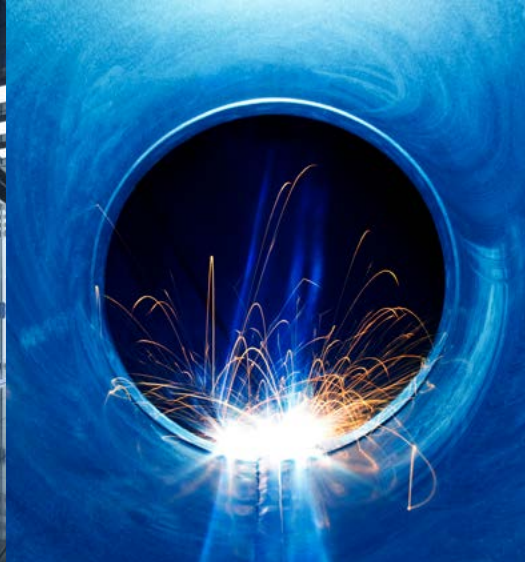
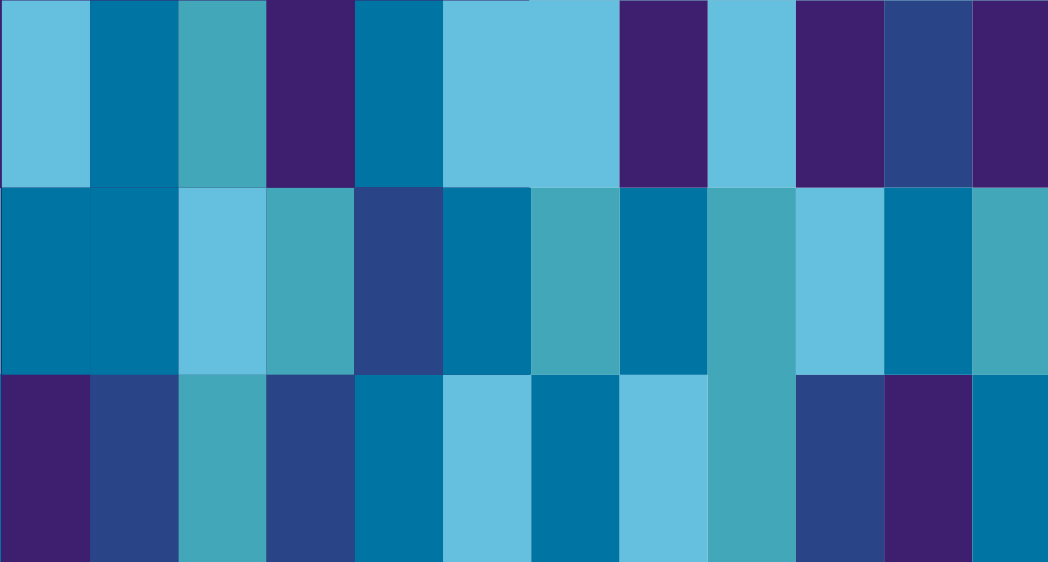


writing the future



**BRIT**

**Brit Limited**  
Annual Report 2024



# writing the future

**We exist to ensure that uncertainty never stands in the way of progress.**

**We provide market-leading specialty insurance and reinsurance.**

**We make disciplined and considered decisions.**

**We have a culture that is open, honest and fair.**

**We bring together the best talent and tools to provide service excellence.**

**We help people and businesses face the future and thrive.**

**Let's do it together.**

**BRIT**  


## A strong performance underpinned by a clear strategic focus

- Group profit before tax from continuing operations of \$661.0m (2023: \$623.9m).
- Group profit after tax from continuing operations of \$576.2m (2023: \$629.2m).
- Return on net tangible assets on continuing operations of 23.5% (2023: 41.7%), primarily reflecting the increased level of adjusted net tangible assets held during 2024.
- Combined ratio for continuing business after discounting of 75.7% (2023: 76.2%) and an undiscounted combined ratio for continuing business of 85.9% (2023: 85.3%).
- Insurance service result was a profit of \$674.8m (2023: \$649.5m).
- Insurance premium written for 2024 of \$3,779.5m, an increase of 0.5% over 2023 (\$3,753.5m) at constant rates of exchange.
- Investment return was a strong \$347.7m or 5.0% (2023: \$394.4m or 6.2%).
- Capital position remains strong, with a surplus over management entity capital requirements of \$987.5m or 53.0% (2023: \$1,050.5m or 54.5%), after dividend payments in the year of \$605.4m. A significant proportion of our investment portfolio remains invested in cash and fixed income securities (2024: 84.5%; 2023: 85.8%).
- Overall risk adjusted rate decrease of 1.4% (2023: increase of 7.1%).
- Key developments include:
  - Ki established as a standalone operation within the Brit Limited and Fairfax groups following highly successful launch and incubation by Brit;
  - Focus on underwriting capability development, including new strategic pricing and rating engines for a number of classes;
  - Launch of Brit Re, the strategic expansion of our Bermuda presence;
  - Successful first year of Ki's enhanced offering allowing brokers to access third-party digital capacity from multiple syndicates directly through the Ki platform;
  - Ki franchise growth: Overall insurance premium written by the Ki franchise, on behalf of Ki Syndicate 1618 and third parties, grew by 16.6% to \$1,039m;
  - Launch of the 'BUILD Project Cargo' and 'Cyber First50' consortia;
  - Completion of the sale of our holding in Canadian MGA Sutton;
  - Continued focus on our customers through claims innovation; and
  - Continued focus on our digital, data and AI strategy.

