

Gresham Insurance Company Limited

Solvency and Financial Condition Report

Year ended 31 December 2025

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Summary

The purpose of the Solvency and Financial Condition Report (SFCR) is to provide information required by the Solvency II (SII) regulatory framework and in particular the capital position of Gresham Insurance Company Limited (the Company) at 31 December 2025.

The report sets out different aspects of the Company's business and performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management practices.

Business and Performance

The Company is a limited company registered in England and Wales and member of the Aviva plc group of companies. During January 2023, the Company entered into a contractual agreement with its distribution partner Barclays Bank UK plc that resulted in the Company terminating the current business arrangement on 30 August 2023 and acquiring renewal rights to in-force UK household insurance policies in return for an initial upfront payment to the distribution partner and a smaller deferred consideration payable on the second anniversary based on policy retention performance at the calculation date. In 2026, legacy Barclays customers will have their contracts renewed into Aviva Insurance Limited ("AIL"), at which point the Company's primary activities will become managing the run-off of in-force contracts and incurred claims.

Whilst the Company only conducts non-life insurance activities, it also has life insurance obligations in relation to annuities stemming from non-life insurance contracts (through Periodical Payment Orders 'PPO').

The Company made an IFRS profit before tax of £8,428 thousand in the year ended 31 December 2025 (2024: £10,375 thousand). This comprised underwriting profit of £6,261 thousand (2024 : profit £1,761 thousand), net investment income of £4,673 thousand (2024: income £6,165 thousand) and other income of £2,506 thousand (2024 : other income of £2,449 thousand).

Gross written premium fell by 1% in the year (2024: fell by 7%) reflecting the fact that the book is now closed to new business. Retention of existing business exceeded expectations. The majority of written premium is ceded to the Company's parent ALL, through a quota share reinsurance arrangement, with levies being excluded from this arrangement.

The Company's net investment income for the year of £4,673 thousand (2024: income £6,165 thousand) comprised interest receivable of £4,673 thousand (2024: £6,165 thousand). The Company received income from other activities of £2,506 thousand (2024: income £2,449 thousand) which primarily arose from changes in the unwind of discounting on incurred claims, economic assumptions for claims provisions and non-insurance income arising from ancillary services, sold as add-ons to existing policies.

The Board declared an interim dividend of £14,500 thousand during the year (2024: nil). This was settled in February 2026. There have been no other significant business or other events during the year which have had a material effect on the Company.

Section A of this report sets out further details about the Company's key operations and financial performance over the year.

Significant events in the reporting period

On 1 December 2025, the Board approved a share capital reduction of £76,500 thousand, leaving a residual share capital value of £1. This led to an increase in retained earnings, which feeds into the Reconciliation Reserve. On 1 December 2025, the Board approved a £14,500 thousand interim dividend. This was unpaid as at 31 December 2025, and is recognised as a foreseeable dividend charge in Own Funds.

System of Governance

The Board's responsibilities include ensuring that an appropriate System of Governance is in place throughout the Company. To discharge this responsibility, the Board has established frameworks for risk management and internal control using a 'three lines of defence' model. However, the Board sets the Company's risk appetite itself. A strong system of governance throughout the Company aids effective decision-making and supports the achievement of the Company's objectives for the benefit of customers, shareholders and regulators.

The roles and responsibilities of the Board are well defined:

- The Company's Board has delegated responsibilities to management from ALL to assist in its oversight of risk management and the approach to internal controls;
- The Company has implemented four key control functions – Risk Management, Actuarial, Compliance and Internal Audit;
- The Company has in place a remuneration policy, skills requirements and procedures for assessing the fitness and propriety of senior management and key function holders;
- The Company's risk strategy, appetite and framework, its approach to its Own Risk and Solvency Assessment (ORSA), and its governance over the use of the standard formula are set out in its Risk Management Framework policy and its risk policies and business standards; and
- The Company's outsourcing strategy is supported by its Procurement and Outsourcing Business Standard.

As a consequence of the successful purchase of the Home portfolio from Barclays, the Company's Board with effect from 1 January 2023 is solely composed of senior management from Aviva. With effect from 30 August 2023 the Company assumed full responsibility for the Home Portfolio at which point all policies were rebranded to Aviva (a trade name of the Company). To reflect the changed business and responsibilities the Company and its parent (AIL) have implemented an internal Framework Service Agreement (FSA) to define the management and the day to day operation of the Company, the required governance and oversight, and to formalise the roles and responsibilities. Section B of this report provides further details of the Company's System of Governance.

Risk Profile

The Company's business is about protecting its customers from risk. As an insurer, the Company accepts the risks inherent to its core business line of non-life insurance.

The Company receives premiums which are invested in order to maximise risk-adjusted returns, so that the Company can fulfil its promises to customers while providing a return to its shareholders. In doing so, the Company has a preference for retaining those risks which it believes it is capable of managing to generate a return.

The types of risk to which the Company is exposed have not changed significantly over the year and remain credit, market, underwriting, liquidity and operational risks.

For those risk types managed through the holding of capital, the Company measures and monitors its risk profile on the basis of the Solvency Capital Requirement (SCR). Some categories of risk are not measured and managed solely by holding capital, principally liquidity risk, which is measured through both absolute level targets and bespoke liquidity coverage ratios.

Section C of this report further describes the risks to which the Company is exposed and how it measures, monitors, manages and mitigates these risks, including any changes in the year to the Company's risk exposures and specific risk mitigation actions taken.

Valuation for Solvency Purposes

Assets, technical provisions and other liabilities are valued in the Company's SII Balance Sheet according to the SII regulations. The basis of the SII valuation principle is the amount for which they could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction. The value of Technical Provisions under SII is equal to the sum of a Best Estimate Liability and a Risk Margin.

At 31 December 2025, the Company's excess of assets over liabilities was £55,468 thousand (2024: 29,267 thousand restated) on a SII basis. This increase is driven by capital generated by the Company's operations during the year and the impact of the business arrangement described in the business and performance summary above.

Section D of this report provides further description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset or liability class. In addition, it also provides an explanation of the material differences between the IFRS and SII bases of valuation.

Capital Management

The Company manages Own Funds in conjunction with solvency capital requirements. In the calculation of the SCR, the Company has chosen to implement the standard formula (SF). In managing capital, the Company seeks, on a consistent basis, to:

- Match the profile of its assets and liabilities, taking into account the risks inherent in the business;
- Maintain sufficient, but not excessive, financial strength to support administration of existing policies, and satisfy the requirements of the Company's regulators and other stakeholders, giving the Company's customers assurance of its financial strength;
- Retain financial flexibility by maintaining strong liquidity; and
- Allocate capital rigorously to support value adding growth and repatriate excess capital where appropriate.

There have been no material changes to the objectives, policies or processes of the Company for managing its Own Funds during the year.

At 31 December 2025, the total eligible Own Funds to meet the SCR was £40,967 thousand (2024: £29,267 thousand) all of which was represented by unrestricted tier 1 capital. This increase is driven by capital generated by the Company's operations during the year and the impact of the business arrangement described in the business and performance summary above. The Company's SCR, at 31 December 2025, was £4,553 thousand (2024: £4,764 thousand). The overall surplus position was £36,414 thousand (2024: £24,503 thousand) which translates to a regulatory cover ratio of 900% (2024: 614%).

Section E of this report further describes the objectives, policies and procedures employed by the Company for managing its Own Funds. The section also covers information on structure and quality of Own Funds and calculation of SCR, including information about the Company's use of the SF.

A. Business and Performance

In this Chapter

- A.1 Business and Performance
- A.2 Underwriting Performance
- A.3 Investment Performance
- A.4 Performance of Other Activities
- A.5 Any Other Information

A. Business and Performance

The 'Business and Performance' section of the report sets out the Company's business structure, key operations, and financial performance over the reporting period.

A.1 Business

The Company is a limited company, registered in England and Wales, and is a member of the Aviva plc group of companies (the Group).

Qualifying holdings

The Company's shares and the associated voting rights are wholly owned by AIL, being a qualifying holding in the Company.

Supervisor

The Company is authorised by the Prudential Regulatory Authority (PRA). The Company and the Group are regulated by the PRA and the Financial Conduct Authority (FCA) in the UK. The PRA is part of the Bank of England. Contact details for the PRA are as follows:

Address 20 Moorgate, London, EC2R 6DA
Telephone number +44 (0) 20 7601 4444

External auditor

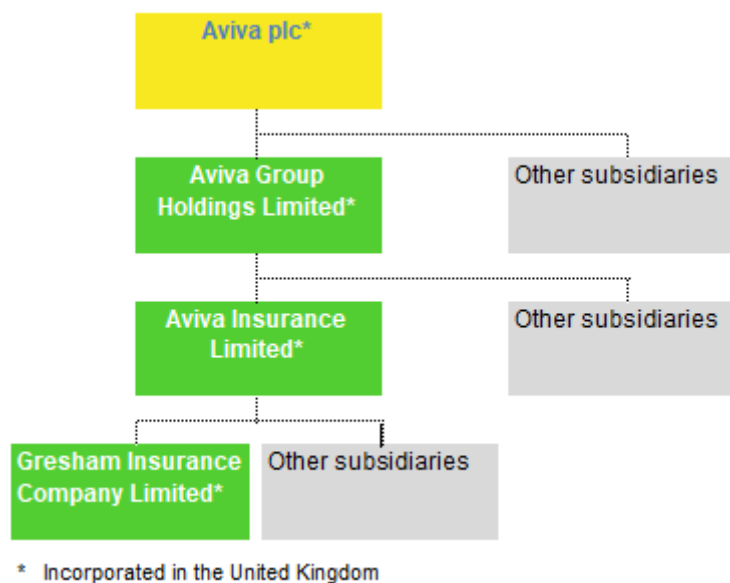
The PRA have issued the Company waiver to exempt the SFCR from the external audit requirements in the PRA handbook. Consequently, all qualitative and quantitative disclosure in this document is unaudited.

Financial statements

The Company's financial statements are available from the Company Secretary, Aviva Company Secretarial Services Limited, 80 Fenchurch Street, London, EC3M 4AE.

A.1.1 Organisation

The following chart shows, in simplified form, the Company's position within the structure of the Group as at 31 December 2025:



Gresham Insurance Company Limited is a subsidiary of Aviva Insurance Limited, which is registered in Scotland. Aviva plc is the ultimate controlling parent entity registered in England.

A.1.2 Business operations and events occurring in the year

Business operations

The only material SII line of business underwritten by the Company is Fire and Other Damage to Property. The Company underwrites its business in the UK, as presented in QRT IR.05.04 (Appendix F.1).

The Company underwrites personal household business and has a 100% quota share reinsurance arrangement with its immediate parent company, AIL.

Whilst the Company only conducts non-life insurance activities, it does have life insurance obligations in relation to annuities stemming from non-life insurance contracts (PPO).

A.1.2 Business operations and events occurring in the year (continued)

Significant business and other events

The Company's financial results are affected by a number of external factors, including demographic trends, general economic and market conditions, government policy and legislation.

A.2 Underwriting Performance

A.2.1 Measurement of underwriting performance

The Company uses underwriting profit to measure its underwriting performance. Underwriting result is a non-GAAP financial performance measure, calculated on an IFRS basis. It excludes certain items to enhance comparability and understanding of underwriting performance by highlighting net income attributable to on-going underwriting operations. Examples of items excluded from underwriting result are investment return, economic assumption changes, and non-insurance income. The items excluded from underwriting result, which comprise the Company's investment performance and its performance of other activities, are detailed in sections A.3 and A.4 respectively.

A.2.2 Underwriting performance during the year

The Company made an IFRS profit before tax of £8,428 thousand for the year ended 31 December 2025 (2024: £10,375 thousand). This comprises an underwriting profit of £6,261 thousand (2024: profit £1,761 thousand), net investment income of £4,673 thousand (2024: income £6,165 thousand) and income from other activities of £2,506 thousand (2024: income £2,449 thousand), as shown in the table below.

	£000s 2025	£000s 2025	£000s 2024	£000s 2024
Year ended 31 December				
Profit for the year before tax		8,428		10,375
Less: Net investment income (see A.3)		(4,673)		(6,165)
Add back:				
Unwind of discounting on incurred claims	(297)		(497)	
Changes in economic assumptions for claims provisions	(162)		(131)	
Other fee income	(2,281)		3,077	
Other operating expenses	234		—	
Performance of other activities (see A.4)		2,506		(2,449)
Underwriting profit		6,261		1,761

Quantification of premiums, claims and expenses, analysed by SII lines of business, is provided in QRT IR.05.04 (see Appendix F.1.2.2). This QRT has been prepared in accordance with the definitions and formats prescribed under SII. 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.4.

A summary of the information provided in the premium, claims and expenses QRT IR.05.04, analysed by SII lines of business, is provided in the table below.

