

# esure<sup>®</sup>

**SOLVENCY & FINANCIAL CONDITION REPORT (SFCR)**

**ESURE INSURANCE LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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## Summary

Solvency UK, still currently referred to as Solvency II ('SII') by the Prudential Regulation Authority ('PRA'), is the post Brexit adaption of the EU's Solvency II regime for the UK insurance market. Following Brexit and the transitional period, all the Binding Technical Standards mandates currently set out in the SII Directive have been brought into UK law with responsibilities for meeting those mandates transferred to the PRA.

The SFCR is required to provide information on the solvency and financial condition of esure Insurance Limited ('eIL' or 'Solo'). This document is part of the PRA public disclosure requirements. The structure and content follow the PRA Rulebook Reporting Chapter 3. Supplementary information can be obtained from the esure Insurance limited Report and Financial Statements.

The document is divided into seven sections outlining A) the Business and Performance, B) System of Governance, C) Risk Profile, D) Valuation for Solvency Purposes, E) Capital Management, F) Quantitative Reporting Templates ('QRTs'), and G) a Glossary of Terms.

A copy of the Company's 2025 Report and Financial Statements can be obtained by writing to the company secretary. Some elements of the SFCR are subject to external audit as detailed in the Auditor's report, which can be found on page 10.

## A) Business and Performance

### Business Model

We are focused on delivering high quality Motor and Home insurance products to approximately 2.2 million UK personal lines customers. Following the completion of the sale of the esure group of companies (Group or esure Group) to Ageas UK, we continue to operate our three core brands, esure, Sheilas' Wheels and First Alternative under the eIL company, which can be bought direct or via the four principal UK Price Comparison Websites.

### Business Model – Driving value

Our operating model supported by our strategic priorities drives growth, quality and returns.

We seek to increase our selection of products to provide cover to suit a range of customers' needs at a range of price points. This is supported by excellent customer service, with our digital journeys being an easy and convenient way for customers to manage their policies, with dedicated colleagues on hand to support when needed. Effective claims management is delivered via simple digital journeys, alongside expert and empathetic Claims handlers. Our extensive data assets and advanced data science capability inform our forensic understanding of insurance risk, while our active risk management, reinsurance relationships and strong underwriting capability allow us to maintain an efficient balance sheet and generate enhanced long-term returns

Over the course of 2026, the business model will continue to evolve as we deepen integration with Ageas.

## Financial Review

### esure Insurance Ltd (eIL)

	2025	2024
<b>In-force policies (millions)</b>	<b>2.23</b>	2.13
<b>Insurance services revenue (£m)</b>	<b>1,041.6</b>	1,001.3
<b>Total Net Insurance service result (£m)</b>	<b>141.4</b>	130.0
<b>Profit before tax (£m)</b>	<b>85.0</b>	67.7
<b>Solvency coverage</b>	<b>193%</b>	174%

During the year, the company continued to operate across three core brands, esure, Sheilas' Wheels and First Alternative.

Both Motor and Home portfolios continued to experience intense competition for market share against a backdrop of softening market rates. The company therefore sought to balance written volume and margin to protect long term business growth and profitability.

Overall, in force policies increased 5% to 2.23m driven primarily by the Home portfolio, and overall profit after tax increased 26% to £85m.

#### Solvency coverage

Solo solvency is above the target operating range at 193% (2024: 174%) with the increase driven by underlying business performance over the year.

The Company continues to use reinsurance arrangements as part of its Risk and Capital management activities. This includes the use of a Loss Portfolio Transfer combined with Adverse Development Cover (the "LPT") which was put in place in 2019, covering reserves at that point, which still remains in place, and annual quota share contracts.

## B) System of Governance

### Risk management system

Our risk management approach continues to ensure a consistent and robust management of risks and opportunities across the business to support our strategy, with a particular focus this year on embedding new processes and controls following the completion of the transformation programme.

The Board has delegated certain specific responsibilities to Board Committees. This assists the Board in carrying out its functions and ensures there is independent oversight of internal control, risk management and remuneration policy. These Committees are comprised of a majority of Non-Executive Directors and utilise the expertise and experience of their members to examine subjects in detail and make recommendations to the Board where required. Each Committee Chair reports to the Board on their respective Committees after each meeting.

See B.1.1 for changes to the Board of Directors during the year, including a description of changes to Board composition and roles following completion of the acquisition of the esure Group by Ageas in September 2025. The governance structure will continue to evolve and will be reviewed as part of integration activities in 2026.

Whilst day-to-day management of the business lies with the executive management team, certain matters are reserved to the Board to ensure that key decisions that affect the Company and are of the utmost importance to our ultimate shareholder and wider stakeholders are taken at Board level.

### Risk governance

In accordance with recognised good practice, the Company operates a 'three lines of defence' governance framework. Further information on the work of the Risk Committee of the Board can be found in B.3.1.

The Company's risk management framework and Own Risk & Solvency Assessment ('ORSA') processes are proportionate to the risks that the business faces. The risk strategy, appetite and framework are articulated in a suite of policies covering material risks within the business. Each policy is subject to annual review and approval.

## C) Risk Profile

As an underwriter of insurance for Motor and Home personal lines, the Company is exposed to a number of risks including underwriting, market, credit, liquidity, operational and conduct risks. These risks are monitored and mitigated through the implementation of processes, controls, stress testing and scenario analysis.

The Solvency Capital Requirement ('SCR') is the level of capital the Company is required to hold to meet its obligations if a 1-in-200-year event were to occur in the next 12 months.

Holding a capital surplus above the SCR provides a level of capital coverage that should enable the Company to continue to meet its regulatory capital requirements in both normal and stressed trading conditions. The Company adopts the standard formula to calculate its Capital Requirements under SII.

The Company's SCR allocation by risk type, based upon the undiversified Capital Requirement, can be seen below:

	<b>2025</b>	2024
Underwriting risk	<b>72%</b>	72%
Market risk	<b>10%</b>	10%
Operational risk	<b>13%</b>	13%
Counterparty Default risk	<b>5%</b>	5%

The main risk driver of the capital requirement is underwriting risk: consisting of premium risk, reserve risk; and catastrophe risk.

There has been no material change to the allocation of risks types shown above during 2025.

The Company purchases reinsurance as a risk transfer mechanism to mitigate risks that are outside the Company's appetite for individual claim or event exposure and to reduce the volatility caused by large individual and accumulation losses. By doing so, this reduces the impact that an event can have on the capital position and underwriting results in both Motor and Home. The Company's reinsurance programmes are due for renewal annually on either 1 January or 1 July respectively.

Currently, the Company has in place non-proportional excess of loss reinsurance programmes for its Motor and Home underwriting activities. The purpose of these programmes is to provide cover for both individual large losses, for Motor and Home, and accumulation losses arising from natural and other catastrophe events for Home. Motor and Home reinsurance treaties are in place covering all years in which the Company has underwritten policies.

As part of the Company's capital strategy, quota share reinsurance is also utilised by the Company.

The Company's reinsurance programmes are reviewed on an annual basis and capital modelling is used to identify the most appropriate structure and risk retention profile, taking into account the Company's business objective of managing volatility and the prevailing cost and availability of reinsurance in the market.

Our capital management approach considers the proactive use of reinsurance to protect against downside risks and manage our business effectively.

#### D) Valuation for Solvency Purposes

Under SII, assets and liabilities are required to be valued at fair value which is the amount for which they could be exchanged with a third party in an arm's length transaction. This should be derived from active market prices where possible. The valuation principles are broadly the same as those applied under IFRS but there are some notable exceptions including the valuation of prepayments, land and buildings, right of use assets, and the technical provisions.

Prepayments do not meet SII valuation principles and as such have no value under SII; land and buildings are recognised and valued at highest and best use taking into account the market value of rental income if the property were leased.

Where it is not possible to value assets or liabilities (excluding technical provisions) using active market prices, alternative valuation methods must be used. These include:

- Market approach - using other market observable inputs.
- Income approach - using, for example, future cash flows.
- Cost or replacement cost approach, using the replacement cost of the asset or liability adjusted for obsolescence.

The Company has used alternative valuation methods in the valuation of property, right of use assets and its unquoted investments.

SII technical provisions are the best estimate of future insurance cash flows, plus a risk margin to allow for the capital cost for a third party to run off the Company's claims liability. Under SII, future insurance cash flows include all expenses and income in relation to contractually bound policies at the balance sheet date. Further information on the differences to IFRS are set out in section D.2.2.

#### E) Capital Management

The Company's aim is to ensure there are appropriate financial resources in place at all times to deliver on its policyholder and corporate obligations.

The Board has considered the Risk Appetite of the Company as part of the ORSA process under SII and aims to maintain solvency coverage within a normal operating range of 140-160%.

The Board considers issuing dividends to its Shareholder if the Company has excess capital and distributable reserves. The Board considers a number of factors when determining the level of dividend, which include but are not limited to the level of available distributable reserves, opportunities for growth, potential strategic opportunities, and the outlook for solvency capital, including capital generation and headroom required to absorb adverse capital events.

A summary of the Solo capital position, as at 31 December 2025 and 2024, is shown in the table below:

	<b>2025</b>	2024
	<b>£m</b>	£m
Tier 1 capital	403.3	358.2
Tier 2 capital	102.9	106.8
Tier 3 capital	0.0	15.0
Eligible Own Funds	<b>506.1</b>	480.0
SCR	262.6	276.3
Surplus	<b>243.5</b>	203.7

Coverage ratio

193%

174%

The company's solvency coverage is above our desired operating range at 193% with Eligible Own Funds of £506.1m at 31 December 2024 (2024: 174% and £480.0m). Current year profitability increased Own Funds over the year. The Solvency Capital Requirement decreased to £262.6m (2024: £276.3m), reflecting increased levels of reserves which is more than offset by an increase in the loss-absorbing capacity of deferred taxes.

Tier 1 capital comprises IFRS equity adjusted for all SII valuation adjustments of £330.1m (2024: £288.4m) plus £75.0m (2024: £71.6m) of restricted Tier 1, less foreseeable dividends, distributions and charges of £1.9m relating to rT1 interest (2024: £1.9m). The Company paid £64.0m dividends in 2025 (2024: £15.0m).

Tier 2 capital relates to Notes issued by esure Group plc in 2023, although the Notes are not part of eIL's balance sheet they are recognised in the Solo's Own Funds as the majority of the Group's profits used to repay the interest on the Notes are generated by the Solo entity. The Notes are allowable as capital as they rank as creditors after the claims of policyholders. In 2024 this balance also included the element of the restricted Tier 1 Notes that were in excess of the allowable amount in Tier 1.

Tier 3 capital comprises IFRS deferred tax assets adjusted for all SII valuation adjustments of £nil (2024: £15.0m)

The SCR is calculated using the standard formula taking into account underwriting, market, counterparty default and operational risks.

## Directors' Responsibility Statement

The Directors are responsible for ensuring that the SFCR is properly prepared in all material respects in accordance with the Prudential Regulatory Authority (PRA) rules and SII Regulations. The PRA Rulebook for SII firms in Rule 6.1(2) and Rule 6.2(1) of the Reporting Part requires that the Company must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Company must ensure that its SFCR is subject to approval by the Directors.

The Board of Directors confirm that, to the best of their knowledge:

(a) Throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable.

(b) It is reasonable to believe that, at the date of the publication of the SFCR, the insurer has continued to comply, and will continue so to comply in future.

On behalf of the Board of esure Insurance Limited.



**Alistair Smith**  
**Chief Financial Officer**  
Date: 26 March 2026

## Auditor's Report

### REPORT OF THE EXTERNAL INDEPENDENT AUDITOR TO THE DIRECTORS OF ESURE INSURANCE LIMITED ('THE COMPANY') PURSUANT TO RULE 4.1 (2) OF THE EXTERNAL AUDIT PART OF THE PRA RULEBOOK APPLICABLE TO SOLVENCY II FIRMS

#### Report on the Audit of the relevant elements of the Solvency and Financial Condition Report ("SFCR")

#### Opinion

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

- the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR of the Company as at 31 December 2025, ('the Narrative Disclosures subject to audit'); and
- Company templates IR.02.01.02, IR.12.01.02, IR.17.01.02, IR.22.01.21, IR.23.01.01, IR.25.04.21, IR.28.01.01, IR.28.02.01 ('the Templates subject to audit').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the 'relevant elements of the SFCR'.

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

- The Other Information which comprises:
  - the 'Executive summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the SFCR;
  - Company templates IR.05.02.01, IR.05.04.02, IR.05.03.02, IR.19.01.21;
  - information calculated in accordance with the previous regime used in the calculation of the transitional measures on technical provisions, and as a consequence all information relating to the transitional measures on technical provisions as set out in the Appendix to this report;
  - the written acknowledgement by management of their responsibilities, including for the preparation of the SFCR ('the Responsibility Statement').

In our opinion, the information subject to audit in the relevant elements of the SFCR of the Company as at 31 December 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rulebook for Solvency II firms, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), including ISA (UK) 800 and ISA (UK) 805. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the SFCR in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of Matter – Basis of Accounting**

We draw attention to the 'Valuation for solvency purposes' and 'Capital Management' sections of the SFCR, which describe the basis of accounting. The SFCR is prepared in compliance with the financial reporting provisions of the PRA Rulebook for Solvency II firms, and therefore in accordance with a special purpose financial reporting framework. The SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the SFCR may not be suitable for another purpose. Our opinion is not modified in respect of these matters.

## **Conclusions relating to going concern**

In auditing the SFCR, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the SFCR is appropriate.

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

- obtaining an understanding of the relevant controls relating to the directors' going concern assessment process;
- assessing management's projections for the next planning cycle and underlying business plans and forecasts, including the forecast solvency position, to support key forward-looking assumptions;
- evaluating the historical accuracy of forecasts prepared by management; and
- assessing the appropriateness of management's disclosure included in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the SFCR is authorised for issue.

## **Other Information**

The Directors are responsible for the Other Information.

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

Our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the SFCR, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the SFCR themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact.

We have nothing to report in this regard.

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

The Directors are responsible for the preparation of the SFCR in accordance with the financial reporting provisions of the PRA Rulebook for Solvency II firms.

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

## **Auditor's Responsibilities for the Audit of the relevant elements of the Solvency and Financial Condition Report**

It is our responsibility to form an independent opinion as to whether the relevant elements of the SFCR are prepared, in all material respects, with financial reporting provisions of the PRA Rulebook for Solvency II firms.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the SFCR are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the SFCR.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: <https://www.frc.org.uk/auditorsresponsibilities>. The same responsibilities apply to the audit of the SFCR.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

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

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, internal audit and legal counsel about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the SFCR. These included Solvency II regulations as mandated by the PRA.
- do not have a direct effect on the SFCR but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Companies Act 2006 and related Company Law, the companies operating licence, FCA regulations and environmental regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, actuaries and IT auditors regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our procedures performed to address them are described below:

- The frequency and severity of large bodily claims have a significant impact on the valuation of the insurance contract liabilities and the setting of these assumptions is driven by a variety of factors. These factors include the completeness and accuracy of source data and the transparency of any changes in the reporting of large bodily claims. There is a significant level of judgement and estimation uncertainty in the valuation of these claims in considering the consistency of actuarial assumptions with emerging data, market factors and the Company's reserving policy, which increases the susceptibility of the balance to material misstatement due to error and fraud
- We performed the following procedures to address this risk:
  - Used our in-house reserving software to reproduce management model outputs for each non-periodic payment order bodily injury excess reserving class

- Inspected and challenged management's inflation assumption, by reviewing relevant documentation, meeting with the Company's Actuarial team and comparison with market economics;
- Challenged whether model methodology and assumptions selections and changes since the prior year are supportable by the data used by the Company's actuaries, by testing alternative selections and their impact to confirm that these were reasonable selections and in line with the data;
- Obtained the reports from management's external actuary and compared the output of the external reserving exercise to that of management. We also assessed the objectivity, competence and capability of management's expert

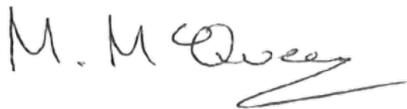
### **Report on Other Legal and Regulatory Requirements**

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of esure Insurance Limited statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in relation to this matter.