Note 1: The calculations of the combined ratio and other ratios are set out in 'key performance indicators and alternative performance measures' on pages 190 to 194.



# BRIT

We have a culture that is open, honest and fair so that our partnerships can be the most effective they can be.



# contents

## Strategic Report

The Strategic Report contains information about the Group, how we make money and how we run the business. It gives an insight into our markets, approach to governance, sustainability and risk management. It provides context for our Financial Statements, sets out our key performance indicators (KPIs) and analyses our financial performance. It also sets out how we engage with our people and other stakeholders and includes our Section 172(1) Statement.

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## Governance

This report sets out other information of interest to our stakeholders. It includes our Directors' responsibility statement and our Directors' statement on going concern. It also explains our governance framework and contains our Modern Slavery and Human Trafficking Statement.

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## Additional Information

This section explains how we calculate our KPIs and alternative performance measures with reference to data contained within the financial statements. We also summarise other information relating to the Company that is useful to stakeholders.

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## Glossary

In this section, we include definitions of the terms used in this Annual Report, focusing on terms specific to the insurance industry and to Brit.

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### Disclaimer

This document does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer or invitation or advice or recommendation to subscribe for, underwrite or otherwise acquire or dispose of any securities (including share options and debt instruments) of the Company nor any other body corporate nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever which may at any time be entered into by the recipient or any other person, nor does it constitute an invitation or inducement to engage in investment activity under Section 21 of the Financial Services and Markets Act 2000 (FSMA). This document does not constitute an invitation to effect any transaction with the Company or to make use of any services provided by the Company. Past performance cannot be relied on as a guide to future performance.

# strategic report

This Strategic Report contains information about our business and provides an insight into how we operate and our approach to sustainability and risk management. It provides context for our Financial Statements, sets out our key performance indicators (KPIs) and analyses our financial performance. All monetary figures in this report are presented in US dollars (\$), unless otherwise stated.

The calculations of the combined ratio and other underwriting ratios are set out on page 190 to 194.

|    |                                                                                                                                                                                                   |    |                                                                                                                                                                                                                                                |    |                                                                                                                                                                                                                                                                                                      |    |                                                                                                                                                                                    |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6  | <b>Officer Statements</b><br>Martin Thompson, our Group CEO, and Gavin Wilkinson, our Group CFO, comment on the Group's performance and business developments during 2024 and look ahead to 2025. | 17 | <b>Business Review</b><br>We review market conditions, our underwriting activities and other business developments during 2024.                                                                                                                | 34 | <b>Risk Management, Principal Risks and Uncertainties</b><br>We set out our Risk Management Framework and explain how we will manage the principal risks facing our business in 2025, to ensure we deliver our strategic priorities. We also consider emerging risks including climate related risk. | 48 | <b>Stakeholder Engagement</b><br>We set out our key stakeholders, as identified by the Board, together with why and how we engage with them and the outcomes of that engagement.   |
| 8  | <b>Brit at a Glance</b><br>We introduce the Brit Group, explain who we are and what we do. We discuss our underwriting philosophy and the Brit offering. We also set out our track record.        | 22 | <b>Financial Performance Review</b><br>We set out our KPIs. We explain how we use them to monitor our performance and outline their performance from 2020 to 2024. We then provide an analysis of the performance of our business during 2024. | 39 | <b>Our People, Culture, Social and Community Matters</b><br>We provide information on our people (including how we engage with them) and on social and community matters, to the extent that it is necessary to understand our business.                                                             | 51 | <b>Section 172(1) Statement</b><br>We set out how our Directors promote the success of the Company and discharge their responsibilities under Section 172(1) of the Companies Act. |
| 12 | <b>Our Underwriting</b><br>We set out our broad range of underwriting products and services, and analyse how each of our portfolios contributed to our premium income in 2023 and 2024.           | 31 | <b>Financial Position and Capital Strength</b><br>We review our financial position at 31 December 2024. This section includes a discussion of our investment portfolio.                                                                        | 41 | <b>Environmental Responsibility</b><br>We explain our progress on delivering our environmental responsibilities, and set out our related governance, strategy, risk management and metrics. This section includes our non-financial and sustainability information statement.                        |    |                                                                                                                                                                                    |

This Strategic Report was approved by the Board on 27 February 2025.

**Martin Thompson**  
Group Chief Executive Officer

**Gavin Wilkinson**  
Group Chief Financial Officer





We provide  
market-leading  
specialty  
insurance and  
reinsurance  
so you can  
present the  
best solutions  
to your clients.

**BRIT**



## officer statements



I am pleased to report a strong performance for 2024, with an undiscounted combined ratio of 85.9%, a discounted combined ratio of 75.7%, and a profit before tax from continuing operations of \$661.0m (2023: \$623.9m). The excellent underwriting and investment results we have

delivered reflect our clear strategic focus on driving performance and profitability.

Positive market conditions have continued during 2024, with compound increases since 1 January 2018, the last low point in the cycle, of 62.8%. However, we are also seeing markets becoming more challenging, with increased competition and rate reductions in a number of classes, resulting in overall rate reductions of 1.4%.

Against this backdrop we have continued to be highly disciplined and focused on underwriting profitability. The Group's overall insurance premium written increased by 0.5% at constant exchange rates to \$3,779.5m (2023: \$3,753.5m), mainly driven by current year premium growth and a focus on high performing classes. We remain alert to evolving market conditions and believe our focus on effective cycle management makes us well positioned to navigate these.

We continue to deliver based on our four strategic pillars: Focus; Capability; Simplification; and Culture. We believe these are core to delivering careful, proactive management of the insurance cycle, building on our established leadership positions, and meeting our target returns. They will also help us fulfil our social and environmental responsibilities.

Building on Brit's position and reputation as a lead market is an essential priority and we are more active than ever in influencing and shaping the market, driving terms and price across all lines that merit focus. This is a testament to the high quality of our underwriting and claims teams and our sharpened focus on developing market leading underwriting capability and ensuring our proposition is compelling. Our strong broker relationships remain the fundamental enabler for this.

Our ability to deliver a best-in-class claims service is also an important differentiator. We continued to manage very complex situations on behalf of our clients, supporting them when they need it most, with innovation at the heart of our claims approach. This was demonstrated with our responses to the Hurricanes Helene and Milton, and more recently the devastating wildfires in California.

We continue to build on our solid foundations as we invest in our technology strategy, broker relationships and underwriting capabilities. We have made good progress with our investment in digital and data-enabled capabilities, having delivered the foundational phase, a cloud-native modern data platform. We have also continued to enhance our underwriting capabilities, with several classes benefiting from our new

strategic underwriting platform, resulting in an improved customer experience, fostering growth through more efficient processes and supporting our teams to make quicker underwriting decisions.

We announced our strategic plan to meaningfully expand our presence in Bermuda. Bermuda is a dynamic and thriving multi-class (re)insurance market and the expansion of Brit Reinsurance (Bermuda) Limited ('Brit Re'), which will complement our existing reinsurance underwriting capabilities in London, is a natural next step for the Group. The reception we have received since launch has been outstanding, demonstrating the strength of the Brit brand.

A landmark for the Group was our announcement in December that Ki would become a separate operation within Fairfax from 1 January 2025. Over the last four years, Ki has grown significantly and evolved to become a digital follow platform offering capacity from multiple syndicates with over \$1 billion of insurance premium written through its platform in 2024. The scale, sophistication and growth potential of Ki made this a natural next step, enabling Brit and Ki to focus on their core strengths in 'lead' and 'follow' respectively. We are immensely proud of Ki's success and look forward to a continued close partnership between the Brit and Ki operations.

Our aspiration for the Group is to be a long-term winner in the Lloyd's market, supported by our clear strategic focus on lead underwriting to drive sustainable performance and profitability. Our 2024 results reflect another year of strong performance and show we have the foundations from which to achieve this through Syndicate 2987, a highly relevant lead market. In 2025 we will continue to invest in our technology strategy, broker relationships and underwriting capabilities to build on our established leadership positions, while retaining our long-term focus on careful management of the insurance cycle.

We remain mindful of shifting market dynamics, and the challenges faced by our customers and the industry, as illustrated by the recent California wildfires. The human impact of such events is significant and our thoughts are with those affected. They also remind us of the role of insurance in helping businesses and individuals navigate a complex and ever changing risk environment. Our diversified and balanced portfolio makes us well placed to support our customers through Brit's underwriting and claims expertise. This, together with our strategy and unique culture gives me great confidence in the outlook for Brit.

**Martin Thompson**  
Group Chief Executive Officer





In 2024, Brit delivered both a strong underwriting result and a strong investment performance. Brit's profit after tax for continuing operations was \$576.2m (2023: \$629.2m), while profit for the year including discontinued operations totalled \$573.1m (2023: \$895.4m, including the gain on the sale of

Ambridge of \$259.1m). Our return on net tangible assets (RoNTA), excluding the effects of foreign exchange, for continuing operations was 23.5% (2023: 41.7%), and for all operations, was 23.3% (2023: 51.9%).

Our insurance service result was a profit of \$674.8m (2023: \$649.5m). This result, together with our discounted combined ratio of 75.7% (2023: 76.2%) and our undiscounted combined ratio of 85.9% (2023: 85.3%), reflected good underwriting discipline and rigorous risk selection.

The Group had increased major losses in the period, with undiscounted best estimate reserves before reinstatement premiums of \$166.1m established for Hurricane Helene and Hurricane Milton (2023: \$69.6m arising from the Hawaiian wildfires and Hurricane Idalia). 2024 also witnessed a number of uncorrelated large man-made risk events, including the Baltimore Bridge collision and the CrowdStrike IT systems outage.

As part of our standard reserving process, we released \$37.8m (2023: \$3.0m) of our overall net reserves established for prior year claims, before discounting and excluding movements in the risk adjustment. This reflected releases across Programmes and Facilities, Specialty, Cyber, Terrorism, Property Treaty Cat North America and Casualty Treaty Short-Tail Risk, partly offset by adverse development in Property UK, Healthcare Liability, Professional Indemnity US, Property Treaty Risk North America and by Casualty Long-Tail Risk.

Our return on invested assets net of fees was a strong \$347.7m or 5.0% (2023: \$394.4m or 6.2%), with all investment classes other than derivatives contributing to this return. The result reflects market conditions, with strong yields and positive equity market performance.

Our balance sheet remains strong, with adjusted net tangible assets of \$2,394.3m (2023: \$2,516.0m), after paying dividends to our shareholders of \$605.4m (2023: \$413.6m) during the year. Our management capital surplus was \$987.5m or 53.0% (2023: \$1,050.5m or 54.5%) over our Group management capital requirement of \$1,865.4m (2023: \$1,927.4m).

Our investment portfolio remains conservatively positioned. It includes a large allocation to debt securities and cash and cash equivalents (2024: \$6,096.3m or 84.5%; 2023: \$5,784.0m or 85.8%), while Brit's equity and structured product allocation stands at \$1,112.1m or 15.4% (2023: \$965.6m or 14.3%). At 31 December 2024, 79.8% of our invested assets were investment grade quality (2023: 82.3%)

and the duration of the portfolio was broadly neutral compared to the duration of our liabilities. At 31 December 2024, the running yield of our total portfolio was 4.0% (2023: 4.0%).

On 8 March 2024, Brit completed the sale of Sutton, the Canadian managing general underwriter (MGU) to Amynta Group, recording a gain on sale of \$15.2m. This sale, together with that of Ambridge in 2023, will allow us to focus on our strategic priorities. Importantly, they remain key partners for Brit as independent MGUs.

From 1 January 2025, Brit Group Holdings Limited is the new holding company for the Brit insurance businesses. Brit Group Holdings Limited was incorporated on 7 August 2024 and is a wholly owned direct subsidiary of Brit Limited. Ki Financial Limited, also a direct subsidiary of Brit Limited, remains the holding company for the Ki insurance businesses. From 2025, the Brit and Ki insurance businesses will operate independently and these two holding companies will prepare their own consolidated accounts and become the key reporting groups for their respective businesses.

Strong market conditions have continued during 2024, with rate increases continuing in a number of portfolios. However, markets are becoming more challenging with increased competition, leading to overall rate reductions. The world faces ongoing volatility, challenges arising from inflation, continuing uncertainty from global events, and increased levels of natural catastrophe activity as seen in January 2025 with the California wildfires. The insurance market also continues to evolve and we believe that our strategy, discipline, market position and financial strength make us well placed to take advantage of opportunities as they arise.

**Gavin Wilkinson**  
Group Chief Financial Officer

## Brit at a glance

### Overview

We are a market-leading global specialty (re)insurer and one of the largest businesses that trades primarily on the Lloyd's of London platform, the world's leading specialist commercial insurance market. We provide highly specialised insurance products to support our clients across a broad range of complex risks, underpinned by our strong underwriting and claims expertise.

We care deeply about our clients' needs, ensuring that we not only surround them with the best talent in the industry, but also combine the depth of our experience with technology to deliver innovation. Acting in open, honest partnership, our clients can be sure that with Brit by their side, the future is not something to be feared, it is something to be seized.

A full history of Brit can be found at [www.britinsurance.com](http://www.britinsurance.com).

### The Fairfax group

Since June 2015, Brit has been a member of the Fairfax Financial Holdings Limited group (Fairfax), a Canadian company whose shares are listed on the Toronto Stock Exchange ([www.fairfax.ca](http://www.fairfax.ca)).

At 31 December 2024, Fairfax owned 100% of Brit Limited. On 13 December 2024, Fairfax exercised its option to purchase the 13.8% of shares owned by OMERS Administration Corporation (OMERS), the defined benefit pension plan for municipal sector employees in the Province of Ontario, Canada.

We believe that Fairfax is an excellent parent for Brit, enabling us to enhance our global product offering. It provides us with a strong and stable base for long-term growth and affords us with opportunities to expand our underwriting and distribution channels, combined with the freedom to pursue our own identity, philosophy and ambitions.

### Our financial strength

Our strong and efficient capital model results from our focus on Lloyd's. As part of the Fairfax group we also benefit from the group's financial strength. We believe that our efficient, flexible and scalable operating model provides a stable foundation that enables us to pursue our strategy of focusing on maximising profitability of the underwriting business and extending our global reach.

Our capabilities and ambition are underpinned by our strong financial position. Our business is underwritten primarily through our wholly-aligned Lloyd's Syndicate 2987, our innovative Ki Syndicate 1618, and the partly-aligned Lloyd's Syndicate 2988, which benefit from Lloyd's ratings of A+ (Superior) positive outlook from A.M. Best, AA- (Very Strong) from Fitch Ratings, AA- (Very Strong) from S&P Global, and AA- (Very Strong) from Kroll Bond Rating Agency.

In December 2024, A.M. Best reaffirmed Brit Re's Financial Strength Rating of 'A' (Excellent) and a Long-Term Issuer Credit Rating of 'a' (Excellent). These ratings reflect Brit Re's financial strength and the positive impact of having Fairfax as its ultimate parent.

At 31 December 2024, we had capital resources equal to 153.0% of the management capital requirement needed to support our business and Fairfax has supported our continued capital strength allowing us to take advantage of business opportunities as they arise. Our capital strength provides the flexibility to allow us to cope with major losses while not deviating from our commitment to fund profitable expansion and to provide attractive returns.

### Providing a risk service

Choosing to work with Brit means clients are buying a service, not just buying a product. Every day, our multidisciplinary teams bring diverse skills and experience to our clients' businesses, and our deep underwriting expertise helps clients to effectively mitigate their risks. By working in close collaboration across Underwriting, Claims, Actuarial and Technology, our teams gain and share unparalleled insight into the risks that our clients face.

### Extensive distribution network

We are proud of our extensive distribution network and are focused on tailoring our distribution strategy across four key areas: open market, coverholders, reinsurance and digital. We source our business through established trading relationships with Lloyd's brokers, wholesale brokers, retail agents and global reinsurance intermediaries. This network allows us to understand and exceed our clients' needs and serve them globally. In London, our specialist Delegated Underwriting Management team has a reputation for its commitment to providing an excellent broker and coverholder experience.

### Our strategic objectives

In delivering our strategy, we focus on the four 'hows': Focus; Capability; Simplification; and Culture. We believe these are core to achieving outstanding cycle management, best in class underwriting, leadership at Lloyd's, and targeted returns, as well as helping us fulfil our social and environmental responsibilities.

### Underwriting and claims excellence

Underscored by comprehensive underwriting, claims and risk services, we operate as a market leader across our primary underwriting classes. At Brit we pride ourselves on Underwriting and Claims excellence, deploying the latest tools and a disciplined approach, and we have a long record of strong performance.

### Underwriting excellence

We predominantly underwrite complex, high value insurance and reinsurance risks. Our largest source of business is the US Excess and Surplus lines market and the majority of our premium income is denominated in US dollars, although the risks underwritten are distributed globally. We complement our core classes with highly specialised niche lines which provide both diversification and the potential for high returns.

In addition to our core Brit Syndicate 2987 platform, through Ki Syndicate 1618 and Syndicate 2988 we managed \$1.14bn of underwriting capacity for the 2024 year of account. These underwriting platforms, backed by diversified sources of capital, reflect our desire to increase our flexibility, enhance

our relevance to clients and brokers, and reinforce the long-term relationships we have in the market.

We have an influential and respected presence within the Lloyd's of London insurance market. With one of the largest and most diverse portfolios, we underwrite primarily through Brit Syndicates 2987, 2988 and Ki Syndicate 1618. We have a long and successful track record of leading an extensive range of insurance and reinsurance programmes, based on rigorous risk selection and a disciplined approach to underwriting. We hire the best people and develop their skills and expertise. Combining technical expertise with industry knowledge, we listen, we share and we collaborate, to create best-in-class insurance solutions for our clients.

### Claims excellence

Should the worst happen, our team of claims professionals are committed to helping those affected not only to move on from the incident, but to move forward. When a customer has a claim, their life or business has been disrupted, or even put in peril. They expect their insurance to deliver – and it is our responsibility to fulfil that commitment.

Our team is highly experienced at both senior and adjuster levels, and has successfully managed claims arising from some of the market's most challenging events. Our claims professionals collaborate closely with our underwriters, giving them real insight into the risks that our clients face, enabling us to tailor our responses appropriately.

Broker surveys consistently highlight Brit's effective client engagement, proactive communications and case-by-case approach.

### Market-leading innovation

By putting innovation at the heart of our business we are constantly looking for ways to provide the ongoing value that will help our customers thrive in a changing world. We have created a stimulating environment where talented original thinkers flourish, and we channel this creativity towards meeting real customer needs: turning smart ideas into cutting-edge insurance solutions.

### Investment management

At Brit we have a significant investment portfolio comprising financial investments, investments in associates, investment-related derivatives and cash. The value of our invested assets at 31 December 2024 was \$7,210.6m. The investment portfolio is managed for the most part by Hamblin Watsa Investment Counsel Limited, a Fairfax subsidiary with an excellent long-term track record, whose sole business is managing investment portfolios of Fairfax companies.

### Our culture

Culture is the fabric that differentiates us from our competition, and we have very many great aspects to our culture at Brit. We are low politics, we are very collaborative and we have a belief in doing absolutely the right thing for Brit.

We believe the magic is going to come from collaboration and how well we work together across functions, how we get the insights from claims, how we work with underwriting

technology and how we pull all of that together to make sure that we are all moving in the right direction.

The keyword is alignment. If we add alignment to focus and all work together, trying to achieve the same thing, then we can achieve all of the objectives we have set for the business.

### Our social responsibility

We have a longstanding ethos of social responsibility and we have a strong culture of 'doing the right thing'; from volunteering in our local communities to supporting good causes further afield. The projects we choose align with our strategic priorities and each year ten charities are chosen by our employees for significant support.

### Our environmental responsibility

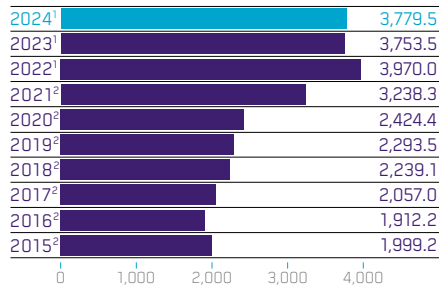
Our vision centres on 'Writing the future', responsibly – leveraging our culture and products to help deliver positive outcomes for people, the planet and our business. We actively consider the potential implications of climate change and sustainability, and reflect these in our underwriting and investment strategies. We are committed to responsible business practices and aim to act in unison with our regulator and the rest of our industry.



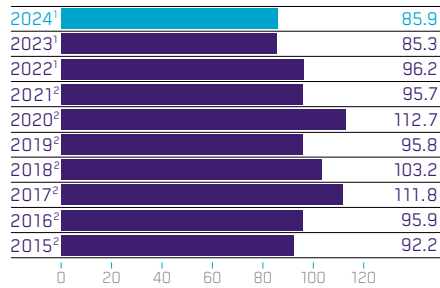
## Brit at a glance

### Our track record

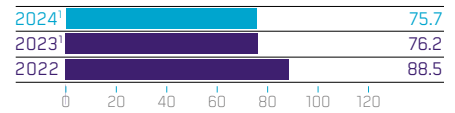
#### Insurance premium written (\$m)



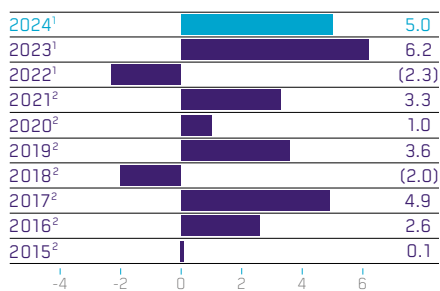
#### Combined ratio (undiscounted) (%)



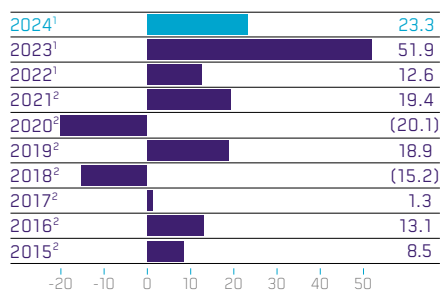
#### Combined ratio (discounted) (%)



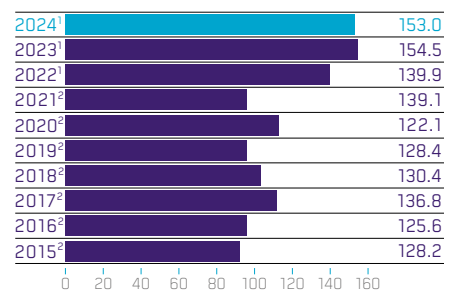
#### Investment return (net of fees) (%)



#### RoNTA<sup>3</sup> (%)



#### Capital ratio (%)



Note 1: The calculations for 2024 and 2023 are set out in 'key performance indicators and alternative performance measures' on pages 190 to 194.

Note 2: The figures for 2015 to 2020 are as previously reported under IFRS 4.

Note 3: RoNTA from all operations, continuing and discontinued.



**BRIT**

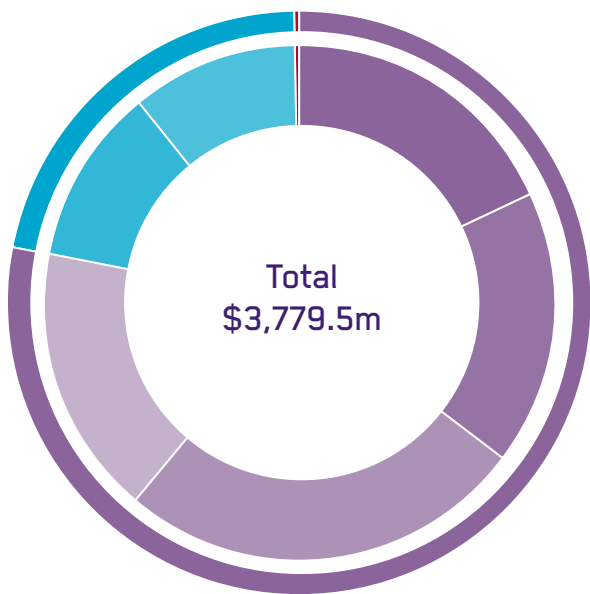
We make disciplined and considered decisions so you can rely on us to be here for the long term.

# our underwriting

## writing the future

The breadth of classes we support, the depth of our experience and our commitment to our clients differentiates us.

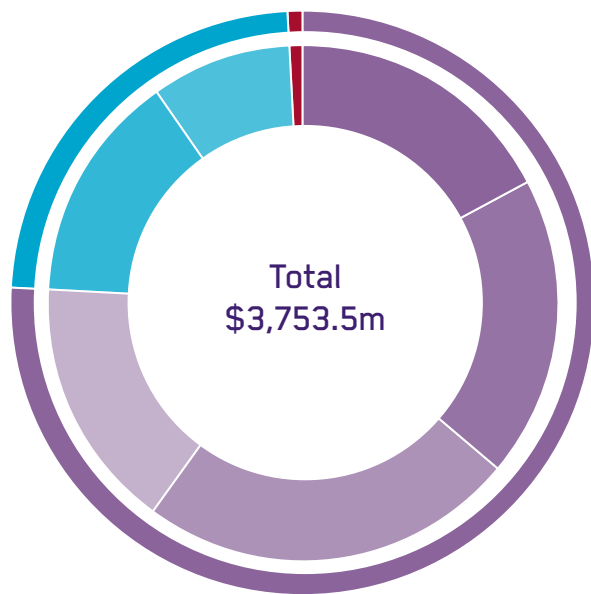
Insurance premium written by portfolio 2024 (\$m)



### 2024

- Total Direct Portfolios, \$2,961.2m
  - Financial and Professional Liability, \$685.7m
  - Programmes and Facilities, \$657.9m
  - Property, \$976.5m
  - Specialty, \$641.1m
- Total Reinsurance Portfolios, \$813.4m
  - Casualty Treaty, \$418.2m
  - Property Treaty, \$395.2m
- Underwriting classes in run-off, \$7.0m
- Other underwriting, \$(2.1)m

Insurance premium written by portfolio 2023 (\$m)



### 2023

- Total Direct Portfolios, \$2,866.5m
  - Financial and Professional Liability, \$651.9m
  - Programmes and Facilities, \$711.9m
  - Property, \$908.0m
  - Specialty, \$594.7m
- Total Reinsurance Portfolios, \$882.4m
  - Casualty Treaty, \$543.2m
  - Property Treaty, \$339.2m
- Underwriting classes in run-off, \$27.4m
- Other underwriting, \$(22.8)m

Note 1: To aid comparability, the 2023 figures have been re-presented to reflect the changes to the underwriting class monitoring structure introduced for 2024.

# Direct Underwriting

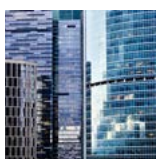
## Financial and Professional Liability

### Financial Lines



#### Directors' and Officers' (D&O)

As recognised experts in the D&O market, specialising in tailoring products to precisely match individual clients' needs.



#### Financial Institutions

As acknowledged leaders in the traditional insurance lines, we also offer exclusive, innovative solutions for organisations of all sizes across mature and emerging economies.



#### Transactional

Through our specialist MGA partners we write the following Transactional classes: Representations and Warranties/Warranties and Indemnities.

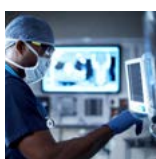
### Cyber



#### Global Cyber Privacy and Technology

Our knowledge of the cyber risk landscape gives us a deeper understanding of the different types of cyber risk. We provide cutting-edge products to clients ranging from agile start-ups to multinational corporations.

### Professional Lines



#### Healthcare Liability

With a wealth of industry expertise, our healthcare team is committed to providing tailored insurance solutions, innovative products and related risk services. We focus on hospitals, allied health and medical liability coverage.

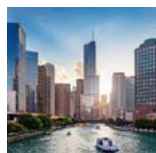


#### North American Professional Liability

An established leader in this sector, we provide cover on both an open market and binding authority basis. Clients range from small start-ups to the largest multinationals.

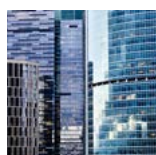
## Property

### Property Open Market



#### International Property

Our underwriting team offers significant breadth and depth of experience, and has access to our technical expertise in the areas such as catastrophe modelling and policy wordings. We offer a diverse range of market-leading property products throughout the world and insure a wide range of clients, diverse in size and occupancy.



#### North American Open Market Property

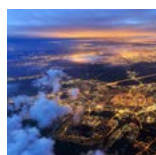
Our technical expertise in the areas of catastrophe modelling, pricing, policy wordings and claims has made our North American Open Market Property team a market of choice for both brokers and clients.



#### UK Property

We have a proven track record of writing and delivering flexible commercial solutions to address the precise nature of our customers' requirements, covering both commercial and residential property.

### Political Risk and Violence



#### Political and Credit Risk

We cover financial losses as a result of non-payment or performance of counterparties and confiscation, expropriation, nationalisation, deprivation, sequestration or forced abandonment of fixed and mobile assets in foreign countries.



#### Political Violence/Terrorism

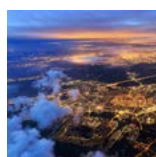
We offer a range of covers including physical damage, denial of access and business interruption losses arising from perils including terrorism, strikes, riots, civil commotion, malicious damage, insurrection, revolution, rebellion, mutiny, war and civil war.

### Private Client and Specie



#### Private Client

Our team has over 25 years of underwriting experience in the high net worth market, specialising in tailoring products to clients' unique needs.



#### Fine Art and Specie

We offer broad flexible coverage on all risks of physical loss or damage basis. We have the ability to design bespoke policies in niche market areas.



# Direct Underwriting

## Programmes and Facilities

### Accident and Health



#### Personal Accident and Medical Expenses

We are a leading Lloyd’s market offering a broad range of specialist products in the Accident and Health market, concentrating on adding value to our clients and commercial partners. Our

dynamic underwriting team is renowned for its diligence and responsiveