SOLVENCY & FINANCIAL CONDITION REPORT (SFCR)
ESURE GROUP PLC AND ESURE INSURANCE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2024

Table of Contents

Summary 4

A) Business and Performance 4

B) System of Governance 7

C) Risk Profile 7

D) Valuation for Solvency Purposes 8

E) Capital Management 9

Directors' Responsibility Statement 11

Auditor's Report 12

A. Business and Performance 16

A.1 Business 18

A.2 Underwriting performance 19

A.3 Investment return 23

A.4 Additional service revenues 21

A.5 Any other information 21

B. System of Governance 23

B.1 General Information on the System of Governance 23

B.2 Fit and proper requirements 30

B.3 Risk management system including the Own Risk & Solvency Assessment ('ORSA') 30

B.4 Internal control system 33

B.5 Internal Audit function 34

B.6 Actuarial function 34

B.7 Outsourcing 34

B.8 Any other information 35

C. Risk Profile 36

C.1 Underwriting risk 37

C.2 Market risk 37

C.3 Credit risk 38

C.4 Liquidity risk 39

C.5 Operational risk 39

C.6 Conduct risk 40

C.7 Other material risks 40

C.8 Any other information 41

D. Valuation for Solvency Purposes 42
D.1 Assets 42
D.2 Technical provisions 45
D.3 Other liabilities 49
D.4 Alternative methods for valuation 50
D.5 Any other information 50
E. Capital Management 51
E.1 Own funds 51
E.2 Solvency Capital Requirement and Minimum Capital Requirement 54
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement 56
E.4 Differences between the standard formula and any internal models used 56
E.5 Non-compliance with the Minimum Capital Requirement and significant non-compliance with the Solvency Capital Requirement 56
E.6 Any other information 56
F. Quantitative Reporting Templates 57
F.1 Group QRTs 58
F.2 Solo QRTs 67
G. Glossary of Terms 80

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.

This document, the SFCR, is a requirement of the PRA public disclosure requirements. The structure and content follow the PRA Rulebook Reporting Chapter 3, and supplementary information can be obtained from the esure Group plc Annual Report and Accounts ('ARA'). The SFCR is required to provide information on the solvency and financial condition of esure Group plc ('Group') and esure Insurance Limited ('eIL' or 'Solo'). Due to the similarities in the risk profile and operation of eIL and the Group, the PRA has approved a waiver such that the Group can produce a combined Group and Solo entity SFCR document.

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.

The Group and Solo entities are closely aligned in terms of performance, governance, and risk. As such, these sections (A, B & C) of the report focus on the Group position and where this is not the case, this has been highlighted. The remaining sections disclose information for the Group and Solo entities separately. Relevant information about the business of the Group is also included in the ARA which is the primary document for reporting performance, consolidated financial statements, corporate governance, and risk management matters to the Group's stakeholders.

The Group's 2024 ARA was published on its website in March 2025 and a copy can be found at: https://www.esuregroup.com/investors/. Some elements of the SFCR are subject to external audit as detailed in the Auditor's report, which can be found on page 12.

A) Business and Performance

Business Model

We are focused on delivering high quality Motor and Home insurance products to approximately 2.1 million UK personal lines customers. The Group's principal brands are esure, Sheilas' Wheels and First Alternative 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.

Our Strategic Focus

Enhancing Value	Digital Leadership	Exceptional Culture	A More Sustainable and Safer World
As an agile organisation we listen and respond to customer feedback, with a focus on delivering great customer outcomes and strengthening our business.	Unlocking the benefits of our new digital platform for customers and colleagues; fully decommissioning legacy technology.	Creating an inclusive, collaborative and supportive environment for our colleagues to flourish.	Supporting our communities and reducing the impact we have on the environment.

What We Do

Great Value Products

Our increasing selection of products provides cover to suit different customers' needs at a range of price points.

Excellent Customer Service

Our digital journeys are an easy and convenient way for customers to manage their policies, with our dedicated colleagues on hand to support when needed.

Effective Claims Management

Simple digital journeys alongside expert and empathetic Claims handlers ensure we deliver for customers when they need us most.

Leading Data Science and Risk Selection

Our extensive data assets and advanced data science capability inform our forensic understanding of insurance risk.

Efficient Balance Sheet

Solvency coverage increased by +21ppt and 39.9% return on tangible equity.
Our active risk management, reinsurance relationships and strong underwriting capability allow us to maintain an efficient balance sheet and generate enhanced long-term returns.

Low-Cost Operations

Having fully decommissioned our legacy technology, eradicating dual-running costs and with our focus on cost efficiency and investment in empowering customers to use digital channels, we strive to deliver leading unit economics.

How we share value with our stakeholders

Our Customers
We deliver high-quality, competitive products with intuitive and empathetic service.

Our Corporate Partners
We aim to build mutually beneficial long-term relationships across a broad range of valued partners.

Our Colleagues
We are committed to fostering a supportive and inclusive working environment focused on employee wellbeing, where our colleagues can develop and thrive.

Our Investors
We work to deliver long term returns for our shareholders and, through the cycle, deliver profitable growth.

Our Communities
We strive to make a positive impact through charity partnerships and colleague volunteering.

Financial Review

Group

	2024	2023
In-force policies (millions)	**2.13**	2.07
Turnover (£m)	**1,111.3**	973.1*
Net loss ratio	**64.5%**	78.7%
Expense ratio	**20.0%**	23.8%
Combined operating ratio	**84.5%**	102.5%
Trading profit/(loss) (£m)	**126.8**	(16.7)
Profit margin	**13.2%**	-2.1%
Profit/(loss) before tax (£m)	**74.8**	(88.6)
Solvency coverage	**172%**	151%

*The 2023 comparative for Turnover has been restated to bring instalment income onto a written, rather than earned basis, in line with the gross written premium input.

Market conditions across Motor and Home insurance remained competitive. Motor experienced softening rate conditions during the year, albeit from a position of strength at the end of 2023. This softening pricing environment was offset by lower claims frequencies and a moderation in previously heightened levels of severity inflation. Meanwhile Home continued to experience rate hardening across the year, with weather experience being relatively benign. The Association of British Insurers reported a -1% year on year decrease in average written premium across Motor and +11% increase across Home.

Having completed esure's transformation programme in early 2024, and margin restored to historic highs, esure returned to policy growth from the second quarter of this year. Despite the softening of rates, Motor average written premium increased by 11% allowing for growth at acceptable margins. Home increased average written premium by +17% whilst adopting a more competitive stance in pricing to drive volume. Overall, in-force policies increased modestly, by +3% over the full year with growth in the second half of 8% more than offsetting a reduction in the first half of the year.

Group Trading Profit, esure's measure of underlying long-term profitability, increased substantially to a profit of £126.8m (2023: -£16.7m). The increase was primarily due to much stronger written profitability earning through from 2023 into 2024. Motor claims frequency remained marginally lower than prior year in spite of drivers returning to the roads at broadly pre-pandemic levels. Severity inflation remained elevated compared to long-term historic levels, albeit moderated somewhat in the second half of the year. Likewise, Home experienced benign weather conditions with the Group benefiting from its ongoing strategy to de-risk the book away from weather related perils.

Having successfully completed the migration of all policies onto the Group's new technology platform, legacy technology infrastructure was decommissioned in the second quarter. This allowed the Group to bring to an end transformation related non-trading expenditure and removed the residual dual running costs from the Group's operations.

The Group also incurred a charge of £11.3m following completion of a review of historic Motor total loss claims. Of this charge, £10m is a provision as at December 2024 with approximately half of the provision an allowance to cover the prospective operational cost of remediation and the balance to allow for potential retrospective customer redress to previous settled total loss claims.

As a result, esure's overall level of profitability increased substantially to a reported profit before tax of £74.8m (2023: -£88.6m). 2024 marks a transitional year in esure's history where 2025 is expected to benefit from lower costs to serve and the absence of non-trading programme costs.

Group solvency is above the target operating range at 172% (2023: 151%) with the increase driven by underlying business performance over the year.

The Group 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 and remains in place, and annual quota share contracts.

esure Insurance Limited (“eIL”)

The performance of eIL is materially the same as that of the Group. The principal difference is the revenues the Group receives through esure Services Limited (“eSL”) for fees receivable for policy administration services.

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 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.

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 Group and are of the utmost importance to our shareholder and wider stakeholders are taken at Board level.

Risk governance

In accordance with recognised good practice, the Group 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 Group'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 Group 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 Group 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 Group to continue to meet its Regulatory Capital Requirements in both normal and stressed trading conditions. The Group adopts the standard formula to calculate its Capital Requirements under SII.

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

	2024	2023
Underwriting risk	**70%**	67%
Market risk	**13%**	14%
Operational risk	**12%**	13%
Counterparty Default risk	**5%**	6%

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

The level of underwriting risk in 2024 grew as a proportion of total risk and reflects the growth in the business over the course of the year.

The Group purchases reinsurance as a risk transfer mechanism to mitigate risks that are outside the Group'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 Group's reinsurance programmes are due for renewal annually on either 1 January or 1 July.

Currently, the Group 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 Group has underwritten policies.

As part of the Group's Capital Strategy, quota share reinsurance is also utilised by the Group.

The Group'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 Group'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 at the Group and Solo level including the valuation of intangible assets, prepayments, land and buildings, right of use assets, the technical provisions and the valuation of the subordinated loan notes ('the Notes').

Intangible assets and 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 out. Property, plant and equipment is valued at replacement cost.

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 Group has used alternative valuation methods in the valuation of property, plant and equipment, right of use assets, the Notes 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 Group'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 Group'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 Group 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 Group 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.

esure Group plc, the parent Company of the Group, is a non-trading holding company that derives its profits from dividends paid by its subsidiary companies. The Board reviews the level of distributable reserves and aims to maintain distributable reserves that provide sufficient cover for dividends.

A summary of the Group and Solo capital position, as at 31 December 2024 and 2023, is shown in the table below:

	Group		Solo	
	2024	2023	**2024**	2023
	£m	£m	**£m**	£m
Tier 1 capital	355.2	279.4	358.2	257.5
Tier 2 capital	105.2	138.8	106.8	136.6
Tier 3 capital	18.7	-	15.0	-
Eligible Own Funds	**479.1**	418.2	**480.0**	394.1
SCR	279.1	277.5	276.3	273.1
Surplus	**199.9**	140.7	**203.7**	120.9
Coverage ratio	**172%**	151%	**174%**	144%

The Group's solvency coverage is above our desired operating range at 172% with Eligible Own Funds of £479.1m at 31 December 2024 (2023: 151% and £418.2m). Current year profitability significantly increased Own Funds over the year. The Solvency Capital Requirement increased to £279.1m (2023: £277.5m), reflecting increased levels of reserves and future premium forecasts, partly offset by reductions in market risk levels.

Group Tier 1 capital comprises IFRS equity adjusted for all SII valuation adjustments of £286.1m (2023: £225.4m) plus £71.0m (2023: £55.9m) of restricted Tier 1, less foreseeable dividends, distributions and charges of £1.9m relating to rT1 interest (2023: £1.9m). The Group paid a £5.0m dividend in 2024 (2023: Nil).

Group Tier 2 capital relates to Notes issued by the Group in 2023 which are allowable as capital as they rank as creditors after the claims of policyholders. This also includes the element of the restricted Tier 1 Notes that is in excess of the allowable amount in Tier 1.

Group Tier 3 capital comprises IFRS deferred tax assets adjusted for all SII valuation adjustments of £18.7m (2023: Nil)

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 Group and eIL must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Group and eIL 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 Group and eIL have 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 Group and eIL continue to comply, and will continue so to comply in future.

