



2024 ANNUAL REPORT

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THE COMPANY

Directors

		Nationality	Appointed
Brian Lehane	(independent non-executive)	Ireland	
Ian Britchfield	(independent non-executive)	Ireland	
James Liston	(executive)	Ireland	
Joanne Howie	(non-executive)	UK	7 May 2024
Maria Olivo	(non-executive)	USA	
Mike Lawton	(non-executive)	UK	

Company Secretary

Jennifer Foley	UK
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Registered Office

Third Floor Block 8
Harcourt Centre
Charlotte Way
Dublin 2
Ireland
D02 K580

Registered in Ireland No. 620416

Bankers

Barclays PLC
1 Molesworth St
Dublin 2
Ireland
D02 RF29

Citibank NA
CGC Centre
Canary Wharf
London, UK
E14 5LB

Auditors

Forvis Mazars
Chartered Accountants and Statutory Audit Firm
Harcourt Centre
Block 3
Harcourt Road
Dublin 2
Ireland
D02 A339

Solicitors

Matheson
70 Sir John Rogerson's Quay
Dublin 2
Ireland
D02 R296

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2024.

Principal activity

In 2024, Travelers Insurance Designated Activity Company (the "Company") wrote commercial lines insurance in the Republic of Ireland, and in the United Kingdom ("UK") through its branch located in London. The Company also covered risks located outside of Ireland and the UK, on a freedom of services basis (in the EEA) or by facultative reinsurance (outside of the EEA), generally in support of its Irish and UK based insureds.

Business review and results for the year

In 2024, the Company reported a profit after tax of €2.7 million (2023 profit after tax €6.3 million) and a combined ratio of 101.3% (2023 87.1%).

Gross premiums written ("GWP") were €217.5 million (2023 €240.1 million). The two most material lines of business were Third Party Liability and Fire and Other Damage to Property, which respectively comprised 71.7% (2023 74.0%) and 20.5% (2023 18.3%) of GWP in 2024. Further information on the split of GWP by line of business and geographical location of insurance risk can be seen in Note 4. The decrease in GWP year on year is predominantly driven by proactive underwriting action and rating challenges seen in the Bond and Specialty division.

Net earned premiums ("NEP") were €39.9 million for 2024 (2023 €41.7 million). Claims incurred and operating expenses were €25.3 million (2023 €25.9 million) and €15.1 million (2023 €10.4 million) respectively, with a loss ratio of 63.4% (2023 62.1%) and an expense ratio of 37.9% (2023 25.0%).

The increase in expenses year on year was due to higher operational and commission costs in 2024. The operational costs predominantly increased due to a planned increase in headcount and TIDAC's share of outfitting the new Travelers London office.

Key Performance Indicators ("KPIs")

The below table show the most relevant KPIs the Directors use to manage the business. These KPIs are discussed further in the financial results section of the Business review and results above.

	2024	2023
	€000	€000
Gross premiums written	217,476	240,121
Earned premiums, net of reinsurance	39,944	41,709
Claims incurred, net of reinsurance	(25,328)	(25,916)
Net operating expenses	(15,132)	(10,410)
Profit for the financial year	2,696	6,250
Loss ratio	63.4%	62.1%
Expense ratio	37.9%	25.0%
Combined ratio	101.3%	87.1%

The loss ratio represents the claims incurred as a percentage of earned premium, both net of reinsurance.

The expense ratio represents the commission and operating expenses as a percentage of earned premium, both net of reinsurance.

The combined ratio is the loss ratio plus expense ratio.

DIRECTORS' REPORT *(continued)*

Financial instruments

The net investment return was a gain of €4.4 million (2023 gain €2.2 million). The Company invests in high quality corporate and government bonds with an average credit quality of AA. Investments under management at 31 December 2024 totalled €234.7 million (2023 €220.9 million). During 2024, global central banks started to decrease interest rates, the net impact of these conditions resulted in an unrealised gain before tax of €4.7 million (2023 gain €9.6 million) within total comprehensive income.

Trading environment and future developments

Due to the high inflationary environment and generally softening insurance pricing, there was uncertainty surrounding the trading environment entering into 2024. The Company continued to focus on improving underwriting profitability through managing the mix of business written towards higher margin products. While European and UK Financial Line markets softened during the year, the Company continued to achieve good retention, leveraging from the significant rate and new business achievements in prior years on these classes. Business Insurance performed well in 2024 and achieved growth in new business and strong retention rates.

The markets the Company operates in remain competitive. The Company will focus on returning to a profitable underwriting position through managing the mix of business and risks throughout Ireland, Europe and the UK.

Capital management

The Company was in compliance with its regulatory capital requirements throughout the year and through to the date of this report.

The Company's financial strength is strong with net assets at 31 December 2024 of €149.7 million (2023 €141.9 million). As of the date of this report the Company's financial strength ratings are A++ (Superior) from AM Best and AA- from S&P Global Ratings.

Dividends

During 2024 the Company did not pay a dividend (2023 €nil).

Principal Risks and Uncertainties

The Board sets the risk appetite and reviews it on a formal basis annually as part of the business planning process. This is reviewed on an ongoing basis as part of its regular business review processes. The Company has a Board Risk and Remuneration Committee and management participates in a European Executive Risk Committee which meet quarterly to review and update risks and issues arising from the risk register and to monitor performance against risk appetite using pre-approved key risk indicators. The European Executive Risk Committee consists of members of management from The Travelers Companies, Inc. European operations. The principal risks and uncertainties facing the Company are as set out below.

Insurance risk

Insurance risk relates to underwriting, claims management and the risk that arises from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities.

The Company manages insurance risk by setting an appetite annually through the business planning process, which sets down targets for underwriting volumes, pricing sufficiency and retentions by class of business. Management monitors performance against the business plan throughout the year. The Company uses catastrophe modelling software to model the maximum probable loss from catastrophe exposed business. Reserve adequacy is monitored through quarterly internal actuarial reviews. The European Underwriting Committee oversees underwriting risk and the Finance Committee oversees reserving risk. The European Underwriting Committee consists of members of management from The Travelers Companies, Inc. European operations.

One aspect of insurance risk is the risk of changing climate conditions. This is discussed further below.

DIRECTORS' REPORT *(continued)*

Principal Risks and Uncertainties *(continued)*

Inflation risk

A high inflationary environment began in 2021 and started to moderate from 2023 onwards. At the year end inflation levels were close to the European Central Bank and Bank of England's targets of 2%. The Company continually monitors and reviews the potential impact of inflation on the value of its insurance liabilities and the pricing of risks. The valuation of insurance liabilities takes into account the effects of inflation as well as other societal and economic factors. The Company has carefully considered the impact of the recent inflationary environment on its business plan and has reviewed the inflation assumptions for all classes. The key assumptions affecting the loss ratios are the extent of excess inflation and the proportion of exposure inflation assumed to be captured within pricing.

Credit risk

The primary source for credit risk arises from the risk of default by one or more of the Company's reinsurers or investment counterparties. The Company benefits from The Travelers Companies, Inc. European policy for the selection of reinsurers and managing the quantum of exposure ceded to an individual reinsurer. Exposures to individual investment counterparties are monitored against agreed limits and the overall investment portfolio has an average credit quality of AA. The Finance Committee oversees this risk type.

In addition, the Company has an 80% Whole Account Quota Share ("Quota Share") arrangement in place with TICL, its immediate parent company. The net premiums paid by the Company to TICL are held within an escrow account. The assets held within the escrow account can be released to TICL bi-annually once the assets within the account exceed the associated liabilities. Claims payable relating to the Quota Share can be funded from the escrow account.

Market risk

The primary source of market risk is the risk of adverse movements in net assets due to movements in interest rates, currency rates and the market value of securities. Market risk exposures are monitored through the Finance Committee.

Operational risk

The primary source of operational risk is the failure of people, processes or systems. These risks are managed through well documented policies and procedures, sound internal control processes and business continuity management procedures. Operational risks are monitored by the European Executive Risk Committee.

Regulatory risk

Regulatory risk comprises the failure to comply with relevant regulations and laws. During the year the Company was in full compliance with the capital requirements required by its regulator, the Central Bank of Ireland. There were no changes in the Company's approach to capital risk management during the current or prior year.

Conduct risk

Conduct risk is the risk that the Company (or its agents) will fail to pay due regard to the interests of its customers or will fail to treat them fairly at all times. Conduct risk exposures are monitored through the European Executive Risk Committee.

Liquidity risk

Liquidity risk is the risk that the Company is unable to meet operational cash flow requirements. Liquidity risk is monitored through the Finance Committee.

DIRECTORS' REPORT *(continued)*

Directors and secretaries' interests

The directors and secretary are set out on page 3. The Directors and secretary who held office at 31 December 2024 and 31 December 2023 had no interests greater than 1% in the shares of, or debentures or loan stock of, the Company or group companies at the beginning (or date of appointment, if later) or end of the year.

There were no transactions involving directors in the year.

Disclosure of information to the auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Audit committee

The Board has an established Audit Committee (the "Committee"). The Committee meets at least four times a year. The Committee comprises of two independent non-executive directors and a non-executive director. Brian Lehane has been Chairman of the Audit Committee throughout the year. The Committee's terms of reference require it to take an independent view of the Company's external financial reporting, accounting policies and practices. It considers the appointment and fees, both audit and non-audit, of the external auditors. The Committee also reviews the annual plans of both the external and internal auditors and reviews reports received from both in respect of their findings. The Chief Financial Officer, Head of Internal Audit, Head of Actuarial Function and the Company Secretary usually attend the Committee meetings. At least once a year the Committee will meet, both on its own and with the external auditors, without executive management being present.