### **Use of our Report**

This report is made solely to the Directors of esure Insurance Limited in accordance with Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules. Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the SFCR and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the PRA, for our audit work, for this report or for the opinions we have formed.



Mark McQueen  
For and on behalf of Deloitte LLP

London, United Kingdom  
26<sup>th</sup> March 2026

## A. Business and Performance

### A.1 Business

#### A.1.1 General information

##### Name and legal form

esure Insurance Limited (the 'Company') is a private company limited by shares and is incorporated in England and Wales. The Company's registered office is at The Observatory, Castlefield Road, Reigate RH2 0DN. Its principal activity is the direct provision of general insurance for private cars and homes in the United Kingdom.

##### Supervisory authorities

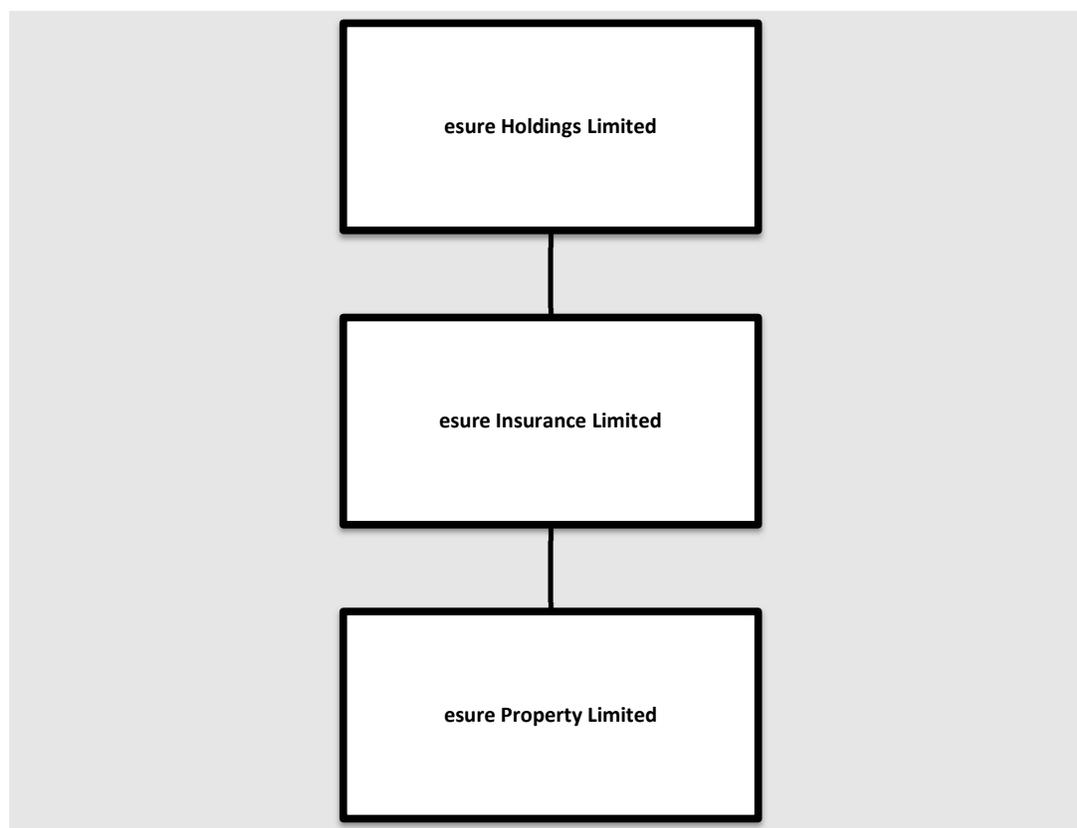
The Company is regulated by the Prudential Regulation Authority ('PRA'), Bank of England, 20 Moorgate, London EC2R 6DA. The Company is also regulated by the Financial Conduct Authority ('FCA'), 12 Endeavour Square, London E30 1JN.

##### External auditor

The external auditor is Deloitte LLP, 1 New Street Square, London EC4A 3HQ.

##### Organisational structure

The diagram below shows the legal organisational structure as at 31 December 2025. All subsidiaries are owned 100% by the parent undertaking. The Company is a wholly owned subsidiary of esure Holdings Limited. The ultimate holding company is Ageas SA/NV, a company incorporated in Belgium, and which is supervised by the Belgian regulator, the National Bank of Belgium ('NBB').



## A.1.2 Group subsidiary companies

esure Insurance Limited has the following principal subsidiaries as at 31 December 2025:

	Country of incorporation	Class of shares held	Principal activity	Held directly or indirectly	Percentage held
esure Property Limited	England and Wales	Ordinary	Property investment	Direct	100%

The registered office of the subsidiaries above is The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG.

## A.1.3 Shareholders

The Company's immediate parent company is esure Holdings Limited, a private company limited by shares and incorporated in England and Wales. Since 29 September 2025, the Company's ultimate parent entity is Ageas SA/NV, which is incorporated in Belgium.

## A.1.4 Other information

### Material lines of business and geographical areas

The Company's material lines of business are UK personal Motor and Home insurance.

The Motor SII lines of business include Motor other, Motor liability, legal expenses, and miscellaneous financial loss.

The Home SII lines of business include fire, theft and other damage, and general liability.

The Company and its subsidiary and underwriting risks are located in the United Kingdom.

### Significant business or other events

On 29 September 2025, Bain Capital announced the completion of the acquisition of the esure Group by Ageas (UK) Limited (Ageas UK). The ultimate holding company of Ageas UK is ageas SA/NV, a company incorporated in Belgium.

## A.2 Underwriting performance

The allocation of IFRS premiums, claims and expenses to Solvency II lines of business is performed solely for the purpose of producing Quantitative Reporting Templates using a simplified allocation basis. The SFCR is based on these simplified allocations as the Company does not report its IFRS performance internally by Solvency II lines of business. The Board manages the Company primarily by product type and presents a financial summary in eIL Report and Financial Statements on that basis as summarised below.

	2025	2024
In-force policies	2.23	2.13
Insurance Service Revenue (£m)	1,041.6	1,001.3
Motor insurance service revenue (£m)	904.4	890.2
Home insurance service revenue (£m)	137.2	111.1
Total net insurance result (£m)	141.4	130.0
Profit after tax (£m)	85.0	67.7

## Motor

The Motor portfolio ended the year with 1.5m in force policies, a marginal increase year on year, with good retention rates partly offsetting lower new business volumes.

Gross written premiums were 6% lower than prior year due to lower average written premiums.

Insurance Services Revenue increased to £904m despite lower in-year gross written premium due to premium strength earning in from the second half of the prior year.

Motor claims experience saw decreasing levels of severity inflation partially offset by some year on year increase in frequency. The portfolio also benefited from favourable run-off in prior year reserves largely attributable to third party injury claims.

## Home

The Home portfolio ended the year with 0.7m in force policies, a 16% increase driven by strong new business growth and retention rates across the first half of the year.

Gross written premiums therefore increased 12% year on year with growth in written volume partially offset by lower average premiums.

Net insurance services revenue increased to £137m driven by the growth in written premiums.

Current year claims experience was impacted by severe weather in January followed by a dry summer driving a surge year for subsidence claims.

## A.3 Investment return

The Company generated a total investment return of £47.0m (2024: £42.0m).

Investment return	2025 £m	2024 £m
Interest income on financial investments	41.2	34.0
Interest income on cash deposits	0.5	0.8
Investment charges	(3.5)	(4.0)
Dividend income on financial instruments	8.2	6.5
Net fair value gains on derivative financial instruments	3.7	5.0
Net fair value losses on financial instruments at FVTPL	(3.2)	(0.6)
Net gains on AFS financial instruments reclassified from equity to P&L	0.2	0.3
<b>Total investment return</b>	<b>47.0</b>	<b>42.0</b>

### A.3.1 Other investing activities

#### Gains recognised directly in equity

During the year ended 31 December 2025, £20.6m was credited to other comprehensive income in respect of fair value movements on available for sale financial assets (31 December 2024: £8.3m charge).

#### Investments in securitisation

As at 31 December 2025, the Company held no investments in securitisation (31 December 2024: Nil).

## A.4 Other income

	<b>2025</b>	2024
	<b>£m</b>	£m
Brokerage and commission income	18.6	18.9
Claims and related income	8.7	9.5
<b>Total income from additional services</b>	<b>27.3</b>	28.4

Other income comprises commission on sales of non-underwritten additional insurance products to Motor and Home insurance customers and fees generated from the appointment of firms used during the claims process and from car hire suppliers.

## A.5 Any other information

### A.5.1 Commitments

#### Contracts for assets

The Company has entered into the following contracts for assets which have not been provided for at the balance sheet date: Investment commitments of £15.0m (2024: £19.6m).

### A.5.2 Post balance sheet events

#### Integration program

In February 2026, esure Services Limited, which employs the employees for the esure Group, announced to employees that, as a part of a wider integration program, a series of consultations would be taking place that would lead to a restructuring of the wider Ageas UK employees to give a simpler and leaner operating model. The impact on the Company cannot currently be quantified as the consultation process is only in its very earliest stages.

#### Iran war

The company continues to monitor the potential impact of the Iran war on its balance sheet, as well as customers and suppliers, but as yet it is difficult to quantify with certainty the long-term impact of the conflict.

## B. System of Governance

### B.1 General Information on the System of Governance

#### B.1.1 Structure of the Board, committees, roles and responsibilities

The Board members of the Company are:

Board Composition	Position
Alison Platt	Chair
Peter Martin Simon	CEO esure
Alistair Smith	CFO esure
Andrew Birrell	INED and Chair of the Audit Committee
Richard Jackson	INED and Chair of the Risk Committee
Annette Andrews	INED and Chair of the Remuneration Committee
Elisabeth Ling	INED
Hans de Cuyper	CEO Ageas Group
Ben Coumans	Ageas Managing Director, Europe
Anthony Middle	CEO Ageas UK
Jonathan Price	CFO Ageas UK

The role of the Board is to collectively promote the long-term sustainable success of the Company. The Board provides leadership, sets the strategic aims of the Company, aligned with the strategic direction set by Ageas, and holds management to account in achieving those aims. The Board has delegated certain specific responsibilities to Board Committees. This assists the Board in carrying out its functions and ensures there is independent oversight of internal control, risk management and remuneration policy. These Committees are comprised primarily of Non-Executive Directors and utilise the expertise and experience of their members to examine subjects in detail and make recommendations to the Board where required. Each Committee Chair reports to the Board on their respective Committee's after each meeting.

Whilst day-to-day management of the business lies with the executive management team, certain matters are reserved to the Board to ensure that key decisions that affect the Company and are of the utmost importance to our shareholder and wider stakeholders are taken at Board level.

The Board remains firmly committed to high standards of corporate governance and maintaining a sound framework for the control and management of the business aligned with the governance arrangements and standards set out in the Ageas UK Governance Framework. The Board recognises that effective governance is essential to the implementation of our strategy and key to the creation of long-term value for both our shareholder and wider stakeholders including our employees.

The governance of the business will continue to evolve as integration with Ageas progresses, and will be subject to review in 2026.

#### The Role of the Board

The Board is responsible for:

- leadership and oversight of the Company and has overall authority for the management and conduct of its business, strategy and development.
- ensuring the maintenance of a sound system of internal control and risk management (including financial, operational and compliance controls, and for reviewing the overall effectiveness of systems in place).
- the approval of any changes to the capital, corporate and management structure of the Company.

#### The Role of the Audit Committee

The Audit Committee remains central to esure's governance process, working with the Risk Committee, to ensure that a strong internal control environment is maintained. The Committee's key objective is to provide effective governance over financial reporting processes, the internal audit function and external auditor.

The key responsibilities of the Committee are to assist the Board in discharging its duties in respect of:

- Recommendations to the Board on the appointment / removal of the external auditor, their terms of engagement and fees.

- Agreeing the plan for the external audit, receiving and reviewing reports from the Company's external auditor, monitoring its effectiveness and independence.
- Monitoring and reviewing internal audit activities.
- Approving the annual internal audit plan and updates to that plan.
- Reviewing and monitoring the integrity of the financial statements, including the Annual Report and Accounts, and any other announcements relating to its financial performance.
- Reviewing and monitoring the integrity of the Company's reserving position.
- Reviewing the SFCR.
- Reviewing the effectiveness of the system of internal controls.
- Reviewing the adequacy and effectiveness of the Whistleblowing policy.
- Focusing on compliance with legal requirements, whistleblowing, accounting standards and other regulatory or governance requirements.

### The Role of the Risk Committee

The Risk Committee's key objective is to provide oversight of and advice to the Board on the current risk exposures and future risk strategy of the business, including the development and implementation of the risk management framework and approved risk appetite which can be found in section B.3.4.

The Committee responsibilities in respect of the Risk Management Framework are to:

- Provide advice to the Board on risk strategy and oversight of current risk exposures in relation to risk appetite.
- Keep under review the effectiveness of the risk management systems, the overall risk assessment processes and methodology, and ensure that risk-based information is used effectively by management and the Board in the running of the business.
- Evaluate potential emerging trends, including but not limited to environmental, social and governance trends, that may result in future adverse developments against the risk appetite or new risk issues facing the business, and their potential impact on the business model.
- Review the principal risk policies for consistency with the risk appetite and approve any material changes to those policies.
- Oversee and challenge the design and execution of stress and scenario testing. This includes reverse stress testing, day-to-day risk management and management's responsiveness to the findings and recommendations from the Chief Risk and Legal Officer\* and the risk management function.
- Challenge due diligence on risk issues relating to material transactions and strategic proposals that are subject to approval by the Board.
- Provide advice, oversight and challenge necessary to embed and maintain a supportive risk culture and review the effectiveness of its embedding and maintenance throughout the business.
- Review the capital adequacy of the Company, taking into account the forward-looking assessment of risks from the outcomes of the ORSA process and recommend to the Board for approval prior to submission to the regulatory supervisor.
- Approve the annual objectives of the Risk Management function, ensuring it has adequate resources, independence and has appropriate access to information to enable it to perform its function effectively.
- Review the approach by which each principal risk is controlled, and new and emerging risks are identified and managed.
- Receive notification of any material breaches of risk appetite and discuss possible actions and solutions.
- Consider the implications of any changes proposed to regulations and legislation that could be material to the business's risk appetite, risk exposure, management of risk and regulatory compliance.

\* The title of this role has changed to 'Chief Risk Officer' with effect from the date of completion of the acquisition of esure Group by Ageas.

### The Role of the Remuneration Committee

The Remuneration Committee's key role is to oversee remuneration arrangements and make decisions on behalf of the Board for Executive and Material Risk Takers ('MRT') remuneration.

In fulfilling their role, the Remuneration Committee is advised by the Chief Executive Officer, Chief People Officer, Chief Risk and Legal Officer and Chief Financial Officer. The Remuneration Committee may select, appoint, retain and terminate any

remuneration consultants; and obtain (at the Company's expense) independent legal or other professional advice on any matters within its Terms of Reference. We retain external remuneration advisers to support the Committee.

The Committee's responsibilities include:

- Pay review for individual Executives.
- Short-term incentive/bonus payments for Executives.
- Long-term incentive award allocations/grants for individual Executives.
- Short-term incentive/bonus plan design (and annual targets for bonus purposes).
- Long-term incentive plan design.
- Benefits Plan design.
- Agree selection of colleagues governed by the Executive Remuneration policy.
- Accountability for the Remuneration policy – Board approval for all proposed amendments.
- Setting of the Expense policy.
- Remuneration relating to the appointment and termination of individual Directors and Executives
- Contractual terms.