On behalf of the Boards of esure Group plc and esure Insurance Limited.

Peter Bole
Chief Financial Officer
Date: 31 March 2025

Auditor's Report

Report of the external independent auditor to the Directors of esure Group plc (" 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 Group Solvency and Financial Condition Report ('SFCR')

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31/12/2024

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Group SFCR of the Company as at 31/12/2024, ('the Narrative Disclosures subject to audit'); and
- Group templates IR.02.01.02 IR.22.01.22, IR.23.01.04, IR.25.04.22[1], IR.32.01.22] ('the Group Templates subject to audit') ; and
- Solo 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 in respect of Solo entity esure Insurance Limited ('the Solo Templates subject to audit').

The Narrative Disclosures subject to audit and the Group Templates and Solo Templates subject to audit are collectively referred to as the 'relevant elements of the Group 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:
  - information contained within the relevant elements of the Group SFCR set out above which are, or derive from the Solvency Capital Requirement, as identified in the Appendix to this report;
  - the 'Executive Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Group SFCR;
  - Group templates IR.05.02.01, IR.05.03.02; IR.05.04.02
  - Solo templates IR.05.02.01, IR.05.03.02, IR.05.04.02, 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 Group SFCR ('the Responsibility Statement');
  - Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules or UK law other than the PRA Rulebook for Solvency II firms ('the sectoral information').

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

[1] Include for standard formula groups only

In our opinion, the information subject to audit in the relevant elements of the Group SFCR of the Company as at 31/12/2024 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, and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the relevant elements of the Group 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 Group 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 Group SFCR, which describe the basis of accounting. The Group 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 Group SFCR is required to be published, and intended users include but are not limited to the PRA. As a result, the Group 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 financial statements, 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 internal controls relating to Directors' going concern assessment process;
- assessing management's Strategic Plan 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
- evaluating management's sensitivity analysis on key assumptions used in the going concern assessment.

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 group's and Solo entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Group 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 Group 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 Group 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 Group 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 also responsible for such internal control as they determine is necessary to enable the preparation of a Group 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 Group Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the relevant elements of the Group 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 Group 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 Group 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 Group SFCR.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- results of our enquiries of management, internal audit, the directors and the audit committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including fraud, real estate, tax, valuations, IT and industry specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: valuation of liability for incurred claims – large bodily excess and valuation of liability for incurred claims - inflation assumptions, and the migration of historical claims information from one system to another. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Solvency II regulations as mandated by the PRA.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence, FCA and environmental regulations and UK Companies Act and tax legislation.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook for Solvency II firms, the sectoral information has been properly compiled in accordance with the PRA rules and UK law relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of esure Group plc 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 Group plc 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 Group 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.

M. McQueen

Mark McQueen
For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

31st March 2025

Appendix – relevant elements of the Group Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Group SFCR that are not subject to audit comprise:

- The following elements of template IR.22.01.22
  - Column C0030 – Impact of transitional measure on technical provisions
- The following elements of Group template IR.23.01.04
  - Rows R0410 to R0440: Own funds of other financial sectors
  - Row R0690: Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included in D&A
- The following elements of template IR.12.01.02
  - Rows R0140 to R0180: Amount of transitional measure on technical provisions
- The following elements of template IR.22.01.21
  - Column C0030 – Impact of transitional measure on technical provisions

Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

A. Business and Performance

A.1 Business

A.1.1 General information

Name and legal form

esure Group plc is a public limited company without a premium listing but with listed debt. Its principal activity is that of a Holding company. The principal subsidiary of esure Group plc is esure Insurance Limited, both are incorporated and domiciled in England and Wales. Both registered offices are at The Observatory, Castlefield Road, Reigate, Surrey RH2 0SG. The Group's principal activity is the writing of non-Life insurance business. esure Group plc's ultimate parent is Blue (BC) Holdings L.P. a limited partnership incorporated in Jersey.

Supervisory authorities

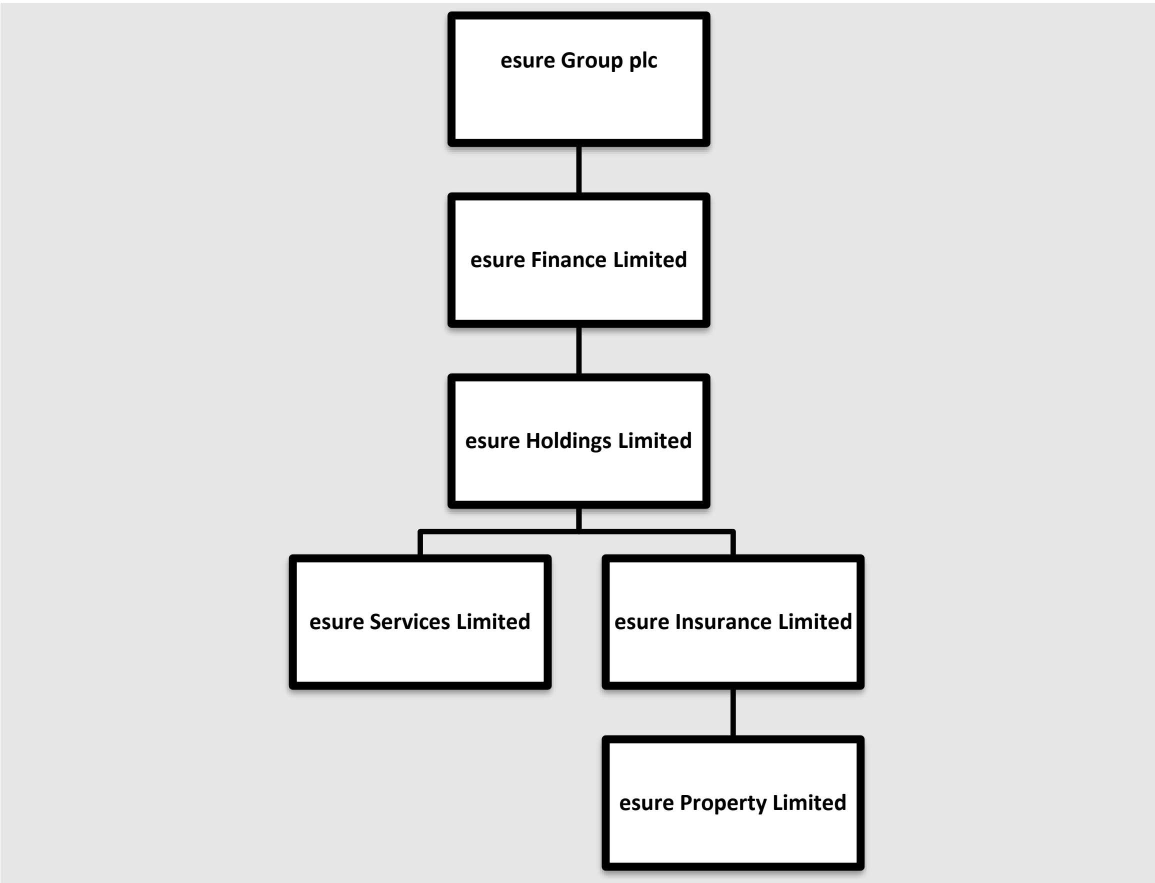
The Group's supervisory authority is the PRA, Bank of England, 20 Moorgate, London EC2R 6DA. The Group is also regulated by the Financial Conduct Authority ('FCA'), 25 The North Colonnade, Canary Wharf E14 5HS.

External auditor

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

Organisational structure

The diagram below shows the Solvency II regulated Group organisational structure as at 31 December 2024. All subsidiaries are owned 100% by the parent undertaking. All parent companies above esure Group plc are incorporated in Jersey and are not included in the Solvency II regulated Group.



Group subsidiary companies

esure Group plc has the following principal subsidiaries as at 31 December 2024:

	Country of incorporation	Class of shares held	Principal activity	Held directly or indirectly	Percentage held
esure Insurance Limited	England and Wales	Ordinary	General insurance	Indirect	100%
esure Services Limited	England and Wales	Ordinary	Insurance intermediary	Indirect	100%
esure Holdings Limited	England and Wales	Ordinary	Holding company	Indirect	100%
esure Property Limited	England and Wales	Ordinary	Property investment	Indirect	100%
esure Finance Limited	England and Wales	Ordinary	Holding company	Direct	100%

The registered office of all of the subsidiaries above is The Observatory, Castlefield Road, Reigate, Surrey, RH2 0SG.
Esure S.L.U incorporated in Spain was dissolved in 2024.

A.1.2 Scope of the Group

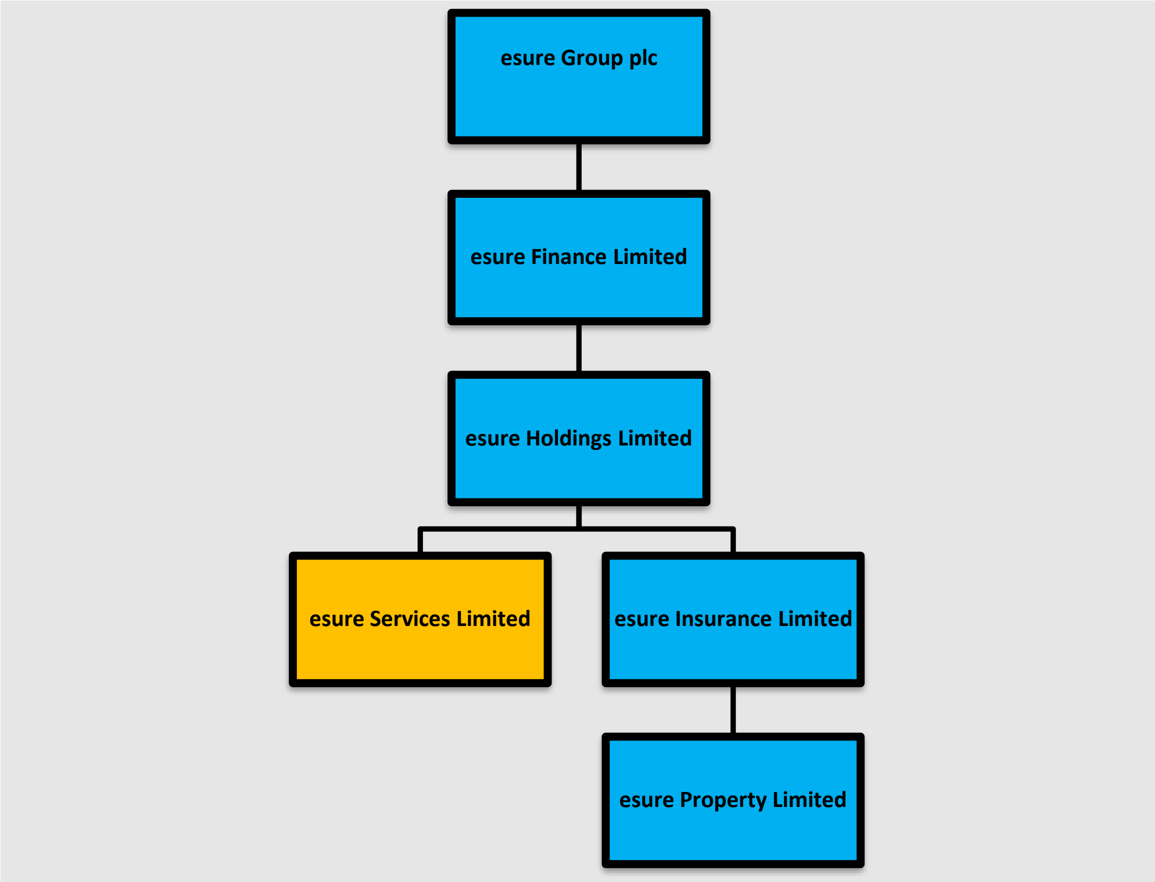
The scope of the Group used for the consolidated Financial Statements under IFRS and under SII is the same. However, a different consolidation treatment is applied under SII due to differences between SII and IFRS guidelines.

