

## Group Solvency and Financial Condition Report

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TRAVELERS INSURANCE COMPANY LIMITED  
YEAR END 31 DECEMBER 2024

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## Executive Summary

### Business and Performance

Travelers Insurance Company Limited (“**The Company**” or “**TICL**”) is a United Kingdom regulated entity authorised to carry out general insurance business. The scope of this Solvency and Financial Condition Report (“**SFCR**”) is the Travelers Insurance Company Limited Group (“**the Group**”) which incorporates the results of the Company and the results of its wholly owned Irish subsidiary, Travelers Insurance Designated Activity Company (“**TIDAC**”). A European Group came into existence when TIDAC was authorised as an insurance undertaking in January 2019.

TICL is the parent company of the Group. The Group does not produce consolidated UK GAAP accounts that are publicly available. The group is exempt by virtue of S401 of the Companies Act 2006 from the requirement to prepare group financial statements. The Company’s results are included in the consolidated accounts of its parent, The Travelers Companies, Inc. (“**TRV**” or “**Travelers**”), whose accounts are publicly available.

The ultimate parent company, TRV, is a leading provider of property and casualty insurance based in the United States. TRV has more than 30,000 employees and over 150 years’ experience in the insurance industry. Travelers is traded on the New York Stock Exchange as “TRV” and is one of the 30 select companies that comprise the Dow Jones Industrial Average. As at 31 December 2024 Travelers reported total assets of US\$133.2 billion (2023 US\$126.0 billion) and shareholders’ equity of US\$27.9 billion (2023 US\$24.9 billion).

The Company was incorporated in 1971 as the St. Katherine Insurance Company Limited. In 1988, St. Katherine was acquired by The St. Paul Companies, Inc., and was gradually integrated into The St. Paul’s existing UK-based insurance operations. In 2004, The St. Paul Companies, Inc. and Travelers Property Casualty Corp. merged to form The Travelers Companies, Inc. In 2007, the Company’s name was changed to Travelers Insurance Company Limited.

Before 1 April 2019 the Company wrote commercial lines insurance in the United Kingdom and, through its branch in Dublin, Ireland. As of 1 April 2019, all new business and renewals for the Company’s branch in Ireland were written by the Company’s wholly owned Irish subsidiary, TIDAC. On 1 October 2019 a Part VII transfer of the business to TIDAC of the Company’s Ireland branch, and its run-off branches in the Netherlands, France and Germany, was completed. The Group also covers risks located outside the UK and Ireland where the Companies are licensed to do so, where non-admitted rules permit or (if non-admitted is prohibited) through the use of fronting via a local insurer network. There have been no changes to the scope of the Group’s operations during 2024.

The Group is a provider of insurance solutions targeted at specific customer groups where it can add value with tailored insurance coverage or specific claims handling and risk management expertise. The Group’s major target customer groups include technology, healthcare and automotive companies, local authorities, property owners, solicitors, financial institutions, and large corporate insureds. The Group also writes certain specialty classes of insurance including Renewable Energy, Public and Private Company D&O and certain Marine classes, including Hull, Cargo and Ports and Terminals.

Travelers’ European based operations offer customers a wide range of cover through the Company, TIDAC, Travelers Syndicate Management Limited (the Managing Agent of Syndicate 5000 at Lloyd’s) and Travelers Underwriting Agency Limited (a coverholder to Lloyds Syndicate 5000).

### Performance

The Group prepares accounts in accordance with UK GAAP (“**FRS**”) in compliance with Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“**FRS 102**”) and Financial Reporting Standard 103 – “Insurance Contracts” for the purposes of Solvency II filing. The Group reported a profit after tax for the year of £60.3m (2023 £54.0m).

## System of Governance

The Board of Directors and management of the Company are committed to implementing sound corporate governance practices with the goal of ensuring that the Group operates with a culture of honesty, integrity and accountability that it believes is critical to its long-term success and the interest of its shareholder. For the year ended 31 December 2024, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has applied the Wates Corporate Governance Principles for Large Companies (“Wates Principles”).

The Board is comprised of seven directors. Three of the directors are independent non-executive directors. The Board has three constitutional committees: the Audit Committee, the Risk and Remuneration Committee and the Governance Committee. Each Committee has three members, who are the independent non-executive directors.

The Board and each Board Committee have clear Terms of Reference which are reviewed on an annual basis. The Group’s executive management is undertaken by the Executive Leadership Team (“ELT”), Operating Committee (“OpCo”) and TIDAC Management Committee, comprising the senior managers who effectively run the Group. The ELT reports to the Board on a quarterly basis.

Governance over other aspects of the Group’s activities is within the scope of the Executive Risk Committee (“ERC”), the TICL and TIDAC Finance Committees, the European Underwriting Committee, and certain panels. Each committee and panel are governed by its own terms of reference. The Group ensures that all persons who effectively run the Group, or hold key functions, are fit and proper to undertake their roles. The Group assesses the fitness and propriety of persons performing key functions on an ongoing basis. In addition, the Group has an annual performance assessment process which measures performance against minimum competencies required for those persons effectively running the Group.

The Group’s remuneration policy reflects a commitment to achieve a consistent remuneration process and to promote effective risk management.

The Group’s risk strategy is articulated in a risk management framework, as well as a number of policies, frameworks and processes, which operate across the three lines of risk management. The “three lines of risk management” model aims to ensure that responsibilities for the risk strategy are operated effectively.

**First Line of Risk Management – Business Management.** Risk owners embedded within business operations make up the first line of risk management and are responsible for the day-to-day management of risk on a continuous basis, as well as delivering this strategy and optimising performance according to a pre-agreed risk appetite.

**Second Line of Risk Management – Oversight.** The second line of risk management primarily comprises the Risk Management, Actuarial and Compliance functions, which provide independent assurance to the Board with regard to the adequacy and effectiveness of risk management practices.

**Third Line of Risk Management – Assurance.** The third line of risk management involves the Audit Committee, supported by the independent Internal Audit Function and External Auditors. Internal Audit follows a risk-based methodology and provides independent assurance to the Boards and Executive Management and oversees the effectiveness of the First and Second Line functions, remaining independent of management.

The internal control system is designed to ensure that the Group achieves its objectives through operational effectiveness and efficiency, robust financial reporting and compliance with rules, regulations and policies. The tone for the control environment is set by the board of directors, the ELT, OpCo and the TIDAC Management Committee, who are all committed to a culture of management integrity, transparency and honesty, and who attribute high importance to the establishment and maintenance of a strong system of internal controls. A key aspect of the internal control framework is a robust risk management framework that ensures strong processes exist for risk identification, risk measurement and risk monitoring, and that ensures appropriate risk mitigation strategies are in place. Internal controls are documented in the risk control policies and the accompanying policy

and procedure documents. The operation of these internal controls and risk identification processes is monitored by the four control functions, namely the Compliance function, the Internal Audit function, the Actuarial function and the Risk Management function.

## Risk Profile

The major risks to which the Group is exposed, and the main drivers of its capital requirements are underwriting risk and reserving risk. Underwriting risk is managed by the European Underwriting Committee, comprising senior underwriting staff as well as members of the Actuarial, Reinsurance, Risk, Compliance and Claims functions. This Committee ensures adherence to the Board determined risk appetite in terms of product, line of business, geographical exposure, line sizes and rating adequacy. The underwriting strategy includes limits on the Group's total exposure to specific risks together with limits on geographical and industry exposures. The aim is to ensure a well-diversified book with no excessive exposure in any one industry, line of business or geographical region.

Reserving Risk is managed by the TICL and TIDAC Finance Committees. The Group'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 TICL and TIDAC Finance Committees perform a comprehensive review of the projections, both gross and net of reinsurance, and following this review makes recommendations to the respective 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.

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 the Bank of England's target of 2%. The Group 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 Group 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.

In respect of Market Risk, the Group employs a thoughtful investment philosophy that focuses on appropriate risk-adjusted returns. It invests wholly in high quality government and corporate fixed interest securities. In line with previous years, the Group continued to invest wholly in high quality government and corporate bonds. These are considered as a single asset class and are managed together.

Credit Risk is managed through the thoughtful analysis and selection of individual counterparties and the use of limits and managing exposures to individual counterparties.

The Group has an Operational Risk Policy which is reviewed and approved annually by the ERC and the respective Company's Board of Directors. The operational risk profile includes risks from processes, people, systems and external events.

The Group has no material liquidity risk exposures.

## Valuation for Solvency purposes

The valuation of assets and liabilities for the Group on a Solvency II and UK GAAP basis as at 31 December 2024 and 31 December 2023 is summarised as follows:

2024	Solvency II	UK GAAP	Difference
	£m	£m	£m
<b>Assets</b>	2,294.9	2,554.6	(259.7)
<b>Gross Technical Provisions</b>	1,388.4	1,661.2	(272.8)
<b>Other Liabilities</b>	36.0	95.2	(59.2)
<b>Excess of Assets over Liabilities</b>	870.5	798.2	72.3

2023	Solvency II	UK GAAP	Difference
	£m	£m	£m
<b>Assets</b>	2,138.8	2,405.5	(266.7)
<b>Gross Technical Provisions</b>	1,321.7	1,572.4	(250.7)
<b>Other Liabilities</b>	32.9	106.5	(73.6)
<b>Excess of Assets over Liabilities</b>	784.2	726.6	57.6

For the Group, the excess of assets over liabilities is higher on a Solvency II basis than under UK GAAP. This difference largely reflects the benefit of discounting of Technical Provisions under Solvency II.

## Capital Management

The Group uses the Solvency II Standard Formula to calculate its regulatory Solvency Capital Requirement (“**SCR**”). The Group does not use any undertaking-specific parameters. The amount of the Group’s SCR at 31 December 2024 was £535.5m (2023 £519.4m). The Group was in compliance with its regulatory capital requirements throughout the year and through to the date of this report.

## A. Business and Performance

### A.1 Business

#### Name and legal form of the undertaking

Travelers Insurance Company Limited is a company limited by shares and is incorporated in England. Its registered office address is 30 Fenchurch Street, London, EC3M 3BD. This is a Group SFCR covering the Company and its wholly owned subsidiary, TIDAC. A Group came into existence when TIDAC was authorised as an insurance undertaking in January 2019.

#### Organisational group structure

TRV is a holding company principally engaged, through its subsidiaries, in providing a wide range of commercial and personal property and casualty insurance products and services to businesses, government units, associations and individuals. TRV is incorporated as a general business corporation under the laws of the state of Minnesota and is one of the oldest insurance organizations in the United States, dating back to 1853. The principal executive offices of TRV are located at 485 Lexington Avenue, New York, New York 10017. TRV also maintains executive offices in Hartford, Connecticut, and St. Paul, Minnesota.

TRV is both the immediate and ultimate parent undertaking and controlling party of the Company and has provided 100% of its capital. The Company has a branch in Bermuda which is authorised by the Bermudan Monetary Authority whose offices are located at BMA House, 43 Victoria Street, Hamilton HM12.

TRV is also the immediate and ultimate parent undertaking of Travelers Syndicate Management Limited, which manages Travelers Syndicate 5000 at Lloyd's. The Syndicate's capital is provided by two corporate capital providers, F&G UK Underwriters Limited and Aprilgrange Limited. TRV is the immediate and ultimate parent undertaking and controlling party of both capital providers.

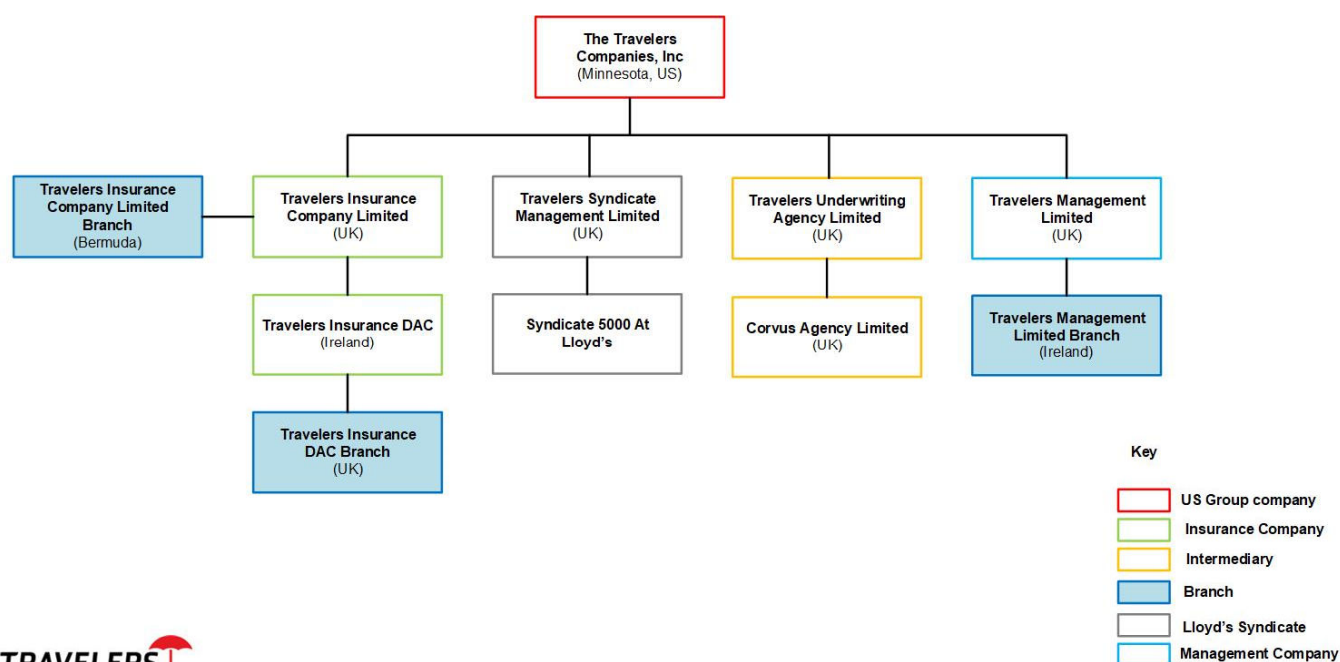
Travelers Underwriting Agency Limited ("**TUAL**") is an intermediary based in the UK who is authorised and regulated by the Financial Conduct Authority ("**FCA**") and was in compliance with its capital requirements throughout the year. TRV is the ultimate and immediate parent undertaking of TUAL.

TIDAC is a wholly owned insurance undertaking of the Company, domiciled in the Republic of Ireland. TIDAC is authorised and regulated by the Central Bank of Ireland and has established a branch in the United Kingdom which is authorised by PRA and the FCA as a third country branch on 5 July 2023.