## Roles and responsibilities relevant to the Board

### The Chair of the Board - Alison Platt

- Leads the Board and sets the agenda.
- Promotes a culture of openness and debate.
- Ensures the Board is effective.
- Facilitates the contribution of Independent Non-Executive Directors and oversees the relationship between them and the Executive Directors, including the Ageas Directors.

### Independent Non-executive Directors – Richard Jackson, Andrew Birrell, Annette Andrews, Elisabeth Ling

- Bring a very broad level of experience across the financial, commercial, actuarial, technology, data science and product sectors.
- Constructively challenge management and scrutinise performance.
- Contribute to the development of strategy.
- Monitor the Company's performance.
- Satisfy themselves on the effectiveness of financial controls, risk management, consumer duty and appropriate conduct.
- Participate in the selection and recruitment of new Directors and succession planning.

### Chief Executive Officer, Executive Director - Peter Martin-Simon

- Responsible for the performance and management of the business
- Leads the Senior Executive Team in the day-to-day running of the business.
- Charged with recommending and then implementing the Board's strategy and decisions.
- Responsible for ensuring effective internal controls and risk management systems.
- Keeps the Chair informed on all important matters.

### Chief Financial Officer, Executive Director - Alistair Smith

- Supports the Chief Executive Officer in the leadership and management of the business.
- Accountable for the leadership of the Finance function, ensuring the effective delivery of all aspects of the financial management of the business.

### Ageas Directors - Hans de Cuyper, Ben Coumans

- Bring representation of the ultimate shareholder view to the Board
- Constructively challenge management and scrutinise performance
- Contribute to the development of strategy
- Monitor performance
- Satisfy themselves on the effectiveness of financial controls, risk management and appropriate conduct

- Participate in the selection and recruitment of new Directors and succession planning.

## Chief Executive Officer & Chief Financial Officer Ageas UK, Executive Directors – Ant Middle, Jonathan Price

- Supports the Chief Executive Officer, in the leadership and management of the Company’s business. The esure CEO reports to the Ageas UK CEO
- Bring representation of the Shareholder view to the Board.

### Any material changes in the System of Governance

On 29 September 2025, the acquisition of the esure Group by Ageas was completed. The following Board changes were effective from that date:

Alison Platt	Chair	Appointed 29 September 2025
Andrew Haste	Chair	Resigned 29 September 2025
Peter Martin-Simon	CEO esure	Appointed 29 September 2025
David McMillan	CEO esure	Resigned 29 September 2025
Alistair Smith	CFO esure	Appointed 29 September 2025
Peter Bole	CFO esure	Resigned 29 September 2025
Anthony Middle	CEO Ageas UK	Appointed 29 September 2025
Jonathan Price	CFO Ageas UK	Appointed 29 September 2025
Hans de Cuyper	CEO Ageas Group	Appointed 29 September 2025
Ben Coumans	Managing Director Europe, Ageas Group	Appointed 29 September 2025
Richard Jackson	iNED and Chair of Risk Committee	Appointed 29 September 2025
Peter Shaw	iNED and Chair of Risk Committee	Resigned 29 September 2025
Annette Andrews*	iNED and Chair of Remuneration Committee	Appointed 29 September 2025
Elisabeth Ling*	iNED	Appointed 29 September 2025
Luca Bassi	NED and Bain Capital representative	Resigned 29 September 2025

\*prior to the acquisition, Annette Andrews and Elisabeth Ling (together with Andrew Birrell), also served as Directors of esure Group plc, and were appointed to the Board of the Company with effect from 29 September 2025.

Throughout the year, the Company applied the Wates Corporate Governance Principles for Large Companies (published by the Financial Reporting Council (“FRC”) in December 2018) (the “Wates Principles”). Prior to the acquisition by Ageas, the Company applied a governance framework consistent with its status as a private equity owned business. This included compliance with the requirements of the Guidelines for Disclosure and Transparency in Private Equity Companies (published by the Private Equity Reporting Group) (the Walker PERG Guidelines), including recommended enhanced disclosures. As the Company is no longer private equity owned, the Walker PERG Guidelines are no longer relevant.

As a subsidiary of Ageas (UK) Limited, the Board has adopted a Governance Framework (the “Framework”) consistent with the Ageas UK governance framework. The Framework reflects the governance standards set out in the PRA Rulebook, the FCA Handbook (in particular the Senior Management Arrangements, Systems and Controls), and the Wates Principles.

The governance of the business will continue to evolve as integration with Ageas progresses, and will be subject to review in 2026.

### B.1.2 Overview of key functions

This section provides an overview of the key functions. All of the key functions have the necessary authority, resources, and operational independence to carry out their roles and responsibilities.

#### Internal Audit

The purpose of Internal Audit is to add value and improve esure’s operations through independent, objective assurance and consulting activities. Internal Audit assists management to achieve objectives by systematically evaluating the effectiveness of risk management, control and governance processes and identifying areas for improvement.

#### Risk Management

The Risk Management function is led by the Chief Risk and Legal Officer who reports to the Chief Executive Officer and has regular access to the Chair of the Risk Committee and is overseen by the Risk Committee. The Risk Management function performs a 2nd Line of defence role, providing independent and objective challenge to the business in the effective operation of the risk management system. It seeks to ensure that the material risk exposures are contained within approved strategy and appetite,

reports on risk exposure, advises on the administration and management of risk within the 1st Line functions and draws the attention of the Executive and the Risk Committee, as appropriate, to situations in which it believes there are material variances to risk appetite.

The operational business areas have primary responsibility for managing risk in line with the defined appetite statements, performing their 1st Line of defence role. The responsibility of the Risk Management function is to ensure that the 1st Line of defence performs that role effectively.

The risk management framework and ORSA process are designed to ensure that the Risk Committee and Board receive timely and appropriate reporting on the Company's exposure to the existing and emerging risks in each of the core risk categories: Financial Sustainability; Financial Protection / Solvency & Liquidity; Customer; and Operational & Reputational.

## Compliance

As part of the independent Risk Management function led by the Chief Risk and Legal Officer and overseen by the Risk Committee, the Compliance function performs a 2nd line of defence role and is responsible for oversight, challenge, education, embedding and coordination of regulatory risk and compliance activities. The accountability for the Compliance function resides with the Chief Risk and Legal Officer, a member of the Group Executive Team reporting to the Chief Executive Officer.

The operational business areas have primary responsibility for managing regulatory risk in line with the defined appetite statements, performing their 1st Line of defence role. The responsibility of the Compliance function is to ensure that 1st line of defence performs its role effectively. The Compliance function also provides advice and guidance on regulatory matters ensuring a good understanding of the regulatory landscape in all areas of the business.

The Company continues to monitor legal and regulatory developments in the UK and Europe, through its close relationship with the FCA and PRA, Information Commissioners Office ('ICO') and other bodies including the Association of British Insurers ('ABI').

## Actuarial

The Actuarial function is responsible for fulfilling its duties under Solvency II regulation including the calculation of technical provisions and providing opinions on underwriting policy and reinsurance strategy.

The Actuarial function analyses and projects historical claims development data and uses a number of actuarial techniques to validate assumptions used to calculate technical provisions. The Actuarial function provides an Actuarial Function Report to the Audit Committee annually, setting out the tasks that have been undertaken by the Actuarial function and their results, and any relevant recommendations.

The Chief Actuary is a member of the Institute and Faculty of Actuaries. The Chief Actuary reports to the CFO and, to ensure independence, has direct access and bi-annual private meetings with the Audit Committee.

### B.1.3 Remuneration policy

The Company does not employ any Executives directly, however these costs are recharged by esure Services Limited, a subsidiary of esure Group plc (also 100% owned by Ageas), so included below is the remuneration policy of the wider esure Group.

The Remuneration Committee oversees remuneration arrangements and makes decisions on behalf of the Board for Executive and MRT remuneration.

The principles and remuneration structures described within the Executives and MRT Remuneration policy below apply throughout the whole senior management team, with the exception of bonus for employees within Solvency II Key Control functions.

The Company does not enter into contracts of employment. esure Services Limited is the employing entity within the esure Group of companies.

Remuneration arrangements and governance will continue to evolve through 2026 as integration with Ageas progresses.

### Key elements and principles of the Remuneration policy

The approach to remuneration, and the governance around setting remuneration will continue to evolve in 2026 as part of continuing integration activities with Ageas.

esure seeks to pay all staff competitively and fairly for the roles they undertake. All permanent employees are eligible to receive

a bonus on a discretionary basis, subject to Company and individual performance.

During the year, esure operated a Remuneration Committee which oversees remuneration arrangements and makes decisions on behalf of the Board for Executive and Material Risk Takers (MRT) remuneration. The Committee comprises Independent Non-Executive Directors and a representative of the Company's ultimate parent.

The Executive and MRT policy (the Policy) is reviewed annually by the Remuneration Committee. The Policy supports the business's strategy and is based on the following key principles:

- Aligned to creating long-term sustainable success;
- Competitive within the markets in which it operates (but not excessive) and supports the esure Group's ability to attract and retain talent;
- Balanced between fixed and variable elements of remuneration in a way that rewards performance, encourages the right behaviours and eliminates undue behavioural and reputational risk and risk to the esure Group's capital base;
- Simple and transparent design; and
- Meets all regulatory requirements.

In setting the Policy and individuals' remuneration, the Remuneration Committee is mindful of the remuneration on offer to the wider employee population and considers external benchmarking.

The Remuneration Committee ensures that consumer and vulnerable customer outcomes are appropriately included in the design of variable remuneration and Executive objectives.

The principles and remuneration structures described within the Policy apply throughout the senior management team, with the exception of bonus for employees within Solvency II Key Control functions.

esure is required to identify Solvency II staff who have a material impact on the risk profile of the organisation and who have specific remuneration arrangements in place. The remuneration policy identifies where remuneration arrangements differ from those of the wider workforce. The methodology used for identifying Solvency II staff is reviewed by the Remuneration Committee annually. Malus and clawback procedures are in place to cover all variable remuneration paid to Solvency II staff. This may be triggered in circumstances including misconduct and material failures of risk management.

esure has established a risk adjustment process to determine whether annual bonus payments and/or long-term incentive vesting appropriately reflects the esure Group's exposure to risk as well as compliance with risk policies and processes. The Chief Risk and Legal Officer is invited to report on adherence to risk profile and to provide an assessment of risk culture and conduct annually. The Remuneration Committee may then, in consultation with the Chief Risk and Legal Officer, make adjustments to payments or levels of vesting.

The Remuneration Committee is responsible for approving any termination payments to be made to Executives and MRT, including pay in lieu of notice, annual bonus, deferred bonus, long-term incentives and ex-gratia payments. To avoid actual or perceived reward for failure, the esure Group has a policy framework for termination payments made to Executive Directors and MRTs based on voluntary resignation or termination for cause; severance terms agreed for an individual and death, ill health, disability, injury, or where the individual's employing company or business leaves the esure Group.

Post-acquisition, a majority of Board members are not remunerated for their service on the Board. Their remuneration is set as part of the terms of their service to the wider Ageas group. Governance for the remuneration for the remaining independent Non-executive Directors is likely to continue to align with Ageas in 2026. Prior to the acquisition, the remuneration for the Chair of the Board was set by the Chair of the Remuneration Committee, in consultation with the shareholder. The remuneration for the Chair and Non-Executive Directors has historically been structured to enable the Company to recruit and retain, at an appropriate cost, individuals with the necessary skills and experience to support the Board's leadership of the Group. Fees are reviewed annually, considering time commitments and equivalent benchmarks for comparable non-executive director roles. No individual is involved in setting their own remuneration

### Supplementary pension or early retirement schemes

The esure Group offers no supplementary pension or early retirement schemes.

### Management Incentive Plan

Prior to the acquisition by Ageas, certain employees were eligible to purchase shares in the Group's ultimate parent company, Blue (BC) Topco Limited. Two schemes were in place in 2025 - Management Incentive Plans 1 and 2. Due to the restrictive conditions in place over the options, these shares qualified as a share-based payment scheme under IFRS 2 share-based

Payments. The esure Group received the employees' services, but the share-element of the scheme was settled by Blue (BC) Topco Limited and is therefore classified as equity settled in the financial statements of esure Services Limited. There was also a cash element settled by the esure Group, which is classified as cash settled. The MIP has now been paid out to selected senior individuals and is no longer offered to any employees.

#### **B.1.4 Material transactions with shareholders and Board members**

Nothing to report.

#### **B.2 Fit and proper requirements**

The Company's Fit and Proper policy on the appointment of Independent Non-executive Board members is summarised as follows:

- An independent external search consultant with comprehensive experience for that particular role is engaged.
- An all-inclusive selection and interview process considering the specific role requirements is followed to ensure a candidate is deemed to be fit and proper.
- The search consultant agrees with the Chair of the Board, Chief Executive and Chief People Officer, the short list of candidates to be interviewed.
- A selection of candidates meet with the Chair of the Board and other Board members.
- A detailed referencing and checking process is undertaken prior to appointment to ensure the candidate is appropriately qualified to act as Director and the fit and proper process is repeated on a bi-annual basis once appointed.
- The proposed appointment(s) is notified to the FCA and the PRA as required.
- Any appointment is approved by the Board.

The appointment of roles at Executive Team level is led by the Chief Executive Officer and/or the Chief People Officer as follows:

- A detailed search and external benchmark exercise is undertaken using the agreed role specification.
- The engagement of an independent external search consultant with comprehensive experience in recruitment for that particular role.
- Executive Team level short-listed candidates are interviewed by the Chief Executive Officer, the Chair of the Board and/or another Board member or other senior representative of the Shareholder, as appropriate.
- A deep assessment process is conducted – that involves psychometric and cultural fit assessment.
- A detailed referencing and checking process is undertaken prior to appointment to ensure candidates are appropriately qualified and the fit and proper process is repeated at least bi-annually once appointed.
- The proposed appointment(s) is notified to the FCA and the PRA as required (e.g. SMF holders)

The appointment of roles at Senior Leadership is as follows:

- A detailed search and external benchmark exercise undertaken using an agreed role specification.
- Candidates will be interviewed by one or more senior leaders. A member of the esure Group Executive and a senior member of HR may also interview the candidate depending on the nature of the role.
- A detailed referencing and checking process is undertaken prior to appointment to ensure candidates are appropriately qualified and the fit and proper process is repeated annually once appointed.

Following the acquisition of the Company by Ageas UK, the Company's Fit and Proper framework now operates within Ageas's overarching governance and appointment processes. While the Company continues to meet all PRA and FCA Fit and Proper requirements, the nomination, selection and appointment of Directors and certain senior roles are now undertaken in alignment with Ageas's governance framework, which may include Ageas-driven nominations and/or Ageas Group-level approval processes.

The Company retains responsibility for ensuring that all individuals performing key roles meet the applicable Fit and Proper standards and remain suitable on an ongoing basis.

#### **B.2.1 Board of Directors**

##### **Board induction and professional development**

On joining the UK Board, Directors take part in an induction programme to increase their understanding of esure's business. This is based on the individual Director's previous knowledge and experience, and role within the business.

Directors are provided with information about the business, including:

- Financial information, operating plans, operational overview, key internal audits, the risk profile and approach to risk management.
- Company structure and strategy including the corporate governance framework, relevant minutes and Board effectiveness reviews.
- Role of the Board, Membership of Committee's, Matters reserved for the Board and Committee Terms of reference.

- Meetings are arranged with the Non-executive Directors and the Executive Team.

## Evaluation of Board performance

A formal review and assessment of the performance of the Board and its Directors is undertaken on a regular basis. All actions identified as part of the 2024 effectiveness review (conducted internally) were tracked and completed during 2025. During 2025, an effectiveness review was undertaken (also conducted internally) and the Board was considered to be operating effectively. The output of the review was reported to the Board and discussed with the new Chair (Alison Platt) as part of her induction process. The composition of the Board has changed substantially following completion of the acquisition and a further effectiveness review will be undertaken in 2026.