Under IFRS, all entities within the Group are fully consolidated line by line in the statement of financial position. Under SII, insurance companies, insurance holding companies and entities whose sole purpose is to provide ancillary services to those companies are fully consolidated. All entities that do not meet the above definition are treated as participations and consolidated through one line on the SII balance sheet.

esure Group plc, esure Finance Limited and esure Holdings Limited are all insurance holding companies. esure Insurance Limited is an insurance company and esure Property Limited is an ancillary service company. These entities are therefore consolidated line by line. esure Services Limited is an insurance intermediary and is consolidated through one line as holdings in related undertakings, including participations.

The difference in consolidation approach has no impact on net assets but does result in a number of reclassifications between balance sheet line items.

The diagram below illustrates how the consolidation approach has been applied to the Solvency II regulated Group structure.



Companies in blue boxes are fully consolidated on the SII balance sheet

Company in orange box is reported through the “holdings in related undertakings, including participations” line in the Solvency II balance sheet

A.1.3 Shareholders

esure Group plc is 100% owned by Blue (BC) Bidco Ltd, a Jersey incorporated entity and wholly owned subsidiary of funds advised by Bain Capital Private Equity (Europe) LLP. and its affiliates.

A.1.4 Other information

Material lines of business and geographical areas

The Group'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 Group and all its subsidiaries and underwriting risks are located in the United Kingdom.

Significant business or other events

During 2024 the Group made no capital contributions to eIL (2023: £61.3m)

The following Group Board membership changes occurred during the year and prior to publication:

• Annette Andrews was appointed to the Board as an Independent Non-Executive director on 1 May 2024.

• Elke Reichart retired from the Board as an Independent Non-Executive director on 30 April 2024.

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 Group does not report its IFRS performance internally by Solvency II lines of business. The Board manages the Group primarily by product type and presents a financial summary in the Group's Annual Report & Accounts on that basis as summarised below.

	2024 £m	2023 £m
In-force policies	**2.13**	2.07
Turnover	**1,111.3**	973.1*
Motor trading profit	**146.7**	21.5
Home trading profit/(loss)	**29.9**	1.1
Central trading costs	**(49.8)**	(39.3)
Trading profit/(loss)	**126.8**	(16.7)
Exceptional investment performance	**2.1**	(2.2)
Non-Trading costs	**(39.6)**	(57.3)
Finance costs	**(14.5)**	(12.4)
Profit/(loss) before tax	**74.8**	(88.6)
Loss ratio	**64.5%**	78.7%
Expense ratio	**20.0%**	23.8%
Combined operating ratio	**84.5%**	102.5%
Profit margin	**13.2%**	(2.1)%
Return on tangible equity	**39.9%**	(10.9)%**

*The 2023 comparative for Turnover has been restated to bring instalment income onto a written, rather than earned basis, in line with the gross written premium input.

**The 2023 comparative for RoTE has been restated following a prior period adjustment to insurance liabilities.

	2024 £m	2023 £m
Motor		
In-force policies	**1.54**	1.50
Turnover	**£975.3**	£858.2*
Home		
In-force Policies	**0.59**	0.57
Turnover	**£136.0**	£114.9*

*The 2023 comparatives for Turnover have been restated to bring instalment income onto a written, rather than earned basis, in line with the gross written premium input.

Group turnover increased +14% during 2024 as a result of a combination of higher average written premiums across both Motor and Home and a 3% increase in in-force policies. Retention dropped to 63% (2023: 67%) driven by migration of policies onto the new platform in the first quarter of 2024, which was subsequently offset by stronger retention levels and a return to strong policy growth in the second half of the year.

Motor saw in-force policy count increase by 3% to 1.54m (2023: 1.50m) as the business returned distribution capability to pre-migration levels during the second quarter. Motor gross written premium increased by 11% accompanied by growth in instalment income driven by the higher average premiums, offset partially by lower policy fees and other ASR income. Overall Motor turnover grew by 14%.

Similarly, underlying price increases on Home led to a 16% year on year increase in average written premium with in-force policy count increasing 4% to 0.59m (2023: 0.57m). Home gross written premium and turnover increased by 20% and 18% respectively.

Motor

	2024	2023
Reported Net Loss Ratio (%)	**66.1**	78.8
Prior year reserves release (%)	4.6	2.6
Current accident year Net Loss Ratio (%)	**70.7**	81.4

Home

	2024	2023
Reported Net Loss Ratio (%)	**52.4**	77.7
Weather impact versus normalised expectation	**4.9**	4.7
Prior year reserves release (%)	**6.0**	(0.5)
Current accident year Net Loss Ratio normalised (%)	**63.3**	81.9

The total Reported Net Loss Ratio decreased by 14.2pts to 64.5% during 2024. The full impact of stronger written profitability across 2023 has earned in the 2024 result resulting in a material reduction in the earned loss ratio.

Motor Reported Net Loss Ratio decreased by 12.7pts, with the current accident year loss ratio decreasing by 10.7pts. The benefits of written rate increases during 2023 and 2024 have significantly influenced the reduction in loss ratio. The current year loss ratio also reflects the continuation of elevated market wide claims severity inflation across damage loss costs offset by claims volumes which reduced in the year. Prior year favourable reserve releases benefitted the loss ratio by 2pts more than in 2023 reflecting favourable claims severity and frequency development across prior years. On 11 January 2025, the Ogden discount rate used in personal injury claim settlements increased from -0.25% to 0.5%; this has been fully reflected in our year end reserves, but given esure's reinsurance structure, the impact on Motor profitability in 2024 was minimal. The movement in the discount rate supported a reduction in reinsurance costs for the 2025 underwriting year.

Home Reported Net Loss Ratio reduced 25.3pts, driven by a combination of stronger pricing, continued efforts to manage the risk profile away from volatile perils and large losses as well as relatively benign weather during the year which benefitted the loss ratio by 4.9pts relative to the long term modelled average for weather related claims. The book also benefited from favourable prior year reserve releases equivalent to 6pts of loss ratio.

A.3 Investment return

The Group generated a total investment return of £42.1m (2023: £32.4m). Investment income is allocated to the Motor and Home portfolios and is reported within their respective Trading Profit figures.

Investment return	**2024**	2023
	£m	£m
Interest income on financial investments	34.0	21.2
Interest income on cash deposits	0.9	1.3
Investment charges	(4.0)	(4.7)
Dividend income on financial instruments	6.5	11.1
Net fair value gains on derivative financial instruments	5.0	10.2
Net fair value (losses) on financial instruments at FVTPL	(0.6)	(6.3)
Net gains/(losses) on AFS financial instruments reclassified from equity to P&L	0.3	(0.4)
Total investment return	**42.1**	32.4

A.3.1 Other investing activities

Gains recognised directly in equity

During the year ended 31 December 2024, £8.5m was credited to other comprehensive income in respect of fair value movements on available for sale financial assets (31 December 2023: £28.3m charge).

Investments in securitisation

As at 31 December 2024, the Group held no investments in securitisation (31 December 2023: £nil).

A.4 Other income

	2024	2023
	£m	£m
Brokerage and commission income	18.9	17.4
Claims and related income	9.5	7.7
Total income from additional services	**28.4**	25.1

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 Reconciliation of trading profit/(loss) to profit/(loss) before tax.

	2024	2023
	£m	£m
Trading Profit/(loss)	**126.8**	(16.7)
Non-Trading costs	(39.6)	(57.3)
Exceptional investment performance	2.1	(2.2)
Finance costs	(14.5)	(12.4)
Profit/(loss) before tax	**74.8**	(88.6)

Non-trading costs

The first quarter of 2024 saw the successful migration of policies onto the new technology platform followed by the decommissioning of legacy infrastructure in the second quarter. £22.9m of non-trading costs incurred in the year therefore related to the tail of the transformation programme as well as associated run-off costs, property restructuring and investment in Generative AI (2023 £56.2m). Non-trading costs are not expected to be a significant on-going feature of the Group's overall cost base.

In line with others in the industry, the Group undertook a detailed review of a subset of historic claims processes during the year. The conclusion of this review is that in a small minority of claims, the settlement value will be adjusted to allow for a higher payment. As a consequence, the Group incurred £11.3m of non-trading costs relating to the remediation of these claims together with the operational cost associated with the remediation activity. £10m of this charge represents a provision at December 2024..

Finance and other costs

The Group incurred £14.5m (2023: £12.4m) of finance costs related to Tier 2 Subordinated Debt. The remaining £25.0m 6.75% ten-year Tier 2 Subordinated Notes issued on 19 December 2014 were redeemed in December 2024. The £75.0m 6.0% Restricted Tier 1 issuance on 22 July 2021 is accounted for under IFRS as equity, therefore the coupon is recognised on payment through other comprehensive income rather than as a finance cost.

A.5.2 Commitments

Contracts for assets

The Group has entered into the following contracts for assets which have not been provided for at the balance sheet date: Investment commitments of £19.6m (2023: £22.7m).

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 Boards of esure Group plc and eIL are comprised slightly differently as detailed below, but all eIL Board members are also members of the Group Board.

Board Composition	Position	Group	eIL
Andy Haste	Chair	✓	✓
David McMillan	CEO	✓	✓
Peter Bole	CFO	✓	✓
Andrew Birrell	INED	✓	✓
Peter Shaw	INED	✓	✓
Luca Bassi	NED	✓	✓
Annette Andrews	INED	✓	
Elisabeth Ling	INED	✓	
James Stevens	NED	✓	
Robin Marshall	NED	✓	
Philip Loughlin	NED	✓	

The role of the Board is to collectively promote the long-term sustainable success of the Group. The Board provides leadership, sets the strategic aims of the Group 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 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 Group 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. 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 eIL Board meets separately to the Group Board to ensure that all matters specific to eIL are considered fully, and all matters discussed by the Group Board have been appropriately discussed, challenged and agreed with focussed consideration from an eIL perspective.

The Role of the Group Board

The Group Board is responsible for:

- leadership and oversight of the Group and has overall authority for the management and conduct of the Group's 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 Group.
- the environmental, social and governance agenda.

The Role of the eIL Board

The eIL Board is responsible for:

- leadership and oversight of eIL and has overall authority for the management and conduct of eIL's 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 eIL.

The Role of the Group Audit Committee

The Audit Committee remains central to the Group's governance process, working with the Risk Committee, to ensure that the Group maintains a strong internal control environment. The Committee's key objective is to provide effective governance over the Group's 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 Group'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 Group's financial statements, including the Annual Report and Accounts of the Group, the half year report 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 Group's systems of internal controls.
- Reviewing the adequacy and effectiveness of the Group's Whistleblowing policy.
- Focusing on compliance with legal requirements, whistleblowing, accounting standards and other regulatory or governance requirements.

The Role of the Group 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 Group, including the development and implementation of the Group's risk management framework and the Group's 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 Group's 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 Group's risk appetite or new risk issues facing the Group, and their potential impact on the business model.
- Review the principal risk policies for consistency with the Group's 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 Group.
- Review the capital adequacy of the Group, 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 Group's 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 Group's risk appetite, risk exposure, management of risk and regulatory compliance.

The Role of the Group 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 & Company Secretary, 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 both Group and eIL Boards

The Chair of the Board - Andy Haste

- 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 Non-Executive Directors and Executive Directors.