Going concern

The Directors have assessed the suitability of using the Going Concern assumption in preparing these accounts. In making this assessment they have looked forward for a period of twelve months from the date that these accounts are signed. The Company does not have any external debt. The Directors have prepared these accounts on the going concern basis. In doing so the Directors considered the 2025 business plan, the likely trading environment. The Directors concluded that it remained appropriate to continue to prepare the Company's financial statements using the Going Concern assumption.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at Third Floor, Block 8, Harcourt Centre, Charlotte Way, Dublin 2, Ireland.

Post balance sheet events

There were no known events that occurred after the date of the balance sheet, which require disclosure in the financial statements.

Indemnity insurance

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and as at the date of this report.

Supplier payment policies

All third party supplier invoices are settled on the Company's behalf by Travelers Management Limited ("TML"), an affiliate of the Company. The average payment terms are disclosed in that Company's accounts. The Company also has a management agreement with TML, who employs some of the Company's personnel. The Company employs 7 personnel directly who are paid by TML for which the expenses are charged to the Company. The employment policies are also disclosed in TML's accounts.

DIRECTORS' REPORT *(continued)*

Changing climate conditions

The Company follows The Travelers Companies, Inc. in its approach to climate-related risks and opportunities. The approach is multi-faceted and allows the Company to mitigate exposure to climate-related risks and provide products and services that both help customers mitigate those risks and support the transition to a lower carbon economy. In the latter regard, the Company provides insurance coverage to the Renewable Energy Sector.

As part of its regular risk management activities, the Company's Board of Directors and its Risk and Remuneration Committee consider changing climate conditions, including changes in frequency and severity of catastrophe losses and uncertainty surrounding weather volatility and climate-related risk, and the impact on investment valuations that may occur as part of the transition to a lower carbon economy.

The Company's underwriting risk appetite is dependent on the ability to understand the property and casualty risks that it underwrites. Understanding the climate-related impacts on insured perils is part of this fundamental risk evaluation process. Core to this strategy is the incorporation of climate variability into underwriting and pricing decisions. The Company is also committed to supporting our clients with meaningful risk management and insurance capacity to help them transition to a lower carbon future.

Market Risk is managed by employing a thoughtful and responsible investment philosophy that focuses on appropriate risk-adjusted returns. The investment strategy, approved by the Board of Directors, reflects a long-term approach to sustainable value creation and requires that Travelers consider environmental, social and governance ("ESG") factors in the investment process to the extent relevant.

As part of the Company's annual Own Risk and Solvency Assessment ("ORSA") process, two stress scenarios relating to changing climate conditions were considered and applied to the current balance sheet. Keeping the significant uncertainties associated with climate stress testing in mind, these scenarios took into consideration the insurance and market risks noted above, and in both scenarios the potential impacts on the Company's modelled capital position were modest.

Political contributions

Political contributions were €nil during 2024 (2023 €nil).

Central Bank of Ireland Corporate Governance Code

The Company is subject to the Corporate Governance Requirements for Insurance Undertakings issued by the Central Bank of Ireland. During 2024 the Company was a Medium - Low impact designation institution on the Central Bank of Ireland's PRISM scale. From the 1st of January 2025 the Company is a Medium - High impact designation institution on the PRISM scale. This increase in impact rating will determine certain requirements which the Company is required to adhere to, including in relation to the Domestic Actuarial Regime.

Auditors

The statutory auditors, Forvis Mazars, Chartered Accountants and Statutory Audit firm, will continue in office in accordance with section 383(2) of the Companies Act 2014.

Statement of Directors' compliance

The Directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations as defined by Section 225 (2) of the Companies Act 2014.

The Directors confirm that:

- a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared;
- arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and
- a review of the arrangements and structures has been conducted during the financial year to which this Directors' report relates.

DIRECTORS' REPORT *(continued)*

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103, "Insurance Contracts".

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error, and they have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

On behalf of the Board

Joanne Howie
Director

31 March 2025

James Liston
Director

31 March 2025

Third floor, Block 8,
Harcourt Centre, Charlotte Way
Dublin 2. Ireland

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAVELERS INSURANCE DESIGNATED ACTIVITY COMPANY

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Travelers Insurance DAC ('the Company') for the year ended 31 December 2024, which comprise the profit and loss account (technical and non-technical), the statement of comprehensive income / (loss), the statement of changes in equity, the balance sheet and the related notes to the Company financial statements, including the summary of significant accounting policies as set out in note 2. The financial reporting framework that has been applied in their preparation is the Companies Act 2014, European Union (Insurance Undertakings: Financial Statements) Regulations 2015, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts" issued in the United Kingdom by the Financial Reporting Council.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2024 and of its result for the profit then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and FRS 103 "Insurance Contracts"; and
- have been properly prepared in accordance with the requirements of the Irish Companies Act 2014 and European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) "ISAs (Ireland)" and applicable law. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA'), applied as required for the types of entity determined to be appropriate in the circumstances. We have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Our audit procedures to evaluate the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included but were not limited to the following:

- obtained an understanding of the process for assessing the appropriateness of the going concern assumption;

- obtained the going concern assessment and considered the reasonableness of the financial information contained within this assessment;
- obtained supporting evidence for the assumptions contained within the assessment, which incorporates the output of the 2025 business plan, the Actuarial Report on Technical Provisions (“ARTP”) and the Own Risk and Solvency Assessment (“ORSA”) and considered whether this information was consistent with the going concern assessment and our knowledge obtained from the audit;
- determined whether current key events have been appropriately considered and reflected in the assessment performed by management; and
- ensured that there is sufficiency of disclosures in the financial statements pertaining to 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 Company’s ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Valuation of technical provisions	How our audit addressed this key audit matter
The true and fair presentation of the Company’s financial position and operating results depends significantly, on the reasonableness and adequacy of technical provisions. The valuation of technical provision, specifically for incurred but not reported (“IBNR”) reserve, is an inherently complex process, with the potential risk of errors in the data, assumptions, methodology and / or the models applied in the actuarial valuation of them. The continued economic uncertainty brings a higher risk of bias in the selection of assumptions or methods.	We addressed this risk with the assistance of our actuarial specialists through the following procedures: • performed walkthrough procedures to obtain an updated understanding of the overall reserving process including an understanding of the relative significance of premiums and reserves by reserving 'group' in relation to our understanding the entity; • reviewed and challenged the key actuarial assumptions with reference to the historic performance of the business and relevant industry data. This involved discussions with senior management and the central reserving team and evaluation of the

Additionally, the valuation of the OSLR requires considerable management judgement with there being a potential risk that management does not appropriately consider all known information available at a point in time when determining case reserves and hence booked reserves are not appropriate. Gross technical provisions (excluding UPR) amounted to €576m as at 31 December 2024. Refer to the significant accounting policies in note 2 (Claims Outstanding), note 3 and the disclosures in note 22(b) of the financial statements.	appropriateness of the reserving methodology; • performed diagnostics to assess the consistency of data within paid and incurred triangles and challenged management on any unusual patterns, trends or anomalies in the data; • assessed each reserving class based on the following risk criteria: size of reserves, level of uncertainty/judgment therein, and significant movements, and we also assessed reserves for specific uncertainties, such as inflation, using the same risk criteria; • performed an independent re-projection of best estimate reserves for significant lines of business using triangle data as at Q1 2024. On a sample basis, independently projected reserves on reserving classes on a gross basis; • performed roll forward procedures on the independent projections from Q1 2024 to Q4 considering the year-end 2024 position. We also considered any unusual or unexpected movements since the detailed analysis at Q1 2024 by performing the team's own AvE analysis on all classes and re-evaluating best estimates where considered necessary; • evaluated management's rationale for movements in prior year reserves and reviewed current year reserves; • reviewed the impact of reinsurance on the level of provisions using diagnostic procedures (net to gross ratio analysis) at Q1 and independently projected the reinsurance reserves at year-end 2024; • reviewed the level of claims reserves booked in the balance sheet for consistency with prior years and with the Company's own reserving policy; • on a sample basis, tested reported claims reserves versus supporting documentation and assessed the appropriateness of the reserve booked based on this documentation. We additionally convened discussions with relevant claims handlers to obtain an understanding of the rationale for setting the reserves, where applicable; and • assessed the adequacy and completeness of the relevant disclosures in the draft financial statements.
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	Based on the work performed, review of supporting documentation and discussions with management and management's actuarial expert, we conclude that the approach taken by the Company towards the valuation of technical provisions is reasonable and that technical provisions are reasonably stated as at 31 December 2024.
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Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	€ 2.17m
How we determined it	1% of Gross Written Premium
Rationale for benchmark applied	In determining our materiality, we have applied professional judgement and considered those financial metrics, which we believed to be relevant, and concluded that gross written premium was the most relevant benchmark. In our view, this is a metric against which the Company is commonly measured by its stakeholders.
Performance materiality	We set performance materiality at €1.52m which represents 70% of overall materiality. Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. The primary factors that we considered in determining the level of performance materiality include our understanding of the Company's control environment; the level and nature of errors detected in previous audits and our expectation of the number of errors in the current year audit.

Reporting threshold	We agreed with those charged with governance that we would report to them misstatements identified during our audit in excess of €109k as well as misstatements below that amount that, in our opinion, warranted reporting for qualitative reasons.
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Overview of the scope of the audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items.

As an output of this process, we involved our actuarial and Information Technology ('IT') specialists as part of our engagement team and determined the scope and nature of audit procedures to be performed. Additionally we engaged third party firms as auditors experts and instructed the experts to perform procedures over the financial investments and IT controls over centrally hosted systems.

Where the audit procedures were performed by specialists and external firms, we issued and agreed audit engagement instructions to ensure that appropriate audit evidence was obtained as a basis for our opinion on the financial statements as a whole.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express 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 financial statements 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 financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;

- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company.

We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities as set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the Company and the insurance sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to non-compliance with the Central Bank of Ireland ("CBI") regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non-compliance with laws and regulations, our procedures included but were not limited to:

- obtaining an understanding of the legal and regulatory framework applicable to the Company, the industry in which it operates and considered the risk of acts by the Company which were contrary to the applicable laws and regulations;
- discussing with the directors and management the policies and procedures in place regarding compliance with laws and regulations;
- discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussions with the directors (as required by auditing standards), from inspection of the Company's, regulatory and legal correspondence and review of minutes of directors' meetings in the period. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Irish tax law, the Irish Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulation 2015.