### B.3 Risk management system including the Own Risk & Solvency Assessment ('ORSA')

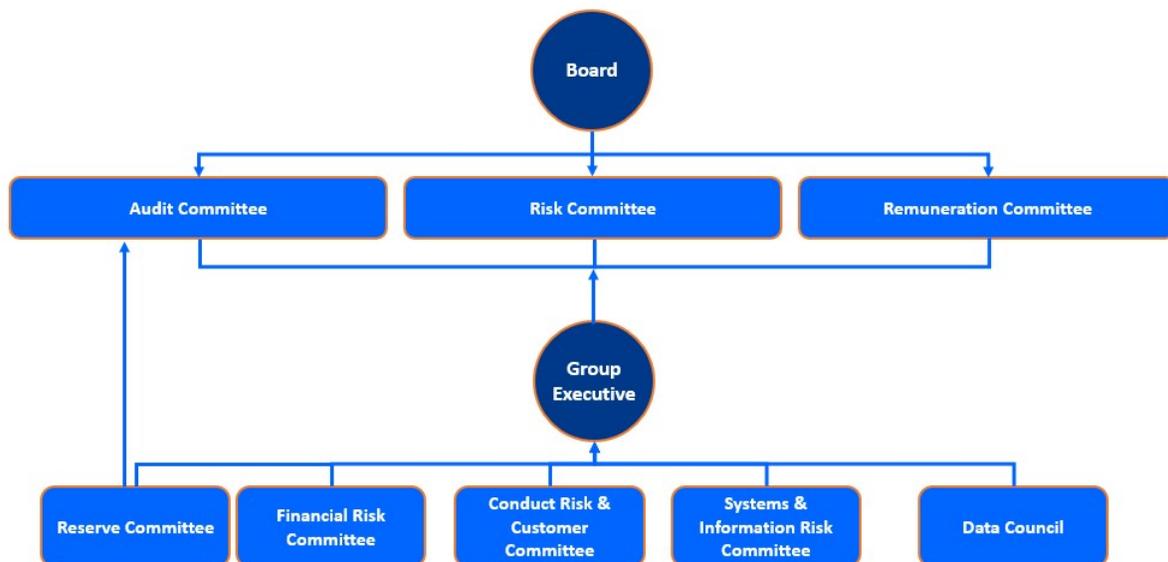
The Board is responsible for prudent oversight of the Company, ensuring that it is conducted in accordance with sound business principles and within applicable law and regulation. The Board is responsible for agreeing the strategic risk statements and setting the Risk Appetite for the business. It ensures that an appropriate framework of identification, measurement, control and acceptance of risks is in place.

#### B.3.1 Risk governance

In accordance with recognised good practice, the Company operates a 'three lines of defence' governance framework.

The Company's risk governance is overseen by a Risk function headed by the Chief Risk and Legal Officer, a member of the Executive Team reporting to the Chief Executive Officer, with independence assured through direct and separate access to the Chair of the Risk Committee.

The Company's risk management framework and ORSA processes are proportionate to the risks that the business faces. The risk strategy, appetite and framework are articulated in a suite of policies covering material risks within the business. Each of these policies is subject to annual review and approval. The Company's governance structure is shown in the diagram below, following the change in control in 2025, there will be a review of the governance structure in 2026:



#### B.3.2 The Own Risk & Solvency Assessment ('ORSA') process

The ORSA policy outlines the Company's approach to the taking and managing of risk and solvency. It is supported by a number of processes and procedures. Key elements include:

- **Risk Strategy and Appetite:** defining how the Company considers the risks that it faces in delivering its strategic objectives.
- **Capital Management:** maintaining a capital structure consistent with the risk profile and the regulatory and market requirements of the business.

- **Risk Management and Internal Control Framework:** confirming that the overall risk management and control framework is operating adequately and effectively, allowing the Company to identify, assess, manage, monitor and report on risks across the business.

The design of these processes takes account of the nature, scale and complexity of the Company's business.

The ORSA policy and processes are owned by the Board. Their role is to set the ORSA approach. Further challenge and governance is provided by the various committees and structures that are in place to ensure that there is appropriate direction and understanding of the risks and capital positions, both on a current and forward-looking basis. The Risk Committee takes a key role in supporting the Board in terms of management of the ORSA process.

The Board and the Risk Committee take an active part in the ORSA process, including planning of the process for the year, feeding back on relevant stress tests and scenarios analysis to be undertaken, and reviewing the content of the report. There have been discussions at the Board and Risk Committee around key aspects of the process during 2025.

In normal circumstances, where there is no material change to the capital and risk position, a full ORSA report is produced and approved by the Board on an annual basis. The timing of the ORSA report is linked into the Company's planning cycle and is presented at the Group Executive and Risk Committee before Board approval. When there is a material change to the capital and risk position and/or major strategic developments an Exceptional ORSA is produced. There was no Exceptional ORSA produced during 2025.

The ORSA is forward-looking and informs the Board's discussions during the annual business planning process. The assessment of new business plans under base and alternative scenarios are supported by the ORSA. The report assists the Board to understand the capital positions under each of these scenarios and ensures that solvency requirements will be met in line with the Board's Risk Appetite and regulatory requirements over a three-year period.

The key processes that underpin the ORSA in determining own solvency needs include:

- Stress testing and scenario analysis including reverse stress testing.
- Business planning and assessment of the key risks.
- Forward-looking assessments of the solvency position.
- Own assessment of solvency based on the Company's capital modelling.
- Assessment of the appropriateness of standard formula for regulatory capital setting.
- Risk Appetite process.
- Material and emerging risk processes.
- Climate risk materiality, modelling and metrics setting.

### B.3.3 Risk reporting

Risk reporting as part of the Risk Management Framework and the ORSA process is designed to ensure that the Board and the Risk Committee receive timely and appropriate reporting on the Company's exposure to existing and emerging risks in each of the core risk categories as described in the table in B.3.4.

The Company's risk management strategy integrates risk assessment and evaluation into the Company's business operations, planning and capital management.

### B.3.4 Strategy and Risk Appetite

The strategic risk objectives and risk appetite statements align to the strategy and enterprise risk management framework and informs the way we think about risk within the business. These provide the basis for strategic decision making and business planning. Following the change in control 2025, there will be a review of risk appetite during 2026.

They are split into key risk themes with supporting Key Risk Indicators which incorporate a range of quantitative and qualitative measures of risk, against which the actual or planned exposures and uncertainties are monitored. This monitoring is reflected in regular reporting to the Executive Committees, Group Executive Committee, the Risk Committee and the Board.

The strategic risk objectives and strategic risk appetite statements can be found below.

Strategic Objective	Risk	Strategic Risk Appetite Statement
Financial		We aim to manage financial risks to ensure the esure Group can continue to trade sustainably and grow

<b>Sustainability</b>	profitability over the medium term.
<b>Solvency and Liquidity</b>	We ensure there are appropriate financial resources in place to deliver our corporate objectives and policyholder obligations with consideration of prudential risks. We aim to hold own funds in excess of regulatory capital requirements and within a range set by appetite to ensure the business remains sustainable in the long term.
<b>Customer</b>	We ensure 'good outcomes' for our customers by having a customer focused strategy and culture with a strong focus on customer-centric product design, sales processes, services and claims delivery.
<b>Operational Risk &amp; Reputation</b>	We manage our operational risks to ensure we prevent significant disruption to our services and failure to adhere to regulatory or legal requirements.

The Company's Risk Appetite incorporates a range of quantitative and qualitative measures of risk supporting these strategic risk objectives, against which the actual or planned exposures and uncertainties can be monitored. This monitoring is reflected in regular reporting to the Executive Committees, the Risk Committee and the Board.

The Risk Appetite forms a fundamental part of the way in which the esure Group thinks about and assesses risk, setting out the types and level of risk that it is willing to accept or avoid in the pursuit of its strategy and ensuring that we receive an appropriate return for the risks we accept running the business.

The Company's Risk Management Framework is dynamic and continues to be enhanced and developed to ensure it meets the needs of the business.

The Company's Risk Management system (including the risk strategies, processes and reporting procedures) is described in B.4.1 below. This includes a description of how the risk management system is integrated into the business and decision-making processes.

## B.4 Internal control system

### B.4.1 Risk and internal control framework

The Company maintains a risk and internal control management framework. The framework helps the Company identify, understand and manage the risks and opportunities – helping the business increase the likelihood of achieving objectives by minimising threats and uncertainty and maximising opportunities.

The risk management framework supports the consistent and robust identification and management of opportunities and risks within desired levels across the Company, supporting openness, challenge, innovation and excellence in the achievement of objectives

An overview of the process by which the Company manages risk on a continuous basis is as follows:



- Risk Identification - The Company's Risk Appetite and Key Risk Themes are critical in this step and should influence thinking on each business unit's risk profile as well as the impact against Senior Managers Certification (SMCR) accountabilities. Identification of risks take place through our risk & control self-assessment (RCSA) approach. Emerging

risks are identified via a variety of internal and external sources. Identified risks and associated controls are logged in our internal risk system.

- Risk and Control Assessments - Assessing risk allows us to manage risks and opportunities, increasing the likelihood of us achieving our objectives by minimising threat and uncertainty and maximising opportunities. Risk assessments take place considering likelihoods and potential impacts. The Company has implemented a series of risk management tools, such as the stochastic capital model, the Standard Formula and the Stress and Scenario Testing programme to aid its understanding of financial risks, which are linked to the Risk Appetite. Controls are assessed against design and performance.
- Risk Treatment – This is the process of selecting and implementing measures to modify risk. The risk treatment decision is taken with regard to the risk appetite to which the risk refers to. Action plans are also recoded in our risk management system.
- Monitoring & Reporting: Each business unit has a risk dashboard which details their key risks, treatment decisions, controls, action plans, risk events mapped to them and the supporting key risk indicators which allow them to track their risks. Risks and their associated controls are loaded onto our risk system, and review periods are established. Key Risks are discussed at each sub-committee and high impact risks, or risks outside of tolerance, are reported to the Group Executive to ensure that they have the opportunity to debate the risks we face as a collective.

#### **B.4.2 Compliance framework**

As part of the independent Risk function led by the CRO and overseen by the Risk Committee, the Compliance function performs a 2nd line of defence role and is responsible for oversight, challenge, education, embedding and coordination of regulatory risk and compliance activities. The accountability for the Compliance function resides with the Chief Risk and Legal Officer, a member of the Group Executive Team reporting to the Chief Executive Officer, with independence assured through direct and separate access to the Chair of the Risk Committee

The operational business areas have primary responsibility for managing regulatory risk in line with the defined appetite statements, performing their 1st line of defence role. The responsibility of the Compliance function is to ensure that 1st line of defence performs its role effectively. The Compliance function also provides advice and guidance on regulatory matters ensuring a good understanding of the regulatory landscape in all areas of the business.

The key policy defining the risk activity of the Compliance function is the Conduct Risk and Consumer Duty policy. The policy sets out how conduct risks are effectively identified, evaluated, mitigated, monitored and reported, including how the Company delivers good customer outcomes, which may be referred to as the Conduct Risk Framework. This policy is reviewed and approved by the Risk Committee on behalf of the Board and was last reviewed in May 2025.

The Compliance function produces an annual compliance assurance plan that is approved at the Risk Committee, the plan for 2025 being agreed in November 2024. The compliance plan covers the Priorities and Approach for 2025, including day-to-day advice and guidance, horizon scanning and pre-planned compliance reviews. The outcomes of the completed compliance review activities are reported to the heads of relevant business areas, relevant senior management, the Group Executive Committee and Risk Committee (as appropriate). The Compliance function's performance against the plan is monitored at the Group Executive Committee and the Compliance function submits progress updates to the Risk Committee.

### **B.5 Internal Audit function**

#### **B.5.1 Description of the Internal Audit function**

The role of Internal Audit is to develop risk-based audit plans that provide an assessment of the design and effectiveness of governance arrangements, risk management systems and internal control frameworks across the Company. To fulfil this role, Internal Audit shall:

- Develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation, designed to achieve a long-term or overall objective and including a vision, strategic objectives, and supporting initiatives.
- Validate the key risks to esure's operations, using information from key stakeholders including Risk Management and Compliance functions.
- Identify and evaluate controls established to manage key risks.

- Review established policies, procedures and processes to provide assurance that they are designed appropriately and are operating effectively to achieve objectives.
- Make recommendations for improvements, aligned to a digital first and data led mindset.
- Undertake audit engagements as agreed by the Audit Committee.
- Report to the Audit Committee and Management on findings of audit engagements.

### **B.5.2 Maintenance of independence**

Accountability for the Internal Audit function resides with the Chief Audit Officer ('CAO'). The CAO reports directly to Chair of the Audit Committee, with a reporting line to the Chief Executive Officer in respect of day-to-day operations. The independence of the Internal Audit function is established through its direct reporting line to the Audit Committee. To maintain its independence, Internal Audit has free and unrestricted access to the Chair of the Audit Committee, as well as the Chair of the Board, should this be required. Internal Audit does not have any operational responsibility for any activities across esure's operations and is not authorised to perform any tasks that contribute to day-to-day control procedures. The independence of Internal Audit is confirmed to the Board at least annually. Any impairments or conflicts that emerge that could impact the independence or objectivity of Internal Audit is reported to the Chair of the Audit Committee as soon as they arise.

Internal Audit provide an annual opinion of the adequacy and effectiveness of the Company's framework of governance, risk management and internal control for the year.

### **B.6 Actuarial function**

The Actuarial function is part of the Finance function of the Company and, via the Chief Actuary, reports to the CFO. The Actuarial function comprises both qualified and student actuaries with the required skill sets and experience to enable the tasks of the Actuarial function to be carried out effectively and to the required level of quality. The Actuarial function operates independently of the revenue generating functions of the Company and the actuarial staff are bound by the governance of the Institute and Faculty of Actuaries.

The Actuarial function analyses and projects historical claims development data and uses a number of actuarial techniques to calculate and validate technical provisions. The development of prior periods' claims is assessed quarterly against expected levels and the reasons behind deviations are investigated and reported to the Reserve Committee.

As well as historical analysis, the Company also takes into account changes in risk profile and in legislation or regulation and changes in other external factors.

The Actuarial function also assesses the suitability of data used in the calculation of technical provisions and gives an annual opinion on the Company's underwriting policy and reinsurance arrangements.

Outputs from the Actuarial function are reported to the Audit Committee by the Chief Actuary. The Chief Actuary reports to the CFO and to ensure independence has access to and bi-annual private meetings with the Audit Committee.

### **B.7 Outsourcing**

#### **B.7.1 Description of the outsourcing policy**

The majority of outsourcing activity occurs in esure Services Limited, and these costs are then recharged to the Company, given this, what follows is the outsourcing policy of the wider esure Group.

Outsourced suppliers are subject to an independent procurement process for the award of business. Prior to engagement, due diligence will be conducted to provide assurance on the service providers financial stability and expertise to ensure they have the ability, capacity and any authorisation required to carry out the service effectively. The risks associated with the service are assessed and this considers the quality of governance, operational risks, the ability of the service provider to adequately manage the risks identified and the ability of the esure Group to monitor the compliance of service obligations. The rights of the Company and the UK regulatory authorities (PRA and FCA) to access information and to audit suppliers of material or outsourced services are retained via the inclusion of appropriate clauses within the written contract.

The Company currently uses service providers to undertake some of its material outsourced functions on its behalf. Details of the functions and activities they provide are shown in Section B.7.2.