On 2 January 2024, a subsidiary of the Company's ultimate parent undertaking, TRV, purchased Corvus Insurance Holdings Inc., a US headquartered cyber insurance managing general underwriter. The acquisition included Corvus Agency Limited, a UK-based managing agent and Corvus Underwriting GmbH, a German-based managing general agent of the Company's subsidiary, TIDAC.

As part of the integration of the Corvus group into Travelers, TUAL purchased Corvus Agency Limited on 1 February 2025 from Corvus Insurance Holdings Inc.





## Name and contact details of the supervisory authority responsible for the financial supervision of the undertaking and the Group

The PRA in the UK is responsible for the prudential supervision of the Company and its European Economic Area (“EEA”) group. The FCA in the UK is responsible for the conduct supervision of the UK entities within the Group. The PRA can be contacted at 20 Moorgate, London, EC2R 6DA United Kingdom, and the FCA at 12 Endeavour Square, London E20 1JN, United Kingdom. The Central Bank of Ireland is responsible for the prudential and conduct supervision of the Company’s subsidiary, TIDAC.

The Company is a subsidiary of TRV, based in the United States of America, which is not an equivalent country for Solvency II group supervision. On 31 December 2015, the Company applied for and received confirmation of a modification direction given by the PRA under section 138A of the Financial Services and Markets Act 2000, which took effect on 1 January 2016. The direction modifies Rules 20.1 and 20.2 (Group Supervision) of the PRA Rulebook and requires that the Company provides the PRA with certain information relating to TRV. In 2024 the Company applied for and received an extension to the modification until 31 December 2027.

The State of Connecticut Insurance Department (“**Connecticut Insurance Department**”) is the designated group-wide supervisory authority for TRV pursuant to the Connecticut Insurance Holding Company System Regulatory Act. The Connecticut Insurance Department can be contacted at 153 Market St, Hartford, CT 06103, USA.

Given the amount of business TRV conducts outside of the United States, the Connecticut Insurance Department hosts and leads a supervisory college of Travelers and coordinates the participation of insurance supervisors from the jurisdictions where TRV has insurance operations, including the PRA. Approximately 93% of TRV’s consolidated group assets and statutory capital and surplus are held by U.S. domiciled insurance companies. The Connecticut Insurance Department directly regulates approximately 98% of the total U.S. domiciled insurer assets of TRV. As part of its group-wide regulatory requirements, the Connecticut Insurance Department monitors the TRV’s financial results and conducts financial analysis at both the group and legal entity level. Additionally, the Connecticut Insurance Department conducts financial examinations of the insurance subsidiaries over which it has direct regulatory authority. The Connecticut Insurance Department receives annual Holding Company filings at TRV level with extensive disclosure of Travelers group and subsidiary activities, and governance, including notice or approval of transactions with affiliates, depending on the materiality of such transactions. As part of the Connecticut Insurance Department’s requirements pertaining to enterprise risk management, the Department requires the annual filing of a TRV Group ORSA and conducts an analysis of the ORSA, including discussions with the TRV’s management.

## Material lines of business and geographical area

The Group writes commercial lines insurance in the UK and Ireland. The Group also covers risks located in the rest of the world, both in certain Specialty classes and in support of its UK and Irish based insureds. The Group holds liabilities relating to insurance written through the former TICL branches in the Netherlands, France and Germany that have been in run-off since 2001.

The Group continues to be a provider of insurance solutions targeted at specific customer groups where it can add value with tailored insurance coverage, specific claims handling and risk management expertise. The Group's major target customer groups include technology, healthcare and automotive companies, local authorities, property owners, solicitors, financial institutions and large corporate insureds. The Group also writes certain specialty classes of insurance including Renewable Energy, Public and Private Company D&O and certain Marine classes, including Hull, Cargo and Ports and Terminals.

## Performance

The Group reported a profit after tax of £60.3m in 2024 (2023 profit of £54.0m) and a combined ratio of 93.3% (2023 92.8%). The Group result benefited from favourable prior year reserve developments in 2024 of £23.3m (2023 adverse £21.9m). Excluding prior year reserve developments, the combined ratio was 98.2% (2023 88.2%).

Total gross premiums written decreased by 1.5% to £574.6m (2023 £583.5m). The reduction in written premium is predominantly driven by proactive underwriting action and rating challenges seen in the Bond and Specialty division, writing General Liability business. The decrease in premiums written was offset by an increase in the investment return and favourable prior year reserve developments.

The expense ratio increased by 4.0 pts to 35.5% (2023 31.5%) due to a planned increase in headcount while net earned premiums decreased by 0.6% to £472.4m.

## Material related party transactions

The Company had deposited fixed income securities with Lloyd's as security for the underwriting activities of its affiliate companies, Aprilgrange Ltd and F&G UK Underwriters Limited. On 19 June 2024 these securities were returned in full (2023 £19.1m).

Certain elements of the Group's reinsurance programmes are placed with affiliated TRV group undertakings. All Surety business written by the Group is 100% reinsured with Travelers Casualty & Surety Company of America. All London Market run off reserves are reinsured 100% with The Travelers Indemnity Company.

The Travelers Indemnity Company provides excess coverage as part of the Group's property catastrophe reinsurance (a £50m excess of £10m layer) and financial institutions reinsurance (a £5m excess £5m) programmes, each of which are placed 100% with the Travelers Indemnity Company.

The Travelers Indemnity Company also participates as a reinsurer on certain of the Group's reinsurance programs that are largely placed externally. In most cases, the Travelers Indemnity Company accepts only a small share of such programmes.

All expenses and salary costs continue to be borne in the first instance by the Travelers Group's wholly owned management services company in the UK, Travelers Management Limited ("**TML**"). Some services are provided by affiliated TRV group companies in the US to TML for the benefit of the Group, pursuant to an intercompany services agreement. Investment management is outsourced to The Travelers Indemnity Company, an affiliated TRV group company.

No distribution has been made by the Company to the shareholder during the year or is proposed as at the year end.

**External auditor**

The external auditor for the 2024 financial year is Forvis Mazars LLP. The contact details of Forvis Mazars LLP are 30 Old Bailey, London, EC4M 7AU.

## A.2 Underwriting performance

The results for the year on a UK GAAP reporting basis were as follows:

	2024	2023	Change
	£m	£m	£m/%
Gross written premiums	574.6	583.5	(8.9)
Net written premiums	463.7	478.6	(14.9)
Net earned premiums	472.4	475.2	(2.8)
Incurred claims	(272.9)	(291.4)	18.5
Operating expenses	(167.8)	(149.5)	(18.3)
Underwriting Result	31.7	34.3	(2.6)
Profit after tax	60.3	54.0	6.3
Loss Ratio	57.8%	61.3%	(3.5%)
Expense Ratio	35.5%	31.5%	4.0%
<b>Combined Ratio</b>	<b>93.3%</b>	<b>92.8%</b>	0.5%

The Group reported a profit after tax of £60.3m in 2024 (2023 profit of £54.0m) and a combined ratio of 93.3% (2023 92.8%). The Group result benefited from favourable prior year reserve developments in 2024 of £23.3m (2023 adverse £21.9m). Excluding prior year reserve developments, the combined ratio was 98.2% (2023 88.2%).

Total gross premiums written decreased by 1.5% to £574.6m (2023 £583.5m). The reduction in written premium is predominantly driven by proactive underwriting action and rating challenges seen in the Bond and Specialty division, writing General Liability business. The decrease in premiums written was offset by an increase in the investment return and favourable prior year reserve developments.

The expense ratio increased by 4.0 pts to 35.5% (2023 31.5%) due to a planned increase in headcount while net earned premiums decreased by 0.6% to £472.4m.

The two most material lines of business are General Liability and Fire and Other Damage to Property, which respectively comprised 60.1% (2023 63.2%) and 29.7% (2023 27.2%) of net earned premiums in 2024. The General Liability combined ratio improved over the prior year to 90.9% (2023 96.4%), predominantly due to prior year reserve releases. The Fire and Other Damage to Property combined ratio deteriorated to 95.9% (2023 82.7%) due to unfavourable large losses compared to the prior year.

The most material geographical area in which the Group writes business is the United Kingdom which, based on gross written premiums, comprised 79.8% of the Group's business in 2024 (2023 80.1%). The business written in the United Kingdom reported a combined ratio of 92.7% in 2024 (2023 97.8%).

Further information on underwriting performance by material line of business and material geographical areas over the reporting period can be found at Form IR.05.04.02 and Form IR.05.02.01 respectively within the quantitative returns in the Appendix to this report.

### A.3 Investment performance

During the year the Group continued to invest wholly in high quality government and corporate fixed interest securities. These are considered as a single asset class and are managed together. The Group's total investment return for the year was £69.7m gain (2023 £104.7m gain). The composition of the investment return was as follows:

	2024	2023	Change
	£m	£m	£m
Investment income	60.0	42.4	17.6
Realised investment gains	2.6	1.0	1.6
Realised investment losses	(12.4)	(6.9)	(5.5)
Unrealised investment gains	21.0	69.5	(48.5)
Investment expenses	(1.5)	(1.3)	(0.2)
<b>Total investment return</b>	<b>69.7</b>	<b>104.7</b>	<b>(35.0)</b>

Net realised investment losses have arisen as bonds bought above par value have subsequently been sold or matured.

Unrealised investment gains/(losses) are reported within Other Comprehensive Income ("OCI") on a UK GAAP basis. No investments in securitisations were made in either period. The investment portfolio does not include any shares in any other Travelers group entity. Management of the investment portfolio is outsourced to an affiliated TRV group undertaking, The Travelers Indemnity Company. Investment portfolios are managed in accordance with the investment guidelines set out in the Group's Investment and Market Risk Policy, which is approved by the Board of Directors annually. Investment reviews with the investment manager are conducted quarterly by the TICL and TIDAC Finance Committees.

The Group invests in high quality corporate and government bonds with an average credit quality of AA. Investments under management at 31 December 2024 totaled £2.0bn (2023 £1.9bn). During 2024 central banks started to decrease interest rates, the net impact of these conditions resulted in an unrealised gain, before tax of £21.0m (2023 gain £69.5m) within total comprehensive income.

### A.4 Performance of other activities

The Group did not have any material other income or expenses outside of its regular trading activities.

### A.5 Any other information

During the year the Group produced a total comprehensive gain on a UK GAAP basis of £71.5m (2023 £104.8m gain). Shareholder's funds increased from £726.6m in 2023 to £798.2m.

## B System of Governance

### B.1 General information on the system of governance

#### B.1.1 Governance structure

The Board of the Company is comprised of seven directors. Three of the directors are independent non-executive directors. The Board has three constitutional committees: the Audit Committee, the Risk and Remuneration Committee and the Governance Committee [Figure 1]. Each Committee has three members, who are the independent non-executive directors.

The Board has ultimate responsibility for the Group's affairs and has a duty to make decisions and take actions in the interest of shareholders and stakeholders. "Matters Reserved for the Board" include but are not limited to following issues:

- Strategy and Management
- Structure and capital
- Financial reporting and controls
- Delegation to management
- Corporate governance

The main responsibilities of the Audit Committee are to assist the Board in discharging its responsibilities and include:

- Oversight of the Group's financial and non-financial reporting processes, effectiveness of internal systems and controls and the external auditors.
- Review of the Company's annual financial statements, auditors opinions and reports, and to monitor management responses.
- To serve as a check and balance over the integrity of the Group's financial reporting processes.
- Provide a forum to discuss objectively and candidly any audit problems or other difficulties encountered by the external auditors in the course of the audit process, any legal matter that could have a significant impact on the Company's financial statements or other concern raised by internal audit or management.
- Consider whistle-blowing reports and processes.

The main responsibilities of the Risk and Remuneration Committee are to assist the Board in discharging its responsibilities for monitoring Risk, Compliance and Remuneration as follows:

- Oversight of the effectiveness of the Risk function, the ERM, ORSA and other key risk activities to include resourcing and monitoring.
- Review of risk appetite and strategy, monitoring of the risk register and assurance that there is awareness of risk culture across the business units.
- Review of policies and procedures to ensure risk assessments are undertaken in accordance with risk appetite and risk tolerance.
- Ensuring the effectiveness of the whistleblowing procedures.
- Approve the compensation philosophy and ensure that appropriate policies and procedures are in place and properly administered in compliance with regulatory requirements.
- Monitor the Group's succession plans and assess the diversity of senior management.
- Oversight of the effectiveness of the Compliance function, resourcing and monitoring of communications with regulators and approval of the annual Compliance plan.
- Oversight of compliance with legal and regulatory requirements, including risk management and the fair treatment of customers.

The main responsibilities of the Governance Committee are to assist the Board in discharging its responsibilities for monitoring Corporate Governance as follows:

- Oversight of the process for evaluating the Board and Committee effectiveness.
- Review of the Board composition
- Responsibility for director induction and ongoing training
- Review and oversight of effectiveness of the corporate governance of the Company, monitoring of applicable rules and regulatory expectations and oversight of the Company's compliance with the Senior Managers and Certification Regime ("**SMCR**").

At an executive level, the Group is managed by the ELT, comprising of the senior managers who effectively run the Group. The ELT meets bi-monthly and is chaired by the CEO. The CEO is a member of the Board and presents a quarterly CEO report to the Board which includes details of matters discussed by the ELT. The ELT considers the following matters on a regular basis:

- Development of strategy, assessment and control of risk and resourcing.
- Implementation and management of strategy, operational plans, policies, procedures and budgets.
- Monitoring of underwriting, operations and financial performance.
- Providing regular updates to the Board and its Committees and escalation of issues as appropriate.

The operations of the Group are overseen by the OpCo. The OpCo is currently chaired by the Chief Commercial Officer ("**COO**"). Its members comprise representatives from Underwriting (Business Insurance Retail and Small, Business Insurance Specialty and Bond and Specialty Insurance), Finance, Actuarial, Claims, Compliance, HR, Distribution, Marketing and Risk. Committee meetings occur on a monthly basis. The Chair of the OpCo reports separately to the ELT detailing the key highlights from the committee meetings.

Governance over financial risks are provided by the TICL and TIDAC Finance Committees, chaired by the respective Company's CFO, which meets on a quarterly basis. The Company CFO reports monthly to the ELT on the Group financial performance and risks, and quarterly to the Audit Committee and the Board.

Governance over the Group's risk management is provided by the ELT and ERC which include executive function Senior Management Function ("**SMF**") managers. The ERC consists of members of senior management from each of the Travelers European operations. The CRO reports monthly to the OpCo, quarterly to the ERC, Risk and Remuneration Committee and to the Board.

The Head of Actuarial Function reports monthly to the ELT and quarterly to the Board.

