensure that the independence and objectivity of Internal Audit remain safeguarded.

B.6. Actuarial function

The Actuarial function is led by CIL's Chief Actuary ("CA"), who reports to the CIL CEO. The Actuarial function is accountable for actuarial methodologies and calibrations. It also considers the appropriateness of the capital modelling activities. The Actuarial function produces an annual report to the Board providing information necessary for the Board to form their own opinion on the adequacy of technical provisions and capital requirements, and on underwriting and reinsurance arrangements.

The Actuarial function has the authority to review all areas of the Company and has full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work. The independence of the Actuarial function is derived through its organisational separation from other functional areas. The CA ensures that those persons employed by the Actuarial function in a defined actuarial role are subject to the Fit and Proper policy requirements to ensure they have the requisite skills and knowledge to complete their responsibilities.

B.7. Outsourcing

B.7.1. CIL outsourcing policy

The CIL culture challenges the status quo and incorporates innovation, flexible working and collaboration in our day-to-day working. Working with our outsourced business partners (both third parties and within the Convex Group) based in

the UK, USA, Bermuda, Europe and Asia, we believe that we can provide the best support to our underwriters, with nimble, efficient systems and processes to help them make the best decisions and provide value-added service excellence to our clients and brokers.

CIL has considered the impact of all outsourcing and is continuing to develop:

- effective processes to identify, manage, monitor and report risks;
- methods for assessing the standard of performance of the service provider;
- appropriate escalation measures if the service provider may not be carrying out the functions effectively and in compliance with applicable laws and regulatory requirements;
- the necessary expertise to supervise the outsourced functions effectively; and
- the right to terminate the arrangement without detriment to the continuity and quality of its provision of services to clients.

CIL also works to ensure that any service provider must:

- have the ability, capacity, and any authorisation required by law to perform the outsourced functions, services or activities;
- disclose any material impact on its ability to carry out the outsourced functions effectively;
- protect any confidential information relating to the CIL and its clients;
- establish, implement and maintain a contingency plan for disaster recovery and periodic testing of backup facilities having regard to the outsourced function, service or activity; and
- obtain prior approval from CIL for the use of sub-delegates and warrant that the primary contract terms and conditions extend to the sub-contract with such sub-delegation.

CIL recognises that the responsibility and accountability of all outsourcing functions remains with the Board, who will ensure that due diligence, expertise and skill is exercised when entering into, managing or terminating any outsourcing arrangement. The Board also acknowledges that CIL remains fully responsible for discharging all of the Solvency II Directive requirements, notwithstanding any outsourcing. Group Operations currently submits a report on the performance of services by the major service providers to the CIL Executive Committee on a quarterly basis, key highlights of which are discussed with the Board as appropriate.

Where necessary, the outsourcing agreements are reviewed annually and where material, changes are brought to the Board for consideration and approval. The governance structure for CIL's major service provider has several layers, thereby ensuring the right audience and authority is engaged for discussion and agreement, whilst maintaining overall Board responsibility and accountability.

CIL has outsourced the provision of products/services in the following categories:

- Actuarial Operations;
- Ceded Reinsurance Operations
- Claims Operations;
- Facilities & Workplace Management;
- Finance Operations;
- HR Operations;
- Investment Management;
- IT Desktop and Application Support; and
- Underwriting Operations.

The CIL outsourcing model ensures that outsourcing does not result in the undue increase of operational risk, materially impair the quality of system of governance of the firm, impair the ability of supervisory authorities to monitor compliance of CIL nor undermine continuous and satisfactory service to policyholders.

B.8. Any other information

No further information to provide.

C. Risk profile

C.1. Insurance risk

C.1.1. Risk description

At CIL, we consider Insurance risk in a hierarchy to provide a structure for managing the different components of Insurance risk.

Beyond 'Level 1' Insurance risk we also define 'Level 2' and 'Level 3' sub-risks as follows:

Risk Category 'Level 2'	Risk Category 'Level 3'	Risk Category 'Level 3' Definition
Underwriting Risk – Insurance/ Reinsurance	Major Events Exposure Risk	The risk that the Company's actual loss experience arising from major events is such that targets in the Business Plan are not achieved.
	Non-Major Events Exposure Risk	The risk that the accumulation of attritional losses from non-major events is such that targets in the Company's Business Plan are not achieved.
	Portfolio Risk	The risk that Convex risk selection and Underwriting portfolio management is unaligned to the Business Plan and underwriting strategy.
	Premium Risk	The risk of failing to determine the appropriate price (based upon modelling, underwriting expertise or claims experience) that supports the Business Plan and underwriting strategy.
Reserve Risk	Actuarial Reserve Risk	The risk that the earned reserves held by Convex are inadequate or inaccurate.
	Claims Reserve Risk	The risk that outstanding amounts set for known claims are 'outside the claims reserving philosophy or inaccurate'.
	Inflation Risk	The risk of material losses in both assets and/or liabilities arising from changes to the level of CPI or equivalent.
Portfolio Management Risk	Ceded Re. Risk	The risk that Convex has inappropriate or inadequate reinsurance cover that results in undue exposure or inadequate recoveries.
	Ranking Risk	The risk that Convex inadequately ranks risks for business decisions and Portfolio Optimisation.
	Exposure Management Risk	The risk that Convex inappropriately and/or inadequately analyses its aggregate exposures for business decisions and Portfolio Optimisation.
	Optimisation Risk	The risk that Convex inadequately assesses or optimises its risk profile for business decisions and Portfolio Optimisation.

C.1.2. Risk mitigation

Mitigation of Insurance risk at CIL is broadly achieved through the following interlinked processes that create an effective control cycle for the risk. These processes are:

1. Governance;
2. Risk appetite and limits;
3. Internal controls;
4. Risk transfer; and
5. Monitoring and reporting.

Governance

Insurance risk is overseen by the following governance committees, where they undertake review and challenge. The key committees are:

- Board of Directors;
- Risk Committee;
- Audit Committee;
- UK Executive Committee;
- Group Executive Risk Committee;
- Group Executive Reserving Committee;
- Major Event Committee; and
- Insurance Underwriting Executive Committee.

Risk Appetites and Limits

- CIL has articulated risk appetites for underwriting risk, reserve risk and single risk exposure; and
- Each line of business also has specific appetites and underwriting guidelines which articulate our desired risk profile.

Internal Controls

Underwriting and Portfolio Management risk:

- As part of the business planning process, the portfolio is developed ground up with granular risk selection supported by an in-house tool;
- Underwriting Authorities and Monitoring system;
- Delegated Authority approval process;
- Underwriting Guidelines;
- Underwriting Game Plans;
- Peer review;
- Product Oversight and Governance process; and
- Pricing models.

Reserve risk:

- Claims Handling Authorities;
- Claims Core Principles and Procedures;
- Delegated Claims Core Principles and Procedures;
- Reserving Policy and Philosophy;
- Inflation Working Group; and
- Audit of reserves.

Risk Transfer

Convex Group purchases a significant reinsurance programme across the Group (using traditional products and other transfer mechanisms to mitigate risk within acceptable limits). Convex Group has a policy in place to help deliver an effective ceded reinsurance programme and to control and mitigate residual underwriting risk. This is managed by a dedicated Ceded Re team.

Monitoring and Reporting

Insurance risk is monitored and reported through a number of mechanisms including:

- Natural catastrophe analysis;
- Key Insurance and Reinsurance underwriting metrics;
- Quarterly Reserving Dashboard;
- Claims trends reporting;
- Reserve report;
- Insurance Risk Monitor; and
- Insurance risk appetite reporting.

C.1.3. and C1.4. Measures used to assess risk and concentration

Convex Group has a number of modelling tools to help assess both Underwriting and Reserve risk. These include:

- The core internal reserving model;
- Vendor catastrophe models;
- Sequel Impact; and
- Renew pricing / ranking models.

These tools are used to produce a range of risk measures and metrics which are monitored and reported.

C.1.5. Material changes over the reporting period

- Enhancements to the risk and control register used in the RCSA process each quarter, following work with the relevant first line functions.
- An external consultant performed the first formal validation exercise over the Convex Core Model, which provides key outputs that inform Insurance risk appetite measurement and reinsurance purchase. This review focused on the more material elements of the Core Model and concluded that it was fit for purpose, while also identifying recommendations to be addressed by the Capital Modelling team. We expect Core Model validation, overseen by the Risk Management function, to be established as a regular activity going forward.
- Implementation of Verisk Touchstone v11 has been completed in 2025 and will be embedded and used in 2026. This will improve the monitoring of natural catastrophe events.

C.2. Market Risk

C.2.1. Risk Description

Market risk is the risk which arises from fluctuations in interest, inflation or exchange rates as well as asset risk premiums. CIL is exposed to Market risk through the impact of market movements to its asset portfolio and to the fair value of its insurance liabilities.

Market risk impacts to the balance sheet arise from various factors, including the following:

- Rising interest rates and/or credit spreads of the fixed-income investments can reduce the market value of the asset portfolio. From an economic point of view, there is a natural hedge provided by the liabilities because as interest rates increase this decreases the market value of the liabilities, thus absorbing part of the impact. However, the net position remains sensitive to interest rate movements.
- A decline in the market value of assets other than fixed income, driven by equity and/or property markets could adversely impact the availability of surplus capital.
- A change in foreign exchange rates could have an impact for CIL, due to any potential currency mismatches between assets (cash exposures, investment assets and any currency-hedging derivatives) and liabilities (claims and expenses), as well as any currency mismatch between claims and internal reinsurance recoverables.

- An increase in inflation rate may lead to a nominal increase in the value of CIL's liabilities and other expenses and affect the valuation of assets in the CIL portfolio.

C.2.2. Investment management in accordance with the Prudent Person Principle

The Company manages its investment portfolio in line with the PRA's Prudent Person Principle, as set out in supervisory statement SS1/20, by applying the requirements and principles described in the Financial Market Risk Framework and the Investment Guidelines. These requirements and guidelines ensure that risks in the current portfolio and in new investment proposals can be identified, measured, monitored, managed and controlled.

Assets are invested taking into consideration the profile of the liabilities in terms of timing and sensitivity to market factors.

Concentration risk limits are in place to ensure the portfolio is appropriately diversified and the overall level of risk is limited by an aggregate market risk limit. Further, CIL has modest exposure to Level 3 assets, and thus has lower uncertainty around the valuation of financial assets.

CIL ensures the availability of assets to pay in a timely manner claims and other obligations by having in place procedures that measure excess liquidity in stressed market conditions, in line with the risk framework.

C.2.3. Risk mitigation

Market risk for CIL is kept at a limited level, owing to the prudent investment strategy and asset allocation, which has limited exposure to higher volatility classes such as equities.