### B.7.2 Critical or important activities outsourced

Below is a table outlining the material outsourced services identified for the esure Group. The definition regarding what is a material outsource relationship is based on current PRA and FCA principles and guidance and identification of suppliers is subject to an assessment against agreed Group criteria. The decision to outsource is taken at Group Executive level and does not result in the delegation by senior personnel of their responsibility. Governance structures, appropriate reporting and oversight by senior management within the Group is in place for all material suppliers. We apply a consistent approach and level of oversight to all material third parties, whether they qualify as outsourced or not. These outsourced arrangements are with providers in either the UK, USA, South Africa or Europe:

<b>Critical and Important function</b>	<b>Operations</b>
Hosting servers including hardware/ applications and data centre/ warehousing, telephony, workforce planning applications	Provision of data storage, provision of ongoing day-to-day systems, maintenance and support.
Repair platform	Platform for instructing a motor repair.
Claims handling	The provision of claims handling activity.
Customer telephony services	The provision of customer service.

### B.7.3 Management of existing material outsourcing

The management of material outsourced functions is owned by the relevant Group Executive member and supported by an appropriate supplier relationship manager who has the necessary expertise to supervise the outsourced function effectively. The supplier relationship manager will regularly monitor the standard of performance of the service and that the associated risks are being managed. Appropriate action will be taken if it appears the service provider is not carrying out functions effectively and in compliance with applicable laws and regulations.

The contract with the supplier and the service levels agreed is subject to periodic performance review, to optimise the value derived from the supplier and to agree any actions to improve performance or monitoring. During the lifetime of the contract, the supplier relationship manager ensures that the supplier provides the agreed management information and that any issue is mitigated with suitable remedial action.

### B.7.4 Intra-group outsourcing arrangements

The only material intra-group outsourcing arrangements relate to: esure Services Limited which acts as an intermediary to esure Insurance Limited and as a service provider for members of the esure Group; esure Property Limited which owns a property which is leased to another member of the Group, esure Services Limited; Ageas SA/NV which provides reinsurance as part of a wider reinsurance panel; and Ageas (UK) Limited which provides the services of some employees to esure Services Limited which are then recharged onto esure Insurance Limited.

## B.8 Any other information

### B.8.1 Assessment of the adequacy of the System of Governance

Section B provides information on the Company's system of governance. esure is firmly committed to high standards of corporate governance and maintaining a sound framework for the control and management of the business, within the governance arrangements and standards set out in the Ageas UK Governance Framework. The Board recognises that effective governance is key to the implementation of our strategy and key to the creation of sustainable long-term value for both our shareholder and wider stakeholders including our employees. The Company complies with the Wates Corporate Governance Principles for Large Companies. The Company's overall system of governance is considered to be proportionate and adequate, taking account the nature, size and risks associated with the business.

## C. Risk Profile

### Measurement of risk

The risk reporting as part of the Risk Management Framework and the ORSA process are designed to ensure that the Board and the Risk Committee receive timely and appropriate reporting on the Group's exposure to existing and emerging risks in each of the core risk categories. Strategic risks and the reputational consequences of these risk exposures are considered within this risk reporting, supported by:

- Updates to the Group's risk registers covering current and emerging risks.
- Reports on events that have resulted in actual or potential financial or reputational losses to the Group or its customers.
- The results of stress, scenario and sensitivity testing ('SST') as well as the modelling of the risks within our capital model.
- The findings, recommendations and management actions arising from reviews conducted by the Risk, Compliance and Internal Audit functions.

The Group's Risk Management Strategy integrates risk assessment and evaluation into the Group's business operations, planning and capital management. The following table illustrates the Company's standard formula SCR allocation by risk type, based on the undiversified Capital Requirement.

A breakdown of the SCR for the Company can be found in section E.2.

	2025	2024
Underwriting risk	72%	72%
Market risk	10%	10%
Operational risk	13%	13%
Counterparty Default risk	5%	5%

The table above allocates the capital on an undiversified basis; however, diversification effects are considered when aggregating underwriting risk, market risk and credit risk capital requirements.

There has been no material change to the allocation of risks types shown above during 2025.

### Risk sensitivities

An annual suite of stress tests and scenario analysis, including underwriting (pricing, reserving and catastrophe), market, operational and credit related scenarios are selected and refined through consultation within the business and by reference to significant events to ensure that the scenarios reflect the current risk environment. The suite of SSTs includes circumstances that would render the business model unviable, known as reverse stress tests.

The output from the SST exercise is embedded into capital modelling data, business planning and the ORSA process, with some used to set Risk Appetite (e.g. liquidity stress).

The material SSTs take into consideration the most up-to-date business plan and consider the knock-on impacts over multiple years. Impacts on technical provisions including risk margin, SCR, the amount of qualifying debt and impacts on the loss absorbing capacity of deferred taxes are also considered.

An economic capital model is used to stress the business plan at various return periods, with the ORSA specifically considering the 1 in 25-year event and 1 in 200-year event levels; the modelled events are a combination of impacts occurring together during a year.

The analysis below shows the Company's sensitivity to certain events. Were these events to occur, the Group has sufficient contingent management actions to maintain solvency in line with regulatory requirements at the 1-in-200 stress level.

	<b>Impact on coverage*</b>
Motor loss ratio 5ppts worse	<b>-17%</b>
Interest rates +/- 100bps	<b>-/+ 2%</b>
Credit spreads of corporate	
Bonds +/- 50bps	<b>-/+ 4%</b>
Real estate values +/- 25%	<b>+/- 2%</b>
Ogden discount rate of -1%	<b>-2%</b>
1987 Hurricane	<b>-11%</b>

\*Capital coverage movements are stated after earnings, tax and foreseeable dividend impact.

## C.1 Underwriting risk

### Definition

Underwriting Risk represents the uncertainty in the profitability of the business written due to variability in premium rates as well as the value and timing of claims - this can impact historic (reserve risk) as well as future exposures (pricing and catastrophe).

### Current risk profile

Underwriting Risk is expected to increase due to planned growth. We operate in a highly competitive pricing environment and continue to face heightened underwriting risks due to the inflationary impacts from the wider economy; the uncertainty on longer-term impacts from the Financial Conduct Authority General Insurance Pricing Practices (FCA GIPP) (2021); the Civil Liability Act (2020); changes to tariff and Judicial College Guideline awards for bodily injury (January 2025); and potential shifts in customer behaviour as they adapt to the heightened cost of living.

The reserving position is subject to a number of material uncertainties. Factors such as changes in the legal environment, results of litigation, frequency and severity of personal injury claims, changes in medical and care costs, and costs of vehicle and home repairs can all substantially impact overall costs and expenses of claims, and cause a material divergence from the bases and assumptions on which the reserves were calculated.

### Key Elements

- Pricing risk
- Reserving risk
- Catastrophe risk

### Mitigation

- Our reinsurance programme protects the business from individual large losses, catastrophe events, adverse reserve development and adverse loss ratio movement.
- Claims management processes are designed to contain claims leakage and feedback claims trends whilst providing strong customer service.
- A risk adjustment is held above the Actuarial Best Estimate under IFRS 17. In addition, independent external actuaries assess the adequacy of the Company's reserving assumptions.

## C.2 Market risk

### Definition

Market risk represents the uncertainty in the financial position due to fluctuations in the level and volatility of market prices of assets and liabilities.

The Group policy concerning risk aligns and ensures compliance with Solvency UK 'Prudent Person Principle' requirements, which include:

- The firm must only invest in assets and instruments the risks of which it can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of its overall solvency needs.
- All the assets of the firm must be invested in such a manner as to ensure the security, quality, liquidity and profitability of the portfolio of assets of the firm as a whole and localised such as to ensure their availability.

### Current risk profile

Uncertainty in general market conditions is driven by potential interest rate volatility by central banks; and geopolitical tensions and activity.

Climate risks could impact market risk. These arise from the potential impact of the global transition to a lower-carbon economy.

### Key elements

- Interest rate risk
- Equity risk
- Spread risk
- Concentration risk

### Mitigation

- The investment strategy is set with consideration to the overall market risk, risk appetite.
- Market risk is managed against this appetite through regular monitoring including the drivers of investment return and value at risk measures, counterparty exposures, asset liability management and the interest rate sensitivities of our assets and liabilities
- The investment strategy does not materially expose the Company to currency risk or the risks arising from active trading of derivatives.
- The Group policy concerning market risk aligns and ensures compliance with Solvency II 'Prudent Person Principle' requirements.

## C.3 Credit risk

### Definition

Credit risk is the loss or adverse change in the Company's financial situation resulting from fluctuations in the credit standing or default of counterparties to which the Company is exposed (note that investment counterparties are included within Market risk).

### Current risk profile

The Group has a low appetite for credit risk. The most material exposures are through its reinsurance counterparties.

### Key elements

- Reinsurance
- Counterparty Default risk
- Supplier Debtor risk

### Mitigation

- We evaluate creditworthiness of reinsurers and concentration against risk appetite metrics. These are monitored prior to finalisation of any reinsurance contracts and on an ongoing basis.
- As part of the Group's supplier management process, credit exposures to significant third parties are monitored regularly.

## C.4 Solvency and liquidity risk

### Definition

Solvency Risk is the risk that the Company has insufficient capital to meet regulatory requirements. Liquidity risk is the risk that the Group is unable to realise investments and other assets to settle financial obligations when they fall due.

### Current risk profile

The Company is currently operating within or above its desired solvency operating range and liquidity risk profile.

### Key elements

- Liquidity risk
- Solvency risk.

### Mitigation

- Solvency risk is managed through the ORSA processes which include stress and scenario testing of a range of events and decisions
- Liquidity risk is assessed by considering the Company's operating cash flows, stressed for catastrophe scenarios, and liquidity strains
- Regulatory risks that could impact solvency are monitored through our close relationship with the Prudential Regulation Authority and other bodies

## C.5 Operational risk

### Definition

Operational risk is the loss or adverse impact due to failures with processes, people or systems – either within the Group or within suppliers / third parties.

### Current risk profile

Our Operational Risk outlook is influenced by the external cyber environment and customer experience. The implementation of our new technology platform significantly improves our operational resilience and reduces risk across IT, data, cyber, financial crime and fraud. Over the past year we have focused on improving customer outcomes and the control environment within the new IT estate. We expect levels of change risk in 2026 to increase following the change in control in 2025 and an integration project underway between esure and Ageas UK systems.

### Key elements

- Operational resilience
- People
- Outsourcing and Third-Party
- Financial Crime and Fraud
- IT, Data and Cyber
- Business Processes
- Change
- Systems
- Data

### Mitigation

- Our governance and risk framework provides an effective structure within which operational risks are identified, measured and managed. It ensures clear ownership of risks with effective reporting and escalation mechanisms, supporting management oversight and decision-making.
- There is specific governance in place to oversee improvements to customer interactions.

- We maintain specialist teams to provide business functions with expertise and support in operational resilience, people, IT, fraud, financial crime and cyber risk.
- We have implemented additional governance and oversight around customer outcomes and target activity to further reduce associated risks.
- As the transformation programme came to an end in 2024, practices have evolved into our change management processes – these practices will be utilised during the integration with Ageas UK.

## C.6 Conduct and regulatory risk

### Definition

Conduct and Regulatory Risk is the risk of failing to deliver the appropriate treatment to, or meet the needs of, our customers throughout our customer interactions, product design and service delivery.

### Current risk profile

The Group is averse to Conduct Risk, and this is reflected in our Risk Appetite statement and management decision-making. FCA GIPP has been embedded well within the business and we have successfully implemented changes to support our compliance with Consumer Duty regulations. The risk is assumed to increase as there is regulatory interest in Motor and Home practices across the market, these include total loss valuations and premium finance. In relation to Operational Resilience, we have mapped and tested that we can remain within impact tolerances for each important business service in line with regulatory requirements introduced in March 2025. We expect to have interactions with the regulators on these themes during 2026.

### Key elements

- Legal and Political risk
- Compliance risk
- Regulatory risk

### Mitigation

- Our purpose to fix insurance for good and associated culture ensures the interests of customers, and their fair treatment are paramount. This is supported by our compliance with the letter and spirit of the relevant laws and regulation.
- We operate a strong governance framework, and the Conduct Risk and Customer Committee reviews all aspects of customer service.
- The Board actively exercises oversight through the Risk Committee with regular upward reporting of the risk profile against the customer and conduct risk appetite and Consumer Duty.
- We continue to monitor legal and regulatory developments in the UK and Europe, including through our close relationship with the FCA and PRA, Information Commissioners Office ('ICO') and other bodies including the ABI.

## C.7 Other material risks

### Climate risk

Climate risk includes all risks stemming from trends or events caused by climate change. We consider this against the two drivers of risk: Transition risks - Risks that arise from the transition to a low-carbon and climate resilient economy; Physical risks - Risks that arise from the physical effects of climate change.

The Company monitors and manages Climate risk as a cross-cutting risk considered within the principal risks described in C1 to C6 above and it is integrated into the Risk Management Framework.

The Company seeks to minimise our exposure to transition risks although we see commercial opportunities for the Group to support the transition in our product offerings. We manage physical risks primarily through inclusion in underwriting risk. We use reinsurance in the short-medium term to limit our exposures to physical risk. The Board manages our strategy to take account of the medium to long term impacts of climate change and ensure we have propositions which support the transition whilst ensuring we are resilient to climate risks.

Climate risk is not considered a material risk to the Group in the short term which is defined as the next 2-3 years of our planning horizon, due to the reinsurance protections we have in place for extreme weather events; writing policies that can be repriced annually at renewal; and the composition of the investment portfolio.

In the longer term the risk can become material, due to:

- Reinsurance capacity risk: The risk of reinsurance capacity reducing if there are more frequent and more severe extreme events impacting reinsurers. Discussions with brokers take place to understand the near-term implications of severe global climate driven events on the reinsurance market and the potential consequences to reinsurers' appetite to writing UK Motor and Home reinsurance.
- Strategic risk: The transition to a low-carbon economy can reduce demand for motor insurance products and services. Whilst there is the possibility of lower car usage in the next two to three years in the planning horizon, any material impact is expected to emerge in the longer term. The new platform and IT infrastructure is expected to allow the Group flexibility to adapt through refining and adding additional products and services.

### **C.8 Any other information**

No other material information to disclose.

## D. Valuation for Solvency Purposes

Under SII, assets and liabilities are required to be valued at fair value which is the amount for which they could be exchanged with a third party in an arm's length transaction. This should be derived from active market prices where possible. The valuation principles are broadly the same as those applied under IFRS but there are some exceptions including the valuation of deferred acquisition costs, intangible assets, prepayments, property, plant and equipment, right of use assets, the technical provisions and the valuation of the Notes.

Certain items in the statement of financial position such as prepayments do not meet SII valuation requirements and are not recognised.

Where items in the statement of financial position do qualify under SII, but the IFRS valuation is not appropriate, they are revalued. The key valuation judgements under SII relate to the valuation of technical provisions, and property (including right of use assets).

This section provides a description of the bases, methods and main assumptions used for the balance sheet valuation for SII purposes. It also provides an explanation of the material differences between the valuation for SII purposes and the valuation in the IFRS Financial Statements.

A comparison of the IFRS statement of financial position and the SII balance sheet for the Company can be seen below with explanatory notes on the valuation of each material class of asset and liability, and the key differences between SII and IFRS. There are several types of difference:

**Classification differences** are due to differences in categorisation differences between IFRS and SII.

**Categorisation differences** occur where the assets or liabilities have moved between accounting categories on the SII balance sheet.

**Valuation differences** are where the value of the asset or liability differs between SII and IFRS. The following notes focus on the valuation differences but also provide a high-level explanation of the difference in consolidation approach and the reclassifications.

### D.1 Assets

A comparison of the IFRS Statement of Financial Position and the SII balance sheet assets for the Company can be seen below with explanatory notes on the valuation of each material class of asset, and the key differences between SII and IFRS.