Our procedures in relation to fraud included but were not limited to:

- making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud ;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team on the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remains a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at:

http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by Company on 14 July 2021 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is four years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee, which we are required to provide in accordance with ISA (Ireland) 260.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report 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 Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rob Hamill
for and on behalf of Forvis Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2

07 April 2025

PROFIT AND LOSS ACCOUNT : TECHNICAL ACCOUNT - NON-LIFE INSURANCE

for the year ended 31 December 2024

	<i>Note</i>	2024 €000	2023 €000
Gross premiums written	4, 6	217,476	240,121
Outward reinsurance premiums		<u>(180,696)</u>	<u>(199,302)</u>
Net premiums written		36,780	40,819
Change in the gross provision for unearned premiums	22	18,652	758
Change in the provision for unearned premiums, reinsurers' share	22	<u>(15,488)</u>	<u>132</u>
Net change in the provision for unearned premiums		3,164	890
Earned premiums, net of reinsurance		39,944	41,709
Allocated investment return transferred from the non-technical account		4,426	2,225
Claims paid:			
Gross amount		(54,056)	(48,924)
Reinsurers' share		<u>43,954</u>	<u>39,934</u>
Net claims paid		(10,102)	(8,990)
Change in the provision for claims:			
Gross amount	22	(93,127)	(85,897)
Reinsurers' share	22	<u>77,901</u>	<u>68,971</u>
Change in the net provision for claims		(15,226)	(16,926)
Claims incurred, net of reinsurance		(25,328)	(25,916)
Net operating expenses	9	(15,132)	(10,410)
Balance on the technical account - non-life insurance business		<u><u>3,910</u></u>	<u><u>7,608</u></u>

The notes on pages 24 to 50 form part of these financial statements.

PROFIT AND LOSS ACCOUNT : NON-TECHNICAL ACCOUNT

for the year ended 31 December 2024

Note

		2024 €000	2023 €000
Balance on the technical account - non-life insurance business		3,910	7,608
Investment income	8	6,102	4,006
Investment expenses and charges	10	(1,676)	(1,781)
Net investment return		4,426	2,225
Allocated investment return transferred to the non-life insurance business technical account		(4,426)	(2,225)
Net investment income not allocated to the non-life insurance business technical account		-	-
Other (expenses)/income	11	(42)	17
Profit on ordinary activities before tax	5, 12	3,868	7,625
Tax charge on profit on ordinary activities	14	(1,172)	(1,375)
PROFIT FOR THE FINANCIAL YEAR		2,696	6,250

The profit for the financial year arising from discontinued operations is a profit of €0.1 million (2023 loss of €0.0 million). Further detail is provided in Note 5 to the accounts.

The notes on pages 24 to 50 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME*for the year ended 31 December 2024*

	<i>Note</i>	2024 €000	2023 €000
Profit for the financial year		2,696	6,250
Unrealised gain on investments	15	4,664	9,649
Tax charge on unrealised gains on investments	14	(690)	(1,420)
Currency translation gains on foreign currency net investments		1,063	318
TOTAL COMPREHENSIVE INCOME		<u><u>7,733</u></u>	<u><u>14,797</u></u>

The notes on pages 24 to 50 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024

	Share Capital €000	Share Premium €000	Capital Contribution €000	Profit and Loss account €000	Fair value reserve €000	Total €000
At 1 January 2023	100,000	1,389	30,000	10,765	(15,022)	127,132
Profit for the financial period	-	-	-	6,250	-	6,250
Other gain recognised in Other Comprehensive Income						
Unrealised gains on investments, net of tax	-	-	-	-	8,229	8,229
Currency translation differences on foreign currency net investments, net of tax	-	-	-	318	-	318
Balance at 31 December 2023	100,000	1,389	30,000	17,333	(6,793)	141,929
Profit for the financial year	-	-	-	2,696	-	2,696
Other gains recognised in Other Comprehensive Income						
Unrealised gains on investments, net of tax	-	-	-	-	3,974	3,974
Currency translation differences on foreign currency net investments, net of tax	-	-	-	1,063	-	1,063
Balance at 31 December 2024	100,000	1,389	30,000	21,092	(2,819)	149,662

The profit and loss account includes €1.2 million of net realised losses (2023 €1.4 million loss), net of tax, which have been transferred from the fair value reserve, of this a €0.5 million loss (2023 €3.2 million loss) relates to amounts brought forward from the prior year end.

The notes on pages 24 to 50 form part of these financial statements.

BALANCE SHEET

as at 31 December 2024

ASSETS	Note	2024 €000	2023 €000
Investments			
Financial investments	15	234,715	220,939
		<u>234,715</u>	<u>220,939</u>
Reinsurers' share of technical provisions			
Provision for unearned premiums	22	87,140	99,875
Claims outstanding	22	470,527	380,763
		<u>557,667</u>	<u>480,638</u>
Debtors			
Debtors arising out of insurance operations	16	51,828	66,281
Debtors arising out of reinsurance operations	17	1,113	3,011
Other debtors	18	301	251
		<u>53,242</u>	<u>69,543</u>
Other assets			
Deferred tax asset	20	550	1,734
Cash at bank		37,445	23,073
		<u>37,995</u>	<u>24,807</u>
Prepayments and accrued income			
Accrued income	19	8,715	7,612
Deferred acquisition costs	22	14,573	14,862
		<u>23,288</u>	<u>22,474</u>
TOTAL ASSETS		<u><u>906,907</u></u>	<u><u>818,401</u></u>

The notes on pages 24 to 50 form part of these financial statements.

BALANCE SHEET *(continued)* as at 31 December 2024

	<i>Note</i>	2024 €000	2023 €000
LIABILITIES			
Capital and reserves			
Called up share capital presented as equity	21	100,000	100,000
Share premium account		1,389	1,389
Capital contribution		30,000	30,000
Profit and loss account		21,092	17,333
Fair value reserve		(2,819)	(6,793)
Shareholders' funds attributable to equity interests		<u>149,662</u>	<u>141,929</u>
Technical provisions			
Provision for unearned premiums	22	105,464	120,795
Claims outstanding	22	576,444	468,701
		<u>681,908</u>	<u>589,496</u>
Creditors			
Creditors arising out of insurance operations	24	3,722	2,961
Creditors arising out of reinsurance operations	25	31,210	40,732
Other creditors including taxation and social security	26	26,776	30,179
		<u>61,708</u>	<u>73,872</u>
Accruals and deferred income	27	13,629	13,104
TOTAL LIABILITIES		<u><u>906,907</u></u>	<u><u>818,401</u></u>

These financial statements were approved by the Board of Directors on 31 March 2025 and were signed on its behalf by:

Joanne Howie
Director
31 March 2025

James Liston
Director
31 March 2025

Travelers Insurance Designated Activity Company
Registered in Ireland No. 620416

The notes on pages 24 to 50 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

Travelers Insurance Designated Activity Company ("the Company") is a designated activity company incorporated in Ireland. Its registered office is at Third Floor, Block 8, Harcourt Centre, Charlotte Way, Dublin 2, Ireland. The financial statements of the Company have been prepared in compliance with the Companies Act 2014, Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103 - "Insurance Contracts" ("FRS 103") and the European Union (Insurance Undertakings: Financial Statements) Regulation 2015. There have been no material departures from these standards.

The financial statements have been prepared on the historical cost basis, except for available-for-sale financial assets that are measured at fair value.

The financial statements have been prepared in accordance with applicable accounting standards. The financial statements have been presented in Euro, the Company's functional currency, rounded to the nearest thousand.

The Company's ultimate parent undertaking, The Travelers Companies, Inc. ("TRV"), includes the Company in its consolidated financial statements. The consolidated financial statements of TRV are prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP"), as promulgated by the Financial Accounting Standards Board ("FASB"), subject to the accounting-related rules and interpretations of the Securities and Exchange Commission ("SEC"). The TRV consolidated financial statements are available to the public by request and may be obtained from the Company's registered address.

The Company is considered to be a qualifying entity and has applied the exemptions available under paragraph 1.12 FRS 102 in respect of the following disclosures:

- Cash flow statement and related notes as per Section 7 paragraph 3.17; and
- Key management personnel compensation, as per paragraph 33.7.

The Directors have assessed the suitability of using the Going Concern assumption in preparing these accounts. In making this assessment they have looked forward for a period of twelve months from the date that these accounts are signed. The Company does not have any external debt. The Directors have prepared these accounts on the going concern basis. In doing so the Directors considered the 2025 business plan, the likely trading environment. The Directors concluded that it remained appropriate to continue to prepare the Company's financial statements using the Going Concern assumption.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes to the financial statements *(continued)*

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The most critical individual components of these financial statements that involve the highest degree of judgement or most significant assumptions and estimations are set out in note 3 below.

Basis of accounting for underwriting activities

All classes of business are accounted for on an annual basis.

Gross premiums written

Under the annual basis of accounting, premiums written, gross of commission payable to intermediaries, comprise the direct and inward reinsurance premiums on contracts inception during a financial year, regardless of whether such amounts may relate in part to a later financial year, exclusive of taxes and duties levied on premiums.

Premiums written include estimates for pipeline premiums (premiums written but not reported to the business by the balance sheet date) and adjustments to premiums written in prior accounting periods.

Unearned premiums

Premiums written are recognised as earned according to the risk profile of the underlying policy. Unearned premiums represent the proportion of premiums written that relate to the unexpired terms of policies in force at the balance sheet date, calculated on time apportionment, or are earned on the basis of established earnings patterns. The reinsurers' share of unearned premiums is calculated with reference to the risk profile of the underlying reinsurance contract.