£000s	Other motor insurance	Fire and other damage to property insurance	Other SII lines of business	Total
Year ended 31 December 2025				
Gross written premium	—	89,787	907	90,694
Net earned premium	—	2,552	26	2,578
Gross claims incurred	464	42,493	429	43,386
Net claims incurred	1,510	(3,039)	(31)	(1,560)
Net expenses incurred	—	—	—	2,578
Total expenses				3,204
Year ended 31 December 2024				
Gross written premium	—	90,283	912	91,195
Net earned premium	—	2,576	168	2,744
Gross claims incurred	34	36,103	1,091	37,228
Net claims incurred	(13)	192	2	181
Net expenses incurred	—	—	—	1,738
Total expenses				4,880

The Company's gross written premium, which is underwritten in the UK, decreased by 1% (2024: decreased by 7%) reflecting it no longer accepting new business, whilst retention rates for existing business have been higher than forecast. The majority of written premium is ceded to the Company's parent AIL, through a quota share reinsurance arrangement, with levies being excluded from this arrangement.

Net claims incurred were positive £1,560 thousand (2024: positive £181 thousand) and net expenses incurred were £2,578 thousand (2024: £1,738 thousand), with both reflecting the reinsurance arrangement with AIL.

A.3 Investment Performance

A.3.1 Measurement of investment performance

The Company's net investment income for the year of £4,673 thousand (*2024: income of £6,165 thousand*) comprised interest receivable of £4,673 thousand (*2024: receivable £6,165 thousand*), arising on higher investment returns on the collective investment undertaking held by the Company.

A.4 Performance of Other Activities

A.4.1 Other income and expense

As described in section A.2.1, performance of other activities comprises those items of other income and expense, other than net investment return, excluded from underwriting result. The table in section A.2.2 summarises the income of £2,506 thousand (*2024: £2,449 thousand*) which arose from its performance of other activities during the year. The material components of the Company's other activities are changes in the unwind of discounting on incurred claims, economic assumptions for claims provisions and non-insurance income arising from items, such as legal expenses, sold as add-ons to existing policies.

A.5 Any Other Information

It is anticipated that during 2026, insurance contracts will be renewed into Aviva Insurance Limited ("AIL"), at which point the Company's primary activity will become managing the run-off of in-force contracts and incurred claims.

B. System of Governance

In this Chapter

- B.1 General Information on the System of Governance
- B.2 Fit and Proper Policy
- B.3 Risk Management System including the Own Risk and Solvency Assessment
- B.4 Internal Control System
- B.5 Internal Audit Function
- B.6 Actuarial Function
- B.7 Outsourcing
- B.8 Any Other Information

B. System of Governance

This section of the report sets out information regarding the 'System of Governance' in place within the Company. There have been no material changes in the system of governance during the year.

Details of the structure of the undertaking's 'administrative, management or supervisory body' (defined as the Board) are provided. The roles, responsibilities and governance of key functions (defined as the Risk, Compliance, Internal Audit and Actuarial Functions) are also provided. Other components of the System of Governance are also outlined, including, but not limited to, the risk management system and internal control system implemented across the business.

B.1 General Information on the System of Governance

B.1.1 Overview of the Board structure and systems of governance

The Company's Board is responsible for promoting the long-term success of the Company and for setting its strategy. It is responsible for setting the Company's risk appetites and ensuring that there is an appropriate system of risk governance in place. A strong system of governance throughout the Company aids effective decision-making and supports the achievement of the Company's objectives for the benefit of policyholders and the shareholder.

The duties of the Company's Board are set out in its terms of reference. The terms of reference lists both those items that are specifically reserved for decision by the Board and those matters that must be reported to the Board. The Company's Board is composed solely of senior management from Aviva.

The Company's Board has delegated responsibilities to management from AIL to assist in its oversight of risk management and the approach to internal controls.

The 'three lines of defence model', and roles and responsibilities of key functions

Aviva staff acting on behalf of the Company are involved in the management and mitigation of risk, with the Risk Management Framework (RMF) which organises the various policies and systems of governance that AIL expects the Company to follow, being embedded in the day-to-day management and decision-making processes. The three lines of defence model is adopted by the Company and across Aviva Plc (as required by the RMF policy). Further details are below:

The first line (The Business)

Accountable for the management of all risks relevant to the business of the Company. The Chief Executive Officer (CEO) is responsible for the implementation of the Company's strategies, plans and policies, the monitoring of operational and financial performance, the assessment and control of financial, business and operational risks and the maintenance and ongoing development of a robust control framework and environment in their areas of responsibility. The first line of defence includes the Actuarial key control function. The Actuarial Function is accountable for actuarial methodology, reporting on the adequacy of reserves, including on the appropriateness of the underlying methodologies, models and assumptions. It also has responsibility for the adequacy of reinsurance arrangements.

The second line (Risk Function)

The Risk Function comprises the key functions of Risk Management and Compliance.

- The Risk Management Function is responsible for the design and objective oversight of the risk management framework and systems implementation, and the design, implementation and independent validation of the Company's Internal Model (IM). It is also responsible for the Model Risk Business Standard governing all material models. The Risk Management Function reports to the Board on material risks identified, together with any other specific areas of risk requested by the Board, and assists the Board and Management in the effective operation of the risk management system through, among other things, the provision of specialist analysis and quality reviews, an aggregated view of the risk profile, and an assessment of the key risk associated with the business's strategy and key decisions.
- The Compliance Function supports and advises the business on the identification, measurement and management of its regulatory and conduct risks and is accountable for monitoring and reporting on the Company's compliance risk profile.

The third line (Internal Audit)

The Internal Audit Function is independent of the first and second lines of defence. Internal Audit is responsible for assessing and reporting on the effectiveness of the design and operation of the framework of internal controls, which enables risk to be assessed and managed appropriately. The assessment on the robustness of the RMF and the appropriateness and effectiveness of internal control is provided by Internal Audit to the Company's Board.

Sections B.3.2, B.4.2, B.5 and B.6 detail the roles, responsibilities, authority, resources, independence and reporting lines of the Risk Management, Compliance, and Internal Audit Functions respectively, and how their independence is ensured.

B.1.2 Assessment of effectiveness

An assessment of the effectiveness of the Company's parent governance, internal control and risk management systems including those performed on behalf of the Company was conducted at the end of 2025, by the parent company, but including consideration of the Company. This included an attestation by the parent company's CEO. Key operational risks and any control weaknesses or non-compliance with the Company's risk policies and business standards or local delegations of authority are highlighted as part of this process. The parent company's Chief Risk Officer (CRO) provided an independent opinion on the parent company CEO's attestation which confirms accuracy of the CEO's declaration and noted no additional qualifications or weaknesses.

B.1.3 Remuneration policy

All staff are employed by a subsidiary of Aviva plc, Aviva Employment Services Limited. All Aviva staff acting on behalf of the Company are subject to the Group's remuneration policy, which is designed to incentivise and reward employees for achieving business goals in a manner that is consistent with the Group's strategy, business plans, values and behaviours, sound and effective risk management and good governance.

Pension and early retirement schemes

There were no enhanced pension arrangements or early retirement schemes for members of the Board or key function holders in place during 2025.

B.1.4 Material transactions with the shareholder, persons with significant influence on the Company and members of the Board

The Company has a quota share reinsurance arrangement with AIL, with effect from 1 January 2006. The key terms of the agreement remain: a 100% cession rate on premiums, claims costs and underwriting expense costs is applied in respect of the underwriting year; and a requirement for the Company to retain a percentage in relation to levies.

The key management of the Company are considered to be the statutory directors. The financial statements give details of their remuneration.

B.2 Fit and Proper Policy**B.2.1 Description of specific requirements concerning skills and knowledge**

For persons responsible for running the undertaking or responsible for key functions, subject to regulatory approval/notification, an assessment of fitness and propriety must consider their allocated responsibilities and skill and experience across the following areas:

- Insurance and financial markets;
- Business strategy and business models;
- System of governance;
- Financial and actuarial analysis;
- Regulatory framework and requirements; and
- Skills relevant to that role

The Company's requirements in respect of skills, knowledge and expertise for key function holders are set following engagement with both internal and external subject matter experts in each specialism. These requirements and qualifications are captured within individual role descriptions for each key function role.

B.2.2 Description of policies for assessing fitness and propriety

The Group and the Company have policies in place to ensure that individuals holding senior roles within the Senior Manager and Certificate Regime (SMCR) are "fit" and "proper" in line with the PRA and FCA requirements. The regulators have regard to a number of factors when assessing fitness and propriety and expect firms to have regard to the same factors of: honesty, integrity and reputation, competence and capability and financial soundness. Assessment of fitness and propriety takes place at recruitment and is reassessed periodically thereafter.

A policy to apply a minimum set of basic screening requirements has been agreed and implemented for the recruitment activity for all staff. Additional enhanced screening requirements and ongoing fit and proper assessments are also applied for individuals who are subject to the FCA and PRA senior manager and certification regimes.

B.3 Risk Management System including the Own Risk and Solvency Assessment**B.3.1 Overall Risk Management Framework**

The Company's RMF has a key role in supporting the business to deliver its purpose for our customers, our people and our shareholder, helping the business discover, predict, understand and manage our risks, thereby maintaining a safe risk environment. The RMF is at the heart of every business decision and is key to ensuring a robust control environment. The RMF comprises the system of governance, risk management processes and Risk Appetite Framework (RAF), and is owned by the Company's Board. It establishes the principles and fundamental statements by which the Company Identifies, Measures, Manages, Monitors and Reports risk (IMMMR).

The Company's RAF outlines the risks that the Company selects and manages in pursuit of return, the risks the Company accepts and retains up to a moderate level of and the risks the Company actively avoids or takes action to mitigate as far as practical. It comprises:

- Risk preferences: which are qualitative statements that express where the business prefers to take risk (or else accept or avoid) and why, applied to individual key risks types (e.g. GI Reserving and Inflation).
- Risk appetites: which include overarching statements that express the level of risk the business is willing to accept. The Company has risk appetites for Solvency, Liquidity, Operational, Climate and Conduct risk. Risk appetites are reviewed and approved by the Board and monitored by the Company's immediate parent (AIL) management committees.
- Risk limits: quantify more granular limits for specific defined risk exposure (e.g. maximum credit exposure limits to particular counterparties).

To promote a consistent and rigorous approach to risk management the Company has adopted a number of risk policies and business standards. The risk policies set out the Board's risk strategy appetite for risk and the expectations in respect of the management of risk whilst the Business Standards set out the mandated controls, which together with any local controls aim to keep the operational risks within tolerance. The immediate parent company Chief Executive Officer makes an annual attestation that the system of governance and internal controls are effective and fit for purpose for the Company throughout the year and this declaration is supported by an opinion from the Company's Chief Risk Officer.

Risk management processes help the business discover, predict, understand and manage our risks, thereby maintaining a safe risk environment and enabling dynamic risk-based decision making. A variety of tools and processes are available to support risk identification. Top-Down Risk Assessment (TDRA) is carried out by the Risk Management Function and identifies key organisational current and emerging risks. Bottom-up risk assessment focuses on risks more granular which are connected to our operational processes, managed through Risk and Control Self-Assessment (RCSA) process, which is run by the first line, with challenge by the Risk Function. It focuses on operational risks, which are recorded on iCare, the Company's risk management system. These risk assessment processes are run separately but are complementary. They are used to generate risk reports which are shared with the Board.

Risk models are an important tool in the measurement of risks and are used to support the monitoring and reporting of the risk profile and in the consideration of the risk management actions available. A range of stress tests (where one risk factor, such as a downgrade in a reinsurer credit rating) are undertaken to evaluate their impact on the business and the management actions available to respond to the conditions envisaged. For those risk types managed through the holding of capital, being the Company's principal risk types except for liquidity risk, the Company measures and monitors its risk profile on the basis of the Solvency II Solvency Capital Requirement (SCR).

The Risk Management Function is accountable for quantitative and qualitative oversight and challenge of the IMMMR process and for developing the RMF. Internal Audit provides an independent assessment of the risk framework and internal control processes.

Aviva staff on behalf of the Company are involved in the management and mitigation of risk, with the RMF embedded in the day-to-day management and decision-making processes. The 'three lines of defence model' is adopted by the Company and the Aviva Group (as required by the RMF policy). First Line (the Business) is accountable for the management of all risks relevant to the business of the Company, including the implementation of the RMF and embedding of the risk culture. Second line (the Risk Function) is responsible for providing independent objective quantitative and qualitative oversight and challenge of the IMMMR processes and for developing the RMF. The third line (Internal Audit) provides an independent assessment of the RMF and internal control processes.

The Board is responsible for setting the Company's risk preferences, risk appetites, and regularly monitoring the establishment and operation of prudent and effective controls in order to assess and manage the risks associated with the Company's operations. Risk appetites are set for solvency, liquidity, operational, climate and conduct risk.

The Company's position against its risk appetites is monitored and reported to the Board on a regular basis. Long-term sustainability depends upon the protection of franchise value and good customer relationships. As such, the Company has no appetite for a risk of poor customer outcomes, market abuse or activities which impact market stability, integrity or fair competition, and takes all reasonable steps to comply with all conduct regulations and deliver good customer outcomes.

B.3.2 Risk Function

The Risk Function is responsible for the design and implementation of the RMF. The Risk Function reports to the Company's Board on material risks, together with any other specific areas of risk requested by the Board. A further responsibility is to support the Board and management to ensure the effective operation of the RMF through the provision of specialist analysis and quality reviews, an aggregated view of the risk profile, and an assessment of the key risks associated with the Company's strategy, and other key decisions.

The Company's CRO reports to the Group CRO and has a dotted reporting line to the parent company CEO.