Assets (Solo)	At 31 December 2025		
	£m	£m	
Description	IFRS valuation	SII valuation	Note
<b>Assets</b>			
Deferred tax asset	16.7	0.0	1
Holdings in related undertakings	21.5	22.8	2
Investments	1,371.5	1,354.3	3
Insurance and other receivables	21.8	45.8	4
Cash and cash equivalents	19.3	48.3	5
<b>Assets (ex-reinsurance assets)</b>	<b>1,450.8</b>	<b>1,471.2</b>	

### Notes

#### Note 1 – Deferred tax assets

Under SII deferred tax is provided in full using the balance sheet liability method, providing for temporary differences arising between the carrying amount of assets and liabilities for accounting purposes, and the amounts used for taxation purposes including carried forward tax assets. It is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is recovered, using tax rates enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The preparation of the SII balance sheet is on a different basis to IFRS and therefore is also different to that used for tax purposes. IFRS timing differences include brought forward tax positions which can be used in future years. Consequently, adjustments are required to allow for deferred tax amounts arising on the taxable differences between the SII valuation and the IFRS accounting treatment.

## Note 2 – Holdings in related undertakings

Solo holdings in related undertakings represent the Company's investment in esure Property Limited (ePL). The net assets of ePL primarily comprise land and buildings occupied by the Group including property leases.

Under SII, as the property owned by ePL is predominantly occupied by esure Services Limited and is not traded in an active market, it is not possible to obtain an active market valuation. Instead, a market approach is adopted which uses prices and other relevant information generated by market transactions involving similar assets. The property is independently valued annually by Royal Institution of Chartered Surveyors ('RICS') certified valuation experts in accordance with the relevant parts of the current RICS Valuation Standards in the UK ('Red Book'). The valuer's opinion of fair value was derived using comparable recent market transactions on arm's length terms.

Property leased by ePL is recognised as a right of use asset under IFRS but recognised at fair value under SII on an income approach using a discounted cash flow model. The valuation of property owned and leased by ePL is based on the highest and best use of the property. The lease asset valuation is based on the best estimate available of the value for which the properties could be sublet to an independent third party. As the valuation approach is the same for the assets and lease liabilities there is no impact on net assets under SII. The key assumptions in the valuation model are around comparable market prices of similar buildings and the market value of rental income for the property.

The remainder of ePL's net assets primarily relate to intercompany balances and cash.

## Note 3 – Investments

Investments comprise equity securities, debt securities, derivative financial instruments and deposits with credit institutions. They are valued at fair value under both SII and IFRS using active market information where possible. The criteria used in the assessment of active and non-active markets is consistent with IFRS 13 *Fair Value Measurement*.

An active market is a market in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

When an active market does not exist, fair value measurements are derived from inputs other than quoted prices in active markets. Where possible the inputs required to fair value an instrument are observable such as:

- Quoted prices for similar (i.e. not identical) assets in active markets.
- Quoted prices for identical or similar assets in markets that are not active, the prices are not current, or price quotations vary among market makers, or in which little information is released publicly.
- Inputs that are derived principally from, or corroborated by, observable market data by correlation.
- For forward foreign exchange contracts, the use of observable forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. There are no valuation differences between IFRS and SII in relation to investments.

Under SII, accrued interest is reclassified from receivables to investments as it is considered to form part of the fair value of the investments.

Cash held in investment portfolios is classified within investments under IFRS but is reclassified to cash under SII.

## Note 4 – Insurance and other receivables

Insurance receivables are recognised when contracts are entered into and are measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Receivables include a valuation adjustment made under SII for future cash flows on anticipated but un-incepted business which are not recognised under IFRS.

The difference between SII and IFRS also results from reclassification adjustments relating to insurance receivables for policyholder premiums.

## Note 5 – Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks or cash within investment portfolios.

There are no valuation differences for cash between SII and IFRS however, as noted above, cash held in investment portfolios is reclassified to cash under SII.

## D.2 Technical provisions

### D.2.1 Value of technical provisions

#### Summary of results

Technical provisions under SII consist of a Best Estimate of future insurance cash flows and a risk margin. Future insurance cash flows include all expenses and income in relation to contractually bound policies at the balance sheet date. The risk margin reflects the capital cost that a third party is expected to require in order to take over and meet the insurance and reinsurance obligations.

Overall, the net technical provisions as at 31 December 2025 are £885.2m excluding the risk margin and £909.8m including the risk margin.

The table below details the IFRS insurance related balances and SII technical provisions.

#### Year ended 31 December 2025 (£m)

Description	IFRS valuation	SII valuation	Note
<b>Assets</b>			
Reinsurance assets	475.7	455.6	7
<b>Liabilities</b>			
Claims/premium provision	1,405.8	1,340.8	7
Net liabilities	<b>931.1</b>	<b>885.2</b>	*
Risk adjustment/margin	60.0	24.6	7
<b>Technical provisions</b>	<b>990.1</b>	<b>909.8</b>	

\* Comprising claims provision of £752.8m and premium provision of £132.4m.

#### Year ended 31 December 2024 (£m)

Description	IFRS valuation	SII valuation	Note
<b>Assets</b>			
Reinsurance assets	427.3	398.5	7
<b>Liabilities</b>			
Claims/premium provision	1,324.2	1,219.0	7
Net liabilities	<b>896.9</b>	<b>820.5</b>	*
Risk adjustment/margin	53.7	20.7	7
<b>Technical provisions</b>	<b>950.6</b>	<b>841.2</b>	

\* Comprising claims provision of £700.9m and premium provision of £119.6m.

## Note 6 – Net technical provisions

The table below outlines the results by SII lines of business ('SII LoB').

### Technical provisions by SII LoB

#### Year ended 31 December 2025 (£m)

SII LoBs								
	Total	Motor vehicle liability	Other Motor	Fire and other damage to property	Legal expenses	General liability	Misc. financial loss	Non-Life annuities
Gross Best Estimate	1,340.8	1,189.6	(15.0)	102.4	(3.5)	3.9	0.4	63.0
Reinsurance	455.7	395.6	(1.9)	2.1	0.0	0.3	0.0	59.6
Net Best Estimate	885.1	794.0	(13.1)	100.3	(3.5)	3.6	0.4	3.4
Risk margin	24.5	21.8	0.7	1.7	0.0	0.0	0.0	0.3
<b>Technical provisions</b>	<b>909.6</b>	<b>815.8</b>	<b>(12.4)</b>	<b>102.0</b>	<b>(3.5)</b>	<b>3.6</b>	<b>0.4</b>	<b>3.7</b>

#### Year ended 31 December 2024 (£m)

SII LoBs								
	Total	Motor vehicle liability	Other Motor	Fire and other damage to property	Legal expenses	General liability	Misc. financial loss	Non-Life annuities
Gross Best Estimate	1,219.0	1,109.6	(32.1)	77.7	1.2	3.5	0.5	58.6
Reinsurance	398.5	344.5	(2.9)	1.7	0.0	0.2	0.0	55.0
Net Best Estimate	820.5	765.1	(29.2)	76.0	1.2	3.3	0.5	3.6
Risk margin	20.7	17.7	0.7	1.8	0.1	0.0	0.0	0.3
<b>Technical provisions</b>	<b>841.2</b>	<b>782.8</b>	<b>(28.4)</b>	<b>77.8</b>	<b>1.3</b>	<b>3.3</b>	<b>0.5</b>	<b>3.9</b>

The material lines of business are Motor vehicle liability, Other Motor, Fire and other damage to property and Non-life annuities. Motor vehicle liability relates to Motor third party damage or injury claims. Other Motor relates to claims for accidental damage, fire and theft and windscreen. Fire and other damage to property relates to claims for damage and theft on Home policies. Non-life annuities relate to claims that have been settled as periodic payment orders (PPOs).

Some lines of business have negative provisions because of recoverable amounts on salvage and subrogation which are received after claims are paid. Also, under SII, policyholder debtors are held within the technical provisions which can cause a provision to be negative if it is higher than the provision held for claims and expenses.

### Key assumptions

A number of assumptions are made in deriving the ultimate costs of claims, the most material of which relates to Motor vehicle liability claims. For the claims provision it is generally assumed that future claims experience will develop similarly to past claims experience, unless there have been changes in the business or external environment for which adjustments are required. For the premium provision, base claims frequency and severity assumptions underlie the future claims component and the result is sensitive to these assumptions. Inflation is another key assumption which has an impact on ultimate claims and the premium provision, for which separate assumptions are made in regard to inflation of both the number of claims and the cost of each claim.

When valuing PPOs, assumptions are made about future wage inflation, to which each annual payment is linked, and life expectancy. In addition, for claims that are identified as potential PPO awards, assumptions are needed regarding the probability of settling as a PPO, the time of settlement and the monetary basis of settlement.

## Methodology used to calculate the technical provisions

The claims provision is derived using common actuarial techniques which rely on using historical claims development patterns to predict the development of claims in the future. This is supported by additional trend analysis and discussions with the Underwriting and Claims functions with regard to emerging trends which may not be fully reflected in the historical data.

An alternative modelling approach is used for known and potential PPOs (those claims identified as likely to settle via PPO) where cash flow projections are carried out in order to estimate the ultimate cost on a gross and net of reinsurance basis. For potential PPOs an allowance is made for the probability that claims settle on a PPO basis.

The premium provision is derived by estimating claims outflows from future events arising from bound policies at the valuation date. The premium provision also allows for cash inflows from future premiums for in-force and bound policies.

Both the claims provision and premium provision include an allowance for all future expenses and cash inflows, as well as outflows associated with servicing claims and policies. Allowance is also made for the possibility of exceptional events occurring which would not be allowed for in projections as such events would not be captured in the existing historical data.

Under SII, all future cash flows must be discounted to the valuation date using the risk-free rate published by the PRA. The risk margin is set in accordance with the SII regulations and is calculated as 4% (as defined by the PRA) of the SCR for each year of run-off, discounted to the valuation date.

## D.2.2 Uncertainties, differences and adjustments

### Uncertainty

The ultimate costs of claims and associated expenses for which provisions are held are subject to a number of material uncertainties. Allowance for future claims experience within the premium provision is particularly uncertain and sensitive to the weather as well as driving patterns and repair costs. For both the claims and premium provisions, circumstances can change that may require established provisions to be adjusted either upwards or downwards. Factors such as changes in the legal environment, outcomes from litigation, propensity of personal injury claims, changes in medical and care costs, and inflationary costs of vehicle and home repairs can all substantially impact overall costs of claims and associated expenses, and cause a material divergence from the bases and assumptions on which the provisions were calculated.

Large personal injury claims (excluding PPOs) can be volatile, particularly in the first few years of development. Existing claims could be impacted by potential future changes in Ogden rate.

The Company's excess of loss reinsurance programme reduces the Company's exposure to the volatility associated with large loss exposures including potential changes in the Ogden discount rate and the cost of claims settling as PPOs.

### Material differences to financial reporting basis

The fundamental principle of SII is that the technical provisions should be calculated as the discounted value of all future cash flows.

The SII claims provision is closely aligned to the IFRS liability for incurred claims (LIC). All provisions are discounted under both bases, although the discount rates differ. Under IFRS all liabilities are discounted using a risk-free rate plus liquidity premium, whereas under SII a risk-free rate is used, with volatility adjustment applied for discounting longer-term liabilities.

The premium provision under SII is not directly comparable to the IFRS liability for remaining coverage (LRC). Broadly, the valuation on a SII basis leads to earlier recognition of profit from business existing at the valuation date. The potential profit recognised in the premium provision relates to all unearned exposure.

Under IFRS the Company holds a risk adjustment above the IFRS best estimate liabilities, which is not included in the SII technical provisions. Under SII, a risk margin is held to reflect the cost of capital that a third party would require to take over and meet the insurance and reinsurance obligations. There is no equivalent allowance made under IFRS.

### Matching adjustment

No matching adjustment has been applied by the Company.

### Volatility adjustment

The volatility adjustment ('VA') dampens the impact on the Solvency II balance sheet of short-term volatility in bond prices as a result of low market liquidity or exceptional widening of credit spreads. The VA reduces Technical Provision liabilities by increasing

the discount rate used to value the liabilities. The VA is specified by the regulator.

The PRA has approved use of the VA for discounting liabilities with an expected term of more than four years. The Company has therefore applied the VA to Technical Provisions relating to bodily injury claims including PPOs.

The VA as at 31 December 2025 was 24bps at terms up to 50 years as specified by the PRA for GBP.

The impact of applying the VA is disclosed in the reporting template IR.22.01 and summarised in the tables below.

Volatility adjustment (Solo)	At 31 December 2025			At 31 December 2024		
	£m	£m	£m	£m	£m	£m
	Including VA	Setting VA to zero	Impact of removing VA	Including VA	Setting VA to zero	Impact of removing VA
Technical provisions	1,365.4	1,374.9	9.5	1,239.7	1,248.2	8.5
Basic own funds	506.1	503.5	(2.7)	480.0	477.9	(2.1)
Eligible own funds to meet SCR	506.1	503.5	(2.7)	480.0	477.9	(2.1)
SCR	262.6	264.3	1.7	276.3	276.8	0.5
Eligible own funds to meet MCR	426.9	424.3	(2.6)	382.1	379.2	(2.9)
MCR	118.2	118.5	0.4	119.8	120.1	0.2

### Risk-free interest rate transitional measure

The risk-free interest rate transitional measure is not applicable to the Company.

### Transitional measures on technical provisions

The transitional measures on technical provisions are not applicable to the Company.

### Recoverables

The Company purchases reinsurance as a risk transfer mechanism to mitigate risks that are outside the Company's appetite for individual claim or event exposure and to reduce the volatility caused by large individual and accumulation losses. By doing so, this reduces the impact that significant claims costs have on the capital and the underwriting result of each line of business.

Currently, the Company has in place excess of loss reinsurance programmes for its Motor and Home underwriting activities. The purpose of these programmes is to provide cover for both individual large losses, for Motor and Home, and accumulation losses arising from natural and other catastrophe events for Home. Motor and Home reinsurance treaties are in place covering all years in which the Company has underwritten policies in each line of business.

The Company continues to use reinsurance arrangements to enhance capital availability. This includes the use of LPT which was put in place in 2019 and remains in place, and annual quota share contracts. Profit commission relating to these contracts within the Technical Provisions amounts to £23.7m (2024: £36.9m).

The Company's reinsurance programmes are reviewed regularly and capital modelling is used to identify the most appropriate structure and risk retention profile, taking into account the Company's business objective of minimising volatility and the prevailing cost and availability of reinsurance in the market.

### Material changes

There were no material assumption changes during the year ended 31 December 2025.

### D.3 Other liabilities

A comparison of the IFRS Statement of financial position and the SII balance sheet liabilities for the Company can be seen below with explanatory notes on the valuation of each material class of liabilities, and the key differences between SII and IFRS.

Liabilities (Solo)	At 31 December 2025		
	£m	£m	
Description	IFRS valuation	SII valuation	Note
<b>Liabilities</b>			
Deferred tax liabilities	-	11.2	
Derivative financial liabilities	0.2	0.2	
Insurance and other payables	12.5	42.0	7
<b>Liabilities (ex-technical provisions)</b>	<b>12.7</b>	<b>53.4</b>	

#### Note 7 – Insurance and other payables

Insurance and other payables relate to insurance premium tax, reinsurance premium creditors, accruals, lease liabilities and trade payables. The IFRS value also includes reinsurance amounts (which are reclassified to Technical Provision).

#### Contingent liabilities and off-balance sheet risks

There are no contingent liabilities as at 31 December 2025 (2024: £nil).

#### Liabilities for employee benefits

There are no liabilities for employee benefits as at 31 December 2025 (2024: £nil).

### D.4 Alternative methods for valuation

Where it is not possible to value assets and liabilities using active market prices, alternative valuation methods have been used. Under SII, undertakings shall use valuation techniques that are consistent with one or more of the following approaches when using alternative valuation methods:

- (a) Market – which uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or group of assets and liabilities. Valuation techniques consistent with the market approach include matrix pricing; or
- (b) Income – which converts future amounts, such as cash flows or income or expenses, to a single current amount. The fair value shall reflect current market expectations about those future amounts. Valuation techniques consistent with the income approach include present value techniques, option pricing models and the multi-period excess earnings method; or
- (c) Cost or current replacement cost – the amount that would be required currently to replace the service capacity of an asset. From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable quality adjusted for obsolescence.