Chief Executive Officer, Executive Director - David McMillan

- Responsible for the performance and management of the Group's business
- Leads the Senior Executive Team in the day-to- day running of the Group's 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 - Peter Bole

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

Independent Non-executive Directors - Peter Shaw*, 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 the Group's strategy.
- Monitor the Group'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.

*Also an Independent Non-executive Director of eIL

Non-executive Directors - Robin Marshall, Phil Loughlin, Luca Bassi*, James Stevens

- Bring representation of the Shareholder view to the Board
- Constructively challenge management and scrutinise performance
- Contribute to the development of the Group's strategy
- Monitor the Group's 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.

*Also a Non-executive Director of eIL

Any material changes in the System of Governance

There have been no material changes in the System of Governance this year.

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 Group'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 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.

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 Group 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 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.

Key elements and principles of the Executive and MRT Remuneration policy

The policy sets out the key principles underpinning the remuneration of the Group's Executive team and colleagues considered MRT, the regulatory framework relating to remuneration for this population and the roles and responsibilities of the Remuneration Committee and the Chief Executive Officer in applying the policy.
The policy supports the Group's strategy and based on the following key principles, seeks to ensure remuneration is:

- Aligned to creating long-term sustainable success for the Group.
- Competitive within the markets in which it operates (but not excessive) and supports the Group's ability to attract and retain talent.
- Balanced appropriately 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 Group's capital base.
- Simple and transparent in its design.
- Meets all regulatory requirements.

Types of remuneration

The remuneration for Executives and MRTs is set at a level that maintains an appropriate balance between fixed base pay, variable pay and benefits including:

Base Pay: provide a fair level of fixed base pay to individual Executives and MRTs which reflects the individual's experience, role, contribution and external market pricing.

Pension: enable Executives and MRTs to build long-term savings for retirement in a tax efficient way. This includes participation in a Group pension scheme or receipt of a cash pension allowance.

Short-term Incentive – Bonus Plan: motivate and incentivise the Executive and MRTs to deliver Company performance in line with strategy and annual plan expectations. The bonus pool is calculated using a basket of both financial and non-financial measures with the final bonus amount for individuals considering both business and individual performance.

Long-term Incentive – Management Incentive Plan: motivate and incentivise Executive and MRTs to deliver long-term business plans, sustainable long-term growth and Group strategic priorities. A Management Incentive Plan ('MIP') has been offered to a number of senior colleagues who are critical to achieving the long-term goals of the organisation.

Other Benefits: provide additional core benefits to Executives and MRTs that are market competitive. This may include provision of a range of benefits such as death in service, private medical insurance and other benefits as considered appropriate.

The Group has malus and clawback procedures in place which cover all variable remuneration paid to Solvency II staff. The scenarios in which malus and clawback may be triggered include misconduct on the part of the individual and all material failures of risk management.

In setting the remuneration for Executives and MRTs, the Committee considers the remuneration on offer to the wider employee population within the Group as well as external market benchmarking. The Committee and the Board closely monitor the Group's Gender pay gap reporting, progress against the HM Treasury Women in Finance Charter (of which esure is a signatory) and the organisation's approach to equity, inclusion and diversity.

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

Remuneration for other members of the senior management team

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

Risk adjustment process

The Group has established a risk adjustment process to determine whether annual bonus payments and / or long-term incentive vesting appropriately reflect the Group's exposure to risk and compliance with our risk policies and procedures during the year. Following the year end, the Chief Risk and Legal Officer is asked to report on the following key areas of risk and compliance:

Adherence to risk profile: has all business been carried out within the Group's approved risk appetite and not at the expense of deviating from the risk framework approved by the Board at the start of the year.

Assessment of risk culture and conduct: have individuals followed the Group's risk policies and procedures, completed any relevant risk training and appropriately escalated any risk breaches within specified timeframes.

Following a discussion of any issues raised during this process, the Committee, in consultation with the Chief Risk and Legal Officer and Chair of the Risk Committee, will make appropriate adjustments to payments or levels of vesting.

Remuneration for wider employees

The Group seeks to pay all staff competitively and fairly for the roles they undertake. esure applies similar principles for remuneration across the workforce to those that apply to Executive Directors. All permanent employees are eligible to receive a bonus on a discretionary basis, subject to company and individual performance.

Executive and MRT Remuneration policy

The Executive and MRT Remuneration policy applies to the Chair, Executives and the MRT. It is reviewed and agreed annually by the Remuneration Committee. In setting the policy and individuals' remuneration, the Committee is mindful of the remuneration on offer to the wider employee population within the Group and considers external market benchmarking.

Supplementary pension or early retirement schemes

The Group offers no supplementary pension or early retirement schemes.

Management Incentive Plan

Certain employees were eligible to purchase shares in the Group's ultimate parent company, Blue (BC) Topco Limited. Two schemes are in place - Management Incentive Plans 1 and 2. Due to the restrictive conditions in place over the options, these shares qualify as a share-based payment scheme under IFRS 2 share-based Payments. The Group receives the employees' services, but the share-element of the schemes will be settled by Blue (BC) Topco Limited and is therefore classified as equity settled in the Group's financial statements. There is also a cash element that will be settled by the Group and is therefore classified as cash settled.

B.1.4 Material transactions

Transactions with Shareholder and Directors

The following transactions took place with Shareholders and related entities during the year:

- The Group uses a company that is controlled by Bain Capital until 2024 to provide recruitment, HR, payroll and benefits-related services.

	2024	2023
	£m	£m
Value of expense for the year:		
HR-related services	(0.2)	(0.2)
Total expense for the year	**(0.2)**	(0.2)

The Group undertakes an annual review of conflicts of interest and any related party transactions of the Board of Directors and Group Executive members. Directors and Group Executive members are required to review and confirm their interests annually. The Board is satisfied that the systems for the reporting of conflicts of interest and related party transactions are operating effectively. Further details on Directors' conflicts of interest can be found in the Group ARA.

B.2 Fit and proper requirements

The Group'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 Group Board.

The appointment of roles at Group Executive 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.
- Group Executive 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 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 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.

B.2.1 Board of Directors

Board induction and professional development

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

Directors are provided with information about the Group including:

- Financial information, operating plans, operational overview, key internal audits, the Group 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 Group Executive Team.

Evaluation of Board performance

The Board progressed areas for improvement identified following the 2023 self-evaluation [with all areas being successfully addressed during the year, in particular, improving focus on customer voice and customer needs, and on employee talent and engagement].

In 2024, the Board conducted a self-evaluation. For the first time, the evaluation was open to the Group Executive, given the close working relationship between the two groups. The evaluation highlighted a number of positives, including the good mix of skills and experience at Board level, as well as the high quality of Board discussions. A number of actions were proposed to further improve the Board's performance and processes, including reviewing the cadence of meetings and enhancing Board and Committee packs.

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

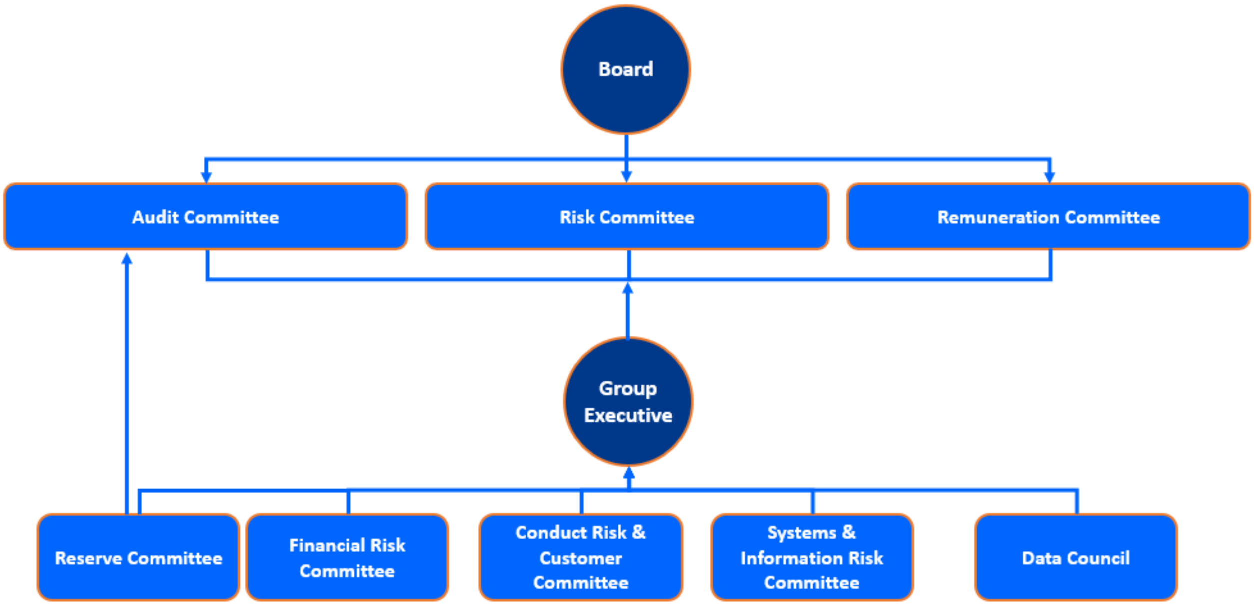
The Board is responsible for prudent oversight of the Group, ensuring that it is conducted in accordance with sound business principles and within applicable law and regulation. The Board is responsible for agreeing the strategic risk statements and setting the Risk Appetite for the business. It ensures 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 Group operates a 'three lines of defence' governance framework.

The Group'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 Group'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 Group's governance structure is shown in the diagram below:



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

The ORSA policy outlines the Group'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 Group 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 Group 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 Group'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 2024.

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 Group'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 2024. A single Group ORSA is produced because the risks and capital of the Group and Solo entity are closely aligned.

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 Group’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 Group’s exposure to existing and emerging risks in each of the core risk categories as described in the table in B.3.4.

The Group's risk management strategy integrates risk assessment and evaluation into the Group'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 the Group’s strategic decision making and business planning.

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 Risk Objective	Strategic Risk Appetite Statement
Financial Sustainability	We aim to manage financial risks to ensure the Group can continue to trade sustainably and grow profitability over the medium term.
Solvency and Liquidity	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.
Customer	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.
Operational Risk & Reputation	We manage our operational risks to ensure we prevent significant disruption to our services and failure to adhere to regulatory or legal requirements.

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

The Group’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 Group maintains a risk and internal control management framework. The framework helps the Group 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 Group, supporting openness, challenge, innovation and excellence in the achievement of objectives

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

- Risk Identification - The Group'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 Group 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 group 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 2024.

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 esure Group. 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 Group'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 Group 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 Group 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 Group 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 Group'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

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 Group to monitor the compliance of service obligations. The rights of the Group 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 Group 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 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:

Critical and Important function	Operations
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 a 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 Group; and esure Property Limited which owns a property which is leased to another member of the Group, esure Services Limited.

B.8 Any other information

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

Section B provides information on the Group’s system of governance. The Group is firmly committed to high standards of corporate governance and maintaining a sound framework for the control and management of the business. 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 Group complies with the Wates Corporate Governance Principles for Large Companies and also applies the Guidelines and Transparency in Private Equity Companies (the Walker PERG Guidelines). The Group'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 Group's standard formula SCR allocation by risk type, based on the undiversified Capital Requirement. The allocation by risk for eIL is similar.

A breakdown of the SCR for Group and eIL can be found in section E.2.

	2024	2023
Underwriting risk	**70%**	67%
Market risk	**13%**	14%
Operational risk	**12%**	13%
Counterparty Default risk	**5%**	6%

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.

The proportion attributed to underwriting risk has increased due growth during 2024 increasing expected premium volumes and net reserves.

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 Group'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.

	Impact on coverage*
Motor loss ratio 5ppts worse	**-18%**
Interest rates +/- 100bps	**-/+ 2%**
Credit spreads of corporate Bonds +/- 50bps	**-/+ 2%**
Real estate values +/- 25%	**+/- 3%**
1987 Hurricane	**-6%**
Ogden discount rate of -1.0%	**-2%**

*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.

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 Group'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 Group 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 Group's financial situation resulting from fluctuations in the credit standing or default of counterparties to which the Group 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 Group 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 Group 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 Group'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.

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.

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 are mapping and testing that we can remain within impact tolerances for each important business service by the regulatory deadline of March 2025. We expect to have interactions with the regulators on these themes during 2025.

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 has approved our Consumer Duty plan.
- 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 Group 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 Group 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 intangible assets and 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, plant and equipment (including right of use assets). There is also judgement applied around the consolidation approach.

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 Group and Solo 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.

Consolidation differences under SII insurance companies, insurance holding companies and ancillary services companies are consolidated on a line-by-line basis. All other companies are treated as participations and consolidated through one line. See the Group structure chart in section A.1.2 of this document for further details. Under IFRS, all entities are fully consolidated at the Group level. The difference in consolidation approach does not impact net assets but does result in reclassifications between balance sheet categories.

Other 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 Group and Solo 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 (Group)

	At 31 December 2024		
	£m	£m	
Description	**IFRS valuation**	**SII valuation**	**Note**
Assets			
Intangible assets	11.2	-	1
Deferred tax asset	47.0	18.6	2
Property, plant and equipment	17.3	28.2	3
Holdings in related undertakings	-	40.6	4
Investments	1,300.2	1,274.2	5
Insurance and other receivables	29.0	50.2	6
Cash and cash equivalents	26.3	39.0	7
Assets (ex-reinsurance assets)	**1,431.0**	**1,450.9**	

Assets (Solo)	At 31 December 2024		
	£m	£m	
Description	IFRS valuation	SII valuation	Note
Assets			
Deferred tax asset	34.1	15.0	2
Holdings in related undertakings	23.2	24.4	4
Investments	1,299.7	1,274.2	5
Insurance and other receivables	18.2	42.3	6
Cash and cash equivalents	4.5	37.7	7
Assets (ex-reinsurance assets)	**1,379.6**	**1,393.6**	

Notes

Note 1 – Intangible assets

Intangible assets are software, which cannot be sold for a value and do not meet SII valuation principles, and therefore cannot be recognised on the SII balance sheet.

Note 2 – 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 3 – Property, plant and equipment

Property, plant and equipment comprises land and buildings occupied by the Group (including property leases) and fixtures, fittings and equipment (including computer hardware).

Under SII, as property owned by the Group is predominantly occupied by the Group 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 the Group 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 the Group 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.

Plant and equipment comprise fixtures, fittings and equipment. The net assets primarily consist of computer hardware assets and the costs of bringing them into service. There is no active market for the assets therefore under SII the Group has adopted an alternative valuation method and believe that replacement cost is most appropriate. This is the cost to an independent third party to purchase the assets in the same service capacity.

The key assumptions in the valuation are that the assets are not bespoke, are transferable to an independent third party, and that a third party would be prepared to pay the modelled replacement cost for the assets as this is what they would reasonably expect to have to pay to create the assets with the same service capacity. The replacement cost of the assets will be reviewed at least annually.

Note 4 – Holdings in related undertakings

Group holdings in related undertakings represent the net assets of the Group company treated as participations: esure Services Limited. Please refer to the consolidation treatment in section A.1.2 for more information. A consolidation adjustment is made to reclassify the net assets of these undertakings into this line.

The participations are valued in line with SII guidance using the adjusted equity method. They include valuation adjustments for prepayments and intangibles which are not recognised under SII.

Intercompany balances between Group companies treated as participations and Group companies consolidated line-by-line on the balance sheet are reported on a gross basis.

The Group participation also holds property, plant and equipment. Note 3 provides details of the valuation principles applied to Property, plant and equipment.

Solo holdings in related undertakings represent eIL's investment in esure Property Limited. The net assets of esure Property Limited primarily comprise land and buildings occupied by the Group. Note 3 provides details on the valuation principles for property. The remainder of esure Property Limited's net assets primarily relate to intercompany balances and cash.

Note 5 – 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 6 – 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 and salvage and subrogation assets which are included within technical provisions for SII rather than receivables as they relate to future insurance cash flows.

Note 7 – 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 2024 are £820.5m excluding the risk margin and £841.2m including the risk margin.

As the Solo entity is the only underwriting entity in the Group, the technical provisions are the same at a Group and Solo level. The table below details the IFRS insurance related balances and SII technical provisions.

Year ended 31 December 2024 (£m)

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

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

Year ended 31 December 2023 (£m)

Description	IFRS valuation	SII valuation	Note
Assets			
Reinsurance assets	484.0	468.4	7
Liabilities			
Claims/premium provision	1,381.9	1,275.2	7
Net liabilities	**897.9**	**806.8**	*
Risk adjustment/margin	52.2	19.9	7
Technical provisions	**950.1**	**826.7**	

* Comprising claims provision of £694.0m and premium provision of £112.7m.

Note 9 – 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 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	765.0	(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
Technical provisions	**841.2**	**782.7**	**(28.4)**	**77.9**	**1.3**	**3.3**	**0.5**	**3.9**

Year ended 31 December 2023 (£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	1,275.2	1,140.3	(24.7)	83.5	2.7	4.7	0.7	68.0
Reinsurance	468.4	399.9	(3.6)	7.1	0.3	0.2	0.0	64.5
Net Best Estimate	806.8	740.4	(21.1)	76.4	2.4	4.5	0.7	3.5
Risk margin	19.9	16.7	0.7	2.0	0.1	0.0	0.1	0.3
Technical provisions	**826.7**	**757.1**	**(20.4)**	**78.4**	**2.5**	**4.5**	**0.8**	**3.8**

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 settled 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. The recent change in Ogden discount rate has reduced the short-term uncertainty, although existing claims could still be impacted by potential future changes in Ogden rate. Uncertainty continues to surround the impact of the Civil Liability Act and increase in Judicial College Guidelines for general damages awards.

The Group’s excess of loss reinsurance programme reduces the Group’s exposure to the volatility associated with large loss exposures including the 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 Group 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 Group.

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 Group has therefore applied the VA to Technical Provisions relating to bodily injury claims including PPOs.

The VA as at 31 December 2024 was 24bps at terms up to 54 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 (Group)	At 31 December 2024			At 31 December 2023		
	£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	1,239.1	1,248.2	8.5	1,295.0	1,307.5	12.5
Basic own funds	479.0	476.8	(2.2)	448.9	445.9	(3.0)
Eligible own funds to meet SCR	479.0	476.8	(2.2)	418.2	413.7	(4.5)
SCR	279.1	279.6	0.5	277.5	278.4	0.9

Volatility adjustment (Solo)	At 31 December 2024			At 31 December 2023		
	£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	1,239.7	1,248.2	8.5	1,295.0	1,307.5	12.5
Basic own funds	480.0	477.9	(2.1)	426.5	423.5	(3.0)
Eligible own funds to meet SCR	480.0	477.9	(2.1)	394.1	389.5	(4.6)
SCR	276.3	276.8	0.5	273.1	273.9	0.8
Eligible own funds to meet MCR	382.1	379.2	(2.9)	279.7	273.9	0.2
MCR	119.8	120.1	0.2	111.1	111.4	0.3

Risk-free interest rate transitional measure

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

Transitional measures on technical provisions

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

Recoverables

The Group purchases reinsurance as a risk transfer mechanism to mitigate risks that are outside the Group'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 Group 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 Group has underwritten policies in each line of business.

The Group 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 £36.9m (2023: £23.2m).

The Group'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 Group's business objective of minimising volatility and the prevailing cost and availability of reinsurance in the market.

Material changes

The Ogden rate change from –0.25% to +0.5% announced in December 2024 has been reflected in the best estimate technical provisions. There were no other material assumption changes during the year ended 31 December 2024.

D.3 Other liabilities

A comparison of the IFRS Statement of financial position and the SII balance sheet liabilities for the Group and Solo 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 (Group)	**At 31 December 2024**		
	£m	**£m**	
Description	**IFRS valuation**	**SII valuation**	**Note**
Liabilities			
Derivative financial liabilities	3.4	3.4	
Insurance and other payables	59.2	125.4	9
Subordinated liabilities	96.9	103.4	10
Liabilities (ex-technical provisions)	**159.5**	**232.2**	

Liabilities (Solo)	**At 31 December 2024**		
	£m	**£m**	
Description	**IFRS valuation**	**SII valuation**	**Note**
Liabilities			
Derivative financial liabilities	3.4	3.4	
Insurance and other payables	25.5	67.2	9
Liabilities (ex-technical provisions)	**28.9**	**70.6**	

Note 9 – Insurance and other payables

Insurance and other payables relate to insurance premium tax, reinsurance premium creditors, accruals, Motor total loss provision, lease liabilities and trade payables. The IFRS value also includes reinsurance amounts (which are reclassified to Technical Provision) and values relating to subsidiaries (which are reclassified to participations).

Note 10 – Subordinated liabilities

£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.

The Notes are allowable as Tier 2 capital. This is because they are subordinated, and the capital is available to pay to policyholders before repaying the Notes. This is explained in more detail in section E.1.1.

Contingent liabilities and off-balance sheet risks

There are no contingent liabilities as at 31 December 2024 (2023: £nil).

Liabilities for employee benefits

There are no liabilities for employee benefits as at 31 December 2024 (2023: £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 Group applies alternative valuation methods to property, plant and equipment, unlisted investments, and subordinated loan liabilities. 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 Group's capital requirements and prospective premium growth expectations over a minimum of a three-year planning horizon. The Group maintains a capital structure consistent with the Group's risk profile and the regulatory requirements of its business. The Group'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 Group as part of the ORSA process under SII and aim to maintain solvency coverage within a normal operating range of 140-160%.

The Group's solvency coverage is above the target operating range at 172% with Eligible Own Funds of £479.1m at 31 December 2024 (2023: 151% and £418.2m), with the increase over the year primarily driven by business performance. The Solvency Capital Requirement increased to £279.1m (2023: £277.5m), reflecting increases in reserves and forecast future premiums, partly offset by reductions in market risk levels.

The Board will consider dividends to its Shareholder if the Group 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.

esure Group plc, the Parent Company of the Group, is a Non-Trading holding company that derives its profits from dividends paid by its subsidiary companies. The Board reviews the level of distributable reserves and aims to maintain distributable reserves that provide sufficient cover for dividends.

E.1.1 Eligible Own Funds to cover the SCR

Group

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

Eligible own funds to cover the SCR

	Year ended 31 Dec 2024				Year ended 31 Dec 2023		
(£m)	**Total**	**Tier 1**	**Tier 2**	**Tier 3**	Total	Tier 1	Tier 2
Ordinary shares	0.4	0.4	-	-	0.4	0.4	-
Share premium account	98.9	98.9	-	-	97.7	97.7	-
Reconciliation reserve	184.9	184.9	-	-	125.5	125.5	-
Other own funds	72.8	71.0	1.8	-	66.3	55.9	10.3
Subordinated liabilities	103.4	-	103.4		128.4	-	128.4
Deferred tax	18.6	-	-	18.6	-	-	-
Total eligible own funds to cover the SCR	**479.1**	**355.2**	**105.2**	**18.6**	**418.2**	**279.4**	**138.7**

Ordinary shares, share premium 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 Tier 1 as detailed in the table above relates to the £75m rT1 (less directly attributable costs), this is capped at 20% of the total eligible Tier 1 own funds, £71.0m (2023: £55.9m). The restricted amount at 31 December 2024 is £1.8m (2023: £16.9m) which is fully allowable as Tier 2 Own Funds (2023: £10.4m).