Governance over underwriting matters is provided by the European Underwriting Committee, which meets quarterly. Senior representatives from Underwriting, Head of Compliance and others are members of the European Underwriting Committee. Underwriting performance is reported monthly to the ELT and quarterly to the Board. The governance structure includes various committees and panels relating to specific activities.

Decisions relating to reinsurance activities are made by the Reinsurance Purchasing Panel which reports into the European Underwriting Committee. Decisions relating to reserving are considered by the TICL and TIDAC Finance Committees. The interrelationship of various committees and panels is set out on a governance structure chart presented in Figure 1 and is subject to regular internal review.

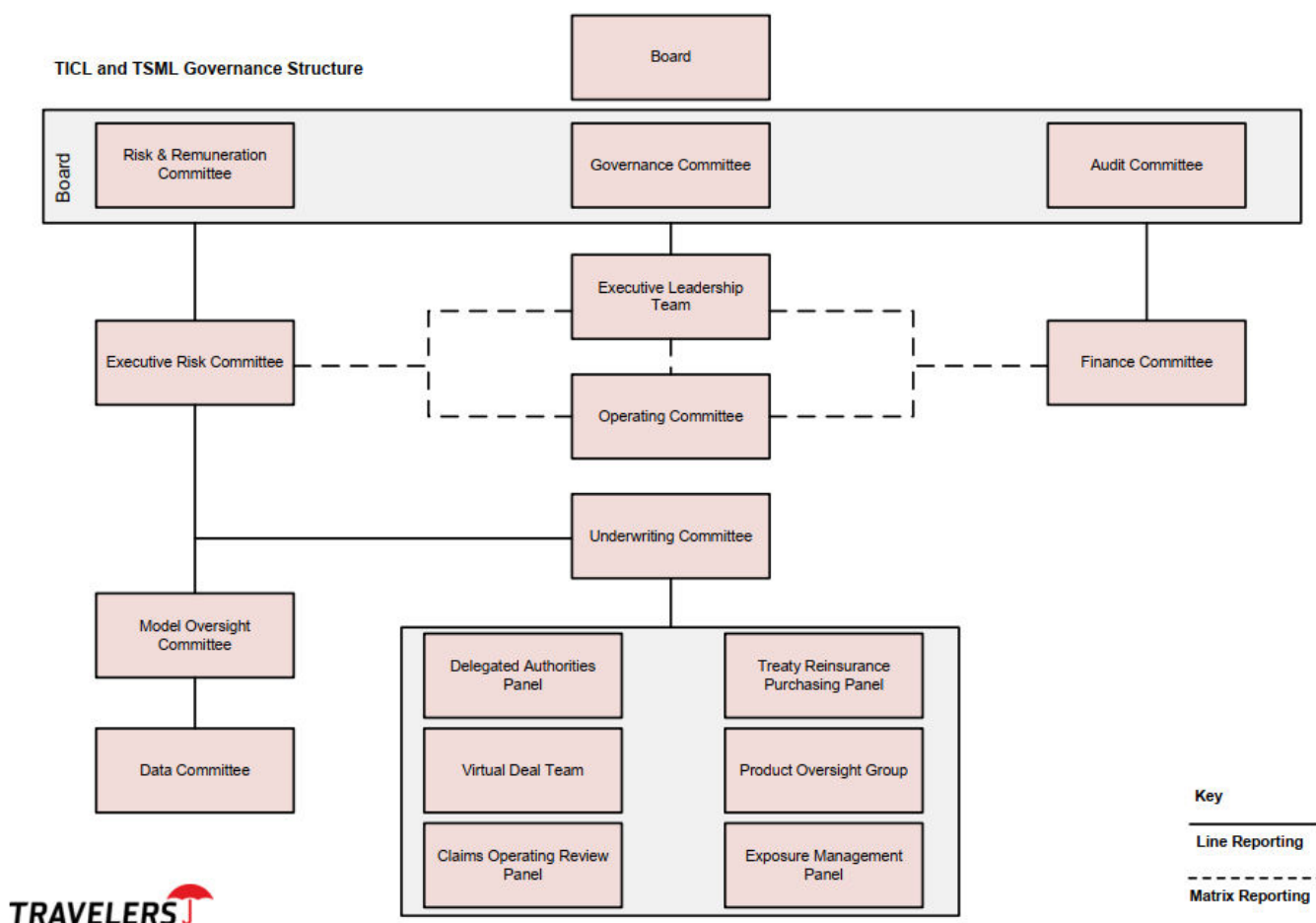


Figure 1: TICL Group governance

### B.1.2 Remuneration Policy

The Group has adopted a Remuneration Policy which has been approved by the respective Boards. The purpose of the Remuneration Policy is to define the minimum standards, and roles and responsibilities, relating to remuneration of employees within the Group. The policy reflects the Group's commitment to achieve a consistent remuneration process and to promote effective risk management. The Remuneration Policy states that the Group is committed to measuring both the actual performance and the underlying level of risk assumed to achieve that performance. As to risk mitigation, all planned individual compensation actions, including fixed and variable elements are reviewed in a robust and disciplined manner internally at several layers of management, in addition to a review with the Company's Risk and Remuneration Committee of the Board of Directors. This review is facilitated by the VP, Human Resources – Europe and seeks the Risk and Remuneration Committee's ratification of compensation recommendations for senior managers.

In addition, compensation of each employee is reviewed by their line manager, functional manager, CEO and VP, HR - Europe, and the equivalent functional/business roles within the Group's parent company.

Compensation is delivered through a combination of base salary and incentive compensation, consisting of an annual cash bonus and stock-based, long-term incentive awards, all of which are performance based.

**Base salary.** Base salaries are reviewed annually, and adjustments are made from time to time as management deems appropriate to recognise performance, changes in duties and/or changes in the competitive marketplace. Base salary will comprise a significant proportion of total compensation.

**Performance-Based Annual Cash Bonus.** Annual bonuses are always discretionary and are based upon the individual performance of each employee as well as that of the Group and TRV as a whole. The following factors



are used to determine the appropriate annual cash bonus that should be paid to an employee:

- the performance of the employee;
- compensation market practices as reflected by external vendor compensation surveys;
- performance of the Group relative to financial measures set in the business plan, prior year's performance and the performance of industry peers; and
- performance of The Travelers Companies, Inc. relative to financial objectives.

Additional qualitative factors are also considered, such as:

- the effective management of risk; and
- the demonstration of individual or leadership competence, teamwork and innovation.

**Performance-based long-term incentives.** Certain employees are eligible for long-term incentives in the form of TRV stock awards. Eligibility is determined by job criteria, while award decisions are made with consideration of individual performance. These performance-based awards are designed to ensure individuals have a continuing stake in the long-term success of The Travelers Companies, Inc., and the Group.

As employees acquire increasing responsibility, more of their compensation is variable and tied to The Travelers Companies, Inc.'s performance. Higher levels of management will receive proportionally more of their award in the form of stock options and performance shares, in alignment with the impact they have on the direction of the Group which can inevitably impact The Travelers Companies, Inc. stock price.

Lower levels of management and individual contributors will receive most of their entire award in the form of restricted stock units.

### **B.1.3 Supplementary Pension Scheme or early retirement scheme for members of the administrative, management or supervisory body and other key functionholders**

The Group's remuneration policy does not include any supplementary pension or early retirement scheme for members of the Board or key function holders.

Details of the remuneration of the members of the Board is disclosed in the Company's report and accounts, in accordance with the requirements of the applicable law and UK accounting standards (UK Generally Accepted Accounting Practice) including FRS 102, the financial reporting standards applicable in the United Kingdom and the Republic of Ireland.

All executive directors and senior managers may participate in one of the TRV's pension plans. Company contributions range from 9% to 12%, depending on the individual's own contributions under a matching scheme. If pension contributions at this level would result in a punitive personal income tax charge, rather than a pension contribution an increase to the individual's salary is made in an amount such that there is no incremental cost to the Company.

### **B.1.4 Material Transactions during the reporting period with shareholders, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body**

There were no new material related party transactions with the Company's shareholder during the year.

## B.2 Fit and proper requirements

The Group has an Accountability Regimes and Fitness and Propriety Policy (“F&P”) which is approved by the Board. The purpose of the Fitness and Propriety section is to:

- (i) identify the key functions that are of specific importance to the sound and prudent management of the business; and
- (ii) set out the policies and procedures in accordance with the relevant regulatory requirements for the fit and proper assessment of the individuals that perform key functions, including, but not limited to, every person in respect of whom an application for approval is made.

Fitness and propriety checks are made before an individual is appointed to a key function and periodically thereafter. The Group needs to ensure that key function holders are fit for their roles by having appropriate qualifications and experience, and proper by having a good reputation and appropriate integrity. These checks include the following:

- (i) At least two interviews conducted by the hiring manager and at least one other permanent member of staff.
- (ii) Background check process which will include, as a minimum:
  - a. Criminal records check (where legally permissible);
  - b. Credit check;
  - c. Verification of previous employment for the last seven years (unless the individual has been continuously employed by a Travelers group company during this period);
  - d. Verification of educational and professional qualifications; and
  - e. Reasonable steps to obtain appropriate references from the person’s current and previous employers.

The Group will assess the fitness and propriety of persons performing key functions on an on-going basis. The frequency of on-going due diligence assessments will be dependent on the role undertaken and the minimum regulatory requirements, but will be at least every three years, and sooner if a specific issue arises. Annually, each person performing a key function will be asked to certify that there have been no changes to their criminal record, credit or competency status since the date of the last background check or annual certification, and they will continue to comply with all F&P requirements.

The Group has an annual performance assessment process which sets out the minimum competencies required for those persons effectively running the Group. These minimum competencies against which performance is measured include Performance Management of others, Employee Engagement, Customer Outcomes, Governance, Compliance, and acting with integrity, due care, skill and diligence. The fitness and propriety assessment forms part of the individual’s appraisal/performance review and involves consideration of the following:

- the person’s role and responsibilities by reference to their job description (and, for approved persons only, the approved person competency set and scope of responsibilities document (as applicable));
- whether the individual has attended the necessary training (including risk and compliance training) in order to remain competent and capable to perform the role;
- the individual’s business conduct; and
- whether the person has performed his or her key function in accordance with the relevant conduct standards (which apply to that individual).

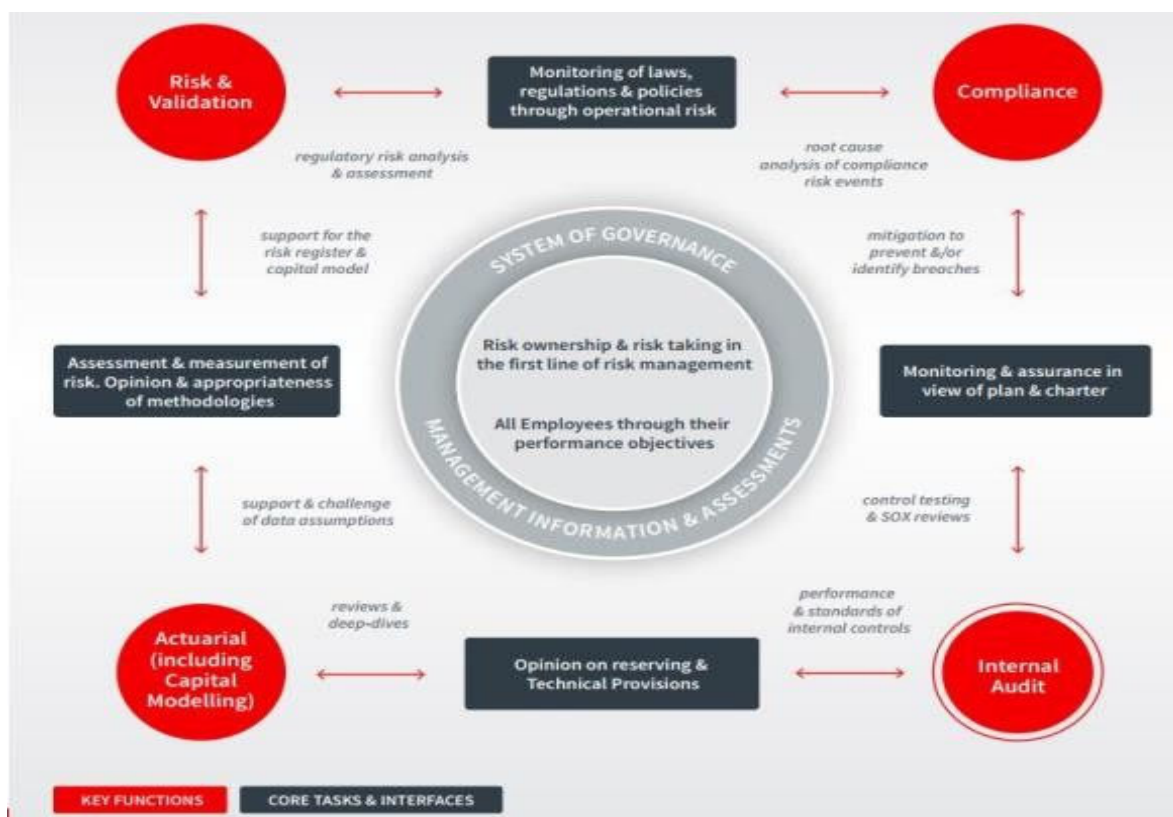
## B.3 Risk management system including the own risk and solvency assessment

### B.3.1 Risk management system

The risk strategy is articulated in an overarching Risk Management Framework (“RMF”) as well as a number of policies, frameworks and processes which operate across the three lines of risk management. The Group’s RMF is designed to help assure that the Group achieves its objectives through operational effectiveness and efficiency, robust financial reporting and compliance with laws, regulations, and policies. The RMF requires assessment of the impact that risks may have on the Group’s forward-looking strategy; this considers a range of current, future, internal and external risks to business planning and capital management.

Risk management has a fundamental role in both the business planning process and monitoring progress against those plans. The Group business planning process turns the strategy into a set of objectives and targets that are articulated and cascaded across the Group. Development of these plans and objectives/targets considers the risks to which the Group is exposed.

To manage risk across the business, the Group has adopted the “three lines of risk management” model and has established four key control functions that operate per the requirements of the PRA Rulebook: Conditions Governing Business 2.2 and the Solvency II Directive (Actuarial, Risk, Compliance and Internal Audit). These functions work across all three lines of risk management to help manage the range of risks to which the Group is exposed. These key functions are responsible for providing oversight of, and challenge to, the business and to provide assurance to the Board in relation to the Group’s internal control framework.



Responsibilities in the risk strategy are summarised as:

### The First Line of Risk Management – Business Management

Risk Owners, embedded within business operations, make up the first Line of risk management and are responsible for the day-to-day management of risk on a continuous basis, as well as delivering the strategy and optimising performance according to pre-agreed risk appetites.