The Company applies alternative valuation methods to property, and unlisted investments. These have been documented in the respective valuation notes in sections D.1 and D.3.

The fact that these assets and liabilities are not quoted on active markets creates valuation uncertainty, as it is not certain that they could be traded with an independent third party at the modelled price. It is also not possible to assess the adequacy of the valuation models against experience because the assets and liabilities have not been traded on an active market in the period. Due to the relative uncertainty of alternative valuation methods compared to quoted market prices the valuation approaches will be assessed at least annually to ensure that they continue to be appropriate.

### D.5 Any other information

No other material information to disclose.

## E. Capital Management

### E.1 Own funds

#### Capital management policies

The Board considers the Company's capital requirements and prospective premium growth expectations over a minimum of a three-year planning horizon. The Company maintains a capital structure consistent with the Company's risk profile and the regulatory requirements of its business. The Company's objectives in managing its capital are:

- To match the profile of its assets and liabilities, taking account of the risk inherent in the business.
- To satisfy the requirements of its policyholders and regulators.
- To maintain financial and capital strength to support growth.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets.

The Board has considered the Risk Appetite of the Company as part of the ORSA process under SII and aim to maintain solvency coverage within a normal operating range of 140-160%.

The Company's solvency coverage is above our desired operating range at 193% with Eligible Own Funds of £506.1m at 31 December 2024 (2024: 174% and £480.0m). Current year profitability increased Own Funds over the year. The Solvency Capital Requirement decreased to £262.6m (2024: £276.3m), reflecting increased levels of reserves which is more than offset by the increase in the loss-absorbing capacity of deferred taxes.

The Board will consider dividends to its Shareholder if the Company has excess capital and distributable reserves. The Board will consider a number of factors when determining the level of dividend, which includes, but is not limited to: the level of available distributable reserves; opportunities for growth; potential strategic opportunities; investment in the business; and the outlook for solvency capital, including capital generation and headroom required to absorb adverse capital events.

#### E.1.1 Eligible Own Funds to cover the SCR

The eligible amount of Solo Own Funds to cover the SCR, classified by Tiers is shown below.

##### Eligible own funds to cover the SCR

(£m)	Year ended 31 Dec 2025				Year ended 31 Dec 2024			
	Total	Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3
Ordinary shares	177.8	177.8	-	-	177.8	177.8	-	-
Reconciliation reserve	150.4	150.4	-	-	108.7	108.7	-	-
Other own funds	75.0	75.0	-	-	75.0	71.6	3.4	-
Subordinated liabilities	102.9	-	102.9	-	103.4	-	103.4	-
Deferred tax	-	-	-	-	15.0	-	-	15.0
<b>Total eligible own funds to cover the SCR</b>	<b>506.1</b>	<b>403.2</b>	<b>102.9</b>	<b>0.0</b>	<b>480.0</b>	<b>358.1</b>	<b>106.8</b>	<b>15.0</b>

Ordinary shares and the reconciliation reserve are classified as Tier 1 because they are undated and there is no limit to their loss absorbing capacity.

Other Own Funds relates to the £75 million rT1 provided by esure Group plc to esure Insurance Limited, by way of an intragroup arrangement entered into by the Issuer and esure Insurance Limited, on terms substantially similar to the £75m 6.00% Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes issued by esure Group plc on 22 July 2021. rT1 is capped at 20% of the total eligible Tier 1 Own Funds, £75.0m (2024: £71.6m), the restricted amount at 31 December 2025 therefore is £nil (2024: £3.4m; all allowable as Tier 2 Own Funds).

Subordinated liabilities are classified as Tier 2 because they rank as a creditor after policyholder claims. The Notes are recognised in the Solo's Own Funds as the majority of the Group's profits used to repay the interest on the Notes are generated by the Solo entity. Tier 2 includes £nil (2024: £3.4m) of rT1 as detailed above.

£100m Subordinated Notes were issued by esure Group plc on 16 June 2023 (2023 Notes) at the rate of 12.00% per annum, with

payments made biannually.

The nominal £100m Subordinated Notes have a maturity date of 20 December 2033. The 2023 Notes are direct, unsecured and subordinated obligations of the Group, ranking pari passu and without preference amongst themselves, and will, in the event of the winding-up of the Group or in the event of an administrator of the Group being appointed and giving notice that it intends to declare and distribute a dividend, be subordinated to the claims of all Senior Creditors and policy holders of the Group.

Under IFRS, the Notes are valued at amortised cost. A valuation adjustment takes place under SII to revalue the Notes to fair value using a discounted cash flow model.

SII rules require the Notes to be recognised at fair value, but with no adjustment made to the fair value since the initial issue for changes in the Group's own credit standing.

Whilst the Notes are actively traded, the trades are infrequent and movements in the trade prices will include movements due to the Group's perceived credit standing. An alternative valuation method is therefore required.

The income approach has been used by applying a discounted cash flow model. The key assumption in the model is around the discount rate applied to the future cash flows. This is based on the initial spread, but with amendments made to the discount rate for market movements since initial recognition, for example movements in the risk-free rate. The risk-free rate has been determined with reference to UK government gilts with the same duration as the Notes. There is no uncertainty around the timing of the cash flows in relation to the Notes.

Deferred tax under SII is classified as a Tier 3 asset. The maximum amount that is eligible is 15% of the total SCR and in addition the sum of the eligible amounts of Tier 2 and Tier 3 shall not exceed 50% of the SCR. For Solo all of the Tier 3 is eligible (2024: All).

The Solo Own Funds have increased to £506.1m (2024: £480.0m) primarily due to business performance. Over the year, dividends of £64.0m have been paid, reducing Own Funds. There has been no significant change to the quality of Own Funds in the year.

Reconciliations from Solo IFRS equity to the components of Solo Own Funds can be seen in the table below:

<b>IFRS to SII Reconciliation Reserve Reconciliation</b>	<b>Year ended 31-Dec-25 £m</b>	Year ended 31-Dec-24 £m
IFRS retained earnings, available for sale reserves and capital redemption account	<b>270.2</b>	245.5
SII valuation adjustments	<b>60.0</b>	59.0
Tier 1 restricted debt	<b>(75.0)</b>	(75.0)
Tier 3 restriction	-	(15.0)
Foreseeable dividends, distributions and charges	<b>(1.9)</b>	(1.9)
Subordinated liabilities	<b>(102.9)</b>	(103.4)
<b>SII reconciliation reserve</b>	<b>150.4</b>	108.7

The reconciliation reserve is the equivalent of IFRS17 retained earnings and other reserves; this is adjusted for all the SII valuation differences detailed in the Valuation for Solvency Purposes section of this report.

Tier 1 restricted debt relates to the £75 million rT1, this is shown on a separate line in the own funds.

Tier 3 restriction relates to deferred tax assets, this is shown on a separate line in the own funds.

The foreseeable dividends, distributions and charges of £1.9m (2024: £1.9m) relates to the accrued interest on the rT1 which is not recognised under IFRS at 31 December 2025.

Subordinated liabilities relate to the Notes referred to above. The value of the Notes are deducted from the Reconciliation Reserve because the majority of the Group's profits used to repay interest on the Notes are generated by the Solo entity.

## E.1.2 Eligible own funds to cover the Minimum Capital Requirement

The eligible amount of basic Own Funds to cover the Minimum Capital Requirement ('MCR'), classified by Tiers is shown below.

### Eligible Own Funds to cover the MCR

#### Solo

(£m)	Year ended 31 Dec 2025			Year ended 31 Dec 2024		
	Total	Tier 1	Tier 2	Total	Tier 1	Tier 2
Ordinary shares	177.8	177.8	-	177.8	177.8	-
Reconciliation reserve	150.4	150.4	-	108.7	108.7	-
Other own funds/Subordinated liabilities	98.7	75.0	23.7	95.6	71.6	24.0
<b>Total eligible own funds to cover the MCR</b>	<b>426.9</b>	<b>403.2</b>	<b>23.7</b>	<b>382.1</b>	<b>358.1</b>	<b>24.0</b>

The only difference between the eligible amount of basic Own Funds to cover the SCR and the MCR at the Solo level is that Tier 2 capital is capped at 20% of the MCR for the MCR coverage instead of 50% of the SCR (2025: £23.7m of £118.2m MCR and 2024: £24.0m of £119.8m MCR). See also Section E.1.1 Eligible Own Funds to cover SCR.

## E.1.3 Other information

### Transitional arrangements

No Own Fund items are subject to transitional arrangements.

### Ancillary funds

At 31 December 2025, the Company did not have ancillary funds (2024: £nil).

### Any item deducted from Own Funds

There are no restrictions affecting the availability and transferability of Own Funds at a Solo level (2024: £nil).

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

### E.2.1 Solvency Capital Requirement

The Company adopts the standard formula to calculate its Capital Requirements under SII. The SCR at 31 December 2025 was £262.6m for Solo (31 December 2024: £276.3m). The MCR at 31 December 2025 was £118.2m for Solo (31 December 2024: £119.8m).

## Solo

### Solvency Capital Requirement – Solo

(£m)	Year ended 31 December	
	2025	2024
Market risk	32.5	33.3
Counterparty default risk	17.2	14.6
Life underwriting risk	0.2	0.2
Non-life underwriting risk	229.6	222.8
Diversification	(30.4)	(29.7)
<b>Basic Solvency Capital Requirement</b>	<b>249.1</b>	<b>241.2</b>
Operational risk	38.6	35.1
Loss-absorbing capacity of deferred taxes	(25.1)	-
<b>Solvency Capital Requirement</b>	<b>262.6</b>	<b>276.3</b>

The Basic SCR includes Market risk, Counterparty default risk, Underwriting risk, and diversification. The SCR is adjusted to reflect Operational risk and the loss-absorbing capacity of deferred taxes.

The Basic SCR has increased in the year primarily due to a rise in Underwriting risk following an increase in net reserves and premium exposure. LACDT has been applied this year following current year profits.

### Simplified calculations

The Company has not used simplified calculations or undertaking-specific parameters in its standard formula calculations (2024: £nil).

### Capital add-on and specific parameters

The Company has no capital add-on or the impact of any specific parameters, as their risk profile does not deviate significantly from the assumptions underpinning the standard formula calibration.

### E.2.2 Minimum Capital Requirement

The MCR at 31 December 2025 was £118.2m (2024: £119.8m) and has been calculated in accordance with the requirements of SII.

The main inputs to the MCR calculation were the net of reinsurance best estimate of liabilities and the net of reinsurance written premiums in the last 12 months.

The MCR has decreased in the year due LACDT impacting the SCR in turn resulting in the MCR cap that is now being applied.

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

The duration-based method of calculating the equity risk sub-module has not been used.

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

The standard formula has been used for the calculations.

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

During the years ended 31 December 2025 and 2024, the Company has not had any non-compliance with the MCR or non-compliance with the SCR.

### E.6 Any other information

No other material information to disclose.

## F. Quantitative Reporting Templates

The Company is required to disclose the following templates as set out in the PRA Rulebook Reporting Article 4/5; Templates for the Solvency and Financial Condition report of Individuals companies/groups of 31 December 2024. This follows the relevant sections of and Annex to the Solvency II Delegated Regulation being restated into the Reporting Part of the PRA Rulebook.

Template	Description
<b>Solo</b>	
IR.02.01.02	Balance sheet
IR.05.04.02	Non-life income and expenditure
IR.12.01.02	Life technical provisions
IR.17.01.02	Non-life technical provisions
IR.19.01.21	Non-life insurance claims
IR.22.01.21	Impact of long-term guarantees measures and transitionals
IR.23.01.01	Own funds
IR.25.04.21	Solvency Capital Requirement
IR.28.01.01	Minimum Capital Requirement – Only life or only non-life activity

## F.1 Solo QRTs

IR.02.01.02		£'000
Solo Balance Sheet		Solvency II Value
Assets		C0010
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,377,037
R0080	<i>Property (other than for own use)</i>	
R0090	<i>Holdings in related undertakings, including participations</i>	22,830
R0100	<i>Equities</i>	
R0110	<i>Equities – listed</i>	
R0120	<i>Equities – unlisted</i>	
R0130	<i>Bonds</i>	1242,813
R0140	<i>Government Bonds</i>	627,114
R0150	<i>Corporate Bonds</i>	615,698
R0160	<i>Structured notes</i>	
R0170	<i>Collateralised securities</i>	
R0180	<i>Collective Investments Undertakings</i>	109,078
R0190	<i>Derivatives</i>	2,316
R0200	<i>Deposits other than cash equivalents</i>	
R0210	Other investments	
R0220	Assets held for index-linked and unit linked contracts	
R0230	Loans and mortgages	
R0240	<i>Loans on policies</i>	
R0250	<i>Loans and other mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance Recoverables from:	455,557
R0280	<i>Non-life and health similar to non-life</i>	395,942
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	59,615
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	40,271
R0370	Reinsurance receivables	785
R0380	Receivables (trade, not insurance)	4,792
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	
R0410	Cash and cash equivalents	48,290
R0420	Any other assets, not elsewhere shown	
R0500	<b>Total assets</b>	<b>1,926,733</b>

## Solo Balance Sheet

£'000

		Solvency II Value
		C0010
<b>R0505</b>	<b>Technical provisions - total</b>	<b>1,365,382</b>
<b>R0510</b>	Technical provisions – non-life	<b>1,302,089</b>
<b>R0515</b>	Technical provisions - life	<b>63,293</b>
<b>R0542</b>	<b>Best estimate - total</b>	<b>1,340,804</b>
<b>R0544</b>	Best estimate – non-life	<b>1,277,790</b>
<b>R0546</b>	Best estimate – life	<b>63,014</b>
<b>R0552</b>	<b>Risk margin – total</b>	<b>24,578</b>
<b>R0554</b>	Risk margin – non-life	<b>24,299</b>
<b>R0556</b>	Risk margin - life	<b>279</b>
<b>R0565</b>	<b>Transitional (TMTP) – life</b>	
<b>R0730</b>	Other technical provisions	
<b>R0740</b>	Contingent liabilities	
<b>R0750</b>	Provisions other than technical provisions	
<b>R0760</b>	Pension benefit obligations	
<b>R0770</b>	Deposits from reinsurers	
<b>R0780</b>	Deferred tax liabilities	<b>11,211</b>
<b>R0790</b>	Derivatives	<b>167</b>
<b>R0800</b>	Debts owed to credit institutions	
<b>R0810</b>	Financial liabilities other than debts owed to credit institutions	
<b>R0820</b>	Insurance & intermediaries payables	
<b>R0830</b>	Reinsurance payables	<b>3,135</b>
<b>R0840</b>	Payables (trade, not insurance)	<b>38,824</b>
<b>R0850</b>	Subordinated liabilities	
<b>R0860</b>	<i>Subordinated liabilities not in Basic Own Funds</i>	
<b>R0870</b>	<i>Subordinated liabilities in Basic Own Funds</i>	
<b>R0880</b>	Any other liabilities, not elsewhere shown	
<b>R0900</b>	<b>Total liabilities</b>	<b>1,418,719</b>
<b>R1000</b>	<b>Excess of assets over liabilities</b>	<b>508,014</b>

IR.05.04.02  
**Non-life income and  
expenditure : reporting  
period**

	All business (including annuities stemming from accepted non-life insurance and reinsurance contracts) C0010	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts) C0015	Non-life insurance and accepted proportional reinsurance obligations			Non-life insurance and accepted proportional reinsurance obligations			Annuities stemming from non-life insurance contracts C0525
			Motor vehicle liability insurance - personal lines C0140	Motor vehicle other motor insurance - personal lines C0150	Fire and other damage to property insurance - personal lines C0170	General liability insurance C0220	Legal expenses insurance C0240	Miscellaneous financial loss C0260	
						Other general liability C0220			
<b>Income</b>									
<b>Premiums written</b>									
R0110	Gross written premiums	953,762	516,356	290,349	131,449	1,656	11,981	1,971	
R0111	Gross written premiums - insurance (direct)	953,762	516,356	290,349	131,449	1,656	11,981	1,971	
R0113	Gross written premiums - accepted reinsurance	0	0	0	0	0	0	0	
R0160	Net written premiums	846,111	423,228	286,817	120,763	1,521	11,835	1,947	
<b>Premiums earned and provision for unearned</b>									
R0210	Gross earned premiums	978,679	533,852	300,534	128,665	1,621	12,300	1,707	
R0220	Net earned premiums	863,343	433,094	297,002	117,924	1,485	12,154	1,683	
<b>Expenditure</b>									
<b>Claims incurred</b>									
R0610	Gross (undiscounted) claims incurred	795,867	495,777	212,133	89,499	885	-2,489	63	
R0611	Gross (undiscounted) direct business	0	0	0	0	0	0	0	
R0612	Gross (undiscounted) reinsurance accepted	0	0	0	0	0	0	0	
R0690	Net (undiscounted) claims incurred	691,788	391,789	212,133	89,408	885	-2,489	63	
R0730	Net (discounted) claims incurred	601,133	600,456						677
<b>Analysis of expenses incurred</b>									

Data Classification: Internal

R0910	Technical expenses incurred net of reinsurance ceded	187,262									
R0985	Acquisition costs, commissions, claims management costs	106,897	106,897	59,329	33,063	13,246	129	955	174	0	
	<b>Other expenditure</b>										
R1140	Other expenses	97,366									
R1310	<b>Total expenditure</b>	919,163									

Note – The performance of the underwriting activities is managed and measured at the aggregate level for Motor and Home business. The premiums, claims and expenses are on an IFRS basis and the SII line of business allocation employs a simplified approach in order to meet the disclosure requirements of the SFCR.