The subordinated liabilities were issued in June 2023, and are classified as Tier 2 because they rank as a creditor after policyholder claims.

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 Group all of the Tier 3 is eligible (2023: £nil).

The Group's Eligible Own Funds at 31 December 2024 are £479.1m (2023: £418.2m), with the improvement over the year primarily due to business performance. Over the year, the final £25m of the 2014 issued subordinated liabilities have been redeemed, which were classified as Tier 2 own funds. At 31 December 2024, this has been partially replaced by deferred tax as Tier 3 own funds. There has been no other significant change to the quality of Own Funds in the year.

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

IFRS to SII Reconciliation Reserve Reconciliation	**Year ended 31-Dec-24 £m**	Year ended 31-Dec-23 £m
IFRS retained earnings, available for sale reserves and capital redemption account	**221.6**	152.9*
SII valuation adjustments	**56.6**	71.5*
Tier 1 restricted debt	**(72.8)**	(72.8)
Tier 3 restriction	**(18.6)**	(24.2)
Foreseeable dividends, distributions and charges	**(1.9)**	(1.9)
SII reconciliation reserve	**184.9**	125.5

*The 2023 comparative for IFRS retained earnings and SII valuation adjustment has been restated with offsetting adjustments for a prior period error in the IFRS numbers, see note 27 of the 2024 ARA for more detail. As the error occurred in the LRC this has no overall impact on the SII reconciliation reserves or the SII result.

Ordinary shares and share premium are the same as IFRS share capital and share premium. The reconciliation reserve is the equivalent of IFRS retained earnings and other reserves, adjusted for all of the valuation differences detailed in the Valuation for Solvency Purposes section of this report and any year end foreseeable dividend which is removed from own funds.

Tier 1 restricted debt relates to the £75m rT1 (less directly attributable costs), this is shown on a separate line in the own funds.

Tier 3 restriction relates to the £18.6m deferred tax asset which under SII is classed as a lower class of asset, this is shown on a separate line in the own funds.

The foreseeable dividends, distributions and charges of £1.9m (2023: £1.9m) relates to the accrued interest on the rT1 which is not recognised under IFRS at 31 December 2024.

Solo

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

Eligible own funds to cover the SCR

	Year ended 31 Dec 2024				Year ended 31 Dec 2023		
(£m)	**Total**	**Tier 1**	**Tier 2**	**Tier 3**	Total	Tier 1	Tier 2
Ordinary shares	177.8	177.8	-	-	177.8	177.8	-
Reconciliation reserve	108.7	108.7	-	-	28.2	28.2	-
Other own funds	75.0	71.6	3.4	-	59.7	51.5	8.2
Subordinated liabilities	103.4	-	103.4	-	128.4	-	128.4
Deferred tax	15.0	-	-	15.0	-	-	-
Total eligible own funds to cover the SCR	**480.0**	**358.1**	**106.8**	**15.0**	**394.1**	**257.5**	**136.6**

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 Notes. rT1 is capped at 20% of the total eligible Tier 1 Own Funds, £71.6m (2023: £51.5m), the restricted amount at 31 December 2024 therefore is £3.4m (2023: £23.5m). All of this is allowable as Tier 2 Own Funds (2023: £8.2m).

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 also includes £3.4m (2023: £8.2m) of rT1 as detailed above.

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 (2023: £nil).

The Solo Own Funds have increased to £480.0m (2023: £394.1m) primarily due to business performance. Over the year, the final £25m of the 2014 issued subordinated liabilities have been redeemed, which were classified as Tier 2 own funds. At 31 December 2024, this has been partially replaced by deferred tax as Tier 3 own funds. There has been no other 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:

IFRS to SII Reconciliation Reserve Reconciliation	**Year ended 31-Dec-24 £m**	Year ended 31-Dec-23 £m
IFRS retained earnings, available for sale reserves and capital redemption account	**245.1**	185.5*
SII valuation adjustments	**59.0**	65.0*
Tier 1 restricted debt	**(75.0)**	(75.0)
Tier 3 restriction	**(15.0)**	(17.1)
Foreseeable dividends, distributions and charges	**(1.9)**	(1.9)
Subordinated liabilities	**(103.4)**	(128.4)
SII reconciliation reserve	**108.7**	28.2

*The 2023 comparative for IFRS retained earnings and SII valuation adjustment has been restated with offsetting adjustments for a prior period error in the IFRS numbers, see note 27 of the 2024 ARA for more detail. As the error occurred in the LRC this has no overall impact on the SII reconciliation reserves or the SII result.

The reconciliation reserve is the equivalent of UK GAAP 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 the £15.0m deferred tax asset, this is shown on a separate line in the own funds

The foreseeable dividends, distributions and charges of £1.9m (2023: £1.9m) relates to the accrued interest on the rT1 which is not recognised under IFRS at 31 December 2024.

Subordinated liabilities relate to the Notes referred to in Note 11 of the Valuation for Solvency Purposes section of this report. 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

Group

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
(£m)	**Total**	**Tier 1**	**Tier 2**	**Total**	**Tier 1**	**Tier 2**
Ordinary shares	0.4	0.4	-	0.4	0.4	-
Share premium account	98.9	98.9	-	97.7	97.7	-
Reconciliation reserve	184.9	184.9	-	125.5	125.5	-
Other own funds/Subordinated liabilities	95.1	71.0	24.0	78.0	55.8	22.2
Total eligible own funds to cover the MCR	**379.3**	**355.2**	**24.0**	**301.6**	**279.4**	**22.2**

The only difference between the eligible amount of basic Own Funds to cover the SCR and the MCR at the Group level is that the Notes allowable as Tier 2 capital are capped at 20% of the MCR for the MCR coverage instead of 50% of the SCR (2024: £24.0m of £119.8m MCR and 2023: £22.2m of £111.1m MCR).

Solo

	Year ended 31 Dec 2024			Year ended 31 Dec 2023		
(£m)	**Total**	**Tier 1**	**Tier 2**	**Total**	**Tier 1**	**Tier 2**
Ordinary shares	177.8	177.8	-	177.8	177.8	-
Reconciliation reserve	108.7	108.7	-	28.2	28.2	
Other own funds/Subordinated liabilities	95.6	71.6	24.0	73.7	51.5	22.2
Total eligible own funds to cover the MCR	**382.1**	**358.1**	**24.0**	**279.7**	**257.5**	**22.2**

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 (2024: £24.0m of £119.8m MCR and 2023: £22.2m of £111.1m 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 2024, the Group did not have ancillary funds (2023: £nil).

Any item deducted from Own Funds

There are no restrictions affecting the availability and transferability of Own Funds at a Group or Solo level (2023: £nil).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 Solvency Capital Requirement

The Group adopts the standard formula to calculate its Capital Requirements under SII. The SCR at 31 December 2024 was £279.1m for the Group and £276.3m for Solo (31 December 2023: £277.5m and £273.1m respectively). The Group SCR is calculated using the consolidation method (Method 1 for Solvency Calculation at Group Level). The MCR at 31 December 2024 was £119.8m for Group and £119.8m for Solo (31 December 2023: £111.1m and £111.1m respectively).

Group

Solvency Capital Requirement – Group

(£m)	Year ended 31 December 2024	2023
Market risk	40.6	44.3
Counterparty default risk	14.6	18.0
Life underwriting risk	0.2	0.3
Non-life underwriting risk	222.7	216.1
Diversification	(34.1)	(37.7)
Basic Solvency Capital Requirement	**244.0**	241.0
Operational risk	35.1	36.5
Loss-absorbing capacity of deferred taxes	-	-
Solvency Capital Requirement	**279.1**	277.5

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 SCR has increased in the year primarily due to a rise in Underwriting risk following an increase in net reserves.

Solo

Solvency Capital Requirement – Solo

(£m)	Year ended 31 December 2024	2023
Market risk	33.3	33.5
Counterparty default risk	14.6	17.9
Life underwriting risk	0.2	0.3
Non-life underwriting risk	222.8	216.2
Diversification	(29.7)	(31.3)
Basic Solvency Capital Requirement	**241.2**	**236.6**
Operational risk	35.1	36.5
Loss-absorbing capacity of deferred taxes	-	-
Solvency Capital Requirement	**276.3**	**273.1**

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 SCR has increased in the year primarily due to a rise in Underwriting risk following an increase in net reserves.

Simplified calculations

The Group has not used simplified calculations or undertaking-specific parameters in its standard formula calculations (2023: £nil).

Capital add-on and specific parameters

The Group and Solo have 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 2024 was £119.8m for the Group and £119.8m for Solo (2023: £111.1m and £111.1m respectively) 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 increased in the year due to increases in reserves and premium written exposure.

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 2024 and 2023, the Group 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 Group 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
Group	
IR.02.01.02	Balance Sheet
IR.05.04.02	Non-life income and expenditure
IR.22.01.22	Impact of long-term guarantees measures and transitionals
IR.23.01.04	Own funds
IR.25.04.22	Solvency Capital Requirement
IR.32.01.22	Undertakings in the scope of the group
Solo	
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 Group QRTs

IR.32.01.22

Undertakings in the scope of the Group

	Identification code and type of code of the undertaking	Country	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority
Row	C0020	C0010	C0040	C0050	C0060	C0070	C0080
1	LEI/2138001GRPXTU6EHVF08	GB	esure Property Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	N/A
2	LEI/2138004T6JJWLESVUD49	GB	esure Finance Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	N/A
3	LEI/213800KOI3F5LM54PT80	GB	esure Group plc	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	N/A
4	LEI/213800VBJN2Z6CEW1528	GB	esure Services Limited	Other	Company limited by shares	Non-mutual	Financial Conduct Authority
5	LEI/213800ZQ6UAWY5RBZN88	GB	esure Holdings Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	N/A
6	LEI/UTGJGQO3Y93FUQOODB78	GB	esure Insurance Limited	Non-life insurance undertaking	Company limited by shares	Non-mutual	Prudential Regulatory Authority and Financial Conduct Authority

Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if excluded	Method used and under method 1, treatment of the undertaking
C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
100.00%	100.00%	100.00%	N/A	Dominant	100.00%	Included in the scope	N/A	Method 1: Full consolidation
100.00%	100.00%	100.00%	N/A	Dominant	100.00%	Included in the scope	N/A	Method 1: Full consolidation
100.00%	100.00%	100.00%	N/A	Dominant	100.00%	Included in the scope	N/A	Method 1: Full consolidation
100.00%	100.00%	100.00%	N/A	Dominant	100.00%	Included in the scope	N/A	Method 1: Adjusted equity method
100.00%	100.00%	100.00%	N/A	Dominant	100.00%	Included in the scope	N/A	Method 1: Full consolidation
100.00%	100.00%	100.00%	N/A	Dominant	100.00%	Included in the scope	N/A	Method 1: Full consolidation

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	18,649
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	28,221
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	1,314,802
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	40,629
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	1,131,106
R0140	*Government Bonds*	577,046
R0150	*Corporate Bonds*	554,060
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	141,213
R0190	*Derivatives*	1,853
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	398,545
R0280	*Non-life and health similar to non-life*	343,533
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	55,012
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	39,725
R0370	Reinsurance receivables	770
R0380	Receivables (trade, not insurance)	9,681
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	39,020
R0420	Any other assets, not elsewhere shown	0
R0500	**Total assets**	1,849,432