Acquisition costs

Commission and fees paid to brokers for direct insurance and inward reinsurance policies written that relate to unexpired premiums are deferred and expensed over the related policy contract period. All other acquisition costs are recognised as they are incurred. Where proportional reinsurance is bought the relevant share of gross commission is treated as commissions ceded to reinsurers.

Classification of insurance contracts

An insurance contract is one under which the Company has accepted significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder. These contracts remain in force until all rights and obligations are extinguished or expire.

Claims incurred

Claims incurred include all claims and claim settlement expense payments made in respect of the financial year, and the movement in the provision for outstanding claims and settlement expenses, including the claims incurred but not reported provision, during the year.

Claims outstanding

The provision for undiscounted outstanding claims represents the Company's estimate of the ultimate cost of settling claims that have occurred by the balance sheet date but not yet been finally settled, net of salvage and subrogation.

In addition to the inherent uncertainty of having to forecast the ultimate costs of those claims that have occurred but not yet been advised to the Company as at the balance sheet date, there is also the considerable uncertainty regarding the eventual final costs of the claims that have been reported by the balance sheet date but which remain unsettled. As a consequence of these uncertainties the Company has to apply sophisticated estimation techniques to determine the appropriate level of claims provisions.

In overview, claims provisions are determined based upon prior claims experience, knowledge of market conditions and trends, and the terms and conditions of the underlying policies of insurance.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

Claims outstanding (continued)

A variety of different statistical techniques are used by the Company's in-house actuaries to determine the appropriate level of claims provision to carry. These methods include the following:

- Chain ladder development of paid and incurred claims, where claims to date for each accident year are extrapolated based upon the historical development patterns of earlier years;
- Estimates based upon the projection of claims' numbers and average costs;
- Expected loss ratios; and
- Bornhuetter Ferguson method, which combines use of expected loss ratios, for the more recent and underdeveloped accident years, and the chain ladder projection of incurred claims data for earlier years.

All projections are carried out separately for each country, product, line of business and separately on a gross and ceded basis.

Large claims are identified and reserved for separately.

Where possible, the Company adopts multiple techniques to estimate the required level of claims provision. This assists in giving a greater understanding of the trends inherent in the data being projected and setting the range of possible outcomes. The most appropriate estimation technique is then selected taking into account the characteristics of the business class under consideration.

In arriving at the level of claims provisions, a margin is carried over and above the actuarial best estimate.

Establishing an appropriate level of claims provision is inherently uncertain. The degree of uncertainty will vary by product and line of business according to the characteristics of the insured risk. The level of uncertainty is also influenced by a number of factors such as claims cost inflation, judicial trends and legislative changes. As a consequence of this uncertainty the eventual cost of settling outstanding claims can vary substantially from the initial estimates.

Reinsurance ceded

Premiums payable in respect of reinsurance ceded are recognised in the period in which the underlying reinsurance contract incepts. Premiums are expensed over the period of the underlying reinsurance contract. A reinsurance asset is recognised to reflect the amount estimated to be recoverable under the reinsurance contracts in respect of the gross provision for losses reported under insurance contract liabilities. The amount recoverable is reduced where there is an event after the initial recognition that provides objective evidence that the Company may not receive all amounts due under the reinsurance contract. If there is such objective evidence the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises the impairment loss in the profit and loss account.

Income relating to profit commissions on reinsurance arrangements is recognised in the accounting period for which any related underwriting profit is calculated. Any such income is presented within net operating expenses in the profit and loss account.

Unexpired risks

A provision is made for unexpired risks where the claims and administrative expenses likely to arise after the end of the financial year in respect of contracts concluded before that date are expected to exceed the unearned premiums provision in relation to such policies after deduction of any acquisition costs deferred. Provision for unexpired risks is calculated after taking into account relevant investment income. Unexpired risk surpluses and deficits are aggregated where the business classes are managed together.

Notes to the financial statements (continued)

2 Significant accounting policies (continued)

Financial assets and liabilities

In applying FRS 102, the Company has chosen to apply the recognition and measurement provisions of IAS 39 *Financial Instruments: Recognition and Measurement* (as adopted for use in the EU), the disclosure requirements of Sections 11 and 12 and the presentation requirements of paragraphs 11.38A and 12.25B.

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the profit and loss account or the statement of comprehensive income. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Debt and other fixed-income securities are designated as available-for-sale and initially recognised at fair value plus any directly attributable transaction costs. After initial measurement these assets are subsequently measured at fair value.

Interest earned whilst holding available-for-sale financial assets is reported as interest income and presented in the profit and loss account. Fair value changes, including foreign exchange gains or losses on fair value changes, are recognised in the statement of comprehensive income and accumulated in the fair value reserve.

If an available-for-sale investment is sold or impaired, the cumulative gain or loss accumulated in the fair value reserve is reclassified to profit or loss. Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The cumulative loss that is reclassified from the statement of comprehensive income to profit or loss is the difference between the acquisition cost, net of any principal repayment, and the current fair value, less any impairment loss recognised previously in profit or loss.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss and otherwise it is reversed through the statement of comprehensive income.

Deposits with credit institutions, debtors and accrued interest are classified as receivables.

There are currently no restricted cash deposits with credit institutions.

Recognition

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the asset or liability. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire.

Identification and measurement of impairment

The Company conducts a periodic review to identify invested assets with a present value of estimated future cash flows less than the carrying amount. Some of the factors considered in identifying such assets include:

- whether the Company intends to sell the investment or whether it is more likely than not that the Company will be required to sell the investment prior to an anticipated recovery in value;
- the likelihood of the recoveries in full of the principal and interest (i.e., whether there is a credit loss); and
- the financial condition, near-term and long-term prospects for the issuer, including the relevant industry conditions and trends, and implications of rating agency actions and offering prices.

All impairment losses are recognised in full in the profit and loss account.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

Financial assets and liabilities (continued)

Debtors and creditors arising out of direct and reinsurance operations

Debtors and creditors arising out of direct and reinsurance operations are initially recognised at transaction price and are subsequently carried at the recoverable amount. The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss account. Debtors arising out of direct insurance and reinsurance operations are stated net of specific provisions against doubtful debts which are made on the basis of reviews conducted by management.

Other debtors and creditors

Any other debtors and creditors are recognised initially at transaction price and subsequently carried at the recoverable amount. The carrying value of other debtors is reviewed for impairment whenever events or circumstances indicate that the carrying amount is greater than the recoverable amount, with the impairment adjustment recorded in the profit and loss account. All other debtors and creditors are due within one year, unless otherwise stated.

Investment return

Interest income is recognised on an accruals basis in the profit and loss account. Realised gains or losses represent the difference between net sales proceeds and purchase price.

Trading investment income, realised gains and losses and investment expenses and charges are allocated to the non-life insurance business technical account in full. Investment income earned during any non-trading period remains in the non-technical account.

Unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and the purchase price of the investments. Changes in unrealised investment gains and losses during the year include the increase or decrease in the value of investments held at the reporting date and the reversal of unrealised gains and losses recognised in previous reporting periods for investments disposed of during the current period. These movements in unrealised investment gains and losses are reported in the Statement of Comprehensive Income.

Functional currencies

The functional and reporting currency of the Company is Euro, with the exception of the branch operation in the UK, for which the functional currency is Sterling.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from settlement of such transactions and from the retranslation of monetary balance sheet items at the year end exchange rates are recognised in the non-technical account. All assets and liabilities relating to insurance contracts (including unearned premiums and deferred acquisition costs) are monetary items and are therefore retranslated at the year end exchange rates.

For the UK branch, that has a functional currency different to the Euro presentational currency, the results and financial position are translated into Euro as follows:

- balance sheet items are translated at the closing rate as at the balance sheet date;
- profit or loss account items are translated at average monthly exchange rates; and
- all resulting exchange differences are recognised in the statement of comprehensive income.

Notes to the financial statements *(continued)*

2 Significant accounting policies *(continued)*

Share based payments

The Company's reward compensation scheme provides for the granting of stock options, restricted stock units and performance shares that are valued or determined by reference to the common stock of TRV. The Company expects to deliver shares to employees under these plans from the treasury stock of TRV. The Company also offers a Sharesave scheme for eligible employees through its affiliate, Travelers Management Limited ("TML"). Shares granted or awarded under each plan are accounted for by TML and costs recharged to the Company. Any such costs are presented within net operating expenses in the profit and loss account.

Stock options

Stock options awarded to eligible employees are exercisable and expire according to the vesting schedules as specified at the time of grant. Such options are awarded based on the fair market value of the common stock of TRV, a U.S. dollar denominated stock traded on the New York Stock Exchange, on the grant date, and have a term of ten years from the date of the grant. All employee stock option agreements provide that vesting is accelerated in certain circumstances, such as upon retirement or death.

Restricted stock units and performance shares

Restricted stock units and performance shares are awarded to eligible staff annually and have a three year vesting period.

Sharesave scheme

Under the Sharesave scheme the Board of TML grant options over shares in TRV to all employees, including those employed by TIDAC. Options are granted with a fixed exercise price equal to 80% of the market price of the shares for the day prior to invitation, which is thirty days prior to the grant date. Employees who enter into the Sharesave scheme pay a fixed amount from salary into a savings account each month for five years. At the end of the savings period, these employees have six months in which to exercise their options using the funds saved, including interest earned. If these employees decide not to exercise their options they may withdraw the funds saved and the options expire. Exercise of options is subject to continued employment within the Company.

Deferred tax

Deferred tax is recognised in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements and those recognised in tax assessments, that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or that future taxable profits will be available against which the temporary differences can be utilised.

Notes to the financial statements *(continued)*

3 Use of critical judgements, assumptions and estimates

The preparation of the annual accounts requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Company's accounting policies. The Directors consider the areas where estimates are significant to the Company's result and financial position are the valuation of insurance liabilities.

The most critical estimate included within the Company's balance sheet is that in respect of losses incurred but not reported ("IBNR").

The estimation of claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties which may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims including:

- Changes in processes which might accelerate or slow down the development and/or recording of paid or incurred claims compared with the statistics from previous periods;
- Changes in the legal environment;
- The effects of inflation;
- Changes in the mix of business;
- The impact of large losses; and
- Movements in industry benchmarks.

A component of these estimation techniques is the estimation of the cost of notified but not paid claims. In estimating the cost of these claims, regard is given to the claim circumstance as reported, any information available from loss adjusters and information on the cost of settling claims with similar characteristics in previous periods. Large claims affecting each relevant business class are generally assessed separately, either measured on a case by case basis or projected separately, in order to allow for the possible distorting effect of the development and incidence of these large claims. Where possible, multiple techniques are adopted in order to estimate the required level of provisions. This assists in giving greater understanding of the trends inherent in the data being projected. The projections given by the various methodologies also assist in setting the range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and the extent of the development of each accident year.

The directors consider that the provisions for gross claims and related reinsurance recoveries are fairly stated on the basis of the information currently available to them. However, the ultimate liability will vary as a result of subsequent information and events and this may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements in the period in which the adjustments are made. The methods used, and the estimates made, are reviewed regularly. Provisions are calculated gross of any reinsurance recoveries. A separate estimate is made of the amounts that will be recoverable from reinsurers based upon the gross provisions and having due regard to collectability. An estimate of the future cost of indirect claims handling is calculated as a percentage of the claims reserves held at the balance sheet date.

The gross IBNR held at 31 December 2024 was €440.5 million (2023: €362.7m). This is disclosed in note 22 to these accounts.

A sensitivity of the results and shareholders funds to a 10% increase or decrease in net loss ratio is disclosed on page 32 of these accounts.

Notes to the financial statements *(continued)*

4 Risk and capital management

This section identifies the key risks faced by the Company and the steps taken to manage those risks. The Company's appetite for accepting and managing the varying classes of risk it faces is defined by the Company's Board of Directors. The Board of Directors has established a comprehensive risk management framework that includes a full range of risk policies and risk procedures which include risk identification, risk measurement, risk mitigation, risk reporting and stress and scenario tests to ensure that the risk exposures faced by the Company are appropriately managed.

The principal sources of risk faced by the Company can be classified in the following categories:

- Insurance;
- Credit;
- Market;
- Liquidity; and
- Capital management.

Insurance risk

Management of insurance risk

The European Underwriting Committee oversees the management of underwriting risk and in particular ensures adherence to the Board's determined risk appetite in terms of product, line of business, geographical exposure, line sizes, and rating adequacy. The underwriting strategy includes limits on the Company's total exposure to specific risks, together with limits on geographical and industry exposures. The aim is to ensure a well diversified book is maintained with no over exposure in any one industry, line of business or geographical region. The European Underwriting Committee meets quarterly and will address new product ideas, emerging claims issues, product and line of business profitability issues, as well as monitoring the overall portfolio performance.

Contracts can contain a number of features which help to manage the underwriting risk such as the use of deductibles, limits and aggregate caps. The Company uses sophisticated modelling tools to monitor and manage the concentration of exposure from weather events and to ensure they remain within the Board's risk appetite. Authority limits are accorded to individual underwriters based on their experience. The Company also makes use of reinsurance to mitigate the risk of incurring significant losses linked to any one risk or any one event, principally risk excess of loss and property catastrophe reinsurance. Where an individual exposure is in excess of the Company's appetite additional facultative reinsurance may also be considered through participation in the European Travelers reinsurance programme. In addition, the Company has a reinsurance arrangement with its immediate parent undertaking in the form of an 80% Quota Share.

On a monthly basis performance reviews are conducted to monitor premium production, business mix, rating adequacy and claims activity relative to targets set out in the Company's annual business plan. On an annual basis each portfolio is subjected to a detailed review to identify actions to be taken to improve performance where necessary and opportunities to further develop the portfolio.

The Finance Committee oversees the management of reserving risk. The Company's in-house actuaries perform a reserving analysis on a quarterly basis, liaising closely with underwriters and claims handlers. The use of proprietary and standardised modelling techniques, internal and external benchmarking, and the review of claims development patterns are all instrumental in mitigating reserving risk. The aim of the quarterly reserving analysis is to produce a probability-weighted average of the expected future cash outflows arising from the settlement of incurred claims. These projections include an analysis of claims development compared to the previous 'best estimate' projections.

The Finance Committee performs a comprehensive review of the projections, both gross and net of reinsurance, and following this review makes recommendations to the Company's Board of Directors of the appropriate claims provisions to be established. In arriving at the level of claims provisions carried, a margin is applied over and above the actuarial best estimate.

Notes to the financial statements (continued)

4 Risk and capital management (continued)

Insurance risk (continued)

Concentration of insurance risk

The following table provides an analysis of the geographical breakdown of the Company's written premiums by class of business based on the location of the underlying risk:

	Ireland €000	UK €000	Other €000	Total €000
2024				
Credit and Suretyship	1,940	-	1,891	3,831
Fire and other damage to property	19,587	13,519	11,395	44,501
Marine	(97)	1,160	3,090	4,153
Miscellaneous	6	-	(68)	(62)
Motor	8,439	520	171	9,130
Third party liability	37,729	67,215	50,979	155,923
Total	67,604	82,414	67,458	217,476
	Ireland €000	UK €000	Other €000	Total €000
2023				
Credit and Suretyship	3,026	-	2,289	5,315
Fire and other damage to property	20,365	14,001	9,547	43,913
Marine	281	1,347	2,757	4,385
Miscellaneous	1	-	114	115
Motor	8,188	279	134	8,601
Third party liability	36,302	103,815	37,675	177,792
Total	68,163	119,442	52,516	240,121

Loss ratio sensitivity

The following table shows the impact on the Company's post tax result and financial position were the loss ratio (claims incurred over earned premium) to increase by 10%. This is on the basis that an increase in gross claims incurred would have a similar impact on the reinsurance recovery and the claims handling costs:

	2024 €000	2023 €000
Total gross decrease in result after Tax and Net Assets	20,661	21,077
Total net decrease in result after Tax and Net Assets	1,748	1,825

Notes to the financial statements *(continued)*

4 Risk and capital management *(continued)*

Insurance risk (continued)

Profit and loss sensitivity to expenses

The following table shows the impact on the Company's post tax result and financial position were net operating expenses to increase by 5%:

	2024	2023
	€000	€000
Total gross decrease in result after Tax and Net Assets	3,384	2,974
Total net decrease in result after Tax and Net Assets	<u>662</u>	<u>455</u>

Credit risk

Credit risk is the risk of financial loss due to counterparties failing to meet some or all of their obligations. The Company's key areas of exposure to credit risk include:

- counterparty exposures with respect to cash deposits and investments;
- reinsurers' share of technical provisions; and
- amounts due from brokers and policyholders.

The Finance Committee oversees the management of credit risk. The Committee is responsible for ensuring that the Board approved credit risk appetite is not exceeded. Limits are placed on exposures to individual bank and investment counterparties, and groups of counterparties, based on the likelihood of default having regard to the credit rating of the underlying counterparty.

The Company's strategy is to participate in the European Travelers reinsurance programme, which purchases reinsurance only from reinsurers who meet specified security standards. Reinsurance counterparties are subject to a rigorous internal assessment process by reviewing credit ratings provided by rating agencies and other publicly available financial information. Due to the nature of the reinsurance market, and the restricted range of reinsurers with acceptable credit ratings, the Company is exposed to credit and concentration risk with individual reinsurers and groups of reinsurers.

Notes to the financial statements (continued)

4 Risk and capital management (continued)

Credit risk (continued)

In addition, the Company has an 80% Quota Share arrangement in place with TICL, its immediate parent company. The net premiums paid by the Company to TICL are held within an escrow account. The assets held within the escrow account can be released to TICL bi-annually once the assets within the account exceed the associated liabilities. Claims payable relating to the Quota Share can be funded from the escrow account.

The Company's exposure to brokers and policyholders is monitored as part of its regular credit control processes. The payment histories of brokers and policyholders are monitored on a monthly basis.

An analysis of the Company's exposure to counterparty credit risk based on Standard and Poor's or equivalent ratings, is set out below:

2024	AAA €000	AA €000	A €000	Not rated €000	Total €000
Investments	56,522	99,173	79,020	-	234,715
Reinsurance claims outstanding	-	462,537	7,990	-	470,527
Reinsurance debtors	-	1,111	2	-	1,113
Insurance debtors	-	-	-	51,828	51,828
Other debtors	-	-	-	301	301
Cash at bank	-	1	37,444	-	37,445
Total by rating	56,522	562,822	124,456	52,129	795,929
Percentage by rating	7.1%	70.8%	15.6%	6.5%	100.0%
2023	AAA €000	AA €000	A €000	Not rated €000	Total €000
Investments	66,744	80,748	73,447	-	220,939
Reinsurance claims outstanding	-	367,531	12,834	398	380,763
Reinsurance debtors	-	2,915	46	50	3,011
Insurance debtors	-	-	-	66,281	66,281
Other debtors	-	-	-	251	251
Cash at bank	-	1	23,072	-	23,073
Total by rating	66,744	451,195	109,399	66,980	694,318
Percentage by rating	9.6%	65.0%	15.8%	9.6%	100.0%

The largest counterparty exposure within the AAA rating was with New York Life Global as at 31 December 2024 (2023 Northwestern Mutual Global Funding). Within the AA rating, the largest counterparty exposure was Mass Mutual Global Funding as at 31 December 2024 (2023 Mass Mutual Global Funding). With the exception of AAA and AA government debt securities the largest credit exposure does not exceed 5% of the Company's total financial assets.

The largest reinsurance counterparty exposure within the AA rating at both 31 December 2024 and 2023 is TICL.

As at 31 December 2024 and 2023 the Company held no material financial assets that were past due or impaired beyond their reported fair values. For the current and prior periods the Company did not experience any defaults on investments.

Notes to the financial statements *(continued)*

4 Risk and capital management *(continued)*

Credit risk (continued)

An analysis of the carrying amounts of past due or impaired financial assets is presented in the table below:

	Within Terms €000	0 - 1 month €000	2 - 3 months €000	Over 3 months €000	Impairments €000	Total €000
2024						
Investments	234,715	-	-	-	-	234,715
Reinsurance claims outstanding	470,527	-	-	-	-	470,527
Reinsurance debtors	-	21	265	827	-	1,113
Insurance debtors	44,886	1,372	3,165	2,405	-	51,828
Other debtors	301	-	-	-	-	301
Cash at bank	37,445	-	-	-	-	37,445
Total	787,874	1,393	3,430	3,232	-	795,929
	Within Terms €000	0 - 1 month €000	2 - 3 months €000	Over 3 months €000	Impairments €000	Total €000
2023						
Investments	220,939	-	-	-	-	220,939
Reinsurance claims outstanding	380,763	-	-	-	-	380,763
Reinsurance debtors	197	32	42	2,740	-	3,011
Insurance debtors	59,636	1,544	1,815	3,286	-	66,281
Other debtors	251	-	-	-	-	251
Cash at bank	23,073	-	-	-	-	23,073
Total	684,859	1,576	1,857	6,026	-	694,318

The Company's maximum exposure to credit risk is represented by the carrying values of financial assets included in the balance sheet. The Company does not use credit derivatives or other products to mitigate the maximum exposure to credit risk.

Market risk

The Finance Committee oversees the management of market risk. The Company is exposed to the risk of potential losses from adverse movements in market prices, in particular those of interest rates and foreign currency exchange rates. These exposures are controlled by the setting of limits and by asset-liability matching, in terms of both duration and foreign currency composition, in line with the Company's risk appetite.

Notes to the financial statements *(continued)*

4 Risk and capital management *(continued)*

Interest rate risk

The Company's investment portfolio is comprised exclusively of high quality fixed income government and corporate bonds. The fair value of the investment portfolio is inversely correlated to movement in market interest rates. If market interest rates rise, the fair value of the Company's fixed income investments will fall. The investments typically have relatively short durations and the portfolio is managed to minimise interest rate risk.

	2024 €000	2023 €000
Impact of 50 basis point increase on result and net assets	(3,085)	(2,770)
Impact of 50 basis point decrease on result and net assets	3,166	2,836
Impact of 200 basis point increase on result and net assets	(11,856)	(10,693)
Impact of 200 basis point decrease on result and net assets	13,187	11,760

Insurance contract liabilities are not directly sensitive to interest rates as they are undiscounted and non-interest bearing.

Currency risk

The Company operates principally in Ireland and the UK. It has currency exposures to its operations in the UK and to intercompany transactions with other group companies in the United States. Accordingly its net assets are subject to foreign exchange movements between the Euro, Sterling and US Dollar. The Company manages these exposures by monitoring them regularly and endeavouring to ensure its Euro and Sterling liabilities are broadly matched by Euro and Sterling assets respectively, with any surplus net assets held in Euro.

The Company's shareholder's equity analysed by currency is:

	Euro €000	Sterling €000	US Dollar €000	Other €000	Total €000
Net assets 31 December 2024	143,552	6,316	(206)	-	149,662
Net assets 31 December 2023	128,208	16,196	(2,470)	(5)	141,929

The impact of a 10% change in Euro against Sterling and US Dollar at the reporting date would have the following impact on shareholder's equity:

	Increase Euro/Sterling €000	Decrease Euro/Sterling €000	Increase Euro/ US Dollar €000	Decrease Euro/ US Dollar €000
Increase/(decrease) in net assets 31 December 2024	(553)	553	18	(18)
Increase/(decrease) in net assets 31 December 2023	(1,417)	1,417	216	(216)

Notes to the financial statements *(continued)*

4 Risk and capital management *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company may be unable to settle its obligations as they fall due as a result of insufficient assets being available in a form that can be readily convertible into cash.

The Finance Committee oversees the management of liquidity risk. The Company's financial assets are held in highly liquid assets that can be readily convertible into cash in a prompt fashion and with minimal expense. The Company has no external debt. Cash flow forecasts are prepared and reviewed on a regular basis.

The following table summarises the maturity profile of the Company's insurance liabilities and creditors analysed based on the estimated remaining duration until settlement:

	Total	0 - 1 year	2 - 5 years	More than 5
	€000	€000	€000	years €000
2024				
Technical provisions	681,908	264,065	350,828	67,014
Creditors	61,708	61,708	-	-
Total	<u>743,616</u>	<u>325,773</u>	<u>350,828</u>	<u>67,014</u>
	Total	0 - 1 year	2 - 5 years	More than 5
	€000	€000	€000	years €000
2023				
Technical provisions	589,496	245,296	286,870	57,331
Creditors	73,872	73,872	-	-
Total	<u>663,368</u>	<u>319,168</u>	<u>286,870</u>	<u>57,331</u>

Capital management risk

The Company's primary objectives when managing its capital position are as follows:

- to protect its ability to continue as a going concern and thus to protect its policyholders;
- to comply with its regulatory capital requirements; and
- to enable an appropriate return to TRV's shareholders by allocating appropriate amounts of capital to its products commensurate with the risks taken.

The Company's capital comprises share capital, capital contribution, retained earnings and fair value reserves. For internal modelling purposes the Company treats its available capital as being its Own Funds on a Solvency II basis. As at 31 December 2024 available capital on this basis comprised €146.6 million (2023 €140.3 million).

The Company is subject to capital requirements set by both its regulator and rating agencies. The insurance company capital regime in Ireland is on a Solvency II basis. Under this regime the Company's capital requirement is determined using the standard formula. As management sets the target economic capital for the Company, the regulatory and rating agency capital requirements are treated as minimum requirements. In setting its target economic capital and determining capital to allocate to different products the Company employs its internal capital model. At 31 December 2024 the Company's regulatory solvency capital requirement was €72.3 million (2023 €66.8 million) and its coverage ratio was 202.7% (2023 210.0%).

Following the new Solvency UK rules coming into force on 31 December 2024, the UK branch is no longer subject to capital requirements, although it is still considered as part of the total company capital requirement.

During the year the Company was in full compliance with the capital requirements set by its regulator, the Central Bank of Ireland.

The Company's financial strength rating with A.M. Best is A++ (superior) and S&P AA-.

Notes to the financial statements *(continued)*

5 Continuing and run-off operations

The breakdown of the general business technical and non-technical account between run-off and continuing operations is as follows:

	2024		2023	
	Continuing operations €000	Run-off operations €000	Continuing operations €000	Run-off operations €000
Net premiums written	36,780	-	40,819	-
Net premiums earned	39,943	1	41,708	1
Allocated investment return	4,223	203	2,175	50
	44,166	204	43,883	51
Claims paid - gross amount	(53,488)	(568)	(43,163)	(5,761)
Claims paid - reinsurers' amount	43,365	589	34,748	5,186
Change in provisions for claims - gross amount	(93,454)	327	(94,823)	8,926
Change in provisions for claims - reinsurers' amount	78,304	(403)	77,306	(8,335)
Claims incurred, net of reinsurance	(25,273)	(55)	(25,932)	16
Net operating expenses	(15,086)	(46)	(10,369)	(41)
Balance on the technical account	3,807	103	7,582	26
Investment income	5,899	203	3,955	51
Investment expenses and charges	(1,676)	-	(1,780)	(1)
	4,223	203	2,175	50
Allocated investment return transferred to the non-life technical account	(4,223)	(203)	(2,175)	(50)
Other (expense)/income	(73)	31	67	(50)
Profit on ordinary activities before tax	3,734	134	7,649	(24)

Run-off business in the former TICL branch operations in Ireland, Netherlands, France and Germany was transferred to TIDAC via a business transfer scheme under Part VII of the United Kingdom Financial Services and Markets Act 2000 as of 1 October 2019. 80% has been reinsured back to TICL under a quota share reinsurance agreement.

Notes to the financial statements *(continued)*

6 Analysis of underwriting result

(a) Analysis of gross premiums, loss before taxation and net assets

	Gross premiums written €000	Gross premiums earned €000	Profit/(Loss) before tax €000
2024			
<i>By geographical segment</i>			
Republic of Ireland	119,333	115,617	1,053
UK	98,143	120,511	2,907
Other Europe	-	-	(92)
Total	<u>217,476</u>	<u>236,128</u>	<u>3,868</u>

	Gross premiums written €000	Gross premiums earned €000	Profit/(Loss) before tax €000
2023			
<i>By geographical segment</i>			
Republic of Ireland	99,359	93,942	(247)
UK	140,762	146,937	7,913
Other Europe	-	-	(41)
Total	<u>240,121</u>	<u>240,879</u>	<u>7,625</u>

The Directors consider that the Company is involved in only one type of business, that being non-life insurance.

(b) Analysis of gross premiums written

	2024 €000	2023 €000
Resulting from contracts concluded by the Company:		
Direct	212,070	235,134
Inwards reinsurance	<u>5,406</u>	<u>4,987</u>
	<u>217,476</u>	<u>240,121</u>

Notes to the financial statements (continued)

6 Analysis of underwriting result (continued)

(c) Analysis of gross premiums written, gross premiums earned, gross claims incurred, gross operating expenses and the reinsurance balance

	Gross premiums written €000	Gross premiums earned €000	Gross claims incurred €000	Gross operating expenses €000	Reinsurance balance €000
2024					
Credit and Suretyship	3,831	4,514	(289)	(1,234)	(2,647)
Fire and other damage to property	44,501	46,691	(14,631)	(19,798)	(12,903)
Marine	4,153	3,323	(2,356)	(1,321)	255
Miscellaneous	(62)	(48)	181	18	(119)
Motor	9,130	9,075	(10,515)	(3,373)	3,748
Third party liability	155,923	172,573	(119,573)	(51,632)	(455)
	<u>217,476</u>	<u>236,128</u>	<u>(147,183)</u>	<u>(77,340)</u>	<u>(12,121)</u>
2023					
Credit and Suretyship	5,315	3,694	(607)	(1,010)	(1,596)
Fire and other damage to property	43,913	44,870	(11,059)	(16,754)	(13,797)
Marine	4,385	3,650	(1,116)	(1,392)	(1,000)
Miscellaneous	115	188	(211)	(65)	67
Motor	8,601	9,003	(12,044)	(3,389)	5,016
Third party liability	177,792	179,474	(109,784)	(45,371)	(21,384)
	<u>240,121</u>	<u>240,879</u>	<u>(134,821)</u>	<u>(67,981)</u>	<u>(32,694)</u>

Gross commission payable in respect of direct insurance amounted to €35.7 million (2023 €35.2 million).

The reinsurance balance represents the aggregate total of all those items included in the technical account which relate to reinsurance outwards transactions, including reinsurance commissions.

7 Net prior years' claims provisions

Over/(under) provisions for claims held at the beginning of the financial year compared to payments made during and provisions held at the end of the financial year in respect of prior years' claims are as follows:

	2024 €000	2023 €000
Credit and Suretyship	-	2
Fire and other damage to property	674	1,071
Motor	(693)	(1,184)
Other	243	32
Third party liability	<u>463</u>	<u>(891)</u>
	<u>687</u>	<u>(970)</u>

8 Investment income

	2024 €000	2023 €000
Income from investments	5,930	3,988
Gains on the realisation of investments	<u>172</u>	<u>18</u>
	<u>6,102</u>	<u>4,006</u>

Notes to the financial statements *(continued)*

9 Net operating expenses

	2024 €000	2023 €000
Acquisition costs	35,717	35,242
Change in gross deferred acquisition costs	646	(2,513)
	<u>36,363</u>	<u>32,729</u>
Administrative expenses	40,977	35,252
Gross operating expenses	<u>77,340</u>	<u>67,981</u>
Reinsurance commissions and profit participation	(61,577)	(59,767)
Change in deferred reinsurance commission	(631)	2,196
	<u>15,132</u>	<u>10,410</u>

10 Investment expenses and charges

	2024 €000	2023 €000
Investment management expenses	172	143
Losses on the realisation of investments	1,504	1,638
	<u>1,676</u>	<u>1,781</u>

11 Other (expenses)/income

	2024 €000	2023 €000
Foreign exchange losses	(324)	(158)
Other income	282	175
	<u>(42)</u>	<u>17</u>

12 Profit on ordinary activities before tax

	2024 €000	2023 €000
<i>Profit on ordinary activities before tax is stated after crediting</i>		
Income from fixed income investments	5,930	3,988
<i>after charging</i>		
Auditor's remuneration:		
Audit of these financial statements	144	143
Non-audit services	5	5
Audit-related assurance services	54	54

Notes to the financial statements *(continued)*

13 Employees and directors

(a) The staff costs during the period were:	2024	2023
	€000	€000
Wages and Salaries	1,607	1,322
Share based payments	233	209
Social security costs	315	311
Other pension costs	108	96
	<u>2,263</u>	<u>1,938</u>

The average number of employees, including executive directors, employed during 2024 was 7 (2023 6). Any such costs are presented within net operating expenses in the profit and loss account.

	2024	2023
	€000	€000
Claims and underwriting	741	706
Financial and actuarial	473	405
Executive and other	1,049	827
	<u>2,263</u>	<u>1,938</u>

The Company has a management agreement with a fellow group company, Travelers Management Limited, which employs the remaining Company personnel. The Company pays a service charge in respect of services provided by staff employed by Travelers Management Limited.

(b) The directors remuneration during the period was:	2024	2023
	€000	€000
Directors' emoluments	744	662
Company contributions to share saver schemes	20	19

The remuneration of group non-executive directors are paid by their respective employer within the group.

14 Taxation

Analysis of total tax charge for the year

(a) Tax included in the non-technical account

	2024	2023
	€000	€000
<i>Ireland Corporation Tax</i>		
Ireland Corporation Tax at 12.5% (2023 12.5%)	-	-
Adjustments in respect of prior periods	(46)	(481)
Total current tax credit	<u>(46)</u>	<u>(481)</u>
<i>Foreign tax</i>		
UK Corporation tax at 25.0% (2023 23.5%)	578	1,852
Adjustments in respect of prior years	62	576
	<u>640</u>	<u>2,428</u>
<i>Deferred tax</i>		
Deferred tax charge/(credit)	578	(572)
Tax charge on profit on ordinary activities	<u>1,172</u>	<u>1,375</u>

Notes to the financial statements *(continued)*

14 Taxation *(continued)*

	2024	2023
	€000	€000
(b) Tax included in Other Comprehensive Income		
Deferred tax:		
Charge on unrealised gain on investments	690	1,420
Tax charge on Other Comprehensive Gain	690	1,420

(c) Factors affecting the total tax charge for the year

The tax charge for the year is higher than the standard rate of corporation tax in the Ireland (2023 higher than the standard rate):

	2024	2023
	€000	€000
Profit on ordinary activities before tax	3,868	7,625
Tax using the corporation tax rate of 12.5% (2023 12.5%)	484	953
Foreign tax	1,218	1,856
Double taxation relief	(583)	(983)
Prior year adjustment	(46)	-
Difference in UK/Ireland tax treatment	-	(481)
Unrecognised deferred tax	99	30
Total tax charge	1,172	1,375

As at 31 December 2024 the Company had unrecognised tax losses carried forward of €111.2 million (2023 €109.9 million). Further information can be seen in note 20.

The Organisation for Economic Cooperation and Development (OECD) has developed guidance known as base erosion and profit shifting as part of its initiative to address corporate tax planning strategies used by some multinationals to shift profits from higher-tax jurisdictions to lower-tax jurisdictions or no-tax locations. This guidance generally imposes rules with a global minimum tax of 15%, which was effective in 2024 for several of the jurisdictions in which the ultimate parent entity and its subsidiaries operates. This will not have a material impact on the Company's tax charge due to the tax losses carried forward in Ireland and the UK tax rate for the branch exceeds the minimum 15%.

15 Investments

(a) Fair value	Fair Value	Fair Value	Cost	Cost
	2024	2023	2024	2023
	€000	€000	€000	€000
Debt and other fixed income securities	234,715	220,939	238,013	228,901
Included in debt and other fixed income securities:				
Irish fixed income securities	-	-	-	-
Overseas fixed income securities	234,715	220,939	238,013	228,901
	234,715	220,939	238,013	228,901

Notes to the financial statements *(continued)*

15 Investments *(continued)*

(b) Movement in the year	2024	2023
	€000	€000
Investments brought forward	220,939	184,207
Purchases	59,547	60,278
Fair value adjustments	4,664	9,649
Disposals/maturities	(54,649)	(34,353)
Currency translation movements	4,214	1,158
Investments carried forward	<u>234,715</u>	<u>220,939</u>

(c) Fair value measurement of investments

The Company's estimates of fair value for investments are based on the framework established in the fair value accounting guidance. The framework is based on the inputs used in valuation, gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Company's significant market assumptions. The level in the fair value hierarchy within which the fair value measurement is reported is based on the lowest level input that is significant to the measurement of its entirety. The three levels of the hierarchy are as follows:

- Level 1 - The unadjusted quoted price in an active market for identical assets or liabilities that the entity has the ability to access;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability and therefore, prices are determined using a valuation technique.

The Company utilised a pricing service to estimate the fair value of its investments at both 31 December 2024 and 31 December 2023.

The fair value of a financial instrument is the estimated amount at which the instrument could be exchanged in an orderly transaction between knowledgeable, unrelated, willing parties, i.e., not in a forced transaction. The estimated fair value of a financial instrument may differ from the amount that could be realised if the security was sold in an immediate sale, e.g. a forced transaction. Additionally, the valuation of investments is more subjective when markets are less liquid due to the lack of market based inputs, which may increase the potential that the estimated fair value of an investment is not reflective of the price at which an actual transaction would occur.

For investments that have quoted market prices in active markets, the Company uses the unadjusted quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Company receives the quoted market prices from third party, nationally recognised pricing services. When quoted market prices are unavailable, the Company utilises these pricing services to determine an estimate of fair value based on recent transactions for identical assets. The fair value estimates provided from these pricing services are included in the amount disclosed in Level 2 of the hierarchy. If quoted market prices and an estimate from a pricing service are unavailable, the Company produces an estimate of fair value based on internally developed valuation techniques, which, depending on the level of observable market inputs, will render the fair value estimate as Level 2 or Level 3. The Company bases all of its estimates of fair value for assets on the bid price as it represents what a third party market participant would be willing to pay in an arm's length transaction.

The following table present the level within the fair value hierarchy at which the Company's investments are categorised.

	Level 1	Level 2	Level 3	Total
	€000	€000	€000	€000
Financial assets as at 31 December 2024	-	234,715	-	234,715
Financial assets as at 31 December 2023	-	220,939	-	220,939

Notes to the financial statements *(continued)*

16 Debtors arising out of insurance operations

	2024 €000	2023 €000
Amounts owed by intermediaries	51,234	65,769
Amounts owed by policyholders	594	512
	<u>51,828</u>	<u>66,281</u>

There is no significant concentration of credit risk with respect to debtors arising out of insurance operations. The carrying amounts disclosed are reasonable approximations of the fair values at the reporting date. All debtors are due within one year.

17 Debtors arising out of reinsurance operations

	2024 €000	2023 €000
Amounts owed by reinsurers	<u>1,113</u>	<u>3,011</u>

All debtors are due within one year.

18 Other debtors

	2024 €000	2023 €000
Other debtors	<u>301</u>	<u>251</u>
	<u>301</u>	<u>251</u>

All debtors are due within one year.

19 Accrued income

	2024 €000	2023 €000
Other accrued income	5,871	5,345
Accrued interest	<u>2,844</u>	<u>2,267</u>
	<u>8,715</u>	<u>7,612</u>

20 Deferred tax asset

The amounts provided for deferred taxation are set out below:

	Tax losses €000	Unrealised (gains)/ losses on investments €000	Total net deferred tax asset €000
2024			
Deferred tax asset brought forward	572	1,162	1,734
Current year profit and loss	98	-	98
Unrecognised deferred tax	(98)	-	(98)
Losses utilised	(578)	-	(578)
Currency exchange movements	27	57	84
Rate change	-	-	-
Other Comprehensive Income	-	(690)	(690)
	<u>21</u>	<u>529</u>	<u>550</u>

Notes to the financial statements *(continued)***20 Deferred tax asset** *(continued)*

		Unrealised (gains)/ losses on	Total net
	Tax losses	investments	deferred tax
	€000	€000	asset
2023			
Deferred tax asset brought forward	-	2,527	2,527
Current year profit and loss	30	-	30
Unrecognised deferred tax	(30)	-	(30)
Losses not yet utilised	572	-	572
Currency exchange movements	-	55	55
Rate change	-	-	-
Other Comprehensive Income	-	(1,420)	(1,420)
	<u>572</u>	<u>1,162</u>	<u>1,734</u>

The tax losses carried forward have no time limit. €111.2 million of losses carried forward were unprovided for in the year (2023 €109.9 million). The net reversal of deferred tax expected to occur next year is €21.0 thousand, relating to the release of tax losses carried forward of €2.1 million.

21 Called up share capital

	2024 €000	2023 €000
<i>Authorised</i>		
200,000,000 (2023 200,000,000) ordinary shares of €1 each	<u>200,000</u>	<u>200,000</u>
	2024 €000	2023 €000
<i>Allotted, called up and fully paid</i>		
100,000,000 (2023 100,000,000) ordinary shares of €1 each	<u>100,000</u>	<u>100,000</u>

Notes to the financial statements (continued)

22 Technical provisions and deferred acquisition costs

(a) Unearned premium provision

	Gross 2024 €000	Reinsurance 2024 €000	Net 2024 €000	Gross 2023 €000	Reinsurance 2023 €000	Net 2023 €000
Balance as at 1 January	120,795	99,875	20,920	120,172	98,591	21,581
Change in unearned premiums	(18,652)	(15,488)	(3,164)	(758)	132	(890)
Effect of movements in exchange rates	3,321	2,753	568	1,381	1,152	229
Balance as at 31 December	105,464	87,140	18,324	120,795	99,875	20,920

(b) Claims outstanding

	Gross 2024 €000	Reinsurance 2024 €000	Net 2024 €000	Gross 2023 €000	Reinsurance 2023 €000	Net 2023 €000
Balance as at 1 January	468,701	380,763	87,938	379,091	308,794	70,297
Change in claims outstanding	93,127	77,901	15,226	85,897	68,971	16,926
Effect of movements in exchange rates	14,616	11,863	2,753	3,713	2,998	715
Balance as at 31 December	576,444	470,527	105,917	468,701	380,763	87,938
Claims notified	121,920	102,602	19,318	93,830	77,408	16,422
Claims incurred but not reported	440,477	356,670	83,807	362,661	293,578	69,083
Unallocated loss adjustment expenses	14,047	11,255	2,792	12,210	9,777	2,433
Balance as at 31 December	576,444	470,527	105,917	468,701	380,763	87,938

(c) Deferred acquisition costs

	2024 €000	2023 €000
Gross		
At the start of the year	(14,862)	(12,258)
Movement in provision	646	(2,513)
Currency translation differences	(357)	(91)
At the end of the year	<u>(14,573)</u>	<u>(14,862)</u>
Reinsurance amount		
At the start of the year	12,450	10,181
Movement in provision	(631)	2,196
Currency translation differences	301	73
At the end of the year	<u>12,120</u>	<u>12,450</u>

23 Analysis of insurance claims provisions

Claims development is shown in the tables below, both gross and net of reinsurance ceded, on an accident year basis. Balances have been translated at exchange rates prevailing at 31 December 2024.

Gross loss development table												
Accident year	All prior years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Current estimate of gross ultimate claims												
At end of accident year	-	17,201	23,088	24,355	37,306	32,820	81,773	105,652	124,626	134,728	134,082	715,631
One year later	-	22,017	23,344	24,730	42,665	36,485	79,309	112,374	134,284	148,704	-	623,912
Two years later	-	20,707	23,200	25,291	42,757	35,973	65,640	118,508	134,585	-	-	466,661
Three years later	-	19,899	23,814	24,523	42,174	32,789	66,629	115,122	-	-	-	324,951
Four years later	-	18,719	24,319	26,235	47,553	32,057	66,323	-	-	-	-	215,206
Five years later	-	19,138	24,343	27,186	45,051	32,261	-	-	-	-	-	147,979
Six years later	-	19,728	24,984	27,340	43,458	-	-	-	-	-	-	115,510
Seven years later	-	19,648	25,211	26,856	-	-	-	-	-	-	-	71,715
Eight years later	-	19,148	24,635	-	-	-	-	-	-	-	-	43,783
Nine years later	-	18,726	-	-	-	-	-	-	-	-	-	18,726
Estimate of gross ultimate claims	-	18,726	24,635	26,856	43,458	32,261	66,323	115,122	134,585	148,704	134,082	744,752
Cumulative claims payments to date		17,357	22,389	22,361	39,072	17,852	29,615	30,853	20,756	19,500	10,202	229,957
Claims liability outstanding	47,602	1,369	2,246	4,495	4,386	14,409	36,708	84,269	113,829	129,204	123,880	562,397
Unallocated loss adjustment expenses												14,047
Gross claims outstanding												576,444
Net loss development table												
Accident year	All prior years	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Current estimate of net ultimate claims												
At end of accident year	-	3,355	4,501	4,791	5,970	6,372	15,804	20,310	23,542	24,723	24,728	134,096
One year later	-	4,285	4,554	4,868	6,043	7,165	15,490	21,186	25,650	25,272	-	114,513
Two years later	-	4,071	4,516	4,900	6,117	7,074	12,793	22,869	25,825	-	-	88,165
Three years later	-	3,957	4,636	4,774	6,004	6,475	12,993	22,331	-	-	-	61,170
Four years later	-	3,729	4,755	5,148	7,081	6,367	12,950	-	-	-	-	40,030
Five years later	-	3,815	4,783	5,338	6,600	6,415	-	-	-	-	-	26,951
Six years later	-	3,928	4,911	5,373	6,291	-	-	-	-	-	-	20,503
Seven years later	-	3,903	4,956	5,281	-	-	-	-	-	-	-	14,140
Eight years later	-	3,813	4,839	-	-	-	-	-	-	-	-	8,652
Nine years later	-	3,728	-	-	-	-	-	-	-	-	-	3,728
Estimate of net ultimate claims	-	3,728	4,839	5,281	6,291	6,415	12,950	22,331	25,825	25,272	24,728	137,660
Cumulative claims payments to date		3,483	4,412	4,337	5,419	3,552	5,846	5,797	3,865	3,774	1,933	42,418
Claims liability outstanding	7,883	245	427	944	872	2,863	7,104	16,534	21,960	21,498	22,795	103,125
Unallocated loss adjustment expenses												2,792
Net claims outstanding												105,911

Notes to the financial statements *(continued)*

24 Creditors arising out of direct insurance operations

	2024 €000	2023 €000
Amounts owed to intermediaries	3,722	2,961
	<u>3,722</u>	<u>2,961</u>
All creditors are due within one year.		

25 Creditors arising out of reinsurance operations

	2024 €000	2023 €000
Amounts owed to third party reinsurers	10,138	11,972
Amounts owed to group reinsurer	21,072	28,760
	<u>31,210</u>	<u>40,732</u>
All creditors are due within one year.		

26 Other creditors including taxation and social security

	2024 €000	2023 €000
Insurance premium taxes	4,292	5,515
Amounts owed to group undertakings	22,026	23,219
Corporation tax payable	458	1,445
	<u>26,776</u>	<u>30,179</u>
All creditors are due within one year.		

27 Accruals and deferred income

	2024 €000	2023 €000
Reinsurers' share of deferred acquisition costs	12,120	12,450
Accrued expenses	1,509	654
	<u>13,629</u>	<u>13,104</u>

28 Related party transactions

As the Company is a wholly owned subsidiary of The Travelers Companies, Inc., it has taken advantage of the exemptions in FRS 102.33.1A not to disclose transactions or balances with other group entities which qualify as related parties.

Other than employees and directors' remuneration, which is disclosed in note 13, there are no other related party transactions that require disclosure.

29 Commitments and contingent liabilities

In the normal course of business, letters of credit to the value of \$75,000 (2023 \$75,000) have been issued to the United States Internal Revenue Service against U.S. insurance tax liabilities.

Letters of credit to the value of £150,000 (2023 £150,000) have been issued to the Society & Council of Lloyd's against insurance liabilities.

Notes to the financial statements *(continued)***30 Immediate and ultimate parent company**

The immediate parent company is Travelers Insurance Company Limited, a company incorporated in England. The ultimate parent undertaking, which is the smallest and largest group that includes the Company's accounts in consolidation is The Travelers Companies, Inc., a company registered in the United States. Copies of The Travelers Companies, Inc. accounts can be obtained from this Company's registered office, Third floor, Block 8, Harcourt Centre, Charlotte Way, Dublin 2. Ireland or the Company's website: www.travelers.ie.

31 Post balance sheet events

There were no known events that occurred after the date of the balance sheet, which require disclosure in the financial statements.

32 Approval of financial statements

The financial statements of the Company were approved for issue by the Board of Directors on 31 March 2025.