IR.12.01.02

Life technical provisions		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
Best Estimate		C0010	C0020	C0030	C0040	C0050	C0060	C0070
R0025	Gross Best Estimate (direct business)				63,014			63,014
R0026	Gross Best Estimate (reinsurance accepted)							
R0030	<b>Gross Best Estimate</b>				63,014			63,014
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				59,615			59,615
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re				3,399			3,399
R0100	<b>Risk margin</b>				279			279
R0100	<b>Amount of the transitional on Technical Provisions</b>							
R0110	TMTP – risk margin							
R0120	TMTP – best estimate dynamic component							
R0130	TMPTP – best estimate static component							
R0140	TMPTP – amortisation adjustment							
R0150	<b>Transitional Measure on Technical Provisions</b>							
R0170	<b>Technical provisions - total</b>				63,293			63,293

IR.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance						Total Non-Life obligation
		Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Miscellaneous financial loss	
		C0050	C0060	C0080	C0090	C0110	C0130	C0180
	<b>Best estimate</b>							
	<b>Premium provisions</b>							
R0060	Gross	124,517	1,464	34,377	496	-4,187	38	156,704
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	24,256	-1,043	908	104	-8	-0	24,217
R0150	<b>Net Best Estimate of Premium Provisions</b>	100,261	2,507	33,468	392	-4,179	38	132,487
	<b>Claims provisions</b>							
R0160	Gross	1,065,064	-16,457	68,000	3,378	723	379	1,21,086
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	371,303	-886	1,142	172	2	-7	371,725
R0250	<b>Net Best Estimate of Claims Provisions</b>	693,761	-15,572	66,858	3,206	721	386	749,361
R0260	<b>Total best estimate - gross</b>	1,189,581	-14,994	102,377	3,874	-3,464	417	1,277,790
R0270	<b>Total best estimate - net</b>	794,022	-13,065	100,327	3,598	-3,458	425	881,848
R0280	<b>Risk margin</b>	21,771	737	1,696	49	33	13	24,299
R0320	<b>Technical provisions - total</b>	1,211,351	-14,257	104,073	3,923	-3,431	430	1,302,089
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	395,558	-1,929	2,050	276	-6	-8	395,942
R0340	<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>	815,793	-12,328	102,023	3,647	-3,426	438	906,147

IR.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)													
(absolute amount)													
Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											1,958	1,958
R0160	-9	262,358	92,733	28,674	22,377	12,249	24,817	13,955	6,412	11,861	292		292
R0170	-8	291,771	120,487	34,103	29,416	22,199	16,577	10,088	3,351	2,255			2,255
R0180	-7	363,275	129,604	35,801	41,726	32,156	24,414	26,155	6,473				6,473
R0190	-6	343,747	119,250	35,997	36,601	32,511	20,713	14,701					14,701
R0200	-5	249,429	91,148	27,366	32,598	40,041	33,950						33,950
R0210	-4	274,258	113,254	30,132	41,925	26,957							26,957
R0220	-3	309,432	137,000	45,516	49,169								49,169
R0230	-2	292,177	144,717	38,485									38,485
R0240	-1	326,701	110,603										110,603
R0250	0	332,355											332,355
R0260													<b>Total</b> 617,200
													5,018,274

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year											Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											16,879	13,677
R0160	-9	235,807	146,973	117,011	101,184	112,719	73,201	42,223	33,014	7,487	6,545		5,857
R0170	-8	257,948	172,591	133,330	93,502	70,576	21,717	15,947	11,546	19,239			13,094
R0180	-7	338,538	240,619	214,980	167,905	119,806	63,617	27,520	20,061				17,003
R0190	-6	317,821	205,569	164,558	105,370	63,849	33,044	16,791					15,872
R0200	-5	323,867	238,600	199,290	144,421	92,443	63,790						52,153
R0210	-4	374,760	245,196	181,398	119,490	75,626							68,035
R0220	-3	361,248	269,077	216,389	161,821								147,622
R0230	-2	416,248	264,534	241,530									190,403
R0240	-1	376,371	239,826										208,114
R0250	0	432,760											389,256
R0260													<b>Total</b> 1,121,086

<b>Gross premium</b>			
<b>Accident year / Underwriting year</b>			
		<b>C0570</b>	<b>C0580</b>
	<b>Year</b>	<b>Gross earned premium at reporting reference date</b>	<b>Estimate of future gross earned premium</b>
<b>R0100</b>	Prior		
<b>R0160</b>	N-9	559,808	
<b>R0170</b>	N-8	697,228	
<b>R0180</b>	N-7	819,497	
<b>R0190</b>	N-6	804,308	
<b>R0200</b>	N-5	795,080	
<b>R0210</b>	N-4	830,963	
<b>R0220</b>	N-3	767,219	
<b>R0230</b>	N-2	790,552	
<b>R0240</b>	N-1	931,473	
<b>R0250</b>	N	977,190	

IR.22.01.21

Impact of long-term guarantees measures and transitionals

	Impact of the LTG measures and transitionals (Step-by-step approach)				
	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
R0010 Technical provisions	1,365,382			9,543	
R0020 Basic own funds	506,139			-2,657	
R0050 Eligible own funds to meet Solvency Capital Requirement	506,139			-2,657	
R0090 Solvency Capital Requirement	262,604			1,677	
R0100 Eligible own funds to meet Minimum Capital Requirement	426,887			-2,586	
R0110 Minimum Capital Requirement	118,172			356	

**IR.23.01.01**  
**Solo Own Funds**

<b>Basic own funds</b>		<b>Total</b>	<b>Tier 1 unrestricted</b>	<b>Tier 1 restricted</b>	<b>Tier 2</b>	<b>Tier 3</b>
		<b>C0010</b>	<b>C0020</b>	<b>C0030</b>	<b>C0040</b>	<b>C0050</b>
R0010	Ordinary share capital (gross of own shares)	177,800	177,800		0	
R0030	Share premium account related to ordinary share capital	0	0		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	150,452	150,452			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	0				0
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	177,886	0	75,000	102,886	0
<b>Own funds from the Financial Statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>						
R0220	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	0				
R0290	<b>Total basic own funds</b>	506,139	328,252	75,000	102,886	0
<b>Ancillary own funds</b>						
R0300	Unpaid and uncalled ordinary share capital callable on demand	0				
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees	0				
R0350	Letters of credit and guarantees other	0				
R0360	Supplementary members calls	0				
R0370	Supplementary members calls - other	0				
R0390	Other ancillary own funds	0				
R0400	<b>Total ancillary own funds</b>	0			0	0
<b>Available and eligible own funds</b>						
R0500	Total available own funds to meet the SCR	506,139	328,252	75,000	102,886	0
R0510	Total available own funds to meet the MCR	506,139	328,252	75,000	102,886	
R0540	Total eligible own funds to meet the SCR	506,139	328,252	75,000	102,886	0
R0550	Total eligible own funds to meet the MCR	426,887	328,252	75,000	23,634	
R0580	<b>SCR</b>	262,604				
R0600	<b>MCR</b>	118,172				
R0620	<b>Ratio of Eligible own funds to SCR</b>	192.74%				
R0640	<b>Ratio of Eligible own funds to MCR</b>	361.24%				

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

	<b>C0060</b>
	508,014
	0
	1,875
	355,686
	0
	150,452

## Solvency Capital Requirement

## Net of loss absorbing capacity of technical provisions

		C0010
<b>Market risk</b>		
R0070	Interest rate risk	11,251
R0080	Equity risk	5,023
R0090	Property risk	0
R0100	Spread risk	26,420
R0110	Concentration risk	0
R0120	Currency risk	229
R0125	Other market risk	
R0130	Diversification within market risk	-10,460
R0140	<b>Total Market risk</b>	<b>32,463</b>
<b>Counterparty default risk</b>		
R0150	Type 1 exposures	16,157
R0160	Type 2 exposures	1,407
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-327
R0180	<b>Total Counterparty default risk</b>	<b>17,237</b>
<b>Life underwriting risk</b>		
R0190	Mortality risk	0
R0200	Longevity risk	172
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	42
R0230	Revision risk	42
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	-51
R0270	<b>Total Life underwriting risk</b>	<b>205</b>
<b>Health underwriting risk</b>		
R0280	Health SLT risk	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	<b>Total Health underwriting risk</b>	<b>0</b>
<b>Non-life underwriting risk</b>		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	219,747
R0340	Non-life catastrophe risk	31,370
R0350	Lapse risk	4,587

R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-26,051
R0370	<b>Non-life underwriting risk</b>	229,654
R0400	<b>Intangible asset risk</b>	
	<b>Operational and other risks</b>	
R0422	Operational risk	38,617
R0424	Other risks	
R0430	<b>Total Operational and other risks</b>	38,617
R0432	<b>Total before all diversification</b>	355,065
R0434	Total before diversification between risk modules	318,177
R0436	Diversification between risk modules	-30,435
R0438	<b>Total after diversification</b>	287,742
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	-25,138
R0455	Other adjustments	
R0460	<b>Solvency capital requirement including undisclosed capital add-on</b>	262,604
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	<b>Solvency capital requirement including capital add-on</b>	262,604
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	

IR.28.01.01

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

**Linear formula component for non-life insurance and reinsurance obligations**

R0010 MCR<sub>NL</sub> Result

C0010

120,313
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
794,022	253,759
0	170,136
0	
100,327	74,626
3,598	815
0	
0	7,060
0	
425	1,288
0	
0	
0	
0	

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

**Linear formula component for life insurance and reinsurance obligations**

R0200 MCR<sub>L</sub> Result

C0040

71
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060
3,399	

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

**Overall MCR calculation**

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

C0070

120,384
262,604
118,172
65,651
118,172
3,500
118,172

## G. Glossary of Terms

The definitions set out below apply throughout this document unless the context requires otherwise.

‘Actuarial Best Estimate’	is the probability-weighted average of all future claims and cost scenarios, which is calculated using historical data, actuarial methods and judgements.
‘Board’	means the Board of Directors of esure Insurance Limited.
‘Business’	means the business of the Company.
‘Civil Liability Act’	Is the Civil Liability Act 2018 which made changes to the personal injury compensation system in England and Wales. These requirements came into effect on 31 May 2021.
‘Claims incurred, net of reinsurance’	is the insurance service expense in the period, less insurance expenses, less any recoveries from reinsurers. It includes claims payments and movements in claims reserves.
‘General Insurance Pricing Practices (‘FCA GIPP’)’	are the FCA rules to improve the way the insurance market functions in relation to Motor and Home Insurance which came in to force on 1 January 2022, called the General Insurance Pricing Practices (GIPP). The new rules mean that insurers must offer the same price to both new and existing customers. Insurers can no longer charge existing customers more at renewal compared to new customers, previously known as the ‘loyalty penalty’ and rights to cancel auto-renewal were made more accessible.
‘Group’ or ‘esure Group’	Means esure Group plc and its subsidiaries
‘Group Executive (‘GE’)’	comprises the Chief Executive Officer, Chief Financial Offer, Chief Risk and Legal Officer, Chief Technology Officer, Chief Customer Officer, Chief Strategy and Transformation Officer, Chief People Officer, and Chief Claims Officer. From the beginning of 2026 this no longer exists and has been replaced by the UK Executive Team.
‘Gross written premiums’	are the total premiums relating to policies which began during the period.
‘IFRS’	means International Financial Reporting Standards.
‘In-force policies (‘IFPs’)’	means the number of live insurance policies at any point in time.
‘Loss Portfolio Transfer combined with adverse development cover (‘LPT’)’	is a reinsurance contract or agreement in which an insurer cedes policies to a reinsurer and includes reinsurance should any deterioration be seen in the amounts ceded. In an LPT, a reinsurer assumes and accepts an insurer’s existing open and future claim liabilities.
‘Ogden Rate’	is the discount rate set by the Lord Chancellor and used by UK courts to calculate lump sum settlements.
‘Ordinary shares’	means the ordinary shares in the capital of esure Insurance Limited.
‘ORSA’	refers to the Own Risk and Solvency Assessment and aims to assess the overall solvency needs of an insurance company.
‘Periodic Payment Orders (‘PPOs’)’	are claims payments used to settle large personal injury claims. In addition to providing a lump sum, PPOs provide regular index-linked payments for some or all of the future financial loss suffered.
‘Prudent Person Principle’	is a Solvency II rule requiring insurers to only make investments that a ‘prudent person’ would make. It does not require that those charged with governance should always makes correct decisions; but requires them to make decisions that will be generally accepted as sound by an average person and such decisions should be made as if they were managing their own affairs.
‘Quota share (‘QS’)’	is a pro-rata reinsurance contract in which the insurer and reinsurer share premiums and losses according to a fixed percentage.
‘Reinsurance’	is an arrangement whereby the Company transfers part of the accepted insurance risk to a panel of insurers. This allows the Company to mitigate its risk of losses from claims.
‘Restricted Tier 1 (‘rT1’)’	means the to the £75 million rT1 provided by esure Group plc to esure Insurance Limited, by way of an intragroup arrangement entered into by the Issuer and esure Insurance Limited, on terms substantially similar to the £75m of perpetual ‘no call for 5 years’ (‘NCS’) Restricted Tier 1 (‘rT1’) notes issued by the group in

'Solvency II'	<p>July 2021.</p> <p>is the solvency framework implemented on 1 January 2016 as the capital adequacy regime for the European insurance industry governed by the European Insurance and Occupational Pensions Authority. Following Brexit and the transitional period, all the Binding Technical Standards mandates currently set out in the Solvency II Directive have been brought into UK law with responsibilities for meeting those mandates transferred to the Prudential Regulation Authority. Primarily, it concerns the amount of capital that insurance companies must hold to reduce the risk of insolvency.</p>
'SFCR'	<p>means Solvency and Financial Condition Report.</p>
'The 2023 Notes'	<p>means the £100m 12.00% 10-year Tier 2 Subordinated Notes issued on 16 June 2023 by esure Group plc.</p>
'Underwriting'	<p>is the receipt of premium in return for the provision of insurance to a policyholder. The underwriting year refers to the financial year in which the policy begins.</p>