		Solvency II value
	Liabilities	C0010
R0505	Technical provisions - total	1,239,710
R0510	*Technical provisions - non-life*	1,180,815
R0515	*Technical provisions - life*	58,895
R0542	Best estimate - total	1,219,028
R0544	*Best estimate - non-life*	1,160,420
R0546	*Best estimate - life*	58,608
R0552	Risk margin - total	20,682
R0554	*Risk margin - non-life*	20,395
R0556	*Risk margin - life*	287
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	3,394
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	12,682
R0840	Payables (trade, not insurance)	112,720
R0850	Subordinated liabilities	103,440
R0860	*Subordinated liabilities not in Basin own*	
R0870	*Subordinated liabilities in Basin own*	103,440
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	1,471,947
R1000	**Excess of assets over liabilities**	377,485

IR.05.04.02

Non-life income and expenditure : reporting period

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations			Non-life insurance and accepted proportional reinsurance obligations			Annuities stemming from non-life insurance contracts
				Motor vehicle liability insurance - personal lines	Motor vehicle other motor insurance - personal lines	Fire and other damage to property insurance - personal lines	General liability insurance Other general liability	Legal expenses insurance	Miscellaneous financial loss	
		C0010	C0015	C0140	C0150	C0170	C0220	C0240	C0260	C0525
	Income									
	Premiums written									
R0110	Gross written premiums		993,854	556,137	304,565	117,497	1,524	12,373	1,760	
R0111	Gross written premiums - insurance (direct)		993,854	556,137	304,565	117,497	1,524	12,373	1,760	
R0113	Gross written premiums - accepted reinsurance									
R0160	Net written premiums		871,301	447,355	301,070	107,512	1,394	12,230	1,739	
	Premiums earned and provision for unearned									
R0210	Gross earned premiums		933,913	524,700	289,104	103,551	1,343	12,687	2,528	
R0220	Net earned premiums		805,887	412,686	285,610	91,355	1,186	12,545	2,508	
	Expenditure									
	Claims incurred									
R0610	Gross (undiscounted) claims incurred		646,263	379,085	212,651	54,146	-553	840	94	
R0611	Gross (undiscounted) direct business									
R0612	Gross (undiscounted) reinsurance accepted									

R0690	Net (undiscounted) claims incurred		657,966	390,841	212,651	54,143	-603	840	94	
R0730	Net (discounted) claims incurred	566,429	565,986							442
	Analysis of expenses incurred									
R0910	Technical expenses incurred net of reinsurance ceded	188,650								
R0985	Acquisition costs, commissions, claims management costs	72,125	72,125	40,046	21,892	9,326	99	669	94	
	Other expenditure									
R1140	Other expenses	118,232								
R1310	**Total expenditure**	905,672								

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.22.01.22

Impact of long term guarantees measures and transitionals

		Amount with Long Term Guarantee measures and transitionals	Impact of transitional on technical provisions	Impact of transitional on interest rate	Impact of volatility adjustment set to zero	Impact of matching adjustment set to zero
		C0010	C0030	C0050	C0070	C0090
R0010	**Technical provisions**	1,239,710	0	0	8,496	0
R0020	**Basic own funds**	479,050	0	0	-2,208	0
R0050	**Eligible own funds to meet Solvency Capital Requirement**	479,050	0	0	-2,208	0
R0090	**Solvency Capital Requirement**	279,119	0	0	528	0

IR.23.01.04

Own Funds

	Basic own funds before deduction for participations in other financial sector	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	395	395		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	98,871	98,871		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
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0				
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	184,911	184,911			
R0140	Subordinated liabilities	103,440		0	103,440	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	18,649				18,649
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				
R0180	Other items approved by supervisory authority as basic own funds not specified above	72,783	0	72,783	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				

R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	0				
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**					
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	479,050	284,178	72,783	103,440	18,649
	Ancillary own funds					
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 under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					

R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0

	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	479,050	284,178	72,783	103,440	18,649
R0530	Total available own funds to meet the minimum consolidated group SCR	460,401	284,178	72,783	103,440	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	479,050	284,178	71,044	105,179	18,649
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	379,185	284,178	71,044	23,962	
R0590	Consolidated group SCR	279,119				
R0610	**Minimum consolidated Group SCR**	119,812				
R0630	**Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)**	171.63%				
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	316.48%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	479,050	284,178	71,044	105,179	18,649
R0670	**SCR for entities included with D&A method**	0				
R0680	**Group SCR**	279,119				
R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	171.63%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	377,485
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	1,875
R0725	Deductions for particpations in financial and credit institutions	
R0730	Other basic own fund items	190,698
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	184,911

IR.25.04.22

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	9,033
R0080	Equity risk	8,938
R0090	Property risk	7,060
R0100	Spread risk	27,699
R0110	Concentration risk	122
R0120	Currency risk	244
R0125	Other market risk	
R0130	Diversification within market risk	-12,517
R0140	**Total Market risk**	40,579
	Counterparty default risk	
R0150	Type 1 exposures	13,973
R0160	Type 2 exposures	868
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-206
R0180	**Total Counterparty default risk**	14,636
	Life underwriting risk	
R0190	Mortality risk	0
R0200	Longevity risk	153
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	60
R0230	Revision risk	34
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	-53
R0270	**Total Life underwriting risk**	193
	Health underwriting risk	
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	**Total Health underwriting risk**	0
	Non-life underwriting risk	

R0330	Non-life premium and reserve risk (ex catastrophe risk)	207,436
R0340	Non-life catastrophe risk	41,752
R0350	Lapse risk	22,601
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-49,047
R0370	**Total Non-life underwriting risk**	222,743
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	35,076
R0424	Other risks	
R0430	**Total Operational and other risks**	35,076
R0432	**Total before all diversification**	375,050
R0434	Total before diversification between risk modules	313,227
R0436	Diversification between risk modules	-34,108
R0438	**Total after diversification**	279,119
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	**Solvency capital requirement including undisclosed capital add-on**	279,119
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	279,119
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	
R0520	*Institutions for occupational retirement provisions*	
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	
R0540	Capital requirement for non-controlled participation requirements	
R0550	Capital requirement for residual undertakings	
	Overall SCR	
R0555	Solvency capital requirement (consolidation method)	279,119
R0560	SCR for undertakings included via D and A	
R0565	SCR for sub-groups included via D and A	
R0570	**Solvency capital requirement**	279,119

F.2 Solo QRTs

IR.02.01.02

Solo Balance Sheet — £'000

		Solvency II Value
	Assets	C0010
R0010	Goodwill	
R0020	Deferred acquisition costs	
R0030	Intangible assets	
R0040	Deferred tax assets	15,043
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)	1,298,561
R0080	*Property (other than for own use)*	
R0090	*Holdings in related undertakings, including participations*	24,388
R0100	*Equities*	
R0110	*Equities – listed*	
R0120	*Equities – unlisted*	
R0130	*Bonds*	
R0140	*Government Bonds*	577,046
R0150	*Corporate Bonds*	554,060
R0160	*Structured notes*	
R0170	*Collateralised securities*	
R0180	*Collective Investments Undertakings*	141,213
R0190	*Derivatives*	1,853
R0200	*Deposits other than cash equivalents*	
R0210	Other investments	
R0220	Assets held for index-linked and unit linked contracts	
R0230	Loans and mortgages	
R0240	*Loans on policies*	
R0250	*Loans and other mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance Recoverables from:	398,545
R0280	*Non-life and health similar to non-life*	343,533
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	55,012
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	
R0360	Insurance and intermediaries receivables	39,725
R0370	Reinsurance receivables	770
R0380	Receivables (trade, not insurance)	1,775
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	37,690
R0420	Any other assets, not elsewhere shown	
R0500	**Total assets**	1,792,110

Solo Balance Sheet

	Liabilities	£'000 Solvency II Value
		C0010
R0505	**Technical provisions - total**	**1,239,710**
R0510	Technical provisions – non-life	**1,180,815**
R0515	Technical provisions - life	**58,895**
R0542	**Best estimate - total**	**1,219,028**
R0544	Best estimate – non-life	**1,160,420**
R0546	Best estimate – life	**58,608**
R0552	**Risk margin – total**	**20,682**
R0554	Risk margin – non-life	**20,395**
R0556	Risk margin - life	**287**
R0565	**Transitional (TMTP) – life**	
R0730	Other technical provisions	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	**3,394**
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	**12,682**
R0840	Payables (trade, not insurance)	**54,479**
R0850	Subordinated liabilities	
R0860	*Subordinated liabilities not in Basic Own Funds*	
R0870	*Subordinated liabilities in Basic Own Funds*	
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	**1,310,265**
R1000	**Excess of assets over liabilities**	**481,844**

IR.05.04.02

Non-life income and expenditure : reporting period

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations			Non-life insurance and accepted proportional reinsurance obligations			Annuities stemming from non-life insurance contracts
				Motor vehicle liability insurance - personal lines	Motor vehicle other motor insurance - personal lines	Fire and other damage to property insurance - personal lines	General liability insurance Other general liability	Legal expenses insurance	Miscellaneous financial loss	
		C0010	C0015	C0140	C0150	C0170	C0220	C0240	C0260	C0525
	Income									
	Premiums written									
R0110	Gross written premiums		993,854	556,137	304,565	117,497	1,524	12,373	1,760	
R0111	Gross written premiums - insurance (direct)		993,854	556,137	304,565	117,497	1,524	12,373	1,760	
R0113	Gross written premiums - accepted reinsurance		0	0	0	0	0	0	0	
R0160	Net written premiums		871,301	447,355	301,070	107,513	1,394	12,231	1,739	
	Premiums earned and provision for unearned									
R0210	Gross earned premiums		933,913	524,700	289,104	103,551	1,343	12,687	2,528	
R0220	Net earned premiums		805,887	412,686	285,610	91,355	1,185	12,545	2,508	
	Expenditure									
	Claims incurred									
R0610	Gross (undiscounted) claims incurred		646,263	379,085	212,651	54,146	-553	840	94	
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		657,284	390,841	212,651	54,143	-603	840	94	
R0730	Net (discounted) claims incurred	566,429	565,986							442
	Analysis of expenses incurred									

R0910	Technical expenses incurred net of reinsurance ceded	175,893								
R0985	Acquisition costs, commissions, claims management costs	72,125	72,125	40,046	21,892	9,326	99	669	94	0
	Other expenditure									
R1140	Other expenses	117,506								
R1310	**Total expenditure**	880,041								

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)				58,608			58,608
R0026	Gross Best Estimate (reinsurance accepted)							
R0030	**Gross Best Estimate**				58,608			58,608
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default				55,012			55,012
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re				3,596			3,596
R0100	**Risk margin**				287			287
R0100	**Amount of the transitional on Technical Provisions**							
R0110	TMTP – risk margin							
R0120	TMTP – best estimate dynamic component							
R0130	TMPTP – best estimate static component							
R0140	TMPTP – amortisation adjustment							
R0150	**Transitional Measure on Technical Provisions**							
R0170	**Technical provisions - total**				58,895			58,895