The level of Market risk is managed by:

- Taking into consideration the market risks inherent in CIL's insurance business, expenses and other liabilities including shareholder's capital when managing the investment portfolio;
- Setting and monitoring an Aggregate Market Risk Limit of 25% of the available risk capital, defined as a 1-in-200 return period loss over a one year time horizon; and
- Setting individual stress test risk limits for the respective market sub-risks at two-thirds of the Aggregate Market Risk Limit for interest rate, spread, equity and property risks and at one-third of the Aggregate Market Risk Limit for Foreign Exchange ("FX").

C.2.4. Measures used to assess risk

Measures used to assess Market risk in the business include:

- Profit and loss results estimated using a set of stress tests, calibrated at a 1-in-200 one-year event, and subject to an overall market risk limit; and
- Capital requirements measured using the Solvency II Standard Formula to assess market risk by sub-risk and in aggregate.

C.2.5. Risk concentration

Concentration to Market risk factors is monitored by the quantitative stress tests, including stress tests for:

- Interest rate risk (separated by primary components such as parallel and steepening or flattening movements);
- Credit spread risk (separated by rating, duration and type of asset);
- Equity risk, including private equity and other illiquid assets;
- Foreign exchange risk;
- Real estate risk;
- Hedge funds; and
- Inflation risk.

In addition, as mentioned above, exposure to each market sub-risk is limited with a risk limit equal to two-thirds of the Aggregate Market Risk Limit for interest rate, spread, equity and property risks and to one-third of the Aggregate Market Risk Limit for FX.

Concentrations to issuers and single investments are limited in the concentration risk framework, discussed in the Credit risk section.

C.2.6. Material changes over the reporting period

The Market Risk utilisation, expressed as the impact of a 1-in-200 year market event divided by the Aggregate Market Risk Limit, is broadly unchanged over the year. The low utilisation of the limit reflects the Company's prudent approach to market risk.

During 2025, the methodology for calculating market risk was updated from an internally-developed system, which used a mixture of deterministic and stochastic approaches for different risks, to software provided by an external vendor which uses an economic scenario generator and a data feed of line-by-line security holdings. This new approach provides additional insights into the tails of the distribution and the ability to drill down into specific asset classes and security holdings in more detail than before.

C.3. Credit risk

C.3.1. Risk description

Credit risk is the risk of loss due to the failure of a counterparty to meet its contractual obligation to repay a debt. Credit risk arises either from the fixed income portfolio, where a default of a counterparty would incur a financial loss, or through underwriting insurance due to the regular transactions with counterparties such as brokers and reinsurance companies.

CIL's credit risks arise principally through the following exposures:

- Fixed income securities, which includes investments in sovereign and corporate bonds, securitised assets and other credit risk assets;
- Insurance exposures arising from the Political and Credit Risk line of business;
- Reinsurance assets, where credit risk arises in relation to the reinsurance asset held;
- Other assets, including bank deposits; and
- Insurance assets and receivables.

C.3.2. Risk mitigation

Credit risk is mitigated by monitoring a set of limits that control the risk of loss from a potential failure of an individual issuer or issue. These limits aim at managing the default risk of a given issuer, depending on its rating of all bonds issued by the issuer and held by CIL (corporate, Government agency and sub-sovereign) and are defined as a percentage of the Assets Under Management ("AUM"), with higher risk investments set at a lower percentage.

The set of limits ensures a well-diversified investment portfolio, including treasury exposures, limiting the loss following the default of a particular issuer. CIL proactively monitors credit ratings, applying an internal rating that takes into consideration changes in market observable credit spreads that could indicate potential future downgrades.

Compliance with the limits is ensured through defined governance processes. The Risk Management and Investment functions monitor the exposure against the limits on a daily basis, and report on a monthly basis, with any issuer exposure breaches reported to the CIL CFO for remediation or a waiver if the risk is accepted.

Insurance exposures arising from the Political and Credit Risk line of business are subject to an overall limit and monitored monthly through a defined governance process.

Credit risk on insurance assets is managed through CIL's Finance function, which monitors the ageing of receivables and overdue balances. Further, reinsurance credit risk is managed via a reinsurance approval process, which takes

into account the credit rating of the reinsurer and the size of the exposure, and also by holding collateral posted by non-rated counterparties. Limits have been established for reinsurance exposures, by counterparty and tier. The limits are calibrated with reference to stressed losses given default and the aggregate limit is set with reference to available capital to ensure losses in a shocked environment remain within risk appetite.

In particular, in terms of the intragroup quota share reinsurance contract between CIL (the reinsured) and Convex Re Limited (the reinsurer), a collateral arrangement has been put in place whereby for the benefit of the CIL, Convex Re Limited posts collateral based on the outstanding technical balances (i.e. the sum of unearned premiums and unpaid ultimate claims liabilities). Collateral consists of high quality fixed income securities acceptable to CIL and is posted in a custody account with the Convex Group's custodian.

A net aggregate exposures limit is in place for the overall Political and Credit Risk underwriting line of business.

C.3.3. Measures used to assess risk

Credit risk is measured in terms of exposure to default, probability of default and loss given default. Credit ratings are used as indicators to assess credit risk, measure capital and take investment decisions. CIL uses external credit ratings as well as market adjusted ratings which adjust rating according to spread levels.

CIL uses a 'loss given default' measure to assess reinsurance counterparty risk. This measures the probable loss given a reinsurer default in a set of clash scenarios. For insurance assets and receivables an 'exposure to risk' metric is utilised.

A counterparty credit risk model producing a distribution of counterparty credit losses for Investment and Treasury exposures based on stochastic Economic Scenario Generator scenarios is used.

CIL also utilises a Reinsurance Counterparty risk module within the Core Model. The Reinsurance Credit Risk calculation process simulates output variables in respect of "Credit Loss per Unit Exposure". In particular, it is responsible for generating losses (as a proportion of exposure) from counterparties defaulting on their obligations. Losses related to a reinsurer's future exposure as well as potential losses on current recoverables represent the reinsurance counterparty's obligation. The generated loss are used for determining credit losses by taking into account exposure to each counterparty at each time period.

C.3.4. Risk concentration

Concentration risk is monitored by a set of limits that control the risk of loss from a potential failure of an individual issuer or issue. These limits aim at managing the default risk of a given issuer, depending on its rating, and related to Investment, Treasury and Ceded Reinsurance counterparty exposures. For Political and Credit Risk insurance exposures, counterparty and country limits are also in place to ensure concentrations are managed.

Compliance with the limits is ensured through defined governance processes. The Risk Management and the Investment function monitor the exposure against the limits on a daily basis, and reports on a monthly basis, with any issuer exposure breaches reported to the CIL CFO for remediation or, in exceptional circumstances, a waiver.

As at 31 December 2025, Credit risk was well-diversified. Concentration limits were adhered to, thereby limiting concentration risk in exposure to counterparties.

C.3.5. Material changes over the reporting period

The three most material components of CIL's credit risk are investments in fixed income securities, overdue broker balances, and reinsurance receivables. The first two components are materially unchanged over the year, but reinsurance recoverables continue to grow in line with the growth of the business.

C.4. Liquidity risk

C.4.1. Risk description

Liquidity risk is the risk that insufficient liquid funds are held to meet all liabilities as they fall due or that liabilities can only be met at a high cost.

Managing liquidity is about limiting the possibility of having to be forced to sell assets or borrow money to meet obligations in a stressed environment, where either CIL or the market itself is weak. Such scenarios would result in a weak bargaining position for CIL and would likely force it to give up value at prices below inherent worth. The costs of such events may be compounded by the potential loss of market reputation, which may leave counterparties hesitant to place longer term risks with CIL and thus erode franchise value.

The current risk appetite statement on liquidity requires that CIL will maintain sufficient liquidity to meet its obligations when they fall due, even under a stressed scenario.

To satisfy the risk appetite statement, a Group Liquidity Stress Testing Framework is in place to ensure CIL holds sufficient liquidity to meet an extreme stressed scenario, defined as the combination of a large loss event and a market liquidity shock, while ensuring sufficient liquidity is also available after the extreme stressed scenario to continue to support day-to-day operations.

C.4.2. Risk mitigation

CIL manages Liquidity risk by ensuring the investment portfolio has sufficient liquid assets in an extreme stressed scenario, measured over several time horizons. This process involves modelling the investment portfolio when setting the investment plan each year, as well as performing further monitoring on a quarterly basis.

C.4.3. Measures used to assess risk

The measure employed to assess Liquidity risk is Net Excess Liquidity, defined as Available Liquidity less Required Liquidity (including a margin) and should remain positive for over the projected period defined within the Liquidity risk Framework for both the normalised and stressed scenarios.

C.4.4. Risk concentration

There are no Liquidity risk concentrations identified as at 31 December 2025.

C.4.5. Material changes over the reporting period

The overall net liquidity position as a percentage of AUM is materially unchanged over the year.

During 2025, the liquidity risk model has undergone several small enhancements which better capture some of the liquidity stresses the business faces, but these changes did not have a significant impact on the liquidity risk metric.

C.5. Operational risk

C.5.1. Risk description

Operational risk is defined as an assessment of the uncertainty of likelihood and/or impact that CIL could incur future unplanned losses in respect of people, process or system failures, and external events during normal operation of its business.

In order to facilitate the identification and management of operational risk, CIL breaks down operational risk into the following sub-categories:

Sub-risk	Description
People Risk	The risk that Convex is unable to attract, develop, motivate and/or retain the appropriate talent and skills needed for the business to fulfil its Strategic objectives and goals.
Process Risk	Risk / uncertainty associated with processes, including occurrence of errors and omissions arising within any of the functions within Convex.
Regulatory Risk	The risk that Convex fails to comply with applicable legislation and regulations for each of the local Regulators.
Conduct Risk	The risk that the Convex Conduct Risk Framework does not achieve fair outcomes for its policyholders and clients.
Data Risk	Risk / uncertainty relating to maintaining the quality of data used within Convex's daily operations. Encompasses external data, internal data input, data loss and data corruption and also that data is accurate or within acceptable tolerances.
Outsourcing & Third-Party Risk	Risk / uncertainty of unintentional or deliberate failures of service providers to deliver services in accordance with pre-agreed service standard contracts or engaging with service providers with no service standards in place.
IT Risk	Risk / uncertainty related to ensuring the continued availability and effective functioning of Convex Group and its legal entities information technology infrastructure and encompasses information security, the network, software, hardware, communications, AI, and internal and external data interfaces.

C.5.2. Risk mitigation

CIL has developed and embedded an effective control environment to mitigate against operational risk. These controls are rated according to their design and effectiveness and are stored within a risk system. Controls are reviewed periodically and analysed to ensure that the risk is being mitigated as expected.

C.5.3. Measures used to assess risk

Operational risk is assessed via the Risk Management Framework, with each risk being assigned an inherent impact, reflecting the level of risk in the absence of functional controls. Risks are then given an equivalent residual impact to reflect the level of risk with the current controls in place. The residual risk ratings are then summarised for reporting to management and the Board, including the identification of follow-up actions for key risks.

Risk incidents are reported via the risk management system and the data is analysed for trends or concentrations with regards to root causes, departments, risk owners and other such categories.

C.5.4. Material changes over the reporting period

Operational risk has continued to be an area of focus for management throughout 2025.

The key developments in operational risk have been:

- Continued systems and infrastructure development to support underwriting and finance processes; and
- A continued focus on cyber resilience.

Information Security

Information Security and Cyber resilience remains an area of focus for the Group, as the emerging threat landscape coupled with the increasing sophistication of cyber-attacks has highlighted the necessity for CIL to ensure it has robust and effective controls in place to mitigate against these threats. CIL's IT Security team regularly assess its maturity on cyber security controls with updates provided to the Risk Committee to ensure that senior leadership are aware of any related issues and outstanding actions in addition to the quarterly risk and control assessment process carried out by the Risk Management function. Convex Group carries out regular Business Continuity Planning ("BCP") exercises covering the cyber-breach scenarios to test the capabilities of our preparations to deal with a cyber incident.

Third-party and Outsourcing Management

Although CIL utilises third-party and outsourcing arrangements, it recognises the risk of these agreements and there is ongoing assessment and monitoring of the risk level to key outsourcing partners. Risks related to these arrangements and risk incidents are incorporated into the Risk Management Framework, with monitoring and oversight.

C.6. Other material risks

C.6.1. Description of other material risks

Strategic risk

There is a degree of Strategic risk inherent in the plans of CIL. The aim of the Company is to become a scale player in the P&C market, and therefore there is an execution risk if CIL fails to deliver on its strategic objectives.

Group risk

CIL has a degree of Group risk associated with it, as it is a subsidiary company of Convex Group; however, the Group remains relatively small with a lean structure (one holding company and four underwriting entities), which therefore reduces complexity and impact of this risk.

Climate change risk

The effects of climate change and global warming are becoming more apparent, as evidenced by increased heatwaves, erratic rainfall and greater weather extremes. The risks to insurers associated with such changes are complex and need to be considered alongside other developing risk factors such as inflation and urbanisation, as well as the transition to a net zero pathway.

Climate-related risks have been embedded within the Company's existing Group Risk Management Framework for several years, ensuring that these risks are appropriately identified, assessed and prioritised in line with standard risk management processes. Given the uncertainty and complex nature of these risks the Company also established additional processes to facilitate their identification and assessment, such as the Climate Change Risk Assessment Framework ("CCRAF") and tailored Climate Scenario Analysis. This multi-faceted approach is formalised in the Climate Risk Management Framework and aligned with the Company's Double Materiality Assessment.

The Company views climate related risks in the following categories, which have been defined and incorporated in the risk register as follows:

- Physical risk – An increase in the frequency and severity of specific weather events which occur as a result of climate change, e.g. floods, heatwaves and wildfires; or longer term shifts in the climate such as a rising sea levels or mean temperatures.
- Transition risk – Risks arising from the process of adjustment towards a low carbon economy e.g. the impact on business models from the emergence of disruptive technology, changing risk profiles of our insureds, asset price volatility and changes in government policy and consumer preferences.
- Liability risk – The risk of parties who suffer loss from climate change seeking to recover those losses from those who they believe may have been responsible, and risks associated with decarbonisation/environmental statements and commitments.

The inclusion of climate risks within the risk register allows the Risk Management function and key stakeholders to continually assess these risks and associated controls, and establish mitigating actions where necessary. The Company's climate sub-risk register contains a wide array of granular risks that focus on specific components of these main risk channels, whilst facets of climate risk which are particularly uncertain are managed through the emerging risks process.

In 2025 the Company adopted risk appetite statements for each of these risk categories, ensuring that climate risk exposures remain within approved thresholds aligned with the Group's wider strategy and business model. The statements are underpinned by KRIs and risk tolerances, which are monitored quarterly.

In addition, the CCRAF is a key tool used by the Company to evaluate the actual and potential impacts of climate change on underwriting lines, using an internal risk scoring methodology. This tool enables Convex to identify areas of the portfolio that may be particularly exposed to certain climate risks or require further investigation.

The investment portfolio, primarily short-duration sovereign debt, has limited exposure to climate-sensitive sectors. ESG integration is embedded in manager selection and oversight, with an expanding focus on impact investing and infrastructure resilience projects. Climate scenario testing (using General Insurance Stress Tests) indicates limited portfolio vulnerability, and ESG metrics are now systematically reported and monitored.

Investment portfolio

CIL's external asset managers provide quarterly reporting which includes an assessment and rating of our investment portfolio on carbon intensity and ESG metrics against a relevant benchmark. This allows the investment team to monitor how exposure to ESG and climate risks in the portfolio are evolving over time and enables us to engage in dialogue with our managers over particular issuers or sector concentrations which may detract from the overall sustainability of the portfolio. CIL considers its aggregate Climate Change risk and ESG exposure in the portfolio to be moderately low, manageable and in line with risk appetite.

In addition to ESG considerations in our broader investment portfolio, we have implemented our 'Impact Investing' strategy, targeting investment opportunities which contribute to specific environmental or social outcomes. As awareness and focus on the impact of investments has grown over time, and in line with the belief that as an asset owner CIL has an ability to direct capital to investments that contribute to specific environmental or social outcomes, a strategic framework is developed to enable the identification, screening, and allocation of impact investments.

Governance

The Company is aware that effective management of climate risk is critical to the long-term success of its business. Accordingly, primary responsibility for climate risk is vested in the Convex Group Board, which is responsible for directing the ESG strategy (including towards climate risk) across the Group. The Group strategy is further adopted by the Company's Board. Convex Group has an established ESG Committee led by the Chief Sustainability Officer. This reviews and recommends priorities which are reported through the quarterly ESG Summary prepared by the Chief Sustainability Officer. In addition, the Convex Group has also formed a Sustainable Underwriting Group to help inform our Net Zero underwriting strategy and to develop ESG-linked underwriting opportunities.

The Company's Board has engaged on climate risk and broader sustainability issues over the past few years in a variety of contexts. These include considering the adequacy of the identification and management of climate risk through the ORSA and quarterly CRO reporting and monitoring progress of the ESG strategy and reviews priorities through the quarterly ESG Summary Report prepared by the Chief Sustainability Officer.

CIL, as a member of Climatewise, reports its alignment against Climatewise Principles, with the report published on the Convex Group website. This represents Convex Group's key climate related reporting, and is aligned to the UK's climate and sustainability reporting framework.

C.6.2. Risk mitigation

Strategic risk

Strategic risk is mitigated in part by the expertise of a wide array of industry veterans within the Company, and on the Board, who continually review the strategy being enacted, whilst being aware of current market developments. In this phase of business growth it is essential to remain agile and able to react positively to latest developments.

Additionally, the business planning process has robust controls, setting out the plan against a variety of different market backdrops, and thereby indicating a range of differing outcomes on a multi-year basis.

Group risk

Group risk is mitigated largely by ensuring that all parts of the Group are aware of the strategy and priorities of the others, and from maintaining multiple functions and teams at a Group level. This allows CIL to work in lockstep with the other companies in the Group.

Financial risks from Climate Change

Convex's financial risks from Climate Change are mitigated through a number of techniques. On the Investment side, the external asset managers are responsible for the tactical asset allocation, including the integration of ESG factors. There is also ongoing review of new products and strategies that have a dedicated ESG or Climate Change related focus, in particular those that can have high impact to key climate or social themes.

Convex has also formed a Sustainable Underwriting Group to help inform our Net Zero underwriting strategy and to develop ESG-linked underwriting opportunities. Convex has taken a leading position in the underwriting of Offshore wind across both energy and liability lines.

C.6.3. Measures used to assess risk

Whilst there is scenario testing in relation to the Climate Change risk, none of other additional risks are measured quantitatively at present, although work continues to assess and define an appropriate risk management approach for these risks.

C.6.4. Material changes over the reporting period

As with other risks, the material changes were the ones associated with the growth of Convex and continuing to embed a fully operational insurer of scale.

C.7. Any other information

C.7.1. Stress testing and sensitivity analysis

Stress testing and sensitivity analysis is an important part of the Risk Management Framework, and of the testing performed by the Risk team to ensure that CIL remains prepared for potential deviations from expectations. Convex performs a significant number of stress tests within BAU processes at Group level and at subsidiary level as well as performing specific, bespoke stress tests for the Annual ORSA Report.

The testing throughout the year includes:

1. Sensitivity tests to understand the impact of key assumptions within models and business planning;
2. Stress testing to better understand and mitigate what could arise from single events;
3. Scenario analysis where several stresses across risks occur at the same time; and
4. Breaking scenario analysis to show how CIL could 'break'.

The tests included in the latest ORSA report give a comprehensive view of the stress and sensitivity analysis performed at Convex both as BAU and bespoke tests. These include the risks noted below.

Underwriting risk:

- Stochastic underwriting stress tests – Analysis of natural catastrophe and non-natural catastrophe perils at a number of high return periods and bases.

Reserve risk:

- Stochastic reserve stress tests – Analysis of the reserve risk distribution to ultimate.

Market risk:

- Deterministic stress tests: 2008 Global Financial Crisis; Covid-19; Interest Rate Shock.

Operational risk:

- Third-party penetration testing.
- Incident response executive tabletop exercise.
- Key system outage and restoration simulation.

- Several scenarios testing the operational resilience of CIL.

Combined stress tests:

- Analysis of high return period profit and loss shocks which are a combination of underwriting risk, reserve risk, credit risk and market risk.

Reverse stress tests:

- Analysis of the extremity of events required to render CIL unviable from a capital or other perspective.

In all of these scenarios CIL maintained an adequate SCR coverage ratio, except the reverse stress tests where the SCR is deliberately breached.

C.7.2. Exposure arising from off-balance sheet positions and/ or special purpose vehicles (“SPV”)

This currently does not apply to CIL.

C.7.3. Other material information regarding the risk profile of the business

There is no other material information relating to the risk profile of the business.

D. Valuation for solvency purposes

The 'Valuation for solvency purposes' section of this report provides a description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset and liability class.

The Company's UK GAAP balance sheet is presented in column (b) of Table D.1 below, in accordance with the classification of assets and liabilities used in its financial statements. The references given in column (a) are to relevant accounting policies and notes provided in the financial statements.

A number of reclassifications, required to align CIL's UK GAAP balance sheet as shown in its financial statements to the classifications required for the prescribed format of the Solvency II balance sheet Quantitative Reporting Template ("QRT"), are given in column (c). The most significant reclassifications are:

- Under the Solvency II Regulations cash flows relating to reinsurance premiums are included within Reinsurance Recoverables, and cash flows relating to premiums and policyholder tax are included within Technical Provisions. In the UK GAAP balance sheet these amounts are included within reinsurance payables, insurance and intermediaries' receivables and other liabilities respectively.
- Investments, including cash equivalents, are reclassified under Solvency II. They also include accrued investment income which is classified within prepayments and accrued income under UK GAAP.

CIL's assets and liabilities, as valued under UK GAAP and reclassified in line with Solvency II Regulations, are shown in column (d). CIL's Solvency II balance sheet is summarised in column (e) and detailed in the balance sheet QRT IR.02.01.02 included in Appendix B.

Differences between the valuation of CIL's assets and liabilities under Solvency II and UK GAAP are presented in column (f). Where the valuation of assets and liabilities is the same under UK GAAP and Solvency II, a description of the bases, methods and main assumptions can be found in the accounting policies and notes of CIL's financial statements. If the valuation is materially different, a description of the bases, methods and main assumptions used under Solvency II is given in Sections D.1, D.2.1 and D.3 below. Where alternative methods of valuation have been used these are detailed in Section D.4.

Assets and other liabilities have been valued, according to the requirements of the Solvency II Regulations, at the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction. The value of other liabilities is not adjusted to take account of the impact of changes in own credit standing of CIL.

CIL applied the following hierarchy of valuation approaches:

1. Quoted market prices in active markets for the same assets or liabilities.
2. Quoted market prices in active markets for similar assets and liabilities (with adjustments to reflect differences where necessary).
3. Alternative methods of valuation.

CIL considers markets to be active where transactions take place with sufficient frequency and volume for pricing information to be available on an ongoing basis. Where CIL has concluded that markets are not active, alternative methods for valuation are used.

Table D.1 – UK GAAP & Solvency II

	Note in Financial Statements	UK GAAP balance sheet classified according to financial statements	Reclassification of UK GAAP balance sheet categories	Reclassified balance sheet	Solvency II balance sheet	Valuation differences between Solvency II & UK GAAP
As at 31 December 2025 (\$000s)	(a)	(b)	(c)	(d)=(b)+(c)	(e)	(f)=(d)-(e)
Deferred acquisition costs	6	498,044	—	498,044	—	498,044
Financial investments including Debt securities, Collective investment undertaking, Derivatives and Investment in subsidiaries	12,18	3,536,295	68,786	3,605,081	3,594,311	10,770
Reinsurance recoverables	6	3,958,838	—	3,958,838	1,248,474	2,710,364
Insurance and reinsurance receivables	13	2,280,085	(57,430)	2,222,655	472,747	1,749,908
Cash and cash equivalents		61,823	(37,881)	23,942	23,942	—
Deferred tax asset	11(c)	4,432	—	4,432	4,432	—
Any other assets not elsewhere shown		100,734	26,525	127,259	127,259	—
Assets		10,440,251	—	10,440,251	5,471,165	4,969,086
Technical provisions	6	(6,227,167)	—	(6,227,167)	(3,037,855)	(3,189,312)
Insurance and reinsurance payables	14	(1,715,982)	—	(1,715,982)	(27,226)	(1,688,756)
Deferred tax liabilities		—	—	—	(33,362)	33,362
Payables (trade, not insurance)	16	(68,272)	—	(68,272)	(68,272)	—
Other liabilities, not elsewhere shown	16	(258,014)	—	(258,014)	(44,318)	(213,696)
Liabilities		(8,269,435)	—	(8,269,435)	(3,211,033)	(5,058,402)
Excess of assets over liabilities		2,170,816	—	2,170,816	2,260,132	(89,316)

D.1. Assets

Assets have been valued according to the requirements of the Solvency II Directive and related guidance, where the basis of the Solvency II valuation principle is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

A description of the basis of valuation under Solvency II along with valuation differences between the Solvency II bases and the UK GAAP financial statements, by asset class, is provided below. If the valuation method has been described in the financial statements or is an alternative method of valuation detailed in Section D.4, it has not been included in this section.

D.1.1. Deferred acquisition costs

Deferred acquisition costs are recognised under UK GAAP reporting and deferred to the extent they are expected to be recoverable out of future margins in revenues on those contracts. Under Solvency II these are not recognised and are therefore valued at nil in the Solvency II balance sheet. The associated cash flows are included in the valuation of Solvency II Technical Provisions.

D.1.2. Deferred tax assets and liabilities

Deferred tax is determined on a non-discounted basis in accordance with the principles under UK GAAP on temporary differences between the economic value of assets or liabilities on the Solvency II balance sheet and their tax base. Deferred tax asset recognition for Solvency II purposes is subject to the more prudent requirements of PRA Supervisory Statement 2/14 compared to the principles under UK GAAP which govern recognition in the financial statements.

D.1.3. Financial investments

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

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities. Quoted in an active market in this context means quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted price is usually the bid price.
- Level 2: When quoted prices are unavailable the instrument is valued using inputs that are observable, either directly or indirectly, using quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs that are observable such as interest rates and yield curves observable at commonly quoted intervals, implied volatility or credit spreads and market-corroborated inputs.
- Level 3: When observable inputs are not available, unobservable inputs are used to measure fair value by use of valuation techniques. The objective of using the valuation technique is to estimate what the fair value would have been on the measurement date.

Collective investment undertakings are carried at fair value using quoted unit prices, which is consistent with Solvency II guidance. The Solvency II valuation of deposits other than cash equivalents is in line with the UK GAAP treatment.

Table D.2 below analyses financial assets measured at fair value at 31 December 2025 and 31 December 2024, by the level in the fair value hierarchy into which the fair value measurements is categorised.

Table D.2 – Asset table with hierarchies

Financial Assets 2025	Level 1 \$000s	Level 2 \$000s	Level 3 \$000s	Total \$000s
Government Bonds	1,004,439	58,500	—	1,062,939
Corporate Bonds	—	1,359,547	—	1,359,547
Collateralised securities	—	719,709	—	719,709
Collective Investments Undertakings	37,414	—	258,587	296,001
Deposits other than cash equivalents	467	—	—	467
Cash and cash equivalents	23,942	—	—	23,942
Holdings in related undertakings	—	—	155,649	155,649
Derivatives	—	—	—	—
Total financial assets at fair value	1,066,262	2,137,756	414,236	3,618,254

Financial Assets 2024	Level 1 \$000s	Level 2 \$000s	Level 3 \$000s	Total \$000s
Government Bonds	974,204	49,595	—	1,023,799
Corporate Bonds	—	1,150,267	—	1,150,267
Collateralised securities	—	544,553	—	544,553
Collective Investments Undertakings	72,460	—	159,966	232,426
Deposits other than cash equivalents	23,758	—	—	23,758
Cash and cash equivalents	22,346	—	—	22,346
Holdings in related undertakings	—	—	127,997	127,997
Derivatives	—	1,784	—	1,784
Total financial assets at fair value	1,092,768	1,746,199	287,963	3,126,930

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

Investment in subsidiaries is recognised at fair value in the UK GAAP balance sheet. Under Solvency II, where quoted prices in active markets are not available, an adjusted equity method based on Solvency II valuation is used.

D.1.4. Reinsurance recoverables

Reinsurance recoverables are calculated as the probability-weighted average of discounted future cash flows relating to reinsurance contracts, adjusted for the expected losses due to counterparty default. Although established separately, reinsurance recoverables are valued on the same basis and using the same methodology and assumptions used to derive Technical Provisions – Best Estimate Liabilities, as described in Section D.2, subject to the following:

- Internal expenses are only allowed if they are recoverable under the reinsurance agreement;
- Where the timing of recoveries diverges from that for payments a separate projection is used;
- Allowance for risk of default depends on the credit rating and exposure to the reinsurance counterparty; and
- Reinsurance assets take into account reinsurance commissions.

Reinsurance recoverables, consistent with the calculation of Technical Provisions – Best Estimate Liabilities, include expected recoveries from pre-inception contracts where they occur within the premium or claims provisions.

Cash flows relating to future reinsurance arrangements comprise both expected recoveries and expected reinsurance premium payments. This means reinsurance contracts which are expected to be written are taken into account and thus assumptions in relation to the likely future reinsurance purchasing decisions are required.

The material differences between the Solvency II and UK GAAP valuation bases for reinsurance recoveries are as follows:

- Only reinsurance cash flows relating to long-tailed claims reserves can be discounted under UK GAAP whereas all reinsurance cash flows are discounted under Solvency II. CIL does not discount its reserves under UK GAAP.
- The unearned reinsurance premium reserve established under UK GAAP is replaced with a best estimate reinsurance premium provision under Solvency II. This is offset by the release of deferred reinsurance commissions from other liabilities (see Section D.3.2).
- The Solvency II valuation includes the additional reinsurance premium that is expected to be paid for reinsurance to cover business incepted at the valuation date. This is not accounted for under UK GAAP.

The Company does not have any Special Purpose Vehicles.

D.1.5. Insurance receivables

Amounts to be collected from intermediaries for premiums not yet due are recorded in the GAAP balance sheet as insurance receivables. Under Solvency II, this amount is reclassified into the technical provisions as it constitutes a future cash flow.

D.2. Technical provisions

Reinsurance recoverables and Technical Provisions from the Solvency II Balance Sheet shown in Table D.1 above are combined to present net technical provisions shown in the table below.

Table D.3 – Net technical provisions

Solvency II Value	2025 \$000s	2024 \$000s
Best estimate technical provisions (best estimate) – Non-life & health similar to non-life	2,872,831	2,066,754
Best estimate reinsurance recoverables	(1,248,474)	(831,574)
Technical provisions risk margin – Non-life & health similar to non-life	165,024	143,377
Net technical provisions	1,789,381	1,378,557

D.2.1. Methodology and assumptions used in valuing the technical provisions

Technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using risk-free discount rates. The risk margin is then added to reflect the uncertainty in the underlying cash flows. The risk margin is calculated by estimating the cost of the capital required to run off the business, discounted using the risk-free discount rates. The risk-free discount rates described here are prescribed by the PRA for each reporting period, other than for currencies where PRA curves are unavailable, for which rates published by EIOPA are used.

The best estimate technical provisions are calculated by using the UK GAAP reserves as the starting point. The UK GAAP reserves include an explicit allowance for Events Not In Data (“ENID”). The following adjustments are then made:

- Removal of the prudence margin within the UK GAAP reserves;
- Allowance for profit on the unearned premium within the UK GAAP reserves;
- Inclusion of provisions for legally obliged but as yet not incepted business;
- Future premiums (both payables and receivables);
- Allowance for operating expenses pertaining to the business in-force;
- Inclusion of an allowance for the expected reinsurer defaults;
- Discounting of future cash flows; and
- Addition of a risk margin.

Table D.4 – Net technical provisions by Solvency II line of business

Solvency II Value – 2025	Best Estimate	Risk Margin	Total \$000s
Motor vehicle liability and proportional reinsurance	5,994	941	6,935
Other motor insurance	3,100	143	3,243
Marine, aviation and transport insurance and proportional reinsurance	186,991	21,273	208,264
Fire and other damage to property insurance and proportional reinsurance	419,363	32,528	451,891
General liability insurance and proportional reinsurance	471,987	44,802	516,789
Income protection insurance	5,608	1,131	6,739
Credit and Suretyship insurance and proportional reinsurance	(81,844)	7,194	(74,650)
Assistance and its proportional reinsurance	1,187	42	1,229
Medical expense insurance	3,143	617	3,760
Miscellaneous financial loss insurance and proportional reinsurance	5,021	714	5,735
Non-proportional casualty reinsurance	168,452	17,486	185,938
Non-proportional health reinsurance	7,556	1,490	9,046
Non-proportional marine, aviation and transport reinsurance	164,984	17,391	182,375
Non-proportional property reinsurance	262,815	19,272	282,087
Net technical provisions	1,624,357	165,024	1,789,381

Solvency II Value – 2024	Best Estimate	Risk Margin	Total \$000s
Motor vehicle liability and proportional reinsurance	1,553	445	1,998
Other motor insurance	1,903	114	2,017
Marine, aviation and transport insurance and proportional reinsurance	196,713	20,033	216,746
Fire and other damage to property insurance and proportional reinsurance	278,617	33,058	311,675
General liability insurance and proportional reinsurance	275,712	32,792	308,504
Income protection insurance	10,375	1,073	11,448
Credit and Suretyship insurance and proportional reinsurance	(87,259)	6,133	(81,126)
Assistance and its proportional reinsurance	59	4	63
Medical expense insurance	7,892	651	8,543
Miscellaneous financial loss insurance and proportional reinsurance	11,210	734	11,944
Non-proportional casualty reinsurance	99,472	13,676	113,148
Non-proportional health reinsurance	9,068	998	10,066
Non-proportional marine, aviation and transport reinsurance	162,719	12,833	175,552
Non-proportional property reinsurance	267,146	20,833	287,979
Net technical provisions	1,235,180	143,377	1,378,557

Calculation of the best estimate technical provisions

CIL has been writing business since June 2019, and currently writes a diverse portfolio. The largest segments written to date are:

- General liability insurance and proportional reinsurance: covering general liability, directors' & officers' and professional indemnity business worldwide, as well as smaller amounts of medical malpractice, warranty & indemnity, energy liability and construction business.
- Fire and other damage to property insurance and proportional reinsurance: written both direct and through delegated authorities on a worldwide basis but with a particular focus on the US. This also includes smaller amounts of agriculture, bloodstock, construction, terrorism and energy downstream (including renewables) business.
- Non-proportional property reinsurance: both catastrophe and per risk cover with worldwide coverage.
- Marine, aviation and transport insurance and proportional reinsurance: covering airlines, aviation products, energy upstream property, marine (including hull, cargo and liability) and space business.

Given its recent establishment, CIL has limited claims history to date. Therefore, gross UK GAAP best estimate earned reserves have been estimated at a class of business level using externally sourced market benchmark expectations of loss ratio and development patterns, and comparing these to the experience that we have seen to date. We then include an allowance for ENID. These best estimate reserves are then uplifted to include a margin to reflect the uncertainty in the reserves.

- This margin is removed from the UK GAAP earned reserves to reach the best estimate reserve for inclusion in the technical provisions.
- The unearned premium included within the UK GAAP reserves is reduced for the expected profit on that unearned business using the same market expectations of loss ratio.
- Provision for legally obliged but as yet not incepted business is also included using the same market expectations of loss ratio, adjusted for rate change.

The reinsurance programme is then applied, including reinsurance contracts which are legally obliged but as yet not incepted. The recoveries assumed are consistent with those included in the UK GAAP earned reserves. Note that the full cost of the bound reinsurance programme is included within the technical provisions as CIL are legally obliged to this.

Additional provisions in respect of operating expenses, unallocated loss adjustment expenses (“ULAE”) and an allowance for the expected reinsurer defaults are included within the best estimate provisions. These provisions are then discounted using the prescribed risk-free discount rates.

Calculation of the risk margin

The risk margin is intended to cover the cost of transferring the insurance and reinsurance obligations of all business CIL has written or is legally obliged to write at the balance sheet date to another party, and immediately placing that business into run-off. This is calculated by applying the prescribed 4% cost of capital to the discounted value of the SCR necessary to support these obligations until they are fully run-off.

The SCR at the balance sheet date is calculated assuming no business is written in the future and that the investment portfolio is reinvested in a risk-free way. This SCR is then run off over time as the insurance and reinsurance obligations are expected to run off. The discounted sum of the SCR at each future point in time is assumed to be the capital required to run off the business. The prescribed cost of capital is then applied to give the risk margin to include in the technical provisions.

Change in the technical provisions over the year

Table D.5 – Change in Net technical provisions during the year

Solvency II Value	2025 \$000s	2024 \$000s	Movement
Motor vehicle liability and proportional reinsurance	6,935	1,998	4,937
Other motor insurance	3,243	2,017	1,226
Marine, aviation and transport insurance and proportional reinsurance	208,264	216,745	(8,481)
Fire and other damage to property insurance and proportional reinsurance	451,891	311,675	140,216
General liability insurance and proportional reinsurance	516,789	308,505	208,284
Income protection insurance	6,739	11,448	(4,709)
Credit and Suretyship insurance and proportional reinsurance	(74,650)	(81,126)	6,476
Assistance and its proportional reinsurance	1,229	63	1,166
Medical expense insurance	3,760	8,543	(4,783)
Miscellaneous financial loss insurance and proportional reinsurance	5,735	11,944	(6,209)
Non-proportional casualty reinsurance	185,938	113,148	72,790
Non-proportional health reinsurance	9,045	10,066	(1,021)
Non-proportional marine, aviation and transport reinsurance	182,375	175,552	6,823
Non-proportional property reinsurance	282,088	287,979	(5,891)
Net technical provisions	1,789,381	1,378,557	410,824

The technical provisions have increased during the year as a result of the growth in business written. There has been particular growth in the General liability, Fire and other damage to property and Marine, aviation and transport Direct and Proportional classes, as this is where the majority of business to date has been written by CIL.

D.2.2. Key uncertainties

There is inherent uncertainty in the estimation of claims reserves, and it is possible that actual claims experience will differ significantly from the actuarial projections. This uncertainty stems from a variety of sources, such as:

- The fact that reserves are based on standard actuarial techniques (e.g. initial expectation of loss ratios, Bornhuetter-Ferguson and Basic Chain Ladder). However, given the immaturity of the business written to date the expectation of loss ratios and development patterns selected are heavily dependent on externally sourced market benchmarks and expert judgement, and it is visible from the history of the market that performance in any individual year can vary significantly from expectations.
- Reliance on externally sourced market benchmarks in order to set expectations of loss ratio for the business, as we are unable to rely on historical performance of CIL’s business given its immaturity.

- The hardening or softening in the market and resulting uncertainty in the impact of this on profitability of business written, how this is captured in the benchmark loss ratios applied to estimate technical provisions, and whether CIL's business can be expected to respond differently from the business underlying the benchmarks relied upon.
- One of the growth areas of CIL's portfolio is into long-tailed liability business. By its nature this business takes longer for claims to be notified and then settled, so there is increased uncertainty in the final settlement value of claims resulting from these classes of business.
- The final settlement value of claims will depend on events that have not yet occurred such as legislative changes and judicial decisions.

D.2.3. Explanation of material differences between Solvency II and financial statement basis

The following table summarises the bridge between UK GAAP reserves and Solvency II Technical Provisions, on gross of reinsurance, ceded reinsurance and net of reinsurance bases.

Table D.6 – Bridge between the UK GAAP reserves and Solvency II Technical Provisions, net of reinsurance

Adjustment	Net of insurance 2025 \$000s	Net of insurance 2024 \$000s
GAAP Reserves	2,268,329	1,795,243
Removal of Prudence Margin and other accounting adjustments	(24,111)	(18,160)
Allowance for Profit on UPR	(554,599)	(480,342)
Include Future Premium	(54,463)	(6,624)
Include Profit on Unaccepted Business	58,416	11,042
Include New Expenses Allowance	72,831	65,891
Apply Discounting Credit	(153,519)	(140,861)
Include Risk Margin	165,024	143,377
RI Bad Debt	11,473	8,991
Solvency II Technical Provisions	1,789,381	1,378,557

The material differences between the Solvency II and UK GAAP valuation bases are summarised below.

- Removal of Prudence Margin and other accounting adjustments: An explicit margin for uncertainty is included within UK GAAP Provisions but removed under Solvency II. This reduces Solvency II Technical Provisions compared to UK GAAP Provisions. Additionally, small accounting adjustments are made.
- Allowance for Profit on UPR: The unearned premium reserve established under UK GAAP is replaced with a Best Estimate premium provision which incorporates the expected cost of claims and expenses on the unearned periods of exposure.
- Future Premium: Premium receivables and payables form part of the Technical Provisions under Solvency II.
- Profit on Unaccepted Business: Under Solvency II provisions are established for Legally Obligated Unaccepted Business, whereas these provisions are not included within the UK GAAP valuation basis.
- New Expenses Allowance: Solvency II requires inclusion of expenses pertaining to the business in-force.
- Discounting Credit: Currently, claims reserves are not discounted within UK GAAP Provisions, whereas all cash flows are discounted under Solvency II.
- Risk Margin: This is calculated as the cost of capital of transferring the insurance obligations of the business at the balance sheet date to a third party, who immediately place that business in run-off.
- Reinsurance ("RI") Bad Debt: A bad debt provision has been calculated based on the probability of default of CIL's reinsurers, using their credit ratings.

The UK GAAP reserves include an explicit allowance for ENID, and therefore no bridging adjustment is required.

D.2.4. Recoverables from reinsurance contracts and SPVs (Special purpose vehicles)

Recoverables from reinsurance contracts are included within the best estimate of technical provisions (Table D.3). There are no recoverables expected from SPVs.

D.2.5. Transitional measures

No transitional measures have been applied.

D.3. Other liabilities

Other liabilities have been valued according to the requirements of the Solvency II Directive and related guidance. The basis of the Solvency II valuation principle is the amount for which they could be exchanged between knowledgeable willing parties in an arm's length transaction.

A description of the basis of valuation under Solvency II along with valuation differences between the Solvency II basis and the UK GAAP financial statements, by material class, is provided below. If the valuation method has been described in the financial statements or is an alternative method of valuation detailed in Section D.4, it has not been included in this section. CIL has no material contingent liabilities to recognise under Solvency II.

D.3.1. Payables (trade, not insurance)

Amounts to be paid to reinsurers but not yet due are recorded in the GAAP balance sheet as reinsurance payables. Under Solvency II, this amount is reclassified into the technical provisions as it constitutes a future cash flow.

D.3.2. Other liabilities, not elsewhere shown

Reinsurers' share of deferred acquisition costs of \$214,000k, included within other liabilities, not elsewhere shown, are not recognised and therefore valued at \$nil in the Solvency II Balance Sheet. Material differences in the valuation of Technical Provisions are explained in Section D.2.3. There are no other material differences between the UK GAAP and Solvency II valuation bases.

D.3.3. Assumptions, judgements and uncertainty

No material assumptions or judgements were applied to, nor is any material uncertainty associated with, the recognition and valuation of other liabilities.

D.4. Alternative methods of valuation

CIL does not value any assets or liabilities using alternative methods of valuation as outlined in PRA rulebook.

D.5. Any other information

All material information relating to CIL's valuation for solvency purposes has been disclosed in sub-sections D.1 to D.4 above.

E. Capital management

The 'Capital management' section of this report provides information on the Company's Own Funds and SCR.

E.1. Own Funds

E.1.1. Objectives, processes employed by CIL for managing its Own Funds

The primary objective of capital management is to manage the balance between return and risk, whilst maintaining economic capital in accordance with risk appetite. CIL's capital and risk management objectives are closely interlinked, whilst also recognising the critical importance of protecting policyholder and other stakeholder interests. In managing Own Funds, CIL seeks, on a consistent basis, to:

- Maintain sufficient, but not excessive, financial strength in accordance with risk appetite, to satisfy the requirements of regulators and other stakeholders.
- Retain financial flexibility by maintaining strong liquidity.
- Allocate capital efficiently to remain within risk appetite and drive value adding growth. CIL uses a number of sensitivity tests to understand the volatility of earnings, the volatility of its capital requirements, and to manage its capital efficiently. Sensitivities to economic and operating experience are regularly produced on CIL's key financial performance metrics to inform decision making and planning processes over a multi-year planning horizon, and as part of the framework for identifying and quantifying the risks to which CIL is exposed. There have been no material changes to the objectives, policies or processes with respect to the management of Own Funds during the year.

E.1.2. Structure, amount and quality of Own Funds at the end of the reporting period and analysis of changes over the reporting period

CIL's Own Funds comprise unrestricted Tier 1 capital which consists of its ordinary share capital and retained earnings. Retained earnings are not separately disclosed in Own Funds but are notionally included in the Reconciliation Reserve, which reconciles the total excess of assets over liabilities with identifiable capital investments included in Own Funds. Own Funds by tier are presented in QRT IR.23.01.01 'Own Funds' within Appendix B. Table E.1 below sets out a summary of the Company's Own Funds by tier for the years ended 31 December 2025 and 31 December 2024.

Table E.1 – Own Funds

Basic Own Funds by Tier (\$000) – 2025	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	390,552	—	—	—
Share premium account	1,396,296	—	—	—
Reconciliation reserve	433,284	—	—	—
An amount equal to net deferred tax assets	—	—	—	—
Total Basic Own Funds	2,220,132	—	—	—

Basic Own Funds by Tier (\$000) – 2024	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
Ordinary share capital	390,552	—	—	—
Share premium account	1,396,296	—	—	—
Reconciliation reserve	313,835	—	—	—
An amount equal to net deferred tax assets	—	—	—	—
Total Basic Own Funds	2,100,683	—	—	—

Table E.2 below sets out a reconciliation of the total excess of assets over liabilities with identifiable capital investments included in Own Funds.

Table E.2 – Reconciliation Reserve

Reconciliation Reserve as at 31 December	2025 \$000s	2024 \$000s
Solvency II excess of assets over liabilities	2,260,132	2,100,683
Ordinary Share Capital	(390,552)	(390,552)
Share premium account	(1,396,296)	(1,396,296)
Foreseeable Dividend	(40,000)	
Amounts equal to net deferred tax assets	—	—
Reconciliation Reserve	433,284	313,835

E.1.3. The eligible amount of Own Funds to cover the Solvency Capital Requirement, classified by tiers

Own Funds items are unrestricted Tier 1 and therefore all available Own Funds are eligible to cover the SCR. The total Own Funds eligible to meet the SCR are set out in Table E.3.

Table E.3 – SCR

	2025 \$000s	2024 \$000s
Total eligible own funds to meet the SCR	2,220,132	2,100,683

E.1.4. The eligible amount of Own Funds to cover the Minimum Capital Requirement, classified by tiers

As Tier 3 Own Funds are not eligible to cover the MCR, the Own Funds to cover the MCR are restricted to Tier 1. The total Own Funds eligible to meet the MCR are set out in Table E.4.

Table E.4 – MCR

	2025 \$000s	2024 \$000s
Total eligible own funds to meet the MCR	2,220,132	2,100,683

E.1.5. Explanation of any material differences between equity as shown in CIL's financial statements and the EAL as calculated for solvency purposes

Differences between CIL's shareholder's equity per the financial statements and the Solvency II excess of assets over liabilities ("EAL") per the Solvency II balance sheet relate to valuation differences as shown in Table D.1 and explained in Sections D.1 to D.3 this document.

Table E.5 – Reconciliation of Equity

	2025 \$000s	2024 \$000s
Shareholder's equity as shown in the financial statements	2,170,816	1,975,972
Solvency II valuation adjustment to assets	(4,969,086)	(4,154,829)
Solvency II valuation adjustment to technical provisions	3,189,312	2,694,826
Solvency II valuation adjustment to other liabilities	1,869,090	1,584,714
Solvency II EAL	2,260,132	2,100,683

E.1.6. Own Fund items included under transitional arrangements under Solvency II

All Own Funds items are unrestricted Tier 1 Own Funds and no other items are included in Own Funds under transitional arrangements under Solvency II.

E.1.7. Ancillary Own Funds

CIL has not applied for PRA approval of any Ancillary Own Funds items and therefore no such items are included within Own Funds.

E.1.8. Own Funds restrictions

CIL does not have any ring-fenced funds and has not identified any other restrictions which need to be made to Own Funds as a result of availability or transferability of Own Funds within CIL.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement and Minimum Capital Requirement results

The SCR is the amount of Own Funds that CIL is required to hold under Solvency II. The SCR is calculated using the Standard Formula, which is a prescribed approach to calculating the SCR under Solvency II and is calibrated by the PRA to ensure that all quantifiable risks are taken into account.

The MCR is the Own Fund threshold below which the PRA would intervene. This is calculated in a prescribed way as described in Section E.2.3.

The Standard Formula SCR and MCR under Solvency II at 31 December 2025 and 31 December 2024 are shown in Table E.6 below.

Table E.6 – SCR & MCR

Solvency II Value	2025 \$000s	2024 \$000s
Solvency Capital Requirement (SCR)	1,499,154	1,394,313
Minimum Capital Requirement (MCR)	421,773	350,928

As at 31 December 2025, the Own Funds of CIL were \$2,220,132k compared to a standard formula SCR of \$1,499,154k, resulting in an SCR coverage ratio of 148%. CIL's MCR was \$421,773k, leading to an MCR coverage ratio of 526%.

The Standard Formula SCR process is owned by the Actuarial function, and includes inputs from the Finance, Underwriting, Ceded Reinsurance and Investment Functions, and other relevant stakeholders. The results are subject to various levels of review, including by Senior Management.

The Company is not subject to any capital add-ons prescribed by the regulator.

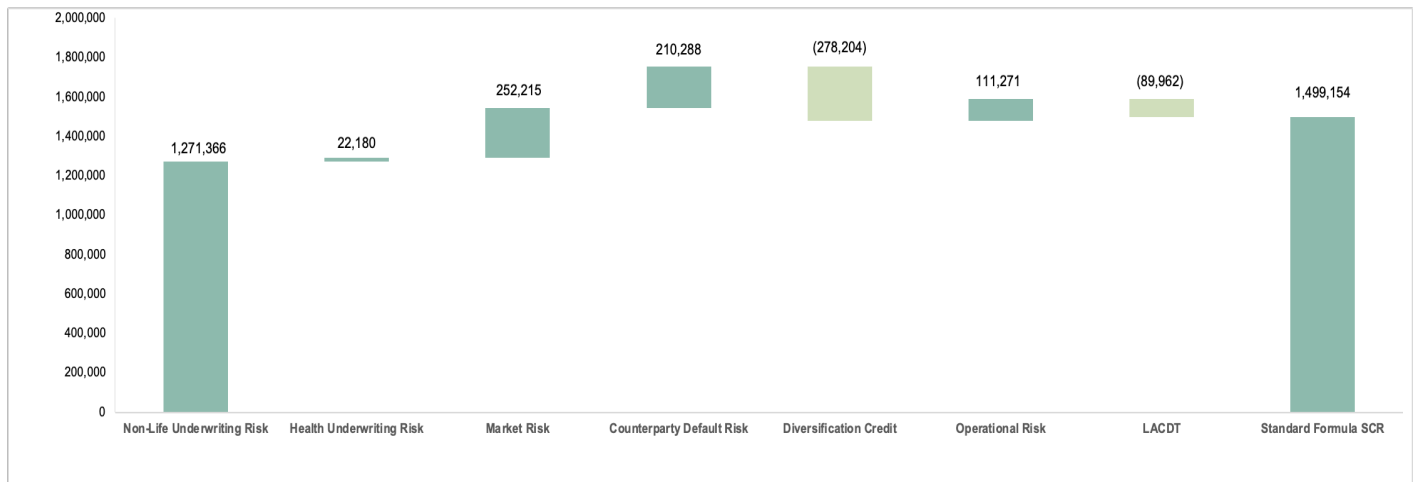
The Company uses Finance and the Standard Formula SCR inputs to calculate the MCR.

E.2.2. Solvency Capital Requirement calculation

Overview

The Standard Formula SCR by risk module is set out in the graph below (figures in \$000s).

Graph G1 – Standard Formula SCR by risk module



There has been no use of Undertaking Specific Parameters in the calculations.

SCR simplifications

There are two areas in which a simplification is made in the calculation of the SCR:

- The first is to assume that the risk mitigating effect of CIL's reinsurance in the 1-in-200 one-year event will split between reinsurers in proportion to the recoverables in the best estimate technical provisions, in accordance with the PRA Rulebook. Given the significant portion of CIL's reinsurance is quota shares, and the vast majority of CIL's reinsurers have very strong credit ratings, this is considered a reasonable approximation.
- The second is to use the prescribed simplification to allow for market risk on collateral supporting CIL's reinsurance recoveries, noting that a sensitivity test comparing this simplification to the detailed calculation has been carried out and demonstrated to be immaterial to the SCR, so this is considered a reasonable approximation.

Non-life underwriting risk

Non-life underwriting risk is the largest component of the SCR. Table E.7 below sets out the components of the non-life underwriting risk charge.

Table E.7 – Diversified non-life underwriting risk

Solvency II Value	2025 \$000s	2024 \$000s
Premium and Reserve risk	696,230	598,917
Catastrophe risk	899,370	929,944
Lapse risk	98,407	101,559
Undiversified non-life underwriting risk	1,694,007	1,630,420
Diversification credit	(422,641)	(400,667)
Diversified non-life underwriting risk	1,271,366	1,229,753

The largest component of the Non-life underwriting risk charge is 'Catastrophe Risk' which reflects the risk of catastrophe events occurring that impact CIL's inwards business. CIL has written business across a variety of lines of business that are exposed to catastrophe events. The reinsurance programme purchased by CIL acts to significantly mitigate the impact of this on the overall capital requirement.

The other significant component of the Non-life underwriting risk charge is 'Premium and Reserve Risk', which reflects the risks that:

- The premium charged for the business expected to be earned throughout the next year will not be sufficient to pay claims on that business; and
- The risk that the technical provisions are insufficient to pay the claims to which they pertain.

Finally, there is a lapse risk charge to allow for the loss of profits should some of the currently bound policies lapse.

Health underwriting risk

Table E.8 below shows the components of the health risk charge.

Table E.8 – Health underwriting risk

This relates to a small amount of planned premium, which maps to the Solvency II Health class.

Solvency II Value	2025 \$000s	2024 \$000s
NSLT underwriting risk	18,631	15,773
SLT underwriting risk	—	—
Catastrophe risk	8,247	20,764
Undiversified health underwriting risk	26,878	36,537
Diversification credit	(4,698)	(7,490)
Diversified health underwriting risk	22,180	29,047

The largest component of the health underwriting risk charge is in respect of the NSLT (Not Similar to Life Techniques) underwriting risk. This is calculated in the same way as the non-life premium and reserve risk, using the same inputs but for the health lines of business.

The other component of the health underwriting risk charge is in respect of catastrophe risk which reflects the risk of health catastrophe event occurring that impacts CIL's inwards business. The reinsurance program purchased by CIL acts to significantly mitigate the impact of this on the overall capital requirement.

Market risk

Table E.9 below shows the components of the market risk charge.

Table E.9 – Diversified market risk

Solvency II Value	2025 \$000s	2024 \$000s
Interest rate risk	72,199	71,285
Spread risk	146,975	108,699
Currency risk	32,815	44,697
Concentration risk	16,481	9,503
Property risk	2,719	327
Equity risk	93,805	56,960
Undiversified market risk	364,994	291,471
Diversification risk	(112,779)	(99,421)
Diversified market risk	252,215	192,050

CIL's asset portfolio (excluding cash) consists predominantly of bonds and collateralised securities, so the risks associated with holding these assets drive the risk charges here.

The largest charge is Spread risk, reflecting the risk that the spread of the bonds, loans, and collateralised securities within CIL's asset portfolio will differ from expectations due to changes in the level of credit spreads over the risk-free interest rate term structure.

The next largest charge is equity risk charge that reflects the risk of a change to the value of equities held by CIL.

The Interest rate risk reflects the risk that interest rates will differ from expectations, resulting in a mismatch in the present value of assets (bonds, and other assets exposed to interest rate fluctuations) and liabilities (net technical provision).

Currency risk reflects the risk exchange rates differing from expectations, resulting in a mismatch between assets and liabilities.

CIL holds more than the prescribed proportions (which vary by credit rating of that asset) of its assets in investments which are exposed to a single counterparty thus attracting a concentration risk charge.

The property risk charge reflects the risk of a change in value of property held by CIL.

Counterparty default risk

A breakdown of the Counterparty default risk charge is shown in Table E.10 below.

Table E.10 – Diversified counterparty default risk

Solvency II Value	2025 \$000s	2024 \$000s
Type 1 counterparty default risk	82,071	71,277
Type 2 counterparty default risk	141,608	110,388
Undiversified counterparty default risk	223,679	181,665
Diversification credit	(13,391)	(11,171)
Diversified counterparty risk	210,288	170,494

There has been an increase both in respect of the risk of default by banks in which cash is held and recoverables from CIL's reinsurers, shown as Type 1 in the above table, and in respect of the risk of default by over-due balance sheet debtors, shown as Type 2 in the table.

Operational risk

Operational risk is calculated using a prescribed formula applied to either:

- Premium earned in the previous 12 months and premium earned in the 12 months prior to the previous 12 months; and
- Gross best estimate technical provisions with a floor of 0.

The operational risk is then selected as the largest of the premium calculation and the technical provisions calculation, subject to a cap of 30% of the SCR excluding operational risk.

Table E.11 below shows each of the potential operational risk charges and so resulting risk charge used in the SCR.

Table E.11 – Operational risk

Solvency II Value	2025 \$000s	2024 \$000s
Gross premiums earned in the previous 12 months	3,709,043	3,169,026
Gross premiums earned in 12 months prior to the previous 12 months	3,169,026	2,470,588
Operational risk – premium calculation	111,271	101,200
Gross technical provisions	2,872,831	2,066,754
Operational risk – technical provisions calculation	86,185	62,003
Calculated operational risk	111,271	101,200
Cap – 30% SCR	443,354	416,609
Operational risk	111,271	101,200

Loss-absorbing capacity of deferred tax

CIL recognises deferred tax on its brought forward tax losses and so it is deemed appropriate to also recognise deferred tax on losses arising on a 1-in-200 scenario. As a result, CIL has included an allowance of \$89,962k for the loss-absorbing capacity of deferred tax when assessing the SCR.

E.2.3. Minimum Capital Requirement calculation

The Combined MCR is calculated by applying prescribed factors to the net of reinsurance technical provisions and premium written in the previous year, with a floor of 25% of the SCR and a cap of 45% of the SCR.

The MCR is then the larger of this Combined MCR or the Absolute Floor of the MCR prescribed by the PRA.

The table below shows each of these potential MCR figures and so the resulting MCR.

Table E.12 – Minimum Capital Requirement

Solvency II Value	2025 \$000s	2024 \$000s
Linear MCR	421,773	350,928
Floor – 25% SCR	374,789	348,578
Cap – 45% SCR	674,619	627,411
Absolute Floor of the MCR	4,710	2,938
Minimum Capital Requirement	421,773	350,928

As at both 31 December 2025 and 31 December 2024, the MCR has been calculated by applying prescribed factors to the net of reinsurance technical provisions and premium written in the previous year.

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

CIL is not using the duration-based equity risk sub-module as it is not applicable.

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

This section is not applicable as CIL does not use an approved internal model.

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

During the reporting period, there were no instances of non-compliance with either of the Solvency II MCR or SCR. Over this period, CIL held Own Funds in excess of the SCR at all times.

E.6. Any other information

All material information relating to CIL's capital management has been disclosed in sub-sections E.1 to E.5 above.

Appendix A

Independent auditors' report to the Directors of Convex Insurance UK Limited

Report of the external independent auditors to the Directors of Convex Insurance UK Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

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

Opinion

We have audited the following documents prepared by the Company as at 31 December 2025:

- The 'Valuation for solvency purposes' and 'Capital management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2025, (**the Narrative Disclosures subject to audit**); and
- Company templates IR.02.01.02, IR.17.01.02, IR.23.01.01, IR.25.04.21 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:

- The 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Solvency and Financial Condition Report;
- Company templates IR.05.02.01, IR.05.04.02 and IR.19.01.21; 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 PRA Rules.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditors' 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 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

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Validating management's analysis and supporting documentation as it related to the Company's going concern basis of accounting;
- Considering other information obtained during the course of the audit (for example regulatory correspondence) and publicly available market information to identify any evidence that would contradict management's assessment of going concern; and
- Reviewing and performing sensitivity analysis on management's going concern assessment and assessing the impact on the Company's capital, solvency, and liquidity positions.

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 a period of at least twelve months from the date on which the Solvency and Financial Condition Report is authorised for issue.

In auditing 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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - Basis of Accounting

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 Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

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.

In connection with our audit of the Solvency and Financial Condition Report, 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. 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.

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.

Auditors' 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 information subject to audit in the relevant elements of the Solvency and Financial Condition Report is prepared, in all material respects, in accordance with 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 auditors' 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 Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulatory Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Solvency and Financial Condition Report such as the Solvency II Regulations and the reporting provisions of the PRA Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journals and management bias in accounting estimates. Audit procedures performed included:

- Discussions with the Board, management, internal audit, the risk and compliance functions, and the company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of matters reported on the whistleblowing helpline and the results of investigations of such matters;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant company meeting minutes;
- Testing, and challenging where appropriate, the assumptions and judgements made in establishing significant accounting estimates, particularly in relation to the Solvency II technical provisions and judgements made in the calculation of the Solvency Capital Requirement;
- Identifying and testing journal entries based on our criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Solvency and Financial Condition Report. Also, 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.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

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 II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the relevant elements of the Solvency and Financial Condition Report and (where applicable) the audit of the Company'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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
7 More London Riverside
London
SE1 2RT
7 April 2026

Appendix B

QRTs

This Appendix contains the templates listed below, which the Company is required to disclose as part of the SFCR as set out in the Solvency II Regulations.

The QRTs in this report are presented in US dollars rounded to the nearest thousand. Rounding differences of +/- one unit can occur. The rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

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

IR.02.01.02

Balance sheet

		Solvency II value
		C0010
Assets		
R0030	Intangible assets	0
R0040	Deferred tax assets	4,432
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	3,594,311
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	155,649
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	0
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	3,142,194
R0140	<i>Government Bonds</i>	1,062,939
R0150	<i>Corporate Bonds</i>	1,359,546
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	719,709
R0180	<i>Collective Investments Undertakings</i>	296,001
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	467
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	1,248,474
R0280	<i>Non-life and health similar to non-life</i>	1,248,474
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	0
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	252,042
R0370	Reinsurance receivables	220,704
R0380	Receivables (trade, not insurance)	29
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	23,942
R0420	Any other assets, not elsewhere shown	127,230
R0500	Total assets	5,471,165

		Solvency II value
		C0010
Liabilities		
R0505	Technical provisions - total	3,037,855
R0510	<i>Technical provisions - non-life</i>	3,037,855
R0515	<i>Technical provisions - life</i>	0
R0542	Best estimate - total	2,872,831
R0544	<i>Best estimate - non-life</i>	2,872,831
R0546	<i>Best estimate - life</i>	0
R0552	Risk margin - total	165,024
R0554	<i>Risk margin - non-life</i>	165,024
R0556	<i>Risk margin - life</i>	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	33,362
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	27,226
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	68,272
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	0
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	44,317
R0900	Total liabilities	3,211,033
R1000	Excess of assets over liabilities	2,260,132

IR.05.02.01

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

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
		US					
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110 Gross - Direct Business	1,061,792	947,734					2,009,526
R0120 Gross - Proportional reinsurance accepted	130,639	294,859					425,499
R0130 Gross - Non-proportional reinsurance accepted	155,939	591,032					746,971
R0140 Reinsurers' share	861,229	1,021,026					1,882,255
R0200 Net	487,141	812,599					1,299,740
Premiums earned							
R0210 Gross - Direct Business	953,035	883,014					1,836,049
R0220 Gross - Proportional reinsurance accepted	102,940	233,233					336,173
R0230 Gross - Non-proportional reinsurance accepted	129,151	568,080					697,231
R0240 Reinsurers' share	767,717	941,366					1,709,083
R0300 Net	417,409	742,961					1,160,370
Claims incurred							
R0310 Gross - Direct Business	608,605	342,206					950,811
R0320 Gross - Proportional reinsurance accepted	74,153	130,721					204,874
R0330 Gross - Non-proportional reinsurance accepted	48,385	368,944					417,329
R0340 Reinsurers' share	488,985	562,951					1,051,936
R0400 Net	242,159	278,920					521,079
R0550 Net expenses incurred	265,238	338,012					603,250

Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation		
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance		
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	
Best estimate																		
Premium provisions																		
R0060	Gross	-4,658	-8,227		-378	-2,014	-53,804	-39,925	-7,181	-110,472		552	-6,979	-9,360	-12,088	-37,568	-69,103	-361,204
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-1,997	-4,750		813	-5,183	-49,968	-156,069	-57,650	-11,870		-149	-4,630	-7,902	-22,621	-28,665	-118,999	-469,640
R0150	Net Best Estimate of Premium Provisions	-2,661	-3,477		-1,191	3,170	-3,836	116,144	50,469	-98,602		701	-2,349	-1,458	10,533	-8,902	-49,896	108,436
Claims provisions																		
R0160	Gross	5,526	18,392		14,787	-476	423,117	506,101	1,008,509	28,777		680	6,419	17,711	330,622	514,313	359,557	3,234,036
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-278	9,307		7,602	-405	232,290	202,882	586,992	12,019		193	-950	8,697	172,703	340,427	146,637	1,718,114
R0250	Net Best Estimate of Claims Provisions	5,804	9,085		7,185	-70	190,827	303,219	421,517	16,758		486	7,370	9,014	157,919	173,887	212,920	1,515,922
R0260	Total best estimate - gross	868	10,165		14,408	-2,489	369,313	466,176	1,001,328	-81,695		1,231	-559	8,351	318,534	476,746	290,453	2,872,831
R0270	Total best estimate - net	3,143	5,608		5,994	3,099	186,991	419,363	471,986	-81,844		1,187	5,021	7,556	168,452	164,984	262,815	1,624,357
R0280	Risk margin	617	1,130		941	143	21,273	32,528	44,802	7,194		42	714	1,490	17,486	17,391	19,272	165,024
R0320	Technical provisions - total	1,486	11,296		15,349	-2,346	390,586	498,704	1,046,130	-74,500		1,273	155	9,841	336,021	494,137	309,725	3,037,855
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	-2,275	4,557		8,415	-5,589	182,321	46,813	529,342	149		44	-5,580	795	150,082	311,761	27,638	1,248,474
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	3,761	6,738		6,935	3,243	208,264	451,891	516,789	-74,649		1,229	5,735	9,045	185,938	182,375	282,087	1,789,381

IR.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0	0	0	0
R0180	-7	0	0	0	0	0	0	0	0	0	0	0	0
R0190	-6	126	12,068	10,532	1,959	7,937	6,653	5,163				5,163	44,439
R0200	-5	29,689	147,212	90,587	73,284	55,030	41,870					41,870	437,672
R0210	-4	69,064	172,708	193,873	117,761	113,038						113,038	666,445
R0220	-3	134,685	345,888	230,630	154,832							154,832	866,034
R0230	-2	84,100	285,286	251,828								251,828	621,214
R0240	-1	82,604	487,956									487,956	570,560
R0250	0	126,704										126,704	126,704
R0260												Total	1,181,392
													3,333,067

Gross Undiscounted Best Estimate Claims Provisions (absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0	0	0	0
R0180	-7	0	0	0	0	0	0	0	0	0	0	0	0
R0190	-6	-2,372	34,284	14,484	11,411	8,825	9,349	3,818				3,591	
R0200	-5	118,141	317,997	209,659	185,968	153,192	118,866					111,151	
R0210	-4	222,706	431,692	377,392	304,227	221,393						202,587	
R0220	-3	328,809	625,532	521,299	434,283							401,619	
R0230	-2	184,722	752,939	672,775								612,454	
R0240	-1	430,703	1,294,953									1,185,078	
R0250	0	786,654										717,556	
R0260												Total	3,234,036

Gross premium		
	C0570	C0580
	Gross earned premium at reporting reference date	Estimate of future gross earned premium
R0160	N-9	0
R0170	N-8	0
R0180	N-7	0
R0190	N-6	78,575
R0200	N-5	919,225
R0210	N-4	1,622,977
R0220	N-3	2,191,950
R0230	N-2	2,946,825
R0240	N-1	3,359,746
R0250	N	1,742,021

IR.23.01.01
Own Funds

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0290	Total basic own funds
	Ancillary own funds
R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds
	Available and eligible own funds
R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR
R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR
	Reconciliation reserve
R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
390,552	390,552		0	
1,396,296	1,396,296		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
433,284	433,284			
0		0	0	0
0				0
0	0	0	0	0
0				
2,220,132	2,220,132	0	0	0
0				
0				
0				
0				
0				
0				
0				
0			0	0
2,220,132	2,220,132	0	0	0
2,220,132	2,220,132	0	0	0
2,220,132	2,220,132	0	0	0
1,499,154				
421,773				
148.09%				
526.38%				
C0060				
2,260,132				
0				
40,000				
1,786,848				
0				
433,284				

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	C0010
Market risk	
R0070 Interest rate risk	72,199
R0080 Equity risk	93,805
R0090 Property risk	2,719
R0100 Spread risk	146,975
R0110 Concentration risk	16,481
R0120 Currency risk	32,815
R0125 Other market risk	0
R0130 Diversification within market risk	-112,779
R0140 Total Market risk	252,215
Counterparty default risk	
R0150 Type 1 exposures	82,071
R0160 Type 2 exposures	141,608
R0165 Other counterparty risk	0
R0170 Diversification within counterparty default risk	-13,390
R0180 Total Counterparty default risk	210,288
Life underwriting risk	
R0190 Mortality risk	0
R0200 Longevity risk	0
R0210 Disability-Morbidity risk	0
R0220 Life-expense risk	0
R0230 Revision risk	0
R0240 Lapse risk	0
R0250 Life catastrophe risk	0
R0255 Other life underwriting risk	0
R0260 Diversification within life underwriting risk	0
R0270 Total Life underwriting risk	0
Health underwriting risk	
R0280 Health SLT risk	0
R0290 Health non SLT risk	18,631
R0300 Health catastrophe risk	8,247
R0305 Other health underwriting risk	0
R0310 Diversification within health underwriting risk	-4,698
R0320 Total Health underwriting risk	22,180
Non-life underwriting risk	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	696,230
R0340 Non-life catastrophe risk	899,369
R0350 Lapse risk	98,407
R0355 Other non-life underwriting risk	0
R0360 Diversification within non-life underwriting risk	-422,642
R0370 Non-life underwriting risk	1,271,366
R0400 Intangible asset risk	0
Operational and other risks	
R0422 Operational risk	111,271
R0424 Other risks	0
R0430 Total Operational and other risks	111,271
R0432 Total before all diversification	2,420,829
R0434 Total before diversification between risk modules	1,867,320
R0436 Diversification between risk modules	-278,204
R0438 Total after diversification	1,589,116
R0440 Loss absorbing capacity of technical provisions	0
R0450 Loss absorbing capacity of deferred tax	-89,962
R0455 Other adjustments	0
R0460 Solvency capital requirement including undisclosed capital add-on	1,499,154
R0472 Disclosed capital add-on - excluding residual model limitation	0
R0474 Disclosed capital add-on - residual model limitation	0
R0480 Solvency capital requirement including capital add-on	1,499,154
R0490 Biting interest rate scenario	increase
R0495 Biting life lapse scenario	

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

421,773

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

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

C0020	C0030
3,143	12,721
5,608	12,307
0	0
5,994	7,248
3,099	5,140
186,991	181,964
419,363	484,187
471,986	388,756
0	92,182
0	0
1,187	1,883
5,021	26,452
7,556	12,619
168,452	103,956
164,984	92,661
262,815	232,023

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

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

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

C0050	C0060
0	
0	
0	
0	
	0

Overall MCR calculation

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

C0070

421,773
1,499,154
674,619
374,789
421,773
4,710
421,773

Appendix C

Glossary of Terms

Abbreviation	Details of abbreviations
ABS	Asset Backed Securities
ALM	Asset Liability Management
AMRL	Aggregate Market Risk Limit
CA	Chief Actuary
CAD	Canadian Dollar
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIL	Convex Insurance UK Limited
CRO	Chief Risk Officer
D&O	Directors and Officers
EAL	Excess of assets over liabilities
EIOPA	European Insurance and Occupational Pensions Authority
EEA	European Economic Area
ERM	Enterprise Risk Management
ESG	Economic Scenario Generator
EU	European Union
EUR	Euro
EXL	EXL Services Limited
FCA	Financial Conduct Authority
GAAP	Generally Accepted Accounting Principles
GBP	British Pound Sterling
GEC	Group Executive Committee
GPW	Gross Premiums Written
HR	Human Resources
IMA	Investment Management Agreement
IMMMR	Identify, Measure, Manage, Monitor and Report
JPY	Japanese Yen
LACDT	Loss-Absorbing Capacity of Deferred Tax
MCR	Minimum Capital Requirement
NAIC	National Association of Insurance Commissioners
NSLT	Not Similar to Life Techniques
ORSA	Own Risk and Solvency Assessment
P&C	Property & Casualty
PI	Professional Indemnity
PRA	Prudential Regulation Authority

QRT	Quantitative Reporting Templates
RAG	Red, Amber, Green
RAYG	Red, Amber, Yellow, Green
RBLE	Risk-bearing Legal Entity
RMBS	Residential Mortgage-Backed Securities
RMF	Risk Management Framework
SCR	Solvency Capital Requirement
SLT	Similar to Life Techniques
SM&CR	Senior Managers & Certification Regime
SMF	Senior Management Function
SYSC	Senior Management Arrangement Systems and Controls
The Company	Convex Insurance UK Limited
The Group	Convex Group Limited
UK ExCo	UK/CIL Executive Committee
ULAE	Unallocated loss adjustment expenses
USD	United States Dollar

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