The Risk Function has 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 Board receives an annual report and periodic verbal updates from the CRO covering material risks and concerns. The CRO has direct management accountability for the Risk Function and is responsible for prudential regulatory risk management.

Prudential risk management activities performed by the Risk Function include:

- Setting the prudential regulatory risk policy framework;
- Providing advice, support, guidance and challenge on prudential regulatory risk;
- Monitoring prudential regulatory developments; and
- Managing prudential regulatory engagement.

B.3.3 Own Risk and Solvency Assessment (ORSA)

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short-term and long-term risks the Company faces or may face to determine the own funds necessary to ensure that its overall solvency needs are met at all times, and determine sufficiency of resources necessary to ensure its long-term viability. The ORSA provides a continuous and forward-looking assessment of short-term and long-term risks and underpins the consideration of risk and capital implications in key decisions, particularly strategy setting and business planning.

The ORSA is a dynamic process, the outcomes of which are reported to management and the Board throughout the year. It comprises a number of elements of the RMF which are embedded in the Company through the requirements of supporting risk policies and business standards. In combination, these elements create a holistic overview of the risks that may impact the Company and which should be taken into account by management in day-to-day decision making.

Consistent with the “three lines of defence model”, the parent company CEO and their direct reports are responsible for the majority of the underlying ORSA processes set out above. The Risk Function is responsible for the ORSA Policy and annual ORSA reporting.

Review and approval

The Board oversees the ORSA processes and annually approves the ORSA policy. The results of the Company’s ORSA processes are also considered by the Board when reviewing the Company’s strategy and plans.

The annual ORSA report brings together and summarises in a single report a high-level description of the key components of ORSA, together with key developments and outcomes during the year.

The ORSA report is produced and approved by the Board annually, or in the event that material external events or management decisions may require an update to the most recently prepared ORSA process outputs, depending upon their significance, to ensure that the Board’s view on the Company’s earnings, capital, liquidity, strategy and risk and control remain up-to-date. Accordingly, the occurrence of any or all of the following events are indicators of the need to consider whether an out-of- ‘ad hoc’ ORSA Report may be required:

- A material impact on Own Funds or diversified SCR
- The invocation of the immediate parent company’s Crisis Action Leadership Team (CALT), where the impacts materially pertain to the Company; and/or
- Any potentially material change to the Company’s risk profile.

The annual report is submitted to the Board, and subject to their approval shared with the PRA.

Economic capital (as a risk-based capital measure) is embedded in the Company’s RMF and is used as a key input to a wide range of business and strategic decisions. The framework, supported by risk policies and business standards, sets out the areas where economic capital management information must be used as part of decision-making and risk management processes. This ensures that requirements to use economic capital are embedded within the relevant processes including, but not limited to, strategy and planning. Economic capital is calculated using the SF calculation, the appropriateness of which is reviewed annually and reported to the Board.

B.4 Internal Control System

B.4.1 Description of the Internal Control System

Internal controls facilitate effective and efficient business operations, the development of robust and reliable internal reporting and compliance with laws and regulations.

The Company’s principles, objectives, global controls and key requirements for ensuring effective internal control that comprise the Company’s RMF are set out in Risk Policies and Business Standards derived from those applied across the Aviva Group. This includes the Operational Risk and Control Management (ORCM) Framework that provides processes for identification and recording of Operational Risks and the controls required and applied to them. Compliance is attested in the annual CEO attestation completed by the parent company. Key attributes of the internal control environment include:

- An appropriate “tone from the top”. This supports the effective management of exposures, adequate resourcing, effective communication, malpractice reporting, a business ethics code that is annually signed up to by all Aviva employees acting on behalf of the Company, and a commitment to integrity, ethical behaviour and compliance;
- A clear organisational structure that supports the system of internal control and includes the effective operation of an adequately resourced three lines of defence model, appropriate and proportionate segregation of duties, a clear system of delegated authorities, clearly defined roles and responsibilities for staff, and the consideration of risk management and control responsibilities when setting objectives for, and reviewing the performance of, all staff;
- Implementation of risk policies and business standards, and consistent IMMMR of all risks;
- A common system of record for operational risk reporting (iCARE) with standardised reporting;
- Effective controls for each of its core risks which align to key business processes, and are regularly monitored and reported on; and
- A risk oversight process that provides adequate challenge to the completeness and openness of internal control and risk assessment of the Company’s most material risks.

B.4.2 Compliance Function

The primary purpose of the Compliance Function is to assess the Company’s exposure to regulatory risk and provide advice, guidance and challenge to the first line of defence in their management of this risk. The Compliance Function is an integral part of the RMF and constitutes a key part of the Company’s corporate governance, including helping the Company to maintain healthy relationships with the FCA, PRA and other regulatory bodies. The function is a critical contributor to the safe and sound operation of the Company and underpins the achievement of its strategy and business goals. The Compliance Function is led by the Chief Conduct and Compliance Officer (CCCO). The key processes that comprise the Company’s compliance activity are:

- Setting the conduct policy framework;
- Providing advice, support, guidance and challenge on conduct risk;
- Monitoring conduct regulatory developments; and
- Managing conduct regulatory engagement.

Those responsible for carrying out compliance activities have authority to review all areas of the Company and have full, free and unrestricted access to all activities, records, property and personnel necessary to carry out their role, where appropriate.

The General Counsel is responsible for monitoring of legal developments.

B.5 Internal Audit Function

The parent company's Internal Audit Function (of which the Company is the part) is led by the Chief Audit Officer who reports directly to the Group Chief Audit Officer and to the Chairman of the parent company's Audit Committee.

The Internal Audit Function provides regular reports to the Company's Board on the robustness of the Company's RMF and the appropriateness and effectiveness of the system of internal control. In doing this it considers the adequacy of the Company's system of internal control to manage its business risk and to safeguard its assets and resources. It also considers the effectiveness of any actions put in place by management to address any deficiencies that might exist in the system of internal control.

Independence and objectivity

The Internal Audit Function maintains its independence and objectivity by reporting directly to the Group Chief Audit Officer and the Chairman of the immediate parent company's (AIL) Audit Committee. The parent company's Audit Committee has a duty to recommend the appointment or dismissal of the Chief Audit Officer to the parent company Board and to participate, jointly with the Group Chief Audit Officer or designee, in the determination of the objectives of the Chief Audit Officer and the evaluation of his levels of achievement, including consultation with the CEO.

The Chief Audit Officer proposes a budget which ensures that Internal Audit has sufficient skills and resources to discharge its responsibilities. Internal Audit is authorised to review all areas of the Company and has full, free, and unrestricted access to all activities, records, property, and personnel necessary to complete their work.

Internal Audit Function staff have no direct responsibility for any operational activities. There is a formal policy of rotating staff to ensure that independence is maintained. There is also a restriction on the audits that staff who have previously worked elsewhere in the Company can perform. The Internal Audit Function cannot perform any projects for management that will threaten its actual or perceived independence and objectivity.

An annual declaration of independence is signed by all members of the Internal Audit Function's staff.

B.6 Actuarial Function

The Actuarial Function is accountable for actuarial methodologies and calibrations, plus the resultant calculation of the Best Estimate Liabilities and capital requirements. The Actuarial Function produces an annual report to the Board providing all of the information necessary for the Company's Board to form their own opinion on the adequacy of Technical Provisions and on the Company's underwriting and reinsurance arrangements.

The Actuarial Function is led by the parent company Chief Actuary (who is also the Company's Chief Actuary), who reports to the parent company CFO. Persons employed in certain specific roles within the Actuarial Function are subject to the Fit and Proper policy requirements to ensure they have the requisite skills and knowledge to complete their responsibilities (Fit and Proper requirements are considered in section B.2.).

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.

B.7 Outsourcing

B.7.1 – Outsourced functions and activities

Various claims handling and fulfilment activities, including loss adjusting and property repairs are outsourced to companies outside the Group. These services are carried out in the UK.

B.7.2 – Material intra-group outsourcing arrangements

Material intra-group outsourcing arrangements for the year ended 31 December 2025 primarily comprise fund and investment services (including asset management) and a range of shared support services (including IT, finance, compliance, risk, HR, actuarial and internal audit services) outsourced to service companies within the Group. Material intra-group outsourcing arrangements are primarily provided from the UK and Ireland.

The Aviva Procurement and Outsourcing Business Standard contains information on the Company's outsourcing policy, setting out the relevant responsibilities, objectives, processes and monitoring arrangements to be applied in cases of outsourcing, all of which shall be consistent with the overall business strategy. The standard applies equally to any externally or internally (intra-group) outsourcing and non-outsourcing (third-party arrangements that do not meet the definition of outsourcing) activity and is benchmarked against relevant regulatory expectations.

The objective of the standard is to ensure that adequate governance, minimum control objectives and controls for supplier related activities are followed by all Group businesses (including the Company), so that supply risk is managed effectively. This includes the need to ensure that good customer outcomes are being delivered, customers are being treated fairly, their best interests are protected and that the risk of potential financial, operational, contractual and brand damage caused by inadequate management is mitigated. The standard requires a Global Outsourcing Landscape document to be produced annually which captures details of all outsourced operational functions and activities.

The standard applies to all staff involved in supplier related activities. It provides clarity to businesses on the definition of outsourcing, including where activity is delegated to an intermediary, and whether a function or activity outsourced is assessed as material.

The control objectives in the standard cover the following areas:

- Supply governance – business oversight of operational performance for sourcing and supply management activities;
- Sourcing – how a service provider of suitable quality is selected;
- Contract and supplier management – risk-based approach to management of supply contracts; and
- Business contingency and exit plans - to support operational resilience and recovery and a means to safely exit the arrangement without material harm to the business.

Material outsourcing will attract the highest level of rigour, including any required regulatory notification, performance and relationship reviews, regulatory compliance reviews, operational resilience reviews, risk and control assessments.

B.8 Any Other Information

The Company has no other material information to disclose.

C. Risk Profile

In this Chapter

- C.1 Underwriting Risk
- C.2 Market Risk
- C.3 Credit Risk
- C.4 Liquidity Risk
- C.5 Operational Risk
- C.6 Other Material Risks
- C.7 Any Other Information

C. Risk Profile

This chapter provides information on the Company's Risk Profile.

C.1 Underwriting Risk

C.1.1 Exposure

The Company's exposure to non-life underwriting risk arises from:

- Inadequate claims reserving assumptions;
- Unforeseen fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations;
- Unexpected claims arising from a single source;
- Inaccurate pricing of risks or inappropriate underwriting of risks when underwritten; and
- Inadequate reinsurance protection or other risk transfer techniques.

As noted in A.1.2, the principal activity of the Company going forward is to administer and manage the in-force UK household insurance policies. There are also some outstanding reserves in respect of motor business that was underwritten historically.

The Company has a quota share arrangement with its parent company, AIL, with effect from 1 January 2006. The majority of written premium is ceded to AIL, although an amount of premium is excluded from this arrangement to meet the cost of levies. The Company is also a named party to Group wide external catastrophe reinsurance arrangements and participates in the Flood Re reinsurance programmes which is backed by the UK Government.

The Company's overall exposure to underwriting risk is measured using the SCR. QRT 1R.25.04 (Appendix F.1.7) shows that the Company's undiversified SCR for underwriting risk is immaterial (2024: immaterial). Underwriting risk is also measured and monitored in terms of best estimate liabilities, total sum insured and estimated maximum loss. Estimated maximum loss is an estimation of the maximum loss that could be reasonably sustained as a result of a single incident considered to be within the realms of probability.

There has been no material change to the measures used to assess underwriting risk during the reporting period.

C.1.2 Risk concentration

The Company's general insurance business is UK domiciled, and managed and priced in the UK. Its most concentrated non-life underwriting peril is North European Windstorm.

C.1.3 Risk mitigation

The Company manages its exposure to general insurance risk through the application of control frameworks that include:

- Claims reserving that is undertaken by local actuaries and is also subject to periodic external review;
- Extensive use of data, financial models and analysis to improve pricing and risk selection;
- Underwriting limits linked to delegations of authority that govern underwriting decisions;
- Product development in a management framework that ensures products and propositions meet customer needs;
- Product limits and exclusions; and
- Governance of outsourced functions writing products on behalf of the Company.

The primary technique used to mitigate underwriting risk is reinsurance as described in section C1.1.

The management of insurance risk is overseen by the Board.

C.1.4 Stress and scenario testing and sensitivity analysis

Descriptions of the methods used, assumptions made and outcomes of stress and scenario testing and sensitivity analysis are provided in section C.7.1.

C.1.5 Special purpose vehicles

The Company has not transferred underwriting risk to special purpose vehicles, as defined by the SII Directive.

C.2 Market Risk

C.2.1 Exposure

The Company's exposure to market risk arises from the risk of adverse financial impact resulting directly or indirectly from fluctuations in interest rates and inflation. Market risk arises due to fluctuations in both the value of liabilities and the value of assets held.

The Company's overall exposure to market risk is measured using the SCR. QRT 1R.25.04 (Appendix F.1.7) shows that the Company's undiversified SCR for market risk is £1,619 thousand (2024: £2,039 thousand). The change is primarily due to credit risk associated with the Company's exposure from cash-like instruments held in Collective Investment Undertakings over the period.

Given the reinsurance the Company has in place as outlined in section C1.1, the Company has limited interest rate exposure from its claims liabilities, and has limited interest rate asset sensitivity. There is no exposure to foreign currency exchange rates.

There has been no material change to the measures used to assess market risk during the reporting period.

C.2.2 Risk concentration

The Company holds cash like instruments via liquidity funds held in Collective Investment Undertakings. It is exposed to any concentration in individual names within these funds.

C.2.3 Risk mitigation

The Company manages market risk within its market risk framework, within local regulatory constraints and in line with established Group policy. The management of market risk is overseen by its parent company's Asset Liability Committee ("ALCO") and the Board.

The Company did not have any derivatives during the year or at year-end.

C.2.4 Stress and scenario testing and sensitivity analysis

Descriptions of the methods used, assumptions made and outcomes of stress and scenario testing and sensitivity analysis are provided in section C.7.1.

C.2.5 Additional information

There is no significant impact on the Company's exposure to market risk.

C.3 Credit Risk

C.3.1 Exposure

The Company's exposure to credit risk arises from the risk that it will incur a financial loss from the default or failure of third parties to meet their payment obligations to the Company, or variations in market values as a result of changes in expectations related to these risks.

The Company's approach to managing credit risk recognises that there is a risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Company's credit risks arise principally from insurance debtors, reinsurance counterparties and bank deposits.

The Company's management of credit risk includes implementation of credit risk management processes as part of the wider risk framework (including limits frameworks), and reporting and monitoring of exposures against pre-established risk criteria. The management of credit risk is overseen by its parent company's ALCO and the Board.

Risk mitigation techniques are used where and when deemed appropriate. These are utilised where possible to remove residual unwanted risks, as well as to bring or keep exposure limits within appetite.

The principal basis used to measure the Company's exposure to credit risk is the SCR. QRT IR.25.01 (Appendix F.1.7) shows that the Company's undiversified SCR for credit risk is £2,659 thousand (2024: £2,505 thousand). Counterparty risk relates to the risk associated with reinsurers and insurance debtors. The Company is additionally exposed to the credit risk associated with its Collective Investment Undertakings included in the market risk SCR reported in the QRT as described in section C2.1. There has been no material change in the Company's counterparty risk exposure over the reporting period.

The following metrics are also used when measuring and assessing its credit risk exposure and to support risk management actions and investment decisions:

- Maximum exposure: credit exposure of the Company's financial assets to counterparties;
- External credit rating: available Moody, Standard & Poor and Fitch ratings;

There has been no material change to the measures used to assess credit risk during the reporting period.

The overall credit quality of the Company's exposures is strong. At 31 December 2025, reinsurance assets are with highly rated counterparties. Collective Investment Undertakings are held with highly rated banking institutions or liquidity funds.

C.3.2 Risk concentration

The Company has exposure to its immediate parent AIL via the reinsurance quota share arrangement discussed in section C.1.1. The Company is also a named party to Group wide external catastrophe reinsurance arrangements, and hence could independently access external catastrophe reinsurance recoveries due.

C.3.3 Risk mitigation

As described in section C3.1, the Company has in place a credit control framework to manage credit risk.

In accordance with the requirements of the Group Financial Risk Mitigation Business Standard the Company assesses and documents the effectiveness of arrangements to mitigate credit risk are assessed and documented. On-going monitoring is carried out by reporting management information to the parent company's ALCO and Board, against pre-defined trigger points, to enable appropriate oversight and to prompt action if effectiveness deteriorates.

C.3.4 Stress and scenario testing and sensitivity analysis

Descriptions of the methods used, assumptions made and outcomes of stress and scenario testing and sensitivity analysis are provided in section C.7.1.

C.3.5 Additional information

The Company's exposure to credit risk arises primarily through its reinsurance arrangements. There has been no significant impact on the credit risk exposure to date.

C.4 Liquidity Risk

C.4.1 Exposure

The Company's exposure to liquidity risk arises from the risk that its liabilities cannot be settled, in a timely and cost-effective manner, as they fall due because of insufficient liquid assets. Liquidity risk may arise from uncertainty of the value and timing of liabilities or the ability to realise assets to produce cash to meet obligations. The Company assesses liquidity risk under a range of scenarios and various levels of liquidity stress. Sources of liquidity risk include:

- Insurance underwriting e.g. catastrophe claims arising from adverse weather events;
- Variances of actual operational cash flow from shorter-term forecasts; and
- Timing mismatches between claims payments, premium income and reinsurance recoveries.

The principal bases used to measure and assess the Company's exposure to liquidity risk are absolute liquidity coverage relative to pre-defined appetites and the quantum of certain liquid assets. These are calibrated to ensure sufficient liquidity to meet expected liquidity requirements following an extreme liquidity-specific stress events covering both short-term and long-term stress scenarios.

There has been no material change to the measures used to assess liquidity risk during the reporting period.

There were no material changes in the Company's exposure to liquidity risk throughout the year and the Company's liquidity profile was maintained within appetite.

C.4.2 Risk concentration

The credit limit framework described in section C.3.1 above also avoids concentrations of liquidity risk by preventing investment in a restricted number of issuers, asset classes and sectors. The Company has set its liquidity risk appetite to ensure it has sufficient liquid funds to meet its expected obligations as they fall due.

C.4.3 Risk mitigation

The Company manages its liquidity risk by considering the liquidity impact before accepting new risks and managing its existing liquidity profile by:

- Monitoring of projected short-term cash flow needs;
- Setting liquidity risk appetites which require that sufficient liquid resources be maintained to cover net outflows in a stress scenario;
- Defining trigger levels that enable action to be taken before those levels are breached; and
- The Company's immediate parent, AIL, maintaining a Capital and Liquidity Management Action Plan (CLMAP) which details management actions to address capital and/or liquidity requirements in a significant stress scenario.

The Company monitors the effectiveness of liquidity risk mitigation techniques as follows:

- The internal controls that enable effective liquidity risk management are subject to assurance testing as part of wider testing undertaken within AIL to ensure they operate effectively; and
- Liquidity positions are regularly reported to and monitored by the ALCO and Board against pre-defined trigger points to enable appropriate oversight and actions to take place if effectiveness deteriorates.

C.4.4 Expected Profit Included in Future Premium (EPIFP)

The amount of EPIFP, calculated in accordance with Article 1 of the SII regulations and included within the valuation of the Company's Technical Provisions as at 31 December 2025 is £nil thousand (2024: £nil thousand). (See the Own Funds QRT IR.23.01, Appendix F.1.6.).

C.4.5 Stress and scenario testing and sensitivity analysis

Descriptions of the methods used, assumptions made and outcomes of stress and scenario testing and sensitivity analysis are provided in section C.7.1.

C.4.6 Additional information

There is no significant impact on the Company's exposure to liquidity risk.

C.5. Operational Risk

C.5.1 Exposure

The Company's exposure to operational risk arises from the risk of direct or indirect loss, caused by inadequate or failed internal processes, people and systems, or external events including changes in the regulatory environment. The Company has a limited appetite for operational risk and aims to reduce these risks as far as commercially sensible.

Conduct risk, an element of operational risk, is where the Company does not achieve positive or fair customer outcomes. Management of conduct risk continues to be a key priority for the Company across the whole lifecycle of its products, and throughout the end to end journey of its customers, with robust governance and metrics embedded across the organisation.

The Company also seeks to manage its exposure to reputational risk, which is the risk of loss to the Company's franchise value from damage caused to the Company's brands or reputation. Examples of factors, regardless of whether authenticated or not, which could damage the Company's brands or reputation include litigation, employee misconduct, operational failures, the outcome of regulatory investigations, media speculation and negative publicity, disclosure of confidential client information or inadequate services.

As part of the wider Group strategy of digital customer interaction, its use of advanced data analytics and the increasing cyber security threat, together with regulators' attention to conduct issues, the Company has increased its inherent exposure to risks such as data theft, conduct breaches and customer service interruption arising from IT systems failure. The Company and its parent have sought to contain

and reduce exposure to these risks through on-going investment in programmes to improve IT security and resilience, disaster recovery, data governance and outsourcing. The Company has an Operational Risk and Control Management Framework, which integrates the results of the risk identification and assurance activities carried out across the Company's three lines of defence.

There were high levels of regulatory change and challenging external drivers impacting the Company and its Parent, with significant resources allocated to enable the fulfilment of obligations.

Operational risks are initially identified through the Common Operational Risk Register (CORR) and assessed against implemented controls. Residual risk, outside tolerance, is given prioritised management action to reduce it within tolerance. Operational risk is quantitatively assessed on the basis of financial loss and misstatement. Potential reputational and conduct impacts are qualitatively assessed. The methodology to measure operational risks has changed from a IFRS operating profit basis to a Solvency II Own Funds Generation (SII OFG) basis for financial impacts. This has not materially changed the outcome of the risk assessments.

QRT IR.25.01 (Appendix F.1.7) shows that the Company's undiversified SCR for operational risk is £1,051 thousand (2024: £1,099 thousand). The Company also produces specific conduct risk management information used to measure and analyse its exposure to conduct risk.

There have been no material changes, during the year, to the Company's exposure to operational risk.

C.5.2 Risk concentration

Going forward the Company's products are marketed under the 'Aviva' brand, enabling leverage on the strength of the brand and supporting delivery of the Company's business strategy. The Company is therefore vulnerable to any operational failures that adversely impact public perception of the 'Aviva' brand.

C.5.3 Risk mitigation

Operational risks are considered by the Company to be preventable and are managed through business controls. The Company's operational risk strategy is to improve its business processes to:

- Reduce operational risk and associated losses, thereby improving cost to income ratio and variability in financial performance;
- Improve customer outcomes and employee satisfaction; and
- Sustain customer confidence and a positive regulatory reputation.

The Group's business standards (which apply to the Company) set out the minimum control objectives and controls that each business area is required to operate. Operational risk tolerances are quantitative boundaries that constrain specific risk-taking activities at an operational level.

The Company records and analyses operational risk events to understand the root cause and ensure remedial action is taken, lessons are learnt and, if the event impacts customers, they are treated fairly. This includes risk events that do not give rise to a financial loss, such as near misses or fortuitous gains. This assessment enables the Company to highlight areas for improvement, implement corrective actions to avoid recurrence, and improve its understanding of operational risk.

The Company has identified business critical functions and has exit and termination plans and business continuity and disaster recovery plans in the event of supplier failure. These plans are reviewed at least annually.

The Company's three lines of defence all monitor the effectiveness of the controls that are in place against operational risk. Further details of the three lines of defence are included in section B.1.1, including the specific roles and responsibilities of each line. Operational risk is overseen by the Board.

C.5.4 Stress and scenario testing and sensitivity analysis

Descriptions of the methods used, assumptions made and outcomes of stress and scenario testing and sensitivity analysis are provided in section C.7.1.

C.6 Other Material Risks

The Company has no material information to disclose regarding other material risks.

C.7 Any Other Information

C.7.1 Stress and scenario testing and sensitivity analysis

Stress and Scenario Testing (SST) is a fundamental element of the Company's Risk Management Framework which is embedded within the Company's decision-making, strategy and planning activities. SST provides insight into key risk exposures and dependencies of the Company; considering resilience of potential changes to these exposures and dependencies; and anticipating a range of possible outcomes. The evaluation of the potential impacts on the Company's capital and liquidity positions enables the Company to identify and prepare for appropriate ways to mitigate and manage the realisation of such impacts.

The Company carries out a range of sensitivity tests (where one risk factor, such as interest rates, is assumed to vary) and scenario tests (where combinations of risk factors are assumed to vary) to evaluate their impact on the business and to enable identification of plausible management actions to mitigate such impacts.

C.7.1.1 Stress and scenario testing

The SST completed for the Company, has considered potential impacts from the most significant risks to the Company of counterparty credit risk (arising from both the quota share arrangement in place with its parent company, ALL and the participation in the Group catastrophe reinsurance programme) and operational risks (arising from outsourcing operations and internal failings).

The outcome of this SST demonstrates that the Company is resilient to a range of potential adverse events and that the Company has management actions that could be executed in a timely manner, to mitigate the potential impacts from Company-specific or market-wide events. The Company also considers, and is inherently considered within, the SST that is completed by its immediate parent company, ALL.

A range of assumptions are made in the development of SST and the measurement of resilience to such events. These assumptions are defined by suitable experts and, where applicable, by the Regulators.

C.7.1.2 Sensitivity analysis

Management use sensitivity analyses to assess a range of single factor standalone impacts of differing levels of severity on the capital and liquidity positions of the Company and to ensure that the Company has a sufficient range of plausible management actions that could be executed in a timely manner to mitigate the potential impacts.

The sensitivity analysis performed by the Company includes consideration of the sensitivity of its SII cover ratio, determined according to SII Regulations, to a range of economic assumptions.

For the Company, this includes consideration of impacts from changes in interest rates and changes in reinsurer ratings. The results of these analyses demonstrate that, after consideration of any management actions that may be required, in extreme scenarios, the Company retains a SII surplus. This limited impact is primarily driven by the asset holdings, which are Collective Investment Undertakings with holdings in liquid funds and the extensive reinsurance arrangements in place.

C.7.2 Prudent Person Principle

The Company ensures that its assets are invested in accordance with the Prudent Person Principle as set out in Article 132 (Directive 2009/138/EC) and in the PRA Supervisory Statement (SS1/20) through the collective application of its risk policies and business standards. These ensure that the Company invests in assets whose risks it can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs having regard to the term and nature of its liabilities. The Company's Asset Liability Management Business Standard and certain provisions of the Investment Management Business Standard contain mandatory requirements to ensure that the Company develops its own set of key risk indicators and takes into account the risks associated with its investments without relying only on the risk being adequately captured by the capital requirements. Given the relatively small value of the Company's retained liabilities, it achieves this by investing in low-risk Collective Investment Undertakings with holdings in liquid funds.

D. Valuation for Solvency Purposes

In this Chapter

- D.1 Assets
- D.2 Technical Provisions
- D.3 Other Liabilities
- D.4 Alternative Methods of Valuation
- D.5 Any Other Information

D. Valuation for Solvency Purposes

The 'Valuation for Solvency Purposes' section of the 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 IFRS balance sheet is presented in column (b) of the following table, in accordance with the classification of assets and liabilities used in its financial statements. The captions used in the table are from the balance sheet QRT IR.02.01, rather than the 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 the Company's IFRS balance sheet as shown in its financial statements, to the classifications required for the prescribed format of the SII balance sheet QRT, are given in column (c). The most significant reclassifications are:

- Amounts payable to Group companies under IFRS, are reclassified within the SII balance sheet to the relevant underlying nature of the balance; and
- Investments including cash equivalents are reclassified under SII.
- Under the SII Regulations policyholder tax are included within Technical Provisions.

The Company's assets and liabilities, as valued under IFRS and reclassified in line with SII Regulations, are shown in column (d). The Company's SII balance sheet is summarised in column (e) and detailed in the balance sheet QRT IR.02.01 included in Appendix F.1.1. Differences between the valuation of the Company's assets and liabilities under SII and IFRS are presented in column (f).

Where the valuation of assets and liabilities is the same under IFRS and SII, a description of the bases, methods and main assumptions can be found in the accounting policies and notes of the Company's financial statements. If the valuation is materially different, a description of the bases, methods and main assumptions used under SII is given in Sections D.1, D.2.1 and D.3 below.

Assets and other liabilities have been valued, according to the requirements of the SII 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 the Company.

The Company 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.

The Company 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 the Company has concluded that markets are not active, alternative methods for valuation are used. The assets classified as Level 1 and Level 2 under IFRS 13, are deemed as market consistent under SII. The assets classified as Level 3, for which there is no active market, are considered to use alternative valuation methods under SII. The Company has not used any alternative methods of valuation.

Balance Sheet – IFRS and SII

As at 31 December 2025 £000s	Note in financial statements	IFRS balance sheet classified according to financial statements	Reclassification of IFRS balances to SII balance sheet categories	Reclassified IFRS balance sheet	SII balance sheet	Valuation differences between SII and IFRS
	(a)	(b)	(c)	(d)=(b)+(c)	(e)	(f)=(e)-(d)
Financial investments						
Collective investment undertakings	19	—	94,600	94,600	94,600	—
Reinsurance recoverables	14	59,198	(20,292)	38,906	30,480	(8,426)
Receivables						
Reinsurance receivables		—	2,298	2,298	2,298	—
Insurance and intermediaries	10	4,741	(4,741)	—	—	—
Trade, not insurance	10	330	(2,558)	(2,228)	(2,228)	—
Prepayments and accrued income	11	4	(1)	3	3	—
Cash and cash equivalents	19	95,047	(94,600)	447	447	—
Assets		159,320	(25,294)	134,026	125,600	(8,426)
Technical provisions	14	(3,338)	2,038	(1,300)	(33,598)	(32,298)
Current tax liabilities	15	(4,701)	4,701	—	—	—
Payables and other financial liabilities						
Reinsurance payables		—	17,995	17,995	17,995	—
Debts owed to credit institutions	16	(434)	—	(434)	(434)	—
Insurance and intermediaries payable	16	(16)	—	(16)	(16)	—
Payables (trade, not insurance)	16	(232)	(52,343)	(52,575)	(52,575)	—
Amounts due to Group companies	16	(50,712)	50,712	—	—	—
Other liabilities						
Accruals	17	(649)	649	—	—	—
Other liabilities	17	(3,046)	1,542	(1,504)	(1,504)	—
Liabilities		(63,128)	25,294	(37,834)	(70,132)	(32,298)
Excess of assets over liabilities		96,192	—	96,192	55,468	(40,724)

D.1 Assets

Assets have been valued according to the requirements of the SII Directive and related guidance; the basis of the SII 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 SII along with valuation differences between the SII bases and the IFRS financial statements, by asset class, is provided below; if the valuation method has been described in the financial statements it has not been included in this section.

D.1.1 Collective investment undertakings

The Company's collective investment undertakings are all invested in highly liquid investments that are readily convertible into cash and valued on the basis of the liquid investments they hold. The Company's collective investment undertakings are subject to an insignificant risk of change in value.

In the IFRS financial statements collective investment undertakings are valued at fair value. This is consistent with SII.

D.1.2 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, includes 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 Company has a significant exposure to its parent company, ALL, arising from the quota share reinsurance agreement. Further details are set out in Section C.3.2.

The lower valuation under Solvency II is driven by the lower valuation of technical provisions (refer to section D.2.3) and a different allowance for counterparty default risk.

The Company does not have any Special Purpose Vehicles.

D.1.3 Prepayments

Prepayments are classified as Other Assets on the SII Balance Sheet. Prepayments are valued at their fair value, which is considered to be the same as their cost.

D.1.4 Changes made to recognition and valuation bases and estimations during the reporting period

There were no changes made to the bases used to recognise and value assets, or to their estimations during the reporting period.

D.1.5 Deferred tax assets and liabilities

Deferred tax is determined on a non-discounted basis in accordance with International Accounting Standard (IAS) 12, principles on temporary differences between the economic value of assets or liabilities on the SII balance sheet and their tax base.

Deferred tax assets and liabilities are recognised separately on the Solvency II balance sheet to the extent that deferred tax asset cannot be offset against corresponding deferred tax liabilities.

The deferred tax balances in the Solvency II balance sheet differ from those already recognised in the IFRS balance sheet as a result of the differences between the IFRS and Solvency II balance sheet valuation and consequential impact on recognition of deferred tax assets. The largest impact arises from the derecognition of the IFRS asset for insurance acquisition cashflows that arose on the acquisition of renewal rights described in section A.1.2.

D.2 Technical Provisions

This section provides a definition of SII Technical Provisions, the methodology and main assumptions used in the valuation of the SII Technical Provisions, the total value of SII Technical Provisions split by material lines of business, a comparison of the valuation of SII Technical Provisions with IFRS Technical Provisions and a description of the level of uncertainty in Technical Provisions.

D.2.1 Valuation of Technical Provisions

SII Technical Provisions are summarised in the following table. All figures are gross of reinsurance. They are also detailed in the QRT IR.17.01 (Non-life Technical Provisions) and IR.12.01 (Life Technical Provisions), see Appendix F.1.3.

As at 31 December 2025 £000s	Best Estimate Liabilities	Risk Margin	Technical Provisions
Line of Business			
Motor vehicle liability & Other Motor insurance	2,374	1	2,375
Fire and property damage	24,396	97	24,493
General liability insurance	3,225	3	3,228
Non-life insurance obligations	29,995	101	30,096
PPOs other than health insurance	3,502	—	3,502
Life insurance obligations	3,502	—	3,502
Total	33,497	101	33,598

Whilst the Company only conducts non-life insurance activities, it also has life insurance obligations in the UK in relation to annuities stemming from non-life insurance contracts (PPO). PPO are classified as Technical Provisions - Life (excluding health and index-linked and unit-linked), within the prescribed format of the SII Balance Sheet.

An explanation of the differences between the SII valuation of Technical Provisions and the valuation in the Company's financial statements under IFRS is given in section D.2.3.

D.2.1.1 Non-life Best Estimate Liabilities

The following general principles apply to the valuation of Best Estimate Liabilities for non-life business:

- A Best Estimate is one that represents the expected outcome from the range of possible outcomes for the future and is reasonable and realistic taking account of all the uncertainties involved.
- A consistent approach has been applied across all non-life business.
- The calculation of Technical Provisions is performed on a going concern basis. This means that it can be assumed that contracts run to their conclusion and as a result a proportion of expected future costs will be covered by future business.

The Company's Best Estimate Liabilities are valued based on the present value of future cash flows discounted using relevant risk-free interest rates adjusted for the Prudential Regulation Authority ("PRA") prescribed credit risk adjustment and Volatility Adjustment at the valuation date. The cash flows that are considered when calculating the Best Estimate Liabilities derive from:

- In-force and expired contracts;
- Contracts that have not yet incepted but that the Company has an obligation to enter into at the valuation date (pre-inception contracts); and
- Future cancellations or endorsements by the policyholder.

Best Estimate Liabilities comprise a claims provision and a premium provision. The claims provision includes cash flows relating to events that occurred before the valuation date, whether reported or not. The cash flows include premiums, net claims costs and expenses. The premium provision includes cash flows relating to future claim events that have not yet occurred, but that are covered by existing contracts and legally binding pre-inception contracts. The cash flows include premiums, net claims and expenses, in respect of future claim events. Where future premium cash flows are expected to exceed projected future claim and expense cash flows, the premium provision is negative as is the case for Fire and Other Damage to Property.

When modelling these cash flows the inflows are considered separately from the outflows. Claims costs take into account recoveries from salvage and subrogation. Expenses include administrative, investment management, loss adjustment and acquisition expenses including commissions and premium taxes.

Claims costs

The ultimate cost of outstanding claims is estimated using a range of standard actuarial claims projection techniques. The main assumption underlying these techniques is that the Company's past claims experience can be used as a basis to project future claims. Therefore, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years. The recent period of elevated claims inflation and supply chain disruption has distorted historic development patterns. The Company has developed bespoke inflation models to help quantify these impacts. Explicit overlays can then be made to the outputs from the standard reserving tools where necessary. The estimation of ultimate claims costs is done at the level of homogeneous risk groups. These groups are mapped to SII lines of business.

Qualitative judgement is used to reflect changes in external factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures.

Premium provisions

Premium provisions are estimated by selecting an exposure measure and using that to establish the unearned and pre-inception exposure. Claims cost projections are set for each future period using trends in historic claims data adjusted for known anomalies in the data that are not expected to be repeated in the future, changes in mix and volume of business and to allow for the impact of projected claims inflation. These cost projections are then applied to the predicted exposure to determine the cash flows.

Expenses

Expenses are adjusted for expense and claims inflation and allocated between the claims and premium provisions. They are analysed by homogeneous risk group or at a minimum by SII line of business. Future administrative costs and commission payments are projected using best estimate expense forecasts. Investment expenses are modelled as a percentage of Technical Provisions. Future unallocated loss adjustment expense provisions are set in relation to expected claims levels.

Events Not in Data (ENID)

ENID are events not deemed to be captured by the data which need to be separately allowed for within the best estimate calculations to take appropriate account of uncertainty. Two types of ENID are considered: "known unknowns", which are possible future scenarios that can be anticipated and "unknown unknowns", which are future scenarios that are completely unexpected. No allowance is made for "unknown unknowns" as by definition, they cannot be known or quantified.

Allowances for "known unknowns" are made using scenario analysis to cover any foreseeable event with a potentially material impact. A core list of events is specified which are considered as the starting point for the analysis. ENID are considered both at SII lines of business level, and at portfolio level with allocations to SII lines of business, depending on the scenario being considered.

Discounting

All cash flows are discounted using the appropriate SII yield curve in the relevant currency, as published by the PRA. The yield curve is based on the risk free rate at the valuation date and is adjusted by the PRA for prescribed credit risk adjustment (which may be either zero or non-nil) and Volatility Adjustment. Payments are assumed to occur either mid-month or mid-year. Cash flows are modelled in monthly time intervals for the first 10 years and annually thereafter.

Future management actions

There are no future management actions assumed in the calculation of the Company's gross of reinsurance Best Estimate Liabilities as at 31 December 2025.

D.2.1.2 PPO Best Estimate Liabilities

The Company's Best Estimate Liabilities for PPO, in common with non-life business, are valued based on the present value of future cash flows discounted using the relevant risk-free interest rate adjusted for the PRA prescribed credit risk adjustment and Volatility Adjustment at the valuation date. The cash flows that are considered when calculating the Best Estimate Liabilities for PPO derive from:

- Payment of claims benefits: with the majority of PPO providing payments relating to care needs of the claimant, with a smaller number providing loss of earnings payments; and
- Expenses: these are relatively small (compared to the size of claims benefits) administrative costs in relation to each PPO.

PPO Best Estimate Liabilities use life insurance actuarial methods and techniques to estimate appropriate assumptions for each individual claimant.

Discounting

PPO cash flows are discounted using the appropriate SII yield curve adjusted for the PRA prescribed credit risk adjustment and Volatility Adjustment. The methods are consistent with those applied to non-life cash flows.

Longevity assumptions

Assumptions are made in relation to future longevity. These assumptions are updated annually and based on the latest general mortality assumptions for the population as a whole (including future expected changes in mortality), as well as any impairment to life expectancy on individual PPO based on independent medical opinions.

Inflation assumptions

PPO payments escalate based on indices specified at the time of settlement of the PPO. The majority of PPO claims escalate based on an Annual Survey of Hours and Earnings index (ASHE) with a smaller number escalating in line with the Retail Price Index ("RPI"). Assumptions are therefore required for the future escalation of these indices. The Company assumes that, over the longer term, the future escalation of the ASHE indices will be linked to RPI within the UK economy and uses market consistent views of future RPI inflation as the basis to project future ASHE inflation. Adjustments are then made to allow for any expected differences between future ASHE inflation and future RPI inflation.

D.2.1.3 Risk Margin

The Risk Margin is an estimate of the amount, in addition to the Best Estimate Liability, that a third party would expect to receive in order to assume ownership of the Company's insurance obligations. The Risk Margin calculation takes material underwriting, non hedgeable market (except interest rate), credit and operational risk into account. Once calculated it is allocated to each SII line of business, although on materiality grounds some SII lines of business are allocated no Risk Margin.

The Company's Risk Margin is £101 thousand (2024; £188 thousand) as at 31 December 2025.

D.2.1.4 Simplifications Best Estimate Liabilities

In some areas of the calculation of the SII Best Estimate Liabilities, simplified methods have been used. The simplifications used have been assessed and have no material impact on the value of SII Best Estimate Liabilities. Where simplified methods are used, these are documented and justified in the Company's reserving reports and documentation. The main simplifications within the calculation of SII Best Estimate Liabilities are:

- The Company's Best Estimate Liabilities include a provision in relation to ENIDs. For the purposes of discounting cashflows, it is assumed that ENIDs have the same cashflow profile as other claims.
- Cashflows are modelled in monthly time intervals for the first 10 years and annually thereafter. For the purposes of discounting, all payments are assumed to occur mid-month or mid-year as dictated by the time intervals used.
- When calculating provisions for potential reinsurer default, reinsurance assets are grouped by reinsurer counterparty credit rating and within each credit rating the same probabilities of default are assumed.
- Gross premium debtors are split by class of business and payment date based on the split of written premium.
- The volume of Legally Obligated Un-accepted business has been estimated based on a proportion of January's planned written premium.

D.2.1.5 Material changes in the relevant assumptions compared to the previous reporting period

There were no material changes in the relevant assumptions made in the calculation of Technical Provisions compared to the previous reporting period.

D.2.2 Level of uncertainty

The actual cost of settling insurance obligations may differ from the Best Estimate Liabilities because experience may be worse than assumed or future claims inflation may differ from that expected. There are a number of potential developments that would have a material adverse impact on the Best Estimate Liabilities value including:

- Catastrophic weather events;
- Unanticipated legislative changes; and
- Unanticipated inflation.

Specific areas of uncertainty are:

- Given the nature of the Company's business, on a gross of reinsurance basis the uncertainty around future weather claims experience is the largest risk the Company is exposed to. The Company has extensive reinsurance in place against these claims so net of reinsurance the level of uncertainty is reduced.
- Gresham's has extensive reinsurance in place which materially reduces the level of uncertainty.

D.2.3 Material differences between the SII and IFRS valuation bases

The following table summarises gross of reinsurance SII Technical Provisions by material line of business and compares these to IFRS reclassified Technical Provisions.

Technical Provisions as at 31 December 2025 £000s	Best Estimate Liabilities	Risk Margin (unaudited)	Technical Provisions	IFRS reclassified Technical Provisions	Difference between SII and IFRS reclassified Technical Provisions
Non-life insurance obligations	29,995	101	30,096	(3,146)	(33,242)
– Motor vehicle liability & Other Motor insurance	2,374	1	2,375	3,795	1,420
– Fire and property damage	24,396	97	24,493	(10,044)	(34,537)
– General liability insurance	3,225	3	3,228	3,103	(125)
Life (excluding health and index-linked and unit-linked) (PPO)	3,502	—	3,502	4,446	944
Total	33,497	101	33,598	1,300	(32,298)

The material differences between the SII and IFRS valuation bases are summarised below:

- The IFRS provisions include an asset for insurance acquisition cashflows, related to acquiring the renewal rights to in-force UK household insurance policies from Barclays described in section A.1.2. This provision is released under Solvency II.
- SII Technical Provisions include the Risk Margin, which is not included within IFRS Provisions, and which increases SII Technical Provisions compared to IFRS Provisions;
- A Risk Adjustment is included within IFRS Provisions but removed under SII. This impacts all lines of business and reduces SII Technical Provisions compared to IFRS Provisions;
- Discount rates used in Solvency II vary from those used in IFRS and all lines of business are affected by these differences. Solvency II best estimate liabilities are valued as set out in section D.2.1.1. Whereas IFRS liabilities are valued using a risk-free rate plus an Illiquidity premium that reflects the liquidity characteristics of the liabilities.

- The liability for remaining coverage and loss component established under IFRS for all Non-life lines of business is replaced with a Best Estimate premium provision which incorporates the expected cost of claims and expenses on the unearned periods of exposure. This typically leads to a lower premium provision under SII than the equivalent liability for remaining coverage under IFRS. This difference impacts all non-life lines of business.
- Under SII, provisions are established for Legally Obligated Un-accepted Business, whereas these provisions are not included within the IFRS valuation basis unless contracts are identified as being onerous. This difference impacts all Non-life lines of business. This will reduce SII Technical Provisions compared to IFRS Provisions.

D.2.4 Volatility Adjustment

The Volatility Adjustment removes temporary distortions in spreads caused by illiquidity in the market or extreme widening of credit spreads, in particular in relation to government bonds. The PRA has approved the Company's application to apply a Volatility Adjustment (PRA reference number: 2191473). The impact of the Volatility Adjustment on Technical Provisions, Basic Own Funds, Eligible Own Funds to meet the SCR, the SCR (unaudited), Eligible Own Funds to meet the Minimum Capital Requirement (MCR) and the MCR is detailed in the Long Term Guarantees and Transitional measures QRT IR.22.01 (see Appendix F.1.5). The impact of removing the Volatility Adjustment from gross SII Technical Provisions would be to increase their value by less than £1,000 thousand.

D.2.5 Other reliefs

No transitional provisions have been applied in the calculation of SII Technical Provisions.

D.3 Other Liabilities

Other liabilities have been valued according to the requirements of the SII Directive and related guidance; the basis of the SII 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 SII along with valuation differences between the SII bases and the IFRS financial statements, by material class, is provided below; if the valuation method has been described in the financial statements it has not been included in this section.

The Company's financial statements provide information about contingent liabilities and other risk factors in note 19. The Company has no additional material contingent liabilities to recognise under SII.

D.3.1 Other liabilities

Other Liabilities comprise accruals and cash flows payable under the quota share arrangement. Other liabilities expected to be settled within one year are valued, on the SII balance sheet, at the amount expected to be paid. Non-current accruals and other liabilities are valued at their fair value, and are not adjusted to take account of the impact of changes in the own credit standing of the Company. In valuing such liabilities, the timing and monetary amount of expected outflow of cash or other resources are determined and these projected cash flows discounted.

D.3.2 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.3.3 Changes made to recognition and valuation bases and estimations during the reporting period

There were no changes made to the recognition and valuation bases used or to estimations during the reporting period.

D.4 Alternative Methods of Valuation

The Company has not used any alternative methods of valuation.

D.5 Any Other Information

The Company has no material information to disclose.

E. Capital Management

In this Chapter

- E.1 Own Funds
- E.2 Solvency Capital Requirement and Minimum Capital Requirement
- E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement
- E.4 Differences between the Standard Formula and any Internal Model used
- E.5 Non-Compliance with the Minimum Capital Requirement and Non-Compliance with the Solvency Capital Requirement
- E.6 Any Other Information

E. Capital Management

The 'Capital Management' section of the report describes the objectives, policies and procedures employed by the Company for managing its Own Funds. The section also covers information on structure and quality of Own Funds and calculation of SCR.

E.1 Own Funds

E.1.1 Management of Own Funds

The Company's capital and risk management objectives are closely interlinked and support earnings growth and dividend policy, whilst also recognising the critical importance of protecting policyholder and other stakeholder interests. The Company's primary objective of managing capital efficiently is to optimise the balance between return and risk, whilst maintaining economic and regulatory capital surplus in accordance with approved risk appetites.

In managing its Own Funds the Company also seeks to:

- Match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- Maintain sufficient, but not excessive, financial strength to support new business growth and satisfy the requirements of its policyholders and its regulator, the PRA;
- Retain financial flexibility by maintaining sufficient liquidity; and
- Allocate capital efficiently, applying it to support value-adding growth and repatriating excess capital to its shareholder through dividends.

Own Funds are monitored via forecasts over a three year planning horizon. A number of stress and scenario tests are used to enable the Company to understand the volatility of its earnings and capital requirement, and therefore manage its capital more efficiently.

There have been no material changes in the objectives, policies or processes employed for managing Own Funds during the year.

E.1.2 Eligible Own Funds

An analysis of the Company's Own Funds by tier is presented in the Own Funds QRT IR.23.01.01, (see Appendix F.1.6), and summarised below.

Own Funds £000s	Tier 1		Tier 1	
	Total	(unrestricted)	Total	(unrestricted)
As at 31 December	2025	2025	2024	2024
Ordinary share capital	—	—	76,500	76,500
Reconciliation reserve	40,967	40,967	(47,233)	(47,233)
Total Basic Own Funds	40,967	40,967	29,267	29,267

Tiering analysis

The Company's ordinary share capital and reconciliation reserve are available to absorb losses and have the Tier 1 features of permanence and subordination. As the Company's Articles of Association do not contain any restriction on the right of the Company to cancel dividends or other distributions at any time before they are paid, the Company's ordinary share capital is classified as unrestricted Tier 1.

Significant changes in Own Funds during the year

The Company's Tier 1 Own Funds of £40,967 thousand (2024: £29,267 thousand) increased by £11,700 thousand during the year. This increase is driven by capital generated by the Company's operations during the year and the impact of the business arrangement.

Reconciliation reserve

The Company's capital comprises ordinary share capital and retained earnings. However, retained earnings are not separately disclosed in Own Funds. They are notionally included in the reconciliation reserve, which reconciles the total excess of assets over liabilities with identifiable capital instruments included in Own Funds.

The table below sets out the constituent parts of the reconciliation reserve:

As at 31 December	£000s	£000s
	2025	2024
SII excess of assets over liabilities	55,467	29,267
Foreseeable dividend	(14,500)	—
Ordinary share capital	—	(76,500)
Reconciliation reserve	40,967	(47,233)

The £76,500 thousand share capital reduction has led to a corresponding increase in the reconciliation reserve.

Eligibility of tiered capital

The eligibility of tiered capital, to cover the SCR and MCR depends upon the tiering shown above and a number of quantitative limits. The Company's Own Funds satisfy all limits applicable to the SCR and MCR and therefore the eligibility of the Company's capital to cover the SCR and MCR is unrestricted, as shown in the table below.

As at 31 December	£000s 2025	£000s 2024
Total eligible Own Funds to meet the SCR	40,967	29,267
Total eligible Own Funds to meet the MCR	40,967	29,267

The ratio of eligible Own Funds to the SCR and the MCR is detailed below.

As at 31 December	2025	2024
Ratio of eligible Own Funds to the SCR	900 %	614 %
Ratio of eligible Own Funds to the MCR	1171 %	836 %

E.1.3 Material differences between equity on an IFRS basis and Own Funds

The Company's Own Funds are equal to its excess of assets over liabilities on a SII basis. The excess of £55,468 thousand is £40,724 thousand less than the Company's total equity on an IFRS basis. The following table details the material differences between the excess of assets over liabilities on a SII basis and total equity on an IFRS basis.

As at 31 December 2025	£000s	£000s	See Section
Total equity on an IFRS basis		96,192	
Valuation adjustments to reinsurance recoverables	(8,426)		D.1.2
Valuation adjustments to Technical Provisions	(32,298)		D.2.3
		(40,724)	
Excess of assets over liabilities on a SII basis		55,468	

E.1.4 Transitional arrangements and restrictions

The Company's Own Funds are unrestricted and fully transferable.

E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

E.2.1 The amount of the SCR and MCR

The Company's SCR as at 31 December 2025 was £4,553 thousand (2024: £4,764 thousand). This is shown in the SCR QRT, IR.25.04, see Appendix F.1.10. The final amount of the SCR is subject to supervisory assessment and does not include any regulator-imposed capital additions. The Company's MCR as at 31 December 2025 was £3,500 thousand (2024: £3,500 thousand). This is shown on the MCR QRT, IR.28.01, see Appendix F.1.11.

E.2.2 The composition of the SCR

The Company determines its SCR using SF. An analysis by risk module is presented in the table below. Further detail is shown in the SCR QRT, see Appendix F.1.7.

Diversified SCR by material risk category (per the SCR QRT)	£000s 2025	£000s 2024
As at 31 December		
Market risk	1,619	2,039
Counterparty risk	2,659	2,505
Underwriting risk	128	131
Diversification between risk categories	(903)	(1,010)
Basic SCR	3,502	3,665
Operational risk	1,051	1,099
Total SCR	4,553	4,764

Each risk module includes the impact of diversification within that module. The diversification benefit presented in the table above of negative £903 thousand (2024: negative £1,010 thousand) therefore only includes the benefit of diversification between risk modules. This has decreased in year following the changes in the component risks explained below.

The SCR is broadly unchanged since the previous year-end. Market Risk decreased due to underlying reductions in interest rate risk, spread risk and concentration risk, predominantly due to a decrease in the liquidity fund asset values. Counterparty Risk increased following increases in reinsurance recoverables and premium debtors. Underwriting Risk remains immaterial. Diversification benefit reduced following changes in the composition of the underlying risks. Operational Risk is capped at 30% of the Basic SCR and reduced in line with the other risks.

E.2.3 Simplifications, undertaking specific parameters and matching adjustment (*unaudited*)

The Company has not used any simplified calculations, undertaking specific parameters or a matching adjustment in the calculation of its SCR.

E.2.4 MCR calculation

The Company's MCR is calculated by applying prescribed factors to its written premium and its net Best Estimate Liabilities. The MCR is subject to two further constraints; it must lie in the range of 25% to 45% of the Company's SCR and it cannot be less than an absolute minimum of £3.5m. The Company's MCR is the absolute minimum which is £3,500 thousand (2024: £3,500 thousand).

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

The Company does not use this option.

E.4 Differences between the Standard Formula and any Internal Model used

The Company does not use an Internal Model (IM).

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

The Company has complied continuously with both the MCR and the SCR throughout the reporting period.

E.6 Any Other Information

The Company has no other material information to disclose.

F. Appendices

In this Section

- F.0 Cautionary Statement

- F.1 Public Disclosure Quantitative Reporting Templates
 - F.1.1 IR.02.01 Balance Sheet
 - F.1.2.1 IR.05.02 Premium claims and expenses (by country) [non-life]
 - F.1.2.2 IR.05.04 Premium claims and expenses (by line of business) [non-life]
 - F.1.3.1 IR.12.01 Technical Provisions [life]
 - F.1.3.2 IR.17.01 Technical Provisions [non-life]
 - F.1.4 IR.19.01 Insurance claims [non-life]
 - F.1.5 IR.22.01 Impact of transitional measures
 - F.1.6 IR.23.01 Own Funds
 - F.1.7 IR.25.04 Solvency Capital Requirement
 - F.1.8 IR.28.01 Minimum Capital Requirement

- F.2 Glossary of Abbreviations and Definitions
- F.3 Directors' Statement
- F.4 External Audit

F.0 Cautionary Statement

This report should be read in conjunction with the documents distributed by Gresham Insurance Company Limited (the 'Company'). This report contains, and we may make other verbal or written 'forward-looking statements' with respect to certain of the Company's plans and current goals and expectations relating to future financial condition, performance, results, strategic initiatives and objectives and other future events and circumstances (including, climate and other sustainability-related plans and goals). Statements including those containing the words 'believes', 'intends', 'expects', 'projects', 'plans', 'will', 'seeks', 'aims', 'may', 'might', 'could', 'should', 'outlook', 'likely', 'target', 'goal', 'guidance', 'trends', 'future', 'estimates', 'potential', 'possible', 'objective', 'predicts', 'ambition' and 'anticipates', and words of similar meaning, are forward-looking. By their nature, all forward-looking statements are subject to known and unknown risks and uncertainty. Accordingly, there are or will be important factors that could cause actual results - and the Company's related plans, expectations and targets - to differ materially from those indicated in these statements.

The Company believes factors that could cause actual results to differ materially from those indicated in forward-looking statements in the report include, the impact of ongoing uncertain conditions in the global financial markets and the national and international political and economic situation generally (including those arising from the current and emerging geopolitical landscape and rising protectionist measures); market developments and government actions; the effect of credit spread volatility on the net unrealised value of the investment portfolio; the effect of losses due to defaults by counterparties, including potential sovereign debt defaults or restructurings, on the value of our investments; the impact of changes in short or long-term interest rates and inflation reduce the value or yield of our investment portfolio and impact our asset and liability matching; the impact of changes in equity or property prices on our investment portfolio; fluctuations in currency exchange rates; the effect of market fluctuations on the value of the assets backing their reserves; the amount of allowances and impairments taken on our investments; the effect of adverse capital and credit market conditions on our ability to meet liquidity needs and our access to capital; changes in, or restrictions on, our ability to commence capital management initiatives; changes in or inaccuracy of assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, lapse rates and policy renewal rates), a cyclical downturn of the insurance industry; the impact of natural and man-made catastrophic events (including pandemics) on our business activities and results of operations; the transitional, litigation and physical risks associated with climate change; failure to understand and respond effectively to the risks associated with sustainability; our reliance on information and technology and third-party service providers for our operations and systems; technological developments; the impact of the risk mitigation strategies proving less effective than anticipated, including the inability of reinsurers to meet obligations or unavailability of reinsurance coverage; changes in valuation methodologies, estimates and assumptions used in the valuation of investment securities; the effect of legal proceedings and regulatory investigations; the impact of operational risks, including inadequate or failed internal and external processes, systems and human error or from external events and malicious acts (including cyber-attack and theft, loss or misuse of customer data); risks associated with arrangements with third parties, our reliance on third-party distribution channels to deliver our products; funding risks associated with our participation in defined benefit staff pension schemes; the failure to attract or retain the necessary key personnel, the effect of a decline in any of our ratings by rating agencies on our standing among customers, broker-dealers, agents, wholesalers and other distributors of our products and services; changes to our brand and reputation and the potential loss of or damage to customer relationships, whether related to changes in customer habits or not; changes in laws and legal or public policy, in particular; changes in tax laws and interpretation of existing tax laws in jurisdictions where we conduct business; changes to International Financial Reporting Standards relevant to insurance companies and their interpretation; the inability to protect our intellectual property; the or elsewhere, including changes to and the implementation of key legislation and regulation (for example, FCA Consumer Duty and Solvency II). For a more detailed description of these risks, uncertainties and other factors, please see the Aviva plc Annual report and accounts.

The Company undertakes no obligation to update the forward-looking statements in this report or any other forward-looking statements we may make. Forward-looking statements in this report are current only as of the date on which such statements are made and readers are cautioned not to place undue reliance on such forward-looking statements. Such statements should be regarded as indicative and illustrative only, and the Company does not provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur.

This Solvency and Financial Condition Report has been published for information only, it is based on our understanding as at 10 April 2026 and does not provide financial or legal advice. Other than as set out in section F.3 (Directors Certificate), the Company, their directors, employees, agents or advisers do not accept or assume responsibility to any person to whom this document is shown or into whose hands it may come, and any such responsibility or liability is expressly disclaimed.

IR.02.01.02.01- Balance Sheet

Amount in £000s		Solvency II Value C0010
Assets		
Intangible assets	R0030	—
Deferred tax assets	R0040	—
Pension benefit surplus	R0050	—
Property, plant & equipment held for own use	R0060	—
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	94,600
Property (other than for own use)	R0080	—
Holdings in related undertakings, including participations	R0090	—
Equities	R0100	—
Equities - listed	R0110	—
Equities - unlisted	R0120	—
Bonds	R0130	—
Government bonds	R0140	—
Corporate bonds	R0150	—
Structured notes	R0160	—
Collateralised securities	R0170	—
Collective investments undertakings	R0180	94,600
Derivatives	R0190	—
Deposits other than cash equivalents	R0200	—
Other investments	R0210	—
Assets held for index-linked and unit-linked contracts	R0220	—
Loans and mortgages	R0230	—
Loans on policies	R0240	—
Loans and mortgages to individuals	R0250	—
Other loans and mortgages	R0260	—
Reinsurance recoverables from:	R0270	30,480
Non-life and health similar to non-life	R0280	27,309
Life and health similar to life, excluding index-linked and unit-linked	R0315	3,170
Life index-linked and unit-linked	R0340	—
Deposits to cedants	R0350	—
Insurance and intermediaries receivables	R0360	—
Reinsurance receivables	R0370	2,298
Receivables (trade, not insurance)	R0380	(2,228)
Own shares (held directly)	R0390	—
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	—
Cash and cash equivalents	R0410	447
Any other assets, not elsewhere shown	R0420	3
Total assets	R0500	125,600

Amount in £000s		Solvency II Value C0010
Liabilities		
Technical provisions - total	R0505	33,598
Technical provisions - non-life	R0510	30,096
Technical provisions - life	R0515	3,502
Best estimate - total	R0542	33,497
Best estimate - non-life	R0544	29,995
Best estimate - Life	R0546	3,502
Risk margin - total	R0552	101
Risk margin - non-life	R0554	101
Risk margin - Life	R0556	—
Transitional (TMTP) - life	R0565	—
Other technical provisions	R0730	—
Contingent liabilities	R0740	—
Provisions other than technical provisions	R0750	—
Pension benefit obligations	R0760	—
Deposits from reinsurers	R0770	—
Deferred tax liabilities	R0780	—
Derivatives	R0790	—
Debts owed to credit institutions	R0800	434
Financial liabilities other than debts owed to credit institutions	R0810	—
Insurance & intermediaries payables	R0820	16
Reinsurance payables	R0830	(17,995)
Payables (trade, not insurance)	R0840	52,575
Subordinated liabilities	R0850	—
Subordinated liabilities not in basic own funds	R0860	—
Subordinated liabilities in basic own funds	R0870	—
Any other liabilities, not elsewhere shown	R0880	1,504
Total liabilities	R0900	70,132
Excess of assets over liabilities	R1000	55,468

IR.05.02.02.01 Premium claims and expenses by country [non-life]

Amounts in £000s		Home country	Country (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
			CA	IE	US	ES	AU	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written								
Gross - Direct Business	R0110	90,693	—	—	—	—	—	90,693
Gross - Proportional reinsurance accepted	R0120	—	—	—	—	—	—	—
Gross - Non-proportional reinsurance accepted	R0130	—	—	—	—	—	—	—
Reinsurers' share	R0140	88,116	—	—	—	—	—	88,116
Net	R0200	2,578	—	—	—	—	—	2,578
Premiums earned								
Gross - Direct Business	R0210	91,403	—	—	—	—	—	91,403
Gross - Proportional reinsurance accepted	R0220	—	—	—	—	—	—	—
Gross - Non-proportional reinsurance accepted	R0230	—	—	—	—	—	—	—
Reinsurers' share	R0240	88,825	—	—	—	—	—	88,825
Net	R0300	2,578	—	—	—	—	—	2,578
Claims incurred								
Gross - Direct Business	R0310	43,252	—	—	—	—	—	43,252
Gross - Proportional reinsurance accepted	R0320	—	—	—	—	—	—	—
Gross - Non-proportional reinsurance accepted	R0330	—	—	—	—	—	—	—
Reinsurers' share	R0340	42,155	—	—	—	—	—	42,155
Net	R0400	1,097	—	—	—	—	—	1,097
Net expenses incurred	R0550	—	—	—	—	—	—	—

IR.05.04.02.01 Premium claims and expenses (by line of business) [non-life]

All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)

All non-life business (i.e. excluding annuities stemming from accepted insurance and reinsurance contracts)

	Line of Business for: non-life insurance and accepted proportional reinsurance obligations														Line of Business for: accepted non-proportional reinsurance				Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts						
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal lines	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines	General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss			Health	Casualty	Marine, aviation and transport	Property		
Amounts in €000s	C0010	C0015	C0110	C0120	C0130	C0140	C0141	C0150	C0151	C0160	C0170	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0310	C0320	C0330	C0340	C0525	C0545
Income																										
Premiums written																										
Gross written premiums	R0110	90,693	—	—	—	—	—	—	—	—	89,787	—	—	—	—	907	—	—	—	—	—	—	—	—	—	—
Gross written premiums - insurance (direct)	R0111	90,693	—	—	—	—	—	—	—	—	89,787	—	—	—	—	907	—	—	—	—	—	—	—	—	—	—
Gross written premiums - accepted reinsurance	R0113	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net written premiums	R0160	2,578	—	—	—	—	—	—	—	—	2,552	—	—	—	—	26	—	—	—	—	—	—	—	—	—	—
Premiums earned and provision for unearned																										
Gross earned premiums	R0210	91,403	—	—	—	—	—	—	—	—	90,489	—	—	—	—	914	—	—	—	—	—	—	—	—	—	—
Net earned premiums	R0220	2,578	—	—	—	—	—	—	—	—	2,552	—	—	—	—	26	—	—	—	—	—	—	—	—	—	—
Expenditure																										
Claims incurred																										
Gross (undiscounted) claims incurred	R0610	43,386	—	—	—	464	—	—	—	—	42,497	(4)	—	—	—	429	—	—	—	—	—	—	—	—	—	—
Gross (undiscounted) direct business	R0611	43,386	—	—	—	464	—	—	—	—	42,497	(4)	—	—	—	429	—	—	—	—	—	—	—	—	—	—
Gross (undiscounted) reinsurance accepted	R0612	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Net (undiscounted) claims incurred	R0690	(1,557)	—	4	—	1,510	—	—	—	—	(3,039)	(4)	—	—	(31)	—	—	—	—	4	—	—	—	—	—	—
Net (discounted) claims incurred	R0730	(1,481)	(1,566)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	85	—
Analysis of expenses incurred																										
Technical expenses incurred net of reinsurance ceded	R0910	2,578	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition costs, commissions, claims management costs	R0985	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other expenses	R1140	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total expenditure	R1310	3,204	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

IR.12.01.02 Technical Provisions [life]

Amounts in £000s		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Best Estimate								
Gross Best Estimate	R0030	—	—	—	3,502	—	—	3,502
Gross Best Estimate (direct business)	R0025	—	—	—	3,502	—	—	3,502
Gross Best Estimate (reinsurance accepted)	R0026	—	—	—	—	—	—	—
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	—	—	—	3,170	—	—	3,170
Best estimate minus recoverables from reinsurance/SPV and Finite Re	R0090	—	—	—	332	—	—	332
Risk Margin	R0100	—	—	—	—	—	—	—
Amount of the transitional on Technical Provisions								
Transitional Measure on Technical Provisions	R0180	—	—	—	—	—	—	—
TMTP - risk margin	R0140	—	—	—	—	—	—	—
TMTP - best estimate dynamic component	R0150	—	—	—	—	—	—	—
TMTP - best estimate non-dynamic component	R0160	—	—	—	—	—	—	—
TMTP - amortisation adjustment	R0170	—	—	—	—	—	—	—
Technical provisions - Total	R0200	—	—	—	3,502	—	—	3,502

IR.12.01.02 Technical Provisions [non-life]

Amounts in £000s	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																	
Gross	R0060	—	—	—	—	—	(13,093)	(1,043)	—	—	—	—	—	—	—	—	(14,136)
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	—	—	—	—	—	(15,351)	(1,112)	—	—	—	—	—	—	—	—	(16,464)
Net Best Estimate of Premium Provisions	R0150	—	—	—	—	—	2,258	70	—	—	—	—	—	—	—	—	2,328
Claims provisions																	
Gross	R0160	—	—	—	2,385	(11)	37,489	4,268	—	—	—	—	—	—	—	—	44,131
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	—	—	—	2,385	(11)	37,489	4,268	—	—	—	—	—	—	—	—	43,773
Net Best Estimate of Claims Provisions	R0250	—	—	—	—	—	347	11	—	—	—	—	—	—	—	—	358
Total Best estimate - Gross	R0260	—	—	—	2,385	(11)	24,396	3,225	—	—	—	—	—	—	—	—	29,995
Total Best estimate - Net	R0270	—	—	—	—	—	2,605	81	—	—	—	—	—	—	—	—	2,686
Risk margin	R0280	—	—	—	1	—	97	3	—	—	—	—	—	—	—	—	101
Technical provisions - total (best estimate plus risk margin)																	
Technical provisions - Total	R0320	—	—	—	2,386	(11)	24,493	3,228	—	—	—	—	—	—	—	—	30,096
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - Total	R0330	—	—	—	2,385	(11)	21,790	3,144	—	—	—	—	—	—	—	—	27,309
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - Total	R0340	—	—	—	1	—	2,702	84	—	—	—	—	—	—	—	—	2,787

IR.19.01.21 Insurance claims [non-life]

												Amounts in £000s		
Accident year / Underwriting year		Development Year										Total Non-Life Business		
Z0020 AY		0	1	2	3	4	5	6	7	8	9	10&+	In Current year	Sum of years (cumulative)
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Gross Claims Paid (non-cumulative) (absolute amount)														
Prior	R0100											301	301	301
R0160	R0160	37,651	16,481	1,423	456	558	32	581	534	217	633		633	58,566
R0170	R0170	35,587	14,258	1,475	377	670	264	452	312	172			172	53,565
R0180	R0180	41,305	17,623	2,506	1,461	616	788	430	445				445	65,175
R0190	R0190	32,162	11,998	1,795	1,013	447	299	589					589	48,305
R0200	R0200	27,800	11,882	2,156	1,420	1,198	590						590	45,046
R0210	R0210	21,397	14,259	1,583	310	434							434	37,983
R0220	R0220	23,106	21,458	4,987	1,773								1,773	51,324
R0230	R0230	19,032	12,509	1,280									1,280	32,821
R0240	R0240	20,343	10,912										10,912	31,255
R0250	R0250	16,678											16,678	16,678
R0260	R0260												33,806	441,019
Gross undiscounted Best Estimate Claims Provisions (absolute amount)														
Prior	R0100											3,664	3,325	
R0160	R0160	12,953	3,533	1,441	924	435	455	622	510	313	309		297	
R0170	R0170	12,982	3,355	1,029	918	809	670	397	291	399			375	
R0180	R0180	16,926	3,884	2,543	2,100	1,433	1,243	1,000	1,163				1,095	
R0190	R0190	15,041	3,093	1,567	1,303	1,517	1,141	1,293					1,219	
R0200	R0200	12,843	4,409	2,543	2,473	1,652	2,100						1,957	
R0210	R0210	10,122	3,948	2,212	1,268	1,160							1,065	
R0220	R0220	26,418	11,833	7,999	6,400								5,776	
R0230	R0230	19,132	7,105	5,980									5,428	
R0240	R0240	18,128	6,418										5,858	
R0250	R0250	19,244											17,736	
R0260	R0260												44,131	

IR.19.01.21.22 Gross premium

Amounts in £000s		Gross earned premium at reporting reference date	Estimate of future gross earned premium
		C0570	C0580
Prior	R0100	—	—
N-9	R0160	172,742	—
N-8	R0170	157,086	—
N-7	R0180	142,863	—
N-6	R0190	131,267	—
N-5	R0200	127,135	—
N-4	R0210	122,494	—
N-3	R0220	109,400	—
N-2	R0230	102,312	—
N-1	R0240	93,952	—
N	R0250	91,708	—

IR.22.01 Impact of transitional measures

Amounts in £000s		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
Technical provisions	R0010	33,598	—	—	441	—
Basic own funds	R0020	55,467	—	—	—	—
Eligible own funds to meet Solvency Capital Requirement	R0050	55,467	—	—	—	—
Solvency Capital Requirement	R0090	4,553	—	—	—	—
Eligible own funds to meet Minimum Capital Requirement	R0100	55,467	—	—	—	—
Minimum capital requirement	R0110	3,500	—	—	—	—

IR.23.01 Own Funds

		Total	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3
Amounts in £000s		C0010	C0020	C0030	C0040	C0050
Basic own funds						
Ordinary share capital (gross of own shares)	R0010	—	—		—	
Share premium account related to ordinary share capital	R0030	—	—		—	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040	—	—		—	
Subordinated mutual member accounts	R0050	—		—	—	—
Surplus funds	R0070	—	—			
Preference shares	R0090	—		—	—	—
Share premium account related to preference shares	R0110	—	—	—	—	—
Reconciliation reserve	R0130	40,967	40,967			
Subordinated liabilities	R0140	—		—	—	—
An amount equal to the value of net deferred tax assets	R0160	—				—
Other items approved by the supervisory authority as basic own funds not specified above	R0180	—	—	—	—	—
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	—				
Total basic own funds	R0290	40,967	40,967	—	—	—
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	—			—	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	—			—	
Unpaid and uncalled preference shares callable on demand	R0320	—			—	—
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	—			—	—
Letters of credit and guarantees	R0340	—			—	
Letters of credit and guarantees other	R0350	—			—	—
Supplementary members calls	R0360	—			—	
Supplementary members calls - other	R0370	—			—	—
Other ancillary own funds	R0390	—			—	—
Total ancillary own funds	R0400	—			—	—
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	40,967	40,967	—	—	—
Total available own funds to meet the MCR	R0510	40,967	40,967	—	—	
Total eligible own funds to meet the SCR	R0540	40,967	40,967	—	—	—
Total eligible own funds to meet the MCR	R0550	40,967	40,967	—	—	
SCR	R0580	4,553				
MCR	R0600	3,500				
Ratio of eligible own funds to SCR	R0620	8.998				
Ratio of eligible own funds to MCR	R0640	11.705				

Amounts in £000s		Total
		C0060
Reconciliation Reserve		
Excess of assets over liabilities	R0700	55,467
Own shares (held directly and indirectly)	R0710	—
Foreseeable dividends, distributions and charges	R0720	14,500
Deductions for participations in financial and credit institutions	R0725	—
Other basic own fund items	R0730	—
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	—
Reconciliation reserve	R0760	40,967

IR.25.04 Solvency Capital Requirement

Amounts in £000s				C0010
	Market risk		R0140	1,619
		Interest rate risk	R0070	1,023
		Equity risk	R0080	—
		Property risk	R0090	—
		Spread risk	R0100	1,198
		Concentration risk	R0110	370
		Currency risk	R0120	—
		Other market risk	R0125	—
		Diversification within market risk	R0130	(973)
	Counterparty default risk		R0180	2,659
		Type 1 exposures	R0150	1,929
		Type 2 exposures	R0160	886
		Other counterparty risk	R0165	—
		Diversification within counterparty default risk	R0170	(156)
Net of loss-absorbing capacity of technical provisions	Life underwriting risk		R0270	23
		Mortality risk	R0190	—
		Longevity risk	R0200	21
		Disability-Morbidity risk	R0210	—
		Life-expense risk	R0220	6
		Revision risk	R0230	—
		Lapse risk	R0240	—
		Life catastrophe risk	R0250	—
		Other life underwriting risk	R0255	—
		Diversification within life underwriting risk	R0260	(4)
	Total health underwriting risk		R0320	—
		Health SLT risk	R0280	—
		Health non SLT risk	R0290	—
		Health catastrophe risk	R0300	—
		Other health underwriting risk	R0305	—
		Diversification within health underwriting risk	R0310	—
	Non-life underwriting risk		R0370	105
		Non-life premium and reserve risk	R0330	105
		Non-life catastrophe risk	R0340	—
		Lapse risk	R0350	—
		Other non-life underwriting risk	R0355	—
		Diversification within non-life underwriting risk	R0360	—
Intangible asset risk			R0400	—
			R0430	1,051
Operational and other risks	Operational risk		R0422	1,051
	Other risks		R0424	—
Total before all diversification			R0432	6,590
Total before diversification between risk modules			R0434	5,457
Diversification between risk modules			R0436	(903)
Total after diversification			R0438	4,553
Loss-absorbing capacity of technical provisions			R0440	—
Loss-absorbing capacity of deferred taxes			R0450	—
Other adjustments			R0455	—
Solvency capital requirement including undisclosed capital add-on			R0460	4,553
Disclosed capital add-on - excluding residual model limitation			R0472	—
Disclosed capital add-on - residual model limitation			R0474	—
Solvency capital requirement including capital add-on			R0480	—
Biting interest rate scenario			R0490	decrease
Biting life lapse scenario			R0495	mass

IR.28.01 Minimum Capital Requirement

Amounts in £000s

Linear formula component for non-life insurance and reinsurance obligations

MCRNL Result

R0010 C0010
1,478

	C0020	C0030
Medical expense insurance and proportional reinsurance	—	—
Income protection insurance and proportional reinsurance	—	—
Workers' compensation insurance and proportional reinsurance	—	—
Motor vehicle liability insurance and proportional reinsurance	—	—
Other motor insurance and proportional reinsurance	—	—
Marine, aviation and transport insurance and proportional reinsurance	—	—
Fire and other damage to property insurance and proportional reinsurance	2,605	16,325
General liability insurance and proportional reinsurance	81	—
Credit and suretyship insurance and proportional reinsurance	—	—
Legal expenses insurance and proportional reinsurance	—	—
Assistance and proportional reinsurance	—	—
Miscellaneous financial loss insurance and proportional reinsurance	—	—
Non-proportional health reinsurance	—	—
Non-proportional casualty reinsurance	—	—
Non-proportional marine, aviation and transport reinsurance	—	—
Non-proportional property reinsurance	—	—

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

Linear formula component for life insurance and reinsurance obligations

MCRRL Result

R0200 C0040
7

	C0050	C0060
Obligations with profit participation - Guaranteed benefits	—	—
Obligations with profit participation - Future discretionary benefits	—	—
Index-linked and unit-linked insurance obligations	—	—
Other life (re)insurance and health (re)insurance obligations	332	—
Total capital at risk for all life (re)insurance obligations	—	—

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

Overall MCR calculation

	C0070
Linear MCR	1,485
SCR	4,553
MCR cap	2,049
MCR floor	1,138
Combined MCR	1,485
Absolute floor of the MCR	3,500

Minimum Capital Requirement

R0400 C0070
3,500

F.2 Glossary of Abbreviations and Definitions

A glossary explaining the key terms used in this report is available on www.aviva.com/glossary.

F.3 Directors' Statement

We acknowledge our responsibility for preparing the Solvency and Financial Condition Report of Gresham Insurance Company Limited 31 December 2025 in all material respects in accordance with the PRA Rules and the Solvency II Regulations.

The Board is satisfied that to the best of its knowledge and belief:

(a) throughout the financial year to 31 December 2025, the Company has complied in all material respects with the requirements of the PRA rules and Solvency II Regulations as applicable to the Company; and

(b) it is reasonable to believe that in respect of the period from 31 December 2025 to the date of the publication of the SFCR, the Company has continued so to comply and that it will continue so to comply for the remainder of the financial year to 31 December 2026.

J C Holliday

Director

10 April 2026

F.4 External Audit

The PRA issued Policy Statement PS25/18 in October 2018 which removes the external audit requirement for the SFCR of certain small Solvency II firms. As the Company meets the criteria of a small Solvency II firm there is no requirement for this SFCR to be audited. Consequently, all qualitative and quantitative disclosure in this document is unaudited.