IR.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance						
		Motor vehicle liability insurance	Other motor insurance	Fire and other damage to property insurance	General liability insurance	Legal expenses insurance	Miscellaneous financial loss	Total Non-Life obligation
		C0050	C0060	C0080	C0090	C0110	C0130	C0180
	Best estimate							
	Premium provisions							
R0060	Gross	101,008	7,557	30,830	378	-3,394	85	136,463
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	18,173	-1,389	43	69	-26	-1	16,868
R0150	**Net Best Estimate of Premium Provisions**	82,835	8,946	30,787	309	-3,368	86	119,595
	Claims provisions							
R0160	Gross	1,008,559	-39,673	46,904	3,140	4,637	390	1,023,957
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	326,371	-1,537	1,656	112	74	-11	326,665
R0250	**Net Best Estimate of Claims Provisions**	682,188	-38,136	45,248	3,028	4,563	402	697,292
R0260	**Total best estimate - gross**	1,109,567	-32,117	77,734	3,518	1,243	475	1,160,420
R0270	**Total best estimate - net**	765,023	-29,190	76,035	3,337	1,195	488	816,887
R0280	**Risk margin**	17,704	747	1,826	46	61	12	20,395
R0320	**Technical provisions - total**	1,127,271	-31,370	79,560	3,564	1,304	487	1,180,815
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	344,544	-2,926	1,699	181	48	-13	343,533
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	782,727	-28,444	77,861	3,383	1,256	500	837,282

IR.19.01.21
Non-Life insurance claims

Total Non-life business

Z0020	Accident year / underwriting year	Accident year

Gross Claims Paid (non-cumulative)
(absolute amount)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Year	Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											5,071	5,071	5,071
R0160	-9	232,717	88,911	21,576	22,481	18,863	16,388	3,641	2,553	6,763	656		656	414,550
R0170	-8	262,358	92,733	28,674	22,377	12,249	24,817	13,955	6,412	10,770			10,770	474,345
R0180	-7	291,771	120,487	34,103	29,416	22,199	16,577	10,088	3,056				3,056	527,697
R0190	-6	363,275	129,604	35,801	41,726	32,156	24,414	23,767					23,767	650,744
R0200	-5	343,747	119,250	35,997	36,601	32,511	18,832						18,832	586,938
R0210	-4	249,429	91,148	27,366	32,598	36,291							36,291	436,832
R0220	-3	274,258	113,254	30,132	37,509								37,509	455,154
R0230	-2	309,432	137,000	40,136									40,136	486,568
R0240	-1	292,177	140,084										140,084	432,262
R0250	0	351,106											351,106	351,106
R0260												Total	667,278	4,821,266

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
	Year	Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											17,619	13,222
R0160	-9	0	121,972	80,166	69,536	36,500	20,265	14,227	15,829	7,194	6,027		5,560
R0170	-8	235,807	146,973	117,011	101,184	112,719	73,201	42,223	33,014	7,487			6,684
R0180	-7	257,948	172,591	133,330	93,502	70,576	21,717	15,947	11,546				9,545
R0190	-6	338,538	240,619	214,980	167,905	119,806	63,617	27,520					23,400
R0200	-5	317,821	205,569	164,558	105,370	63,849	33,044						30,975
R0210	-4	323,867	238,600	199,290	144,421	92,443							76,738
R0220	-3	374,760	245,196	181,398	119,490								107,303
R0230	-2	361,248	269,077	216,389									191,357
R0240	-1	416,248	264,534										222,552
R0250	0	376,371											336,622
R0260												Total	1,023,957

	Gross premium		
Z0020	Accident year / Underwriting year		
		C0570	C0580
	Year	Gross earned premium at reporting reference date	Estimate of future gross earned premium
R0100	Prior		
R0160	N-9	532,375	
R0170	N-8	598,029	
R0180	N-7	733,940	
R0190	N-6	856,812	
R0200	N-5	839,746	
R0210	N-4	829,278	
R0220	N-3	830,248	
R0230	N-2	768,057	
R0240	N-1	790,532	
R0250	N	933,913	

IR.22.01.21

Impact of long-term guarantees measures and transitionals

		Amount with Long-Term Guarantee 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**	1,239,710			8,496	
R0020	**Basic own funds**	479,969			-2,112	
R0050	**Eligible own funds to meet Solvency Capital Requirement**	479,969			-2,112	
R0090	**Solvency Capital Requirement**	276,250			529	
R0100	**Eligible own funds to meet Minimum Capital Requirement**	382,071			-2,897	
R0110	**Minimum Capital Requirement**	119,812			239	

IR.23.01.01
Solo Own Funds

	Basic own funds	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
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	108,686	108,686			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	15,043				15,043
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	178,440	0	75,000	103,440	0
	Own funds from the Financial Statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds					
R0220	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	**Total basic own funds**	479,969	286,486	75,000	103,440	15,043
	Ancillary own funds					
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	**Total ancillary own funds**	0			0	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	479,969	286,486	75,000	103,440	15,043
R0510	Total available own funds to meet the MCR	464,927	286,486	75,000	103,440	
R0540	Total eligible own funds to meet the SCR	479,969	286,486	71,622	106,819	15,043
R0550	Total eligible own funds to meet the MCR	382,071	286,486	71,622	23,962	
R0580	**SCR**	276,250				
R0600	**MCR**	119,812				
R0620	**Ratio of Eligible own funds to SCR**	173.74%				
R0640	**Ratio of Eligible own funds to MCR**	318.89%				

	Reconciliation reserve	C0060
R0700	Excess of assets over liabilities	481,844
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	1,875
R0725	Deductions for participations in financial and credit institutions	
R0730	Other basic own fund items	371,283
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	0
R0760	**Reconciliation reserve**	108,686

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	9,033
R0080	Equity risk	5,365
R0090	Property risk	0
R0100	Spread risk	27,699
R0110	Concentration risk	122
R0120	Currency risk	244
R0125	Other market risk	
R0130	Diversification within market risk	-9,211
R0140	**Total Market risk**	33,252
	Counterparty default risk	
R0150	Type 1 exposures	13,914
R0160	Type 2 exposures	884
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-209
R0180	**Total Counterparty default risk**	14,588
	Life underwriting risk	
R0190	Mortality risk	0
R0200	Longevity risk	153
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	60
R0230	Revision risk	34
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	-53
R0270	**Total Life underwriting risk**	193
	Health underwriting risk	
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	**Total Health underwriting risk**	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	207,436
R0340	Non-life catastrophe risk	41,752
R0350	Lapse risk	23,254

R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-49,632
R0370	**Non-life underwriting risk**	222,810
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	35,076
R0424	Other risks	
R0430	**Total Operational and other risks**	35,076
R0432	**Total before all diversification**	365,026
R0434	Total before diversification between risk modules	305,920
R0436	Diversification between risk modules	-29,669
R0438	**Total after diversification**	276,250
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	**Solvency capital requirement including undisclosed capital add-on**	276,250
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	276,250
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	C0010
R0010	MCR_{NL} Result	119,737

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	
R0030	Income protection insurance and proportional reinsurance	0	
R0040	Workers' compensation insurance and proportional reinsurance	0	
R0050	Motor vehicle liability insurance and proportional reinsurance	765,023	285,227
R0060	Other motor insurance and proportional reinsurance	0	190,089
R0070	Marine, aviation and transport insurance and proportional reinsurance	0	
R0080	Fire and other damage to property insurance and proportional reinsurance	76,035	70,377
R0090	General liability insurance and proportional reinsurance	3,337	528
R0100	Credit and suretyship insurance and proportional reinsurance	0	
R0110	Legal expenses insurance and proportional reinsurance	1,195	7,349
R0120	Assistance and proportional reinsurance	0	
R0130	Miscellaneous financial loss insurance and proportional reinsurance	488	759
R0140	Non-proportional health reinsurance	0	
R0150	Non-proportional casualty reinsurance	0	
R0160	Non-proportional marine, aviation and transport reinsurance	0	
R0170	Non-proportional property reinsurance	0	

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	76

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
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	3,596	
R0250	Total capital at risk for all life (re)insurance obligations		

	Overall MCR calculation	C0070
R0300	Linear MCR	119,812
R0310	SCR	276,250
R0320	MCR cap	124,313
R0330	MCR floor	69,063
R0340	Combined MCR	119,812
R0350	Absolute floor of the MCR	3,500
R0400	**Minimum Capital Requirement**	119,812

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.
'Average Written Premium'		Is the gross written premium divided by the year end in force policies.
'Board'		means the Board of Directors of esure Group plc or esure Insurance Limited, as applicable.
'Business'		means the business of the Group.
'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.
'Finance Costs'		consist of coupon payments due on the Notes and interest chargeable under accounting standards on balances which have been discounted to allow for the timing of payments due.
'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 Company Secretary, and Chief Claims Officer.
'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.
'Net Insurance Revenue'		is a measure of insurance revenue after allowing for the cost of reinsurance premiums. It is defined as insurance service revenue less the allocation of reinsurance premiums.
'Net Total Revenue'		includes net earned premiums, income from instalments, net investment return and other income. This measure shows the total income retained by the Group having ceded premium to reinsurance partners.
'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 Group plc or esure Insurance Limited, as applicable.
'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.
'Profit Margin'		is the Group's trading profit as a percentage of Net Total Trading Revenue. This ratio gives a measure of the underlying profitability of the Group. Given the

		Group's multiple income streams, this is deemed to be a more relevant measure of trading performance than traditional underwriting metrics such as combined ratio. In previous years this calculation also included non-trading investment income, however this is no longer the case for 2024. The prior year comparable (2023) has therefore been restated where the impact of doing so is minimal.
'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 Group transfers part of the accepted insurance risk to a panel of insurers. This allows the Group to mitigate its risk of losses from claims.
'Restricted Tier 1 ('rT1')'		means the £75m 6.00% Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes issued by esure Group plc on 22 July 2021.
'Return on tangible equity'		is a measure of the Group's return on shareholder investment. Return on equity is a widely understood market measure of returns to shareholders and has been adjusted to exclude rT1 capital from equity with the related coupon treated as a financing cost.
'Senior Leadership Team ('SLT')'		comprises the team of esure colleagues responsible for the day-to-day management of the Group.
'Solvency II'		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.
'SFCR'		means Solvency and Financial Condition Report.
'Turnover'		includes insurance revenue, excluding the movement in unearned premium, and other income. This measure is used by management to show the scale of the Group.
'The 2014 Notes'		means the £125m 6.75% 10-year Tier 2 Subordinated Notes issued on 19 December 2014. During 2024 the Group redeemed the final £25m of the 2014 Notes.
'The 2023 Notes'		means the £100m 12.00% 10-year Tier 2 Subordinated Notes issued on 16 June 2023.
'Trading Profit'		is the Group's measure of underlying, long-term profitability. It excludes the impact of costs relating to one-off activity, the categories of which are reviewed by the Audit Committee and approved by the Board. The Group holds a significant investment portfolio over the medium to long term and therefore the movements seen in a very volatile investment market do not reflect this underlying performance - the Group has therefore disclosed the trading profit before the effect of investment volatility directly resulting from market rate movement in the year.
'Underwriting'		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.

Alternative Performance Measures

Alternative Performance Measures (APMs) are measures that are not defined by International Financial Reporting Standards. They may be commonly used insurance metrics or other measures the Group uses, both for internal performance analysis and also to help users of the Annual Report and Accounts to better understand the Group's performance and position in the period in comparison to previous periods and the Group's competitors.

Further information on the definition of these metrics and the reconciliation to IFRS (where appropriate) is provided in the Glossary of Terms and within the Group's ARA. The table below defines those present in this document.

'In-force policies'	is the number of live insurance policies at any point in time is a key measure of the scale of the Group's engagement with customers.
'Net Loss ratio'	is defined as net incurred claims (being insurance service expense less insurance expenses less amounts recoverable from reinsurers) as a percentage of net insurance revenue. This is a key measure of the underwriting performance of the Group.
'Turnover'	includes insurance revenue, excluding the movement in unearned premium, and other income. This measure is used by management to show the underwriting scale of the Group. The APM has been restated for 2024 to bring instalment income onto a written, rather than earned basis, in line with the gross written premium input.