### The Second Line of Risk Management – Oversight

The second Line of risk management primarily comprises the Risk Management, Actuarial and Compliance functions. The second Line of risk management provides independent assurance to the Board with regards to the adequacy and effectiveness of risk management.

### The Third Line of Risk Management – Assurance

The third Line of risk management involves the Audit Committee, supported by the independent Internal Audit Function and External Auditors. Internal Audit follows a risk-based methodology and provides independent assurance to the Boards and Executive Management and oversees the effectiveness of the First and Second Line functions, remaining independent of management.



\* TRVE has the meaning of the UK and Irish operations of The Travelers Companies, Inc.

The Group's RMF links to the parent's identification of significant risks. The RMF is implemented by the Risk Management function which monitors and reviews the risk profile and the effectiveness of risk management activities on a continuous basis. The Risk Management Function is led by the Chief Risk Officer, who chairs the ERC and reports to the Company's Board and the Risk and Remuneration Committee.

Key risk management information, linked to the risk strategy, including specific risk appetite metrics and risk assessments, are employed across the entirety of the business to measure and monitor the level of risk taking actually occurring, and to provide a view of the Group's progress against its business plans. The Risk Management function facilitates production and provides oversight of this key risk management information, through the risk register, which enables the Group effectively to identify, assess, measure and monitor individual and aggregated risks frequently. Risk register metrics and assessments also provide appropriate inputs into capital modelling and forecasting processes (e.g., the ORSA, and other internal requirements). The risk register and associated reporting is integrated into the organisational structure as Risk and Control Owners (the majority of who are in the first line of risk management) frequently review the risks to which the Group is exposed with review and challenge by the Committees and the second line of risk management.

### B.3.2 Own Risk and Solvency Assessment ("ORSA")

The ORSA process is an ongoing and forward-looking process of a company's reflection and assessment of its own risks to ensure it holds enough capital for current and future solvency needs as well as assessment of non-solvency risks. TICL and TIDAC each produce a solo ORSA.

A company's ORSA process is forward-looking and has the following objectives:

- To develop and embed an ongoing process enabling the assessment of TICL and TIDAC's own solvency needs that takes into account their specific risk profile, approved risk appetite limits, and their short and long-term business and capital strategies.
- To provide sufficient information that enables management to:
  - Ensure continuous compliance with regulatory capital requirements relating to Solvency Capital Requirements ("SCR"), Minimum Capital Requirements ("MCR"), and technical provisions; and
  - Test, validate and challenge the short and long-term business and capital strategies, and understand the capital resources required to support them.

The ORSA process is embedded in the first line of risk management, and focuses on the TICL and TIDAC business model, the portfolio of their products and customers, their risk profile, their plans over the short to medium term, and capital management. The outputs of the ORSA process are documented in the annual ORSA report.

The TICL and TIDAC ORSA reports describe their risks, the capital they require and the risk management work that assures policyholder benefits. The report production is governed by the Travelers Europe ORSA Policy which is owned by the individual company's Chief Risk Officer and reviewed at least annually by the individual company Boards and the ERC. The ORSA is reviewed and approved by the respective company Board and is expected to be submitted at least annually to the PRA for TICL and CBI for TIDAC and contributes to securing an appropriate degree of protection for policyholders.

In order to achieve the ORSA objectives and fulfil its obligations, the ORSA requires adequate and robust processes to assess, monitor and measure risks, including non-quantifiable risks such as reputational, strategic, and group risks alongside overall solvency needs. This is primarily achieved through the RMF which provides a structured process across the business that links business planning, execution of those plans, monitoring and assessment of the risk and capital profile that results, and the incorporation of insights and findings into business planning.



The high-level principles are presented below.



The ORSA considers both the regulatory and economic capital position of TICL and TIDAC. The regulatory capital position is calculated using the Standard Formula which is calibrated to a 1 in 200 risk of ruin on a one-year basis. Annually TICL and TIDAC assesses the appropriateness of the Standard Formula as the basis for calculating its regulatory capital requirement and documents this assessment within its ORSA. This assessment is performed by comparing the results under the Standard Formula to the results derived when using the Group's own capital model. For economic capital purposes, the Company targets holding sufficient capital over the three-year planning time horizon to maintain its AM Best "A++ (Superior)" rating. As set out in the ORSA, TICL and TIDAC uses its own capital model and assessment of its risk profile to determine its economic capital requirement ("ECR").

The ORSA process is facilitated by the Enterprise Risk Management ("ERM") Team in line with their requirements as documented in the RMF. ERM utilises the TICL and TIDAC risk register and internal model to assist management to identify, measure and monitor risks to the business plan and solvency.

### B.3.3 Climate Related Financial Risks

Climate related financial risks are considered in the Risk Management Framework and ORSA process. Sustainability at Travelers means performing today, transforming for tomorrow and fulfilling our promise to our customers, communities and employees. The Group follows the climate strategy of TRV, which can be found at: <https://sustainability.travelers.com/>. Information relating to managing changing climate conditions can be found at: <https://sustainability.travelers.com/resources/past-reports>.

## B.4 Internal Control System

The internal control system is designed to help assure that the Group achieves its objectives through operational effectiveness and efficiency, robust financial reporting, strong financial and operating controls and compliance with laws, regulations and policies.

The tone for the control environment is set by the Board of Directors, the ELT, OpCo and the TIDAC Management Committee, who are committed to a culture of management integrity, transparency and honesty, and who attribute high importance to the establishment and maintenance of a strong system of internal controls. A key aspect of the internal control framework is a robust risk management framework that ensures strong processes exist for risk identification, risk measurement and risk monitoring and that ensures appropriate risk mitigation strategies are in place. Internal controls are documented in the risk control policies and the accompanying policy and procedure documents. The operation of these internal controls and risk identification processes is monitored

by the four control functions, namely the Compliance function, the Internal Audit function, the Actuarial function and the Risk Management function.

#### **B.4.1 Delegation of Responsibilities**

Delegation of responsibilities to senior management function holders and key function holders and their reporting lines, is set out in a Management Responsibilities Map (“**MRM**”). An MRM is also prepared for TIDAC. The MRM is maintained by the Head of Compliance and is updated on a quarterly basis, as required.

#### **B.4.2 Compliance Function**

Responsibilities of the Compliance function are set out in a Compliance Charter and annual Compliance Plan, which are approved by the TICL and TIDAC R&R Committees on an annual basis. In addition, various internal control policies identify roles and responsibilities allocated to the Compliance function. The Compliance function is responsible for assisting the business in discharging its regulatory obligations. This involves helping the business in identifying, managing, monitoring and resolving compliance risks and issues, assisting with the implementation of controls around regulatory risk, encouraging the right culture across all levels of the firm and providing the R&R Committee, Board and senior management with assurance that key regulatory risks are being appropriately managed. In particular, the Compliance function will monitor how the business has discharged its regulatory obligations using a combination of targeted monitoring reviews and continuous monitoring and reporting, as set out in the annual Compliance Plan.

The escalation procedure for a possible non-compliant issue is via the Compliance Report to the ERC, R&R Committee and the Board, or through more immediate escalation to the individual Board member or relevant key function if a matter is material and requires more urgent action. In the unlikely event that appropriate remedial action is not taken following escalation of a material issue, the Compliance function will notify the appropriate regulatory authorities of the matter.

The Head of Compliance monitors the team’s resources on a continuous basis throughout the year. Their objective is to ensure that the available resources are sufficient to complete the annual Compliance Plan within the stated timeframe and to provide the expected level of assurance.

Compliance is owned by the Board, with due attention given on Board and Risk Committee agendas.

The Compliance function reports:

- Quarterly to the Board;
- Quarterly to the Board Risk and Remuneration Committee;
- Quarterly to the Executive Risk Committee;
- Quarterly to the European Underwriting Committee;
- As required to the Product Oversight Group;
- Following completion of a Compliance Review, Specific Project or Continuous Monitoring to Board members, senior management and all stakeholders, and
- Monthly to OpCo.

## B.5 Internal Audit Function

The Internal Audit Function is managed by the designated Head of Internal Audit, who is an employee of TML. The Head of Internal Audit has a direct reporting line to the Chair of the Audit Committee and meets each year with the Audit Committee without executive management in attendance. In addition, the Head of Internal Audit has a secondary reporting line to the TRV Chief Audit Officer based in the US.

Each Business Unit and function within the Group is subject to internal audit review on a risk-based cycle. An audit plan is prepared each year and approved by the Audit Committee on behalf of the Board. Reports are issued following each audit and circulated to senior management, both locally and within the group in the United States. The issues identified are tracked through to resolution to ensure they are addressed on a timely basis.

The audit plan considers the materiality of each area, the results of prior years' audits and the quantum of change being experienced across each area of the business. The current year's plan is therefore determined on a risk-based selection of areas to be addressed. The plan is sufficiently flexible to be changed mid-year if new circumstances arise. Any proposed changes to the plan are agreed by the Audit Committee and on behalf of the Board.

Internal Audit evaluates the adequacy and effectiveness of the internal controls in each area it audits and structures its work around four key risk management objectives, namely:

- Financial statement integrity
- Operational effectiveness
- Compliance with local laws and regulations
- System and data integrity

The Head of Internal Audit has no other role within the Group and has no additional responsibilities.

The Internal Audit Function reports quarterly to the Audit Committee (with summary to the Board). Summaries of audit activity are also provided quarterly to the Executive Risk Committee.

## B.6 Actuarial Function

The PRA Rulebook: Conditions Governing Business 2.2 requires there to be an actuarial function and for that function to report to the Board formally on technical provisions, reinsurance arrangements and underwriting policy. The Group has an in-house team of actuaries that perform this role. The Actuarial function is also engaged in pricing, reserving and management information related activities. The department is structured in line with the functions the team needs to perform and has a separate pricing and reserving team. This reduces the potential to create a conflict of interest.

The Company's Chief Actuary reports to the CEO of the Company to ensure that the Actuarial Function is not unduly influenced by the Underwriting function.

The Actuarial Function Reports, and the Opinions on Underwriting Policy and Reinsurance Arrangements, are produced annually and presented to the Board by the European Chief Actuary, having first been reviewed by the ERC. The TICL and TIDAC Boards exercises appropriate additional oversight over the reserving process by receiving quarterly reports from the actuarial team which are presented by the Chief Actuary for each company. Detailed review of the quarterly reserve reports is delegated to the TICL and TIDAC Finance Committees and on an annual basis the TICL and TIDAC Audit Committee meets with the respective Chief Actuary and the External Auditors to receive reserve reports and to discuss reserving issues. Controls over the TICL and TIDAC Board and senior management having an undue influence on the activities of the Actuarial Function arise from the maintenance of professional standards of conduct by the in-house actuarial team, oversight from external auditors and peer reviews by other actuaries within the wider Travelers organisation.



## B.7 Outsourcing

The Outsourcing and Third Party Risk Management Policy – Europe (the “**Outsourcing Policy**”) sets out the minimum standards, and roles and responsibilities, relating to the outsourcing of a process, a service or an activity (a ‘function’) by or on behalf of the Group, and ensures compliance by the Group with all applicable regulations and guidance when entering into outsourcing arrangements (including the requirements of Solvency II, the FCA and the PRA (for example, the expectations set out in SS2/21 in respect of outsourcing)).

The Outsourcing Policy sets out appropriate governance and risk management processes to ensure that the potential risks associated with an outsourcing arrangement are effectively identified, assessed, monitored and managed. These processes include:

- Identifying an individual within the business who is accountable and responsible for the outsourcing arrangement;
- Assessing each proposed outsourcing arrangement to determine whether it is material, taking into account the criteria provided within applicable regulatory guidance. Such material arrangements are subject to additional controls;
- Carrying out a risk assessment;
- Carrying out due diligence (including cyber security, where appropriate);
- Entering into a written agreement with the service provider;
- Carrying out ongoing monitoring and oversight; and
- Establishing and documenting a business continuity plan, exit strategy and termination process.

The Group currently has the following outsourcing arrangements in place, which have been assessed as being material:

Type of Arrangement	Description of Outsourcing	Location of Service Provider
Intragroup	Travelers operates a hybrid arrangement pursuant to which a service company provides staff to, and procures services for, the Group	UK
Intragroup	IT infrastructure, security and support services	USA
Intragroup	Investment management and treasury services	USA
Third party	Insurance policy administration services and claims administration services	India
Third party	Delegation of claims handling authority in relation to certain motor related claims	UK

## B.8 Any other information

This system of governance is considered by the Board, the ELT and the ERC to be appropriate for the nature, scale and complexity of the Group’s business.

## C. Risk Profile

### C.1 Underwriting Risk

Underwriting risk as at 31 December 2024 comprised 79.7% (2023 82.2%) of the undiversified basic SCR.

#### C.1.1 Material Risk Exposures

The Group has an Insurance Risk Policy (which covers underwriting risk) which is reviewed and approved annually by the ERC and the Board. Underwriting risk includes the following exposures:

- **Claims:** Inadequate management of claims and inconsistent or inappropriate case reserving.
- **Large Loss Frequency and Severity:** Potential for the frequency and severity of claims payments to be different to the plan estimated for large losses or catastrophes.
- **Portfolio Aggregation:** Inadequate or ineffective supervision of aggregate exposure appetite, or over reliance on inadequate methods of aggregation. Failure to accumulate insurance exposures in an accurate and timely manner, or establish appropriate risk appetite levels.
- **Pricing and Selection:** Inadequate pricing or selection of risks that fails to appropriately assess the underlying risk exposures.
- **Reinsurance:** Failure for reinsurance to effectively to protect capital and profit in line with risk appetite guidelines.
- **Reserving:** Uncertainty of the timing or amount of claims cash flows. Eventual claim payments are different to the reserves estimated for those liabilities.
- **Underwriting portfolio management:** Failure to predict the effect of industry, economic, environmental or market trends on individual classes of business profitability, leading to an unprofitable underwriting strategy.
- **Delegated Underwriting:** Deficient oversight and management of Delegated Underwriting Authority.
- **Cyber Underwriting:** Prudential risks emanating from underwriting contracts that are exposed to cyber-related losses resulting from malicious acts and non-malicious acts involving both tangible and intangible assets.

A high inflationary environment began in 2021 and started to moderate from 2023 onwards. Year-end inflation levels were close to the European Central Bank and Bank of England's target of 2%. The Group 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 Group 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.

There were no changes to the measures used to assess material underwriting risk exposures during the period.

The reference to "Life underwriting risk" in the Standard Formula and the quantitative templates relates to exposures in respect of claims funded by periodic payment orders.

### C.1.2 Material Risk Concentrations

Geographically the major risk concentrations are to the UK and Ireland and by peril the largest nat-cat exposure is to a large windstorm event with consequent storm surge. The underwriting portfolio with the largest overall exposure concentration is the Professional Indemnity coverage within the General Liability line of business.

Whilst reserve risk diversifies across lines of business, it is dominated by our long-tail classes and is exposed to systemic risks such as claims inflation, legal rulings or changes in settlements such as the Ogden discount rate change.

We do not anticipate any significant changes to our material risk concentration during the business planning time period.

### C.1.3 Material Risk Mitigation

The European Underwriting Committee oversees the management of underwriting risk and in particular ensures adherence to the Board determined risk appetite in terms of product, line of business, geographical exposure, line sizes, and rating adequacy. The underwriting strategy includes limits on the Group'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 Group 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 Group 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 Group's appetite additional facultative reinsurance is also purchased.

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 Group'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 TICL and TIDAC Finance Committees oversee the management of reserving risk. The 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 TICL and TIDAC Finance Committees perform a comprehensive review of the projections, both gross and net of reinsurance and, following this review, makes recommendations to the TICL and TIDAC 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.

### C.1.4 Risk Sensitivity and Sensitivity Analysis

The major underwriting risk sensitivities are to the adequacy of reserves established at 31 December 2024 and to the projected loss ratio at which business will be written in the next twelve months. Should the net reserves established at 31 December 2024 deteriorate by 10% Own Funds will reduce by £122.8m (2023 £118.0m).

Should the loss ratio projected for the 2025 year deteriorate by 10 points, the impact on 2024 Own Funds would be a deterioration of £52.3 (2023 £49.5m).

The above sensitivity analysis' result in capital surplus positions between £124.4m and £194.6m (2023 between £120.2m and £188.7m), and associated SCR coverage between 120% and 131% (2023 between 122% and 135%).

## C.2 Market Risk

### C.2.1 Material Risk Exposures

Market risk as at 31 December 2024 comprised 18.1% (2023 14.7%), of the undiversified basic SCR.

The Group's material market risk exposures are to interest rate risk and asset price risk on the fixed income investment portfolio, foreign currency risk through having unmatched foreign currency assets and liabilities, and credit risk to investment counterparties.

As at 31 December 2024 the Group had an investment portfolio comprised of government and corporate bonds with a market value of £2,024.1m (2023 £1,892.3m). All investments are high quality, highly liquid and traded on a recognised investment exchange and as such comply with the PRA Rulebook: Investments 2, prudent person principle. The Group does not use derivatives other than to mitigate risk and has not utilised derivatives during 2024 or the prior year.

The Group's material foreign currency exposures are to the Euro and to the US dollar through business written denominated in US dollars and through transactions with affiliated group companies based in the United States.

The Group also has a contingent exposure to a defined benefit pension scheme based in the UK in the event the sponsoring employer, an affiliated group company, is unable to meet its liabilities as they fall due.

There were no changes during the year to the measures used to assess material market risk exposures.

### C.2.2 Material Risk Concentrations

The Group's most material investment exposure is to the bonds of the UK Government. At 31 December 2024 the market value of its holding in UK government bonds was £107.0m (2023 £209.7m) or 5.3% (2023 11.1%) of its investment portfolio. The Group's largest holding in corporate bonds was £64.8m (2023 £55.0m) or 3.2% (2023 2.9%) of its investment portfolio.

### C.2.3 Material Risk Mitigation

Management of the Group's investment portfolio is outsourced to an affiliated group company, The Travelers Indemnity Company. The investment strategy is approved annually by the Board and performance against this strategy is reviewed quarterly in meetings between the investment manager and the TICL and TIDAC Finance Committees. The Group invests only in high quality and highly liquid assets that are traded on recognised investment exchanges and are rated "A-" or higher with S&P Global Ratings. Limits are in place to manage exposures to particular industries and individual counterparties. The term of the invested assets purchased are set to approximate the duration of the underlying insurance liabilities.

The Group aims to match foreign currency assets and liabilities by currency, with any surplus being held in sterling. Any foreign currency surpluses or deficiencies are actively managed, on at least a quarterly basis, by selling or buying currency assets to resolve the situation.

The TIDAC and TIDAC Finance Committees monitors market risk and foreign currency exposures and adherence to the Group's risk appetite.

### C.2.4 Risk Sensitivity

The major market risk sensitivities are to a significant change in interest rate expectations, the financial impairment of an individual investment counterparty or a significant movement in foreign currency rates.

### C.2.5 Sensitivity Analysis

The investment portfolio typically has a relatively short duration approximating the term of the insurance liabilities. If interest rates had risen by 200 basis points as at 31 December 2024, Own Funds would have reduced by £75.9m (2023 £70.2m).

The failure of its largest corporate investment counterparty as at 31 December 2024 would cost the Group £64.8m, or approximately 7.4% of Own Funds (2023 £55.0m, or approximately 2.9% of the Group's Own Funds).

The impact of a 10% movement in the exchange rate for the largest currency exposure impacts the Group's Own Funds by approximately £13.6m as at 31 December 2024 (2023 approximately £13.3m).

The above sensitivity analysis' result in capital surplus positions between £258.2m and £344.8m (2023 between £248.6m and £209.5m), and associated SCR coverage between 148.1% and 163.9% (2023 between 147.8% and 140.3%).

## C.3 Credit Risk

### C.3.1 Material Risk Exposures

Credit risk for the Group as at 31 December 2024 comprised 2.1% (2023 3.1%) of the undiversified basic SCR. The Group's material credit risk exposures are to reinsurers, brokers and policyholders through their insurance underwriting activities.

There were no material downgrades to the credit ratings of the Group's reinsurer or investment counterparties during the year. All counterparty credit ratings remained within the Group's risk appetite.

There were no changes to the measures used to assess those material risk exposures during the year.

### C.3.2 Material Risk Concentrations

The single biggest reinsurer exposure as at 31 December 2024 for the Group was £22.5 (2023 £29.0m). There was

no material exposure to any individual broker or policyholder.

### C.3.3 Material Risk Mitigation

Credit exposures are managed through the thoughtful analysis and selection of individual counterparties and the use of limits to manage exposures to individual counterparties.

The Group's policy is to purchase reinsurance only from those reinsurers who meet the TRV Group's security standards. Reinsurance counterparties are subject to a rigorous internal assessment process by reviewing ratings provided by rating agencies and other publicly available information. The Group utilises resources from the TRV group in managing this risk. Some insurance policies underwritten by the Group provide for a significant individual loss deductible, and/or aggregate deductible, in respect of the compulsory insurance classes of Motor or Employer's Liability. In these cases, the insolvency of the insured would result in a credit exposure for the Group. This type of exposure is managed by requiring the insured to provide collateral, typically in the form of a Letter of Credit. Proactive credit control procedures are in place to limit outstanding balances owed by reinsurers, brokers and policyholders.

The TICL and TIDAC Finance Committees monitors credit risk and each company's adherence to its appetite for credit risk.

### C.3.4 Risk Sensitivity

The key risk sensitivities for credit risk are to the failure of an individual counterparty, or to a market wide event, such as an economic recession or large insured Catastrophe loss, that impairs the financial security of a number of counterparties at the same time.

### C.3.5 Sensitivity Analysis

Failure of the largest corporate bond counterparty and reinsurer counterparty at the same time as at 31 December 2024 would cost the Group an amount representing approximately 7.5% (2023 8.0%) of its Own Funds, after tax.

The above sensitivity analysis would result in a capital surplus position of £269.5m (2023 £201.8m), and associated SCR coverage of 150.3% (2023 138.8%).

## C.4 Liquidity Risk

### C.4.1 Material Risk Exposures

The Group has no material liquidity exposures. The Group has no external debt, is well capitalised, and has a highly liquid investment portfolios whose duration is set to match the duration of its insurance liabilities.

There were no changes to the material liquidity risk exposures during the period, nor to the measures used to assess those material risk exposures.

### C.4.2 Material Risk Concentrations

The Group has no material liquidity risk concentrations.

### C.4.3 Material Risk Mitigation

The Group has a highly liquid investment portfolio and a strong capital position. Cash flow forecasts are prepared on a weekly basis and a buffer of liquidity retained to manage unexpected cash requirements.

The TICL and TIDAC Finance Committees oversees the management of liquidity risk.

#### C.4.4 Risk Sensitivity

The Group has no particular sensitivities to liquidity risk.

### C.5 Operational Risk

#### C.5.1 Material Risk Exposures

Operational Risk is 7.5% of the Group's final SCR (2023 7.3%).

The Group has an Operational Risk Policy which is reviewed and approved annually by the ERC and the Board. The operational risk profile includes risks from processes, people, systems and external events. Six categories have been identified by the Board as being the most material operational risk areas and defined in the risk register:

- **Compliance, Legal and Third Parties:** Unintentional or negligent failure of professional, regulatory or legal obligations, including contractual disputes raised by, or against, business partners
- **Customer Outcome:** Failure to pay due regard to the interests of customers and treat them fairly.
- **Data Management and Reporting:** Flaws relating to capture, maintenance/storage, transmission or reporting of information
- **Employee and Employment Practices:** Acts inconsistent with HR, employment, or health and safety legislation/policy.
- **Financial Crime:** Unlawful acts attempted for financial gain
- **IT Infrastructure, Security and Change:** Risk from systems or transformation initiatives, or disruption of business, including from cyber-attacks.

Operational risks are reviewed quarterly and linked to the ORSA through performance of the Risk and Control Self-Assessment ("RCSA") Process facilitated by the Risk Management Function. Qualitative risk concentration and sensitivity tests linked to the operational risk profile were analysed in the ORSA, some of which were:

- Delegated Underwriting;
- Counterparty Credit Risk; and
- Business Continuity / Disaster Recovery.

These tests are facilitated by the Risk Management Function linked to emerging risks and provide early warning to the Board and senior management of extreme but plausible events that could impact the business. This enables the Group to formulate plans to manage the business in the event of such extreme shock.

Other key operational risks with the corresponding mitigating actions are summarized in the table below:

Process Risks	Mitigating Activities / Tools
Business Operation and Process Failures	• Documented controls and procedures
	• Statistical reporting
	• Business Continuity arrangements
Governance Failures	• Documented controls and procedures
	• Corporate Governance Structure
Health & Safety Procedural	• Documented controls and procedures

Process Risks	Mitigating Activities / Tools
Failures	<ul style="list-style-type: none"> <li>Review and enhancement of risk control activities</li> <li>Periodic review of projects and activities</li> </ul>
Process Risks	Mitigating Activities / Tools
Change Management Failures	<ul style="list-style-type: none"> <li>Compliance with Travelers Group Change Management Processes and Procedures</li> </ul>
People Risks	Mitigating Activities / Tools
Fraud	<ul style="list-style-type: none"> <li>Documented controls and procedures</li> <li>Anti-fraud administration procedures</li> <li>Authorisation limits and segregation of duties</li> <li>Employee screening</li> </ul>
Human Resources	<ul style="list-style-type: none"> <li>Documented controls and procedures</li> <li>HR Policies and monitoring</li> <li>Training programme for Management and Staff</li> </ul>
Finance and Accounting Errors	<ul style="list-style-type: none"> <li>Documented controls and procedures</li> <li>Accounting Policy</li> <li>Authority Limits</li> <li>Oversight by Internal Audit</li> </ul>
Compliance and Legal	<ul style="list-style-type: none"> <li>Documented controls and procedures</li> <li>Compliance Plan</li> <li>Risk Committee oversight and reporting</li> <li>Approval limits</li> <li>Contracts approval procedure</li> </ul>
Systems Risks	Mitigating Activities / Tools
Technology	<ul style="list-style-type: none"> <li>Documented controls and procedures</li> <li>Fall-back suppliers/Service Providers</li> <li>Disaster Review/Recovery Processes</li> </ul>
Systems and information Security	<ul style="list-style-type: none"> <li>Information Security policies and monitoring</li> <li>Business Continuity Plan</li> </ul>
External Risks	Mitigating Activities / Tools
External Party-induced BCP	<ul style="list-style-type: none"> <li>Systems Security Checks</li> </ul>



Failure	<ul style="list-style-type: none"> <li>• Rigorous Business Continuity/Disaster Recovery Plan</li> </ul>
<b>External Risks</b>	<b>Mitigating Activities / Tools</b>
	<ul style="list-style-type: none"> <li>• Office Premises Security Checks</li> </ul>
Failure of Outsourcing Arrangements	<ul style="list-style-type: none"> <li>• Service-level agreements</li> <li>• Outsourcing approval and monitoring procedures</li> </ul>
Loss of key distribution relationships	<ul style="list-style-type: none"> <li>• Proactive management of Third-party relationship issues</li> <li>• Proactive sourcing of alternative distribution relationships</li> </ul>
Changes in Regulatory Framework	<ul style="list-style-type: none"> <li>• Legal and Compliance monitoring procedures</li> <li>• Regular review of regulatory environment</li> </ul>

In addition, regular risk monitoring and reporting using the risk register provides management and the Board with ongoing assurance that material operational controls to manage these operational risks are functioning properly. Recommendations and actions arising from this review are documented in the risk register and tracked to facilitate a discussion about the plan, its risks, and potential management actions to enhance the Group's resilience and deliver the plan's objectives.

Through the attendance of the Head of Compliance at the ERC, there is challenge over whether regulatory elements are considered appropriately within these risks. Similarly, notable regulatory developments and breaches are disseminated through Compliance reporting linked to the Risk Management Framework.

There were no changes to the material operational risk exposures during the period, nor to the measures used to assess those material risk exposures.

### C.5.2 Material Risk Concentrations.

The Group has no particular operational risk concentrations

### C.5.3 Material Risk Mitigation

See table above

### C.5.4 Sensitivity Analysis

The Group does not perform any sensitivity analysis in respect of operational risk.

### C.5.5 Other Material Risks

None

## C.6 Any other information

There are no other significant risk concentrations for the Group.

## C.7 Any other information

None

## C.8 Stress and Scenario Testing

Stress and scenario testing is facilitated at least annually by the ERM and contemplates risks to which the business

may become exposed to in the future. Stress and scenario testing involves projection of the plan, under extreme but plausible risk conditions, to identify potential management actions and inform the business strategy. Investigation of different scenarios identifies how perceived risks are likely to impact the strategy and supports proactive risk management.

Stress and scenario testing identifies how, with the business model under stress, policyholder security is assured and encourages continuous improvement, to evolve financial and operational resilience, in view of emerging risks. Analysis of external and internal events to develop/inform scenarios for analysis are identified by the Risk and Control Owners, ELT, OpCo, ERC, Board and ERM amongst others.

Stress testing is used to evaluate the potential forward-looking effects of a set of specified changes in risk factors, corresponding to an exceptional but plausible targeted event. It is used to test business capability against challenging industry or macroeconomic events, or during periods of expansion/growth when innovation leads to new products for which limited, or no historical experience is available.

Scenario testing is typically used to assess (forward-looking) the simultaneous impact of a set of events. Stress and scenario analysis maintains a close relationship with the capital model. Well-functioning scenario analysis requires a robust model and methodology to perform the analysis, at the same time, the results of Stress and Scenario testing can inform refinements to the model and/or stress and scenario methodology.



Figure A: Overview of the Stress and Scenario Methodology

## C.8.1 Overview of the Methodology

Specific objectives relating to stress and scenario testing are to:

- explore the potential causes of total business model failure i.e., reverse stress testing;
- further understand the types of scenario and the extent of stress required to result in a breach of capital requirements;
- awareness of the impact on capital requirements and the position against risk tolerance and/or appetite under various stressed conditions;
- understand the impact on the ability to meet key targets under various stressed conditions; and
- analyse ORSA outputs, particularly in relation to the capital and solvency position under stressed conditions.

ERM facilitates Stress and Scenario testing and challenges potential management actions in response to these tests so that they are realistic, credible, consistent with regulatory expectations, and achievable; and consider triggers for potential activity.

## C.8.2 Risk Appetite and Capital Scenario Analysis

The Risk Strategy defines the Risk Appetite and reflects the level and nature of risks that the Board considers acceptable for it to seek, accept or transfer in pursuit of strategic objectives. The Risk Appetite Framework sets specific thresholds that are in the Group's tolerance level and this is monitored on an ongoing basis. The list of stress and scenario tests are reviewed frequently to identify new scenarios or stresses required and how to recalculate historic scenarios.

This work is led by ERM. The existing list of stress and scenario tests are reviewed frequently to identify new scenarios or stresses required and how to recalculate historic scenarios. This considers any new information that may have come to light through internal or external sources as presented in Figure A above.

The factors that drive the biggest losses are selected and scenarios are developed that target key controls, or that could cause material loss (for example, underwriting risks are most damaging when reinsurance protection is invalidated through operational risks or due to a large number of sideways events leading to net retentions).

Once scenarios have been generated to consider each principal risk type, ERM and specialist owners, identify which risks could have a common cause or are likely to occur simultaneously in order to develop an aggregate view.

Generally, stress and scenario tests are accumulated until the overall capital figure or the local appetite is exceeded. The combination of events required to exceed this capital figure is seen as a good test of suitability of the capital amount and modelling.

### Quantitative Assessment

- Review the average drivers of capital loss that would take TICL or TIDAC below its Economic Capital Requirement ("ECR"); or cause a one notch downgrade on standalone basis or erode all capital.
- Rank the largest drivers of capital erosion and report on the correlation between these to sense check whether events could occur that accumulate these losses.
- Attach a likelihood to some of the scenario tests.

### Qualitative Assessment

Continually progress thinking on risks to capital, considering emerging risks and inherent risk scenarios, for example: Tests on Group/Operational risks; Pension fund liabilities/assets where appropriate; and Invalidation of reinsurance assets.

## D Valuation for Solvency Purposes

### D.1 Assets

The Group's assets on a Solvency II and UK GAAP basis as at 31 December 2024 and 31 December 2023 were as set out below:

31 December 2024	Solvency II basis	UK GAAP basis	Difference
	£m	£m	£m
Deferred tax asset	-	21.1	(21.1)
Other Financial investments	2,024.1	1,996.0	28.1
Reinsurance recoverables	160.6	243.5	(82.9)
Insurance and intermediaries receivables	12.6	124.4	(111.8)
Reinsurance receivables	2.4	8.6	(6.2)
Receivables (trade, not insurance)	17.6	16.0	1.6
Cash and cash equivalents	77.6	77.7	(0.1)
Accrued interest	-	28.1	(28.1)
Deferred acquisition costs	-	39.2	(39.2)
<b>Total Assets</b>	<b>2,294.9</b>	<b>2,554.6</b>	<b>(259.7)</b>

31 December 2023	Solvency II basis	UK GAAP basis	Difference
	£m	£m	£m
Deferred Tax Asset	15.8	36.5	(20.7)
Other Financial Investments	1,892.3	1,869.6	22.7
Reinsurance recoverables	141.7	230.0	(88.3)
Insurance and intermediaries receivables	16.3	132.1	(115.8)
Reinsurance receivables	5.7	8.6	(2.9)
Receivables (trade, not insurance)	8.4	8.4	-
Cash and cash equivalents	58.6	58.6	-
Accrued interest	-	22.7	(22.7)
Deferred acquisition costs	-	39.0	(39.0)
<b>Total Assets</b>	<b>2,138.8</b>	<b>2,405.5</b>	<b>(266.7)</b>

The Group's assets are recognised and valued using the following principles:

#### Deferred acquisition costs

Deferred acquisition costs comprise brokerage and commission incurred on contracts written during the financial year, but that fall to be expensed in future financial years on a UK GAAP basis. Deferred acquisition costs are removed under Solvency II principles.

## Deferred tax asset

The deferred tax asset relates to carry forward tax losses and unrealised losses on investments.

The deferred tax relating to carry forward losses is valued using an estimate of future profits by financial year. The deferred tax relating to unrealised losses on investments is valued using an estimate of when the unrealised loss will reverse, by financial year. The latest tax rate which has received Royal Assent and which might reasonably be expected to apply when the timing differences reverse is then applied. There are no unprovided deferred tax assets or liabilities.

The valuation method for deferred tax balances is the same under UK GAAP and Solvency II. The difference in the valuation between Solvency II and UK GAAP relates to the application of deferred tax to valuation differences that apply between net assets on a UK GAAP and a Solvency II basis. This difference resulted in a net deferred tax liability at year end.

The recoverability of the UK GAAP deferred tax asset on carry forward losses depends on the availability of future profits. Projected profits over the planning cycle have been used as the basis for determining the recoverability of this asset, together with the indefinite tax loss carry forward available in the UK.

The recoverability of the deferred tax asset on unrealised losses on investments depends on the likely disposal date of the investment. Projected disposal rates have been used as the basis for determining the recoverability of this asset, together with the indefinite tax loss carry forward available in the UK.

## Other Financial Investments

The Group classify their financial investments as “available for sale” and carries those investments at fair value, with unrealised gains and losses being reported through Other Comprehensive Income on a UK GAAP FRS 102 basis. For assets where no active market exists, fair value is determined by referring to quoted prices in active markets for similar assets. All of the Group’s investments fall into this category. The difference in the Solvency II valuation basis compared to UK GAAP is that on a Solvency II basis the value of investments includes accrued interest.

## Reinsurance recoverables

Reinsurance recoverables on a Solvency II basis relate to all expected future cash inflows and outflows from reinsurers in respect of contracts bound as at the balance sheet date. These cash flows are discounted to have them valued on an economic basis. The major difference between the UK GAAP and Solvency II basis valuation is that on a Solvency II basis the reinsurance recoverables are stated net of cash outflows in respect of premiums or reinstatement premiums. On a UK GAAP basis, these cash outflows are presented separately as liabilities. In addition, the UK GAAP reserves are not discounted, and UK GAAP includes an unearned premium reserve for that period of a reinsurance contract’s term that is unexpired as at the balance sheet date. Solvency II does not recognise the concept of unearned premium, but instead recognises expected reinsurance cash inflows and outflows up until the expiry of the underlying reinsurance contract. These cash flows are discounted.

## Insurance and intermediaries receivables

On a Solvency II basis, only insurance premiums and associated balances that are outstanding past their credit terms are shown as a separate asset on the balance sheet. All other insurance premiums receivable and associated balances are reported as a component of technical provisions. This explains the difference in valuation to the UK GAAP basis. Insurance premium receivables and associated balances are stated net of an impairment provision and are recorded at book value as a reasonable proxy for economic value, as all amounts are expected to be received within six months.

## Reinsurance receivables

On a Solvency II basis, only reinsurance receivables that are outstanding past their credit terms are shown as a separate asset on the balance sheet. All other reinsurance receivables are reported as a component of technical provisions. Reinsurance receivables are stated net of an impairment provision and are recorded at book value as a reasonable proxy for economic value, as all amounts are expected to be received within six months.

## Receivables (trade not insurance)

Receivables (trade, not insurance) are recorded at book value as a reasonable proxy for economic value, as all amounts are expected to be received within six months. The difference between the valuation on a Solvency II and UK GAAP basis relates to the component of intercompany balances that relates to intercompany reinsurances and which gets reclassified as technical provisions for Solvency II purposes.

## Cash and cash equivalents

All cash balances are held in accounts which are not subject to any time restriction and can be withdrawn without penalties. Cash is held at book value as a proxy for market value and a consistent valuation basis is used for Solvency II and UK GAAP reporting.

## Accrued Interest

Accrued interest is valued at book value for both Solvency II and UK GAAP purposes. As all amounts accrued fall due for payment within six months, this is deemed a reasonable proxy for market value. For Solvency II purposes accrued interest is classified as part of Investments.

## D.2 Technical Provisions

The Solvency II gross technical provisions for the Group as at 31 December 2024 and 2023 were as set out below:

	2024	2023
	£m	£m
Best estimate	1,331.6	1,268.0
Risk margin	56.8	53.7
<b>Total gross technical provisions</b>	<b>1,388.4</b>	<b>1,321.7</b>

The most material class is General Liability which comprises 67.4% (2023 68.4%) of the total gross best estimate as follows:

General Liability	2024	2023
	£m	£m
Gross best estimate	934.3	867.7
Risk margin	32.5	37.4
<b>Total gross technical provisions</b>	<b>966.8</b>	<b>905.1</b>
Reinsurance best estimate	(47.6)	(30.7)
<b>Total net technical provisions</b>	<b>919.3</b>	<b>874.4</b>

The gross technical provisions best estimate represents the best estimate of the ultimate cost of settling claims that will arise from all contracts written as at the balance sheet date, including those that are bound but not yet incepted. In addition to the inherent uncertainty of having to forecast the ultimate costs of those claims that have occurred but not yet been advised as at the balance sheet date and the eventual final costs of the claims that have been reported by the balance sheet date but which remain unsettled, there is considerable uncertainty of

forecasting those claims that will arise on exposures written that extend beyond the balance sheet date. As a consequence of these uncertainties, the Group 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. A variety of different statistical techniques are used by the in-house actuaries to determine the appropriate level of 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 accident year. Gross and ceded data is projected separately. Large claims are identified and reserved for separately. Where possible, the Group adopts multiple techniques to estimate the required level of 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. These cash flows are then discounted using the relevant EIOPA yield curves. The data is then aggregated to Solvency II class of business for reporting purposes.

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. It is not unlikely that the ultimate cost is greater, or lower, than the initial reserves by 10%.

The risk margin is an addition to the best estimate liabilities. The risk margin is an estimate of the cost of providing the capital necessary to support the run-off to expiry of the underlying insurance liabilities. The Group uses the full calculation as the basis for calculating the risk margin. This involves taking the Standard Formula SCR and projecting it:

- for 30 years into the future;
- restricted to the policies legally obliged on the balance sheet date;
- assuming market risk is nil;
- using the gross and ceded, premium, claims and expense cashflows from the technical provisions; and
- making various expert judgments used in respect of the risk prevailing at each future projection point.

This is then discounted and multiplied by the prescribed cost of capital rate of 4% (6% for the Irish subsidiary). There has been no change to the basis of computing the risk margin relative to that used in the prior year.

To allow for business that is contractually bound but not incepted at the balance sheet date the Group uses assumptions as to binding date, together with data from the latest business plan. For reinsurance we assume a future management action will be to purchase reinsurance cover, similar to the protection offered by current reinsurance treaties, to provide ongoing protection for any unexpired gross exposures. An additional expense provision is calculated to cover the cost of administering the policies and settling the claims in respect of unearned premiums and bound but not incepted policies. For Events Not in Data ("ENIDS"), we use an assumption-based approach which has been benchmarked against the market. There has been no change to the basis of calculating technical provisions in 2024 relative to the prior year. This calculation approach is applied to all Solvency II classes.

On a Solvency II basis the Group's gross technical provisions as at 31 December 2024 were £1,388.4m (2023 £1,321.7m). On a UK GAAP basis gross technical provisions were £1,661.2m (2023 £1,572.3m). A reconciliation of



the UK GAAP reserves to the Solvency II reserves for the Group on a gross and net basis, itemising the key items in reconciliation, for both 2024 and 2023 is set out below:

As at 31 December 2024	Gross	RI	Net
	£m	£m	£m
UK GAAP reserves	1,661.2	243.5	1,417.7
Removal of margin	(37.5)	-	(37.5)
Removal of UPR reserve	(290.2)	(44.0)	(246.2)
Future Premium	(155.8)	(55.8)	(100.0)
Discounting	(135.5)	(17.9)	(117.6)
Events not in data	50.0	6.9	43.1
Claims on unearned/un-incepted business	139.9	19.0	120.9
Commissions on un-incepted business	43.6	7.0	36.6
Risk Margin	56.8	-	56.8
Additional expenses	55.9	-	55.9
Reinsurance debtor	-	4.9	(4.9)
Reinsurance bad debt	-	(3.0)	3.0
<b>Solvency II Technical Provisions</b>	<b>1,388.4</b>	<b>160.6</b>	<b>1,227.8</b>

As at 31 December 2023	Gross	RI	Net
	£m	£m	£m
UK GAAP reserves	1,572.3	230.0	1,342.3
Removal of margin	(34.1)	-	(34.1)
Removal of UPR reserve	(303.7)	(47.4)	(256.3)
Future Premium	(155.2)	(62.0)	(93.2)
Discounting	(121.2)	(14.9)	(106.3)
Events not in data	47.4	6.5	40.9
Claims on unearned/un-incepted business	181.2	24.9	156.3
Commissions on un-incepted business	21.9	4.1	17.8
Risk Margin	53.8	-	53.8
Additional expenses	59.3	-	59.3
Reinsurance debtors	-	2.9	(2.9)
Reinsurance bad debt	-	(2.4)	2.4
<b>Solvency II Technical Provisions</b>	<b>1,321.7</b>	<b>141.7</b>	<b>1,180.0</b>

On a Solvency II basis reserves are carried on a best estimate basis, so any reserve margin held under UK GAAP is released. Solvency II does not recognise the concept of earned premium and earned reserves. Instead, reserves are established based on all contracts written at the balance sheet date, including those where the Group is contractually bound but the contract has not yet incepted. In this way, the unearned premium reserve held on a UK GAAP basis is released and replaced by future cash outflows in respect of claims for all contracts to which the Group are contractually bound at the balance sheet date. Solvency II technical provisions also include the premium cash inflows in respect of these contracts.

On a Solvency II basis it is necessary to carry a reserve for ENIDS. In addition, the Group provides for the additional expenses that will be incurred in servicing all contracts to which the Group are contractually bound at the balance sheet date to their expiry. Then to put the provisions held onto an economic basis, a risk margin is added to reflect the margin a willing buyer on an arms-length basis would require to assume these liabilities, and the reserves are discounted to reflect the time value of money.

The Group has not applied the Matching Adjustment, as set out in PRA Rulebook: Solvency UK, Matching Adjustment. Furthermore, the Group has not used the Volatility Adjustment in accordance with PRA Rulebook:



Solvency UK, Technical Provisions 8, nor has it applied the Transitional Measure on the Risk-Free Interest Rate Term Structure under PRA Rulebook: Solvency UK, Transitional Measures 10. Additionally, the Group has not applied the Transitional Deduction from Technical Provisions, as outlined in PRA Rulebook: Solvency UK, Transitional Measures on Technical Provisions.

Reinsurance recoverables were £160.6m (2023 £141.7m). Reinsurance recoverables relate to current and expected claims recoveries from reinsurers in respect of all contracts written, including those bound but not incepted, at the balance sheet date, offset by payments due to reinsurers for premiums and reinstatement premiums.

There have been no material changes in the relevant assumptions made in the calculation of technical provisions compared to the previous reporting period.

### D.3 Other Liabilities

The Group's other liabilities as at 31 December 2024 and 31 December 2023 on a Solvency II and UK GAAP basis were as follows:

31 December 2024	Solvency II basis	UK GAAP Basis	Difference
	£m	£m	£m
Deferred tax liabilities	4.2	-	4.2
Insurance and intermediaries payables	0.7	28.0	(27.3)
Reinsurance payables	-	33.1	(33.1)
Payables, (trade not insurance)	31.1	27.2	3.9
Any other liabilities, not elsewhere Shown	-	7.0	(7.0)
<b>Total Other Liabilities</b>	<b>31.8</b>	<b>95.3</b>	<b>(63.5)</b>

31 December 2023	Solvency II basis	UK GAAP Basis	Difference
	£m	£m	£m
Insurance and intermediaries payables	0.3	24.9	(24.6)
Reinsurance payables	-	40.9	(40.9)
Payables, (trade not insurance)	32.6	33.8	(1.2)
Any other liabilities, not elsewhere Shown	-	6.9	(6.9)
<b>Total Other Liabilities</b>	<b>32.9</b>	<b>106.5</b>	<b>(73.6)</b>

The amounts disclosed as "Any other liabilities, not shown elsewhere" relate to the Reinsurers' share of deferred acquisition costs.

The Group's other liabilities are recognised and valued using the following principles:

#### Deferred tax liabilities

The valuation method for deferred tax balances is the same under UK GAAP and Solvency II. The difference in the valuation between Solvency II and UK GAAP relates to the application of deferred tax to valuation differences that apply between net assets on a UK GAAP and a Solvency II basis. This difference resulted in a net deferred tax liability at year end.

**Insurance and Intermediaries payables**

On a Solvency II basis Insurance and intermediaries payables that are not overdue are classified within technical provisions.

**Reinsurance payables**

On a Solvency II basis cash outflows to reinsurers are a component of reinsurance technical provisions. The only element reported as a liability on the balance sheet is the amount outstanding past credit terms, if any.

**Payables (trade, not insurance)**

Payables comprise amounts payable to other group entities and corporation tax payable. They are recorded at book value as a reasonable proxy for economic value, as all amounts are expected to be paid within six months. The difference between the valuation on a Solvency II and UK GAAP basis relates to the component of intercompany balances that relates to intercompany reinsurances and which gets reclassified as technical provisions for Solvency II purposes.

**Reinsurers' share of deferred acquisition costs**

The reinsurer's share of deferred acquisition costs under UK GAAP relates to that element of commissions receivable from reinsurers that falls to be earned after the balance sheet date. Deferred acquisition costs as a principle does not exist under Solvency II.

**D.4 Alternative methods for valuation**

None

**D.5 Any Other Information**

The Group has prepared the Solvency and Financial Condition Report on the going concern basis. The Directors have assessed the suitability of using the Going Concern assumption in preparing this SFCR. In making this assessment they have looked forward for a period of twelve months from the date that this SFCR is signed. The Directors have also considered the 2025 business plan and the likely trading environment. The Directors concluded that it remained appropriate to continue to prepare the Group's financial statements and SFCR using the Going Concern assumption.

## E Capital Management

### E.1 Own Funds

The Group'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 enable an appropriate return to the shareholder by allocating appropriate amounts of capital to its products commensurate with the risks taken, and measuring the return on this capital; and
- to comply with its regulatory capital requirements.

The Capital Management Policy is owned by the TICL and TIDAC Finance Committees and is approved by the TICL and TIDAC Boards on an annual basis. The position relative to the TICL and TIDAC regulatory capital requirements and internal targets are monitored on a quarterly basis by the TICL and TIDAC Finance Committees and reported to the respective company Boards.

The Group uses a three-year business plan time horizon and ensures it has enough capital to meet all reasonably anticipated needs through this period. There have been no material changes to the Group's objectives and approach in this area during the year.

The Group's Own Funds are comprised principally of Tier 1 capital, which in turn is composed of share capital, share premium and a reconciliation reserve. There are no anticipated dividends over the foreseeable future. In 2023 there is a small element of Tier 3 capital that relates wholly to a deferred tax asset in respect of tax loss carry forwards.

The Group's Basic Own Funds by type and tier at 31 December 2024 and 31 December 2023 were:

31 December 2024	Tier 1	Tier 2	Tier 3	Total
	£m	£m	£m	£m
Share capital	392.1	-	-	392.1
Share premium	0.7	-	-	0.7
Deferred tax asset	-	-	-	-
Reconciliation reserve	477.7	-	-	477.7
<b>Total Basic Own Funds</b>	<b>870.5</b>	<b>-</b>	<b>-</b>	<b>870.5</b>

31 December 2023	Tier 1	Tier 2	Tier 3	Total
	£m	£m	£m	£m
Share capital	392.1	-	-	392.1
Share premium	0.7	-	-	0.7
Deferred tax asset	-	-	15.8	15.8
Reconciliation reserve	357.2	-	-	357.2
<b>Total Basic Own Funds</b>	<b>750.0</b>	<b>-</b>	<b>15.8</b>	<b>765.8</b>

There is no restriction in the amount of Own Funds in either tier that is eligible to meet the Group's SCR. All Tier 1 Own Funds are eligible to cover the Group's MCR.

A comparison of the excess of assets over liabilities as calculated for Solvency II purposes and equity as shown in the Group's UK GAAP financial statements as at 31 December 2024 and 2023 is set out below:

	31 December 2024	31 December 2023
	£m	£m
Equity on a UK GAAP basis	798.2	726.4
Equity on a Solvency II basis	870.5	784.2
<b>Difference</b>	<b>(72.3)</b>	<b>(57.8)</b>

In both 2024 and 2023, the excess of assets over liabilities is higher on a Solvency II basis than under UK GAAP. This difference largely reflects the benefit of discounting of Technical Provisions under Solvency II.

A detailed reconciliation as at 31 December 2024 and 2023 is set out below for the Group:

	31 December 2024	31 December 2023
	£m	£m
<b>Equity per UK GAAP</b>	<b>798.2</b>	<b>726.6</b>
Reserve margin release	37.3	34.1
Discounting	117.7	106.4
Events not in data	(43.1)	(41.0)
Additional expenses	(30.1)	(28.7)
Risk Margin	(56.8)	(53.7)
Profit recognised on unearned premiums	75.8	63.7
RI bad debt	(3.2)	(2.5)
Deferred tax on UK GAAP to SII adjustments	(25.3)	(20.7)
<b>Excess of assets over liabilities in Solvency II</b>	<b>870.5</b>	<b>784.2</b>

No Own Funds item for the Group are subject to the transitional arrangements referred to in the PRA Rulebook: Solvency UK, Own Funds 4A.3(2) and PRA Rulebook: Solvency UK, Transitional Measures section 4.1. The Group has no Ancillary Own Funds.

The Company had deposited fixed income securities with Lloyd's as security for the underwriting activities of its affiliate companies, Aprilgrange Ltd and F&G UK Underwriters limited. On 19 June 2024 these securities were returned in full (2023 £19.1m). The fees attaching to this security earned by the Group were £0.1m (2023 £0.2m).

As at 31 December 2024 the Company has pledged £10.2m (2023 £5.7m) of assets in a trust as a condition of authorisation to write insurance business on a surplus lines basis in the US.

A reconciliation of the excess of assets over liabilities to the reconciliation reserve at 31 December 2024 and 2023 is set out below:

	31 December 2024	31 December 2023
	£m	£m
<b>Excess of assets over liabilities</b>	<b>870.5</b>	<b>784.2</b>
Less Share capital and share premium	(392.8)	(392.8)
Less Deferred tax asset	-	(15.8)
Less Restricted own funds re ring fenced funds	-	(18.4)
<b>Reconciliation reserve</b>	<b>477.7</b>	<b>357.2</b>

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

The Group uses the Standard Formula to calculate its SCR and MCR. The Group does not use any Undertaking Specific Parameters. The amount of the Group's MCR and SCR as at 31 December 2024 were £170.9m (2023 £169.4m) and £535.5m (2023 £519.4m) respectively. The SCR by risk module as at 31 December 2024 and 2023 was as set out below:

SCR Component	31 December 2024	31 December 2023
	£m	£m
Non-Life Underwriting	453.1	445.3
Life Underwriting	0.8	0.8
Market Risk	103.2	80.0
Counterparty Default Risk	12.1	16.9
<b>Undiversified Basic SCR</b>	<b>569.2</b>	<b>543.0</b>
Diversification credit	(73.6)	(62.2)
<b>Basic SCR</b>	<b>495.6</b>	<b>480.8</b>
Operational risk	39.9	37.9
Adjustment due to RFF aggregation	-	0.7
<b>Solvency Capital Requirement</b>	<b>535.5</b>	<b>519.4</b>

The Group has not been required to use any Undertaking Specific Parameters or to make any capital add-on by the supervisory authority. In calculating the SCR using the Standard Formula, the Group has used simplified calculations for the Non-Life Underwriting risk, Market risk and Counterparty Default Risk modules, and within Market risk for the Spread risk and Interest Rate risk sub-modules.

The MCR is calculated by reference to the net technical provisions by class as at 31 December 2024 and by the net written premiums by class written over the last twelve months. The result of the calculation is then subject to a floor and a cap of 25% and 45% of the SCR respectively. As at 31 December 2024 the MCR for the Group has been set at £170.9m (2023 £169.4m).

The SCR and MCR are subject to supervisory assessment by the PRA.

The increase in the SCR and the MCR during the year for the Group is largely driven by the increased premium volumes written and the consequent increase in technical provisions year on year.

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

As the Group does not write life insurance business it does not make use of the duration-based equity risk sub-module to calculate its SCR.

### E.4 Differences between the Standard Formula and any Internal Models Used

Not Applicable

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

The Group has remained in compliance with its MCR and SCR throughout the year and through the period since the end of the financial year.

The Group's position relative to its capital requirements as at 31 December 2024 and 31 December 2023 was as set out below:

31 December 2024	MCR	SCR
	£m	£m
Capital Requirement	170.9	535.5
Eligible Own Funds	870.5	870.5
Surplus	699.6	335.0
<b>Coverage</b>	<b>509.4%</b>	<b>162.6%</b>

31 December 2023	MCR	SCR
	£m	£m
Capital Requirement	169.4	519.4
Eligible Own Funds	750.0	765.8
Surplus	580.5	246.4
<b>Coverage</b>	<b>442.6%</b>	<b>147.4%</b>

### E.6 Any other information.

None

## Approval by the Board of Directors of the SFCR and Quantitative Reporting Templates

### Travelers Insurance Company Limited Financial Year ending 31 December 2024

We acknowledge our responsibility for preparing the Group SFCR in all material respects in accordance with the PRA rules and the Solvency II Regulations.

We are satisfied that:

- a) throughout the financial year in question, the insurer has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the insurer; and
- b) it is reasonable to believe that the insurer has continued so to comply subsequently and will continue so to comply in the future.

**Matthew Wilson**

Director and Chief Executive Officer

16 May 2025



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

The relevant elements of the Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of template IR.12.01.02
  - Rows R0110 to R0130 – Amount of transitional measure on technical provisions
- The following elements of template IR.17.01.02
  - Rows R0290 to R0310 – Amount of transitional measure on technical provisions
- The following elements of template S.22.01.21
  - Column C0030 – Impact of long term guarantees measures and transitionals
- Elements of the Narrative Disclosures subject to audit identified as ‘unaudited’.

## **Appendix A: Quantitative Reporting Templates**

General information

Entity name	Travelers Insurance Company Group
Entity identification code and type of code	LEI/5493008G0BNFHVUJ0Q27
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- 
- IR.02.01.02 - Balance sheet
- IR.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- IR.05.02.01 - Premiums, claims and expenses by country: Life insurance and reinsurance obligations
- IR.05.03.02 - Life income and expenditure
- IR.05.04.02 - Non-life income and expenditure : reporting period
- IR.23.01.04 - Own Funds
- IR.25.04.22 - Solvency Capital Requirement
- IR.32.01.22 - Undertakings in the scope of the group

IR.02.01.02  
Balance sheet

		Solvency II value
Assets		C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,024,139
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	2,024,139
R0140	<i>Government Bonds</i>	475,971
R0150	<i>Corporate Bonds</i>	1,548,168
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	160,617
R0280	<i>Non-life and health similar to non-life</i>	160,617
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	12,618
R0370	Reinsurance receivables	2,418
R0380	Receivables (trade, not insurance)	17,542
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	77,620
R0420	Any other assets, not elsewhere shown	
R0500	<b>Total assets</b>	2,294,954

		Solvency II value
Liabilities		C0010
R0505	Technical provisions - total	1,388,400
R0510	<i>Technical provisions - non-life</i>	1,385,223
R0515	<i>Technical provisions - life</i>	3,177
R0542	Best estimate - total	1,331,557
R0544	<i>Best estimate - non-life</i>	1,328,690
R0546	<i>Best estimate - life</i>	2,867
R0552	Risk margin - total	56,843
R0554	<i>Risk margin - non-life</i>	56,533
R0556	<i>Risk margin - life</i>	310
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	4,180
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	708
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	31,146
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	
R0900	<b>Total liabilities</b>	1,424,434
R1000	<b>Excess of assets over liabilities</b>	870,520

IR.05.02.01

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country	
		IE						
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
R0010								
	<b>Premiums written</b>							
R0110	Gross - Direct Business	458,424	66,214					524,638
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	85,364	10,896					96,260
R0200	Net	373,060	55,318					428,378
	<b>Premiums earned</b>							
R0210	Gross - Direct Business	466,897	66,316					533,213
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	87,446	11,372					98,818
R0300	Net	379,451	54,944					434,395
	<b>Claims incurred</b>							
R0310	Gross - Direct Business	267,287	33,211					300,498
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	60,019	2,350					62,369
R0400	Net	207,268	30,861					238,129
R0550	<b>Net expenses incurred</b>	144,540	25,359					169,899

IR.05.02.01  
Premiums, claims and expenses by country: Life insurance and reinsurance obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400	Home Country	Top 5 countries (by amount of gross premiums written) - life obligations					Total Top 5 and home country	
	C0220	C0230	C0240	C0250	C0260	C0270	C0280	
	Premiums written							
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net	0						0
	Premiums earned							
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net	0						0
	Claims incurred							
R1610	Gross							0
R1620	Reinsurers' share							0
R1700	Net	0						0
R1900	Net expenses incurred							0



IR.05.03.02  
Life income and expenditure

		Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
		C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written								
R0010	Gross direct business							0
R0020	Gross reinsurance accepted							0
R0030	Gross	0	0	0	0	0	0	0
R0040	Reinsurers' share							0
R0050	Net	0	0	0	0	0	0	0
Claims incurred								
R0110	Gross direct business							0
R0120	Gross reinsurance accepted							0
R0130	Gross	0	0	0	0	0	0	0
R0140	Reinsurers' share							0
R0150	Net	0	0	0	0	0	0	0
Expenses incurred								
R0160	Gross direct business							0
R0170	Gross reinsurance accepted							0
R0180	Gross	0	0	0	0	0	0	0
R0190	Reinsurers' share							0
R0200	Net	0	0	0	0	0	0	0
R0300	Other expenses							
Transfers and dividends								
R0440	Dividends paid							

Non-life income and expenditure : reporting period

Non-life income and expenditure : reporting period

IR.05.04.02

Non-life income and expenditure : reporting period

Non-life insurance and accepted proportional reinsurance obligations								Accepted non-proportional reinsurance				Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts
General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation and transport	Property		
Employers Liability	Public & products Liability	Professional Indemnity	Other general liability										
C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0310	C0320	C0330	C0340	C0525	C0545
37,160	45,563	209,380	0	15,319			339			559	1,995		
37,105	42,489	208,975	0	15,319			339						
55	3,074	405	0	0			0			559	1,995		
34,353	41,272	191,961	0	0			298			486	961		
37,508	44,181	227,286	0	14,869			306			1,001	5,035		
34,599	40,206	209,259	0	0			270			865	2,397		
9,280	23,775	151,440	0	9,067			370			1,208	2,606		
9,356	23,548	151,504	0	9,067			355						
-76	227	-64	0	0			15			1,208	2,606		
9,231	22,528	130,721	0	0			280			597	1,164		
4,699	8,464	33,729	0	-1,374			90			303	457	0	0

IR.23.01.04  
Own Funds

Basic own funds before deduction for participations in other financial sector

R0010	Ordinary share capital (gross of own shares)
R0020	<i>Non-available called but not paid in ordinary share capital at group level</i>
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0060	<i>Non-available subordinated mutual member accounts at group level</i>
R0070	Surplus funds
R0080	<i>Non-available surplus funds at group level</i>
R0090	Preference shares
R0100	<i>Non-available preference shares at group level</i>
R0110	Share premium account related to preference shares
R0120	<i>Non-available share premium account related to preference shares at group level</i>
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0150	<i>Non-available subordinated liabilities at group level</i>
R0160	An amount equal to the value of net deferred tax assets
R0170	<i>The amount equal to the value of net deferred tax assets not available at the group level</i>
R0180	Other items approved by supervisory authority as basic own funds not specified above
R0190	<i>Non available own funds related to other own funds items approved by supervisory authority</i>
R0200	Minority interests (if not reported as part of a specific own fund item)
R0210	<i>Non-available minority interests at group level</i>
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0250	Deductions for participations where there is non-availability of information (Article 229)
R0260	Deduction for participations included by using D&A when a combination of methods is used
R0270	Total of non-available own fund items
R0280	Total deductions

R0290 Total basic own funds after deductions

Ancillary own funds	
R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0380	Non available ancillary own funds at group level
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Own funds of other financial sectors

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

Own funds when using the D&A, exclusively or in combination of method 1

R0450	Own funds aggregated when using the D&A and combination of method
R0460	Own funds aggregated when using the D&A and combination of method net of IGT

R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A )
R0530	Total available own funds to meet the minimum consolidated group SCR
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A )
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)
R0590	Consolidated group SCR

R0610	Minimum consolidated Group SCR
R0630	Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)
R0650	Ratio of Eligible own funds to Minimum Consolidated Group SCR
R0660	Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A )
R0670	SCR for entities included with D&A method
R0680	Group SCR
R0690	Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
392,055	392,055		0	
0				
699	699		0	
0	0		0	
0		0	0	0
0				
0	0			
0		0	0	0
0				
0		0	0	0
0				
477,766	477,766			
0		0	0	0
0				
0				0
0				
0	0	0	0	0
0				
0				
0				

0				
0				
0	0	0	0	0
0	0	0	0	0
870,520	870,520	0	0	0

0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

0				
0				
0				
0	0	0	0	0

0				
0				
870,520	870,520	0	0	0
870,520	870,520	0	0	
870,520	870,520	0	0	0
870,520	870,520	0	0	
535,502				

170,876				
162.56%				
509.45%				
870,520	870,520	0	0	0
0				
535,502				
162.56%				

	<b>Reconciliation reserve</b>
R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Forseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0750	Other non available own funds
R0760	<b>Reconciliation reserve</b>

C0060
870,520
392,754
0
477,766

IR.25.04.22  
Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	Market risk	C0010
R0070	Interest rate risk	42,162
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	72,619
R0110	Concentration risk	556
R0120	Currency risk	37,910
R0125	Other market risk	
R0130	Diversification within market risk	-49,979
R0140	Total Market risk	103,268
	Counterparty default risk	
R0150	Type 1 exposures	8,445
R0160	Type 2 exposures	4,389
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-744
R0180	Total Counterparty default risk	12,090
	Life underwriting risk	
R0190	Mortality risk	
R0200	Longevity risk	794
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	Total Life underwriting risk	794
	Health underwriting risk	
R0280	Health SLT risk	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	Total Health underwriting risk	0
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	378,680
R0340	Non-life catastrophe risk	171,209
R0350	Lapse risk	12,873
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-109,668
R0370	Total Non-life underwriting risk	453,093
R0400	Intangible asset risk	
	Operational and other risks	
R0422	Operational risk	39,874
R0424	Other risks	
R0430	Total Operational and other risks	39,874
R0432	Total before all diversification	769,511
R0434	Total before diversification between risk modules	609,119
R0436	Diversification between risk modules	-73,617
R0438	Total after diversification	535,502
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	535,502
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	Solvency capital requirement including capital add-on	535,502
R0490	Biting interest rate scenario	increase
R0495	Biting life lapse scenario	increase
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	
R0520	Institutions for occupational retirement provisions	
R0530	Capital requirement for non- regulated entities carrying out financial activities	
R0540	Capital requirement for non-controlled participation requirements	
R0550	Capital requirement for residual undertakings	
	Overall SCR	
R0555	Solvency capital requirement (consolidation method)	535,502
R0560	SCR for undertakings included via D and A	
R0565	SCR for sub-groups included via D and A	
R0570	Solvency capital requirement	535,502

Undertakings in the scope of the group

	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
Row	C0010	C0020	C0040	C0050	C0060	C0070	C0080
1	IE	LEI/54930061WB0LWBC0QW96	Travelers Insurance Designated Activity Company	Non life insurance undertaking	Limited by shares	Non-mutual	Central Bank of Ireland
2	GB	LEI/5493008G0BNFHVUJ0Q27	Travelers Insurance Company Limited	Non life insurance undertaking	Limited by shares	Non-mutual	Prudential Regulation Authority



Undertakings in the scope of the group

					Criteria of influence					
Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	
Row	C0010	C0020	C0040	C0050	C0180	C0190	C0200	C0210	C0220	C0230
1	IE	LEI/54930061WB0LWBC0QW96	Travelers Insurance Designated Activity Company	Non life insurance undertaking	100.00%	100.00%	100.00%		Dominant	100.00%
2	GB	LEI/5493008G0BNFHVUJ0Q27	Travelers Insurance Company Limited	Non life insurance undertaking						

IR.32.01.22

Undertakings in the scope of the group

					Inclusion in the scope of Group supervision		Group solvency calculation	
Country	Identification code and type of code of the undertaking		Legal Name of the undertaking	Type of undertaking	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking	
Row	C0010	C0020	C0040	C0050	C0240	C0250	C0260	
1	IE	LEI/54930061WB0LWBC0QW96	Travelers Insurance Designated Activity Company	Non life insurance undertaking	Included in the scope		Method 1: Full consolidation	
2	GB	LEI/5493008G0BNFHVUJ0Q27	Travelers Insurance Company Limited	Non life insurance undertaking	Included in the scope		Method 1: Full consolidation	

**Report of the external independent auditor to the Directors of Travelers Insurance Company Limited in respect of the relevant elements of the Single Group Wide Solvency and Financial Condition Report which incorporates the results of the Travelers Insurance Company Limited (“the Company”) and the results of its wholly owned Irish subsidiary, Travelers Insurance Designated Activity Company (“TIDAC”) collectively referred to as the Group pursuant to Rule 4.1 (2) of the External Audit Chapter of the PRA Rulebook applicable to Solvency II firms**

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

## **Opinion**

Except as stated below, we have audited the following documents prepared by the Group which incorporates the results of the Company and TIDAC as at 31 December 2024

- The ‘Valuation for solvency purposes’ and ‘Capital Management’ sections of the Single Group Wide Solvency and Financial Condition Report of the Group which incorporates the results of the Company and TIDAC as at 31 December 2024 (**‘the Narrative Disclosures subject to audit’**);
- Group templates IR.02.01.02, IR.23.01.04, IR.25.04.22 and IR.32.01.22 (**‘the Group Templates subject to audit’**).

The Narrative Disclosures subject to audit, the Group Templates subject to audit are collectively referred to as the **‘relevant elements of the Single Group Wide Solvency and Financial Condition Report’**.

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

- The ‘Business and performance’, ‘System of governance’ and ‘Risk profile’ elements of the Single Group Wide Solvency and Financial Condition Report;
- Group templates IR.05.04.02, IR.05.02.01;
- Information calculated in accordance with the previous regime used in the calculation of the transitional measure on technical provisions and, as a consequence, all information relating to the transitional measures on technical provisions as set out in the Appendix to this report;
- the written acknowledgement by management of their responsibilities, including for the preparation of the Single Group Wide Solvency and Financial Condition Report (**‘the Statement of Directors’ Responsibilities’**).

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

In our opinion, the information subject to audit in the relevant elements of the Single Group Wide Solvency and Financial Condition Report of the Group as at 31 December 2024 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations

## **Basis for Opinion**

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

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

We draw attention to the Valuation for solvency purposes and Capital Management sections of the Single Group Wide Solvency and Financial Condition Report, which describe the basis of accounting. The Single Group Wide Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Single Group Wide Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the PRA. As a result, the Single Group Wide Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Conclusions Relating to Going Concern**

In auditing the Single Group Wide Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Single Group Wide Solvency and Financial Condition Report is appropriate.

Our audit procedures to evaluate the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting in the preparation of the Single Group Wide Solvency and Financial Condition Report included but were not limited to:

- Obtaining an initial assessment at the planning stage of the audit from component auditor and reviewing the assessment of TICL company to identify events or conditions that may cast significant doubt on the overall Group's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Obtaining a final assessment during the completion specific to Group SFCR to identify events or conditions that may cast significant doubt on the Group's ability to continue as a going concern
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Group's future financial performance
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the directors' control;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Engaging in regular discussions with the directors regarding the status of negotiations in respect of new financing options;
- Considering the consistency of the directors' forecasts with other areas of the Solvency and Financial Condition Report and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the Solvency and Financial Condition Report on going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the Single Group Wide Solvency and Financial Condition Report is authorized for issue.

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

### **Other Information**

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Single Group Wide Solvency and Financial Condition Report does not cover the Other Information and, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Responsibilities of directors for the Single Group Wide Solvency and Financial Condition Report**

The directors are responsible for the preparation of the Single Group Wide Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications, and supplemented by the approvals and determinations made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based

The Directors are also responsible for:

- such internal control as management determines is necessary to enable the preparation of a Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error;
- overseeing the Group's financial reporting process; and
- assessing the Group'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 they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

It is our responsibility to form an independent opinion as to whether the relevant elements of the Single Group Wide Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and the insurance sector in which it operates, we considered that non-compliance with the following laws and regulations have a material impact on the relevant elements of the Single Group Wide Solvency and Financial Condition Report: – permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considering the risk of acts by the group which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct impact on the preparation of relevant elements of the Single Group Wide Solvency and Financial Condition Report such as : Solvency II regulations.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the relevant elements of the Single Group Wide Solvency and Financial Condition Report (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the valuation of the provisions for the settlement of future claims and application of earning patterns, and significant one-off or unusual transactions.

Our audit 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 the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Reviewing the accounting estimate in relation to valuation of technical provisions for evidence of management bias;
- Considering significant transactions outside of the normal course of business. Our approach included reviewing Board minutes, review of correspondences of regulators (where applicable), and substantively testing the transaction and related disclosure where considered material; and
- Incorporating an element of unpredictability in performing substantive procedures on account balances/assertions not otherwise tested due to materiality.

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 remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

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

We have nothing to report in this regard.

### **Use of the Audit Report**

This report, including the opinion, has been prepared for the directors of the Group to enable them to comply with their obligations under External Audit Rule 2.1 of the Solvency II Firms Sector of the PRA Rulebook.

Our audit work has been undertaken so that we might state to the insurer's Directors those matters we are required to state to them in an auditor's report on the relevant elements of the Solvency and Financial Condition Report and for no other purpose. We acknowledge that our report will be provided to the PRA for the use of the PRA solely for the purposes set down by statute and the PRA's rules.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors and the PRA for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP  
Chartered Accountants  
30 Old Bailey  
EC4M 7AU

16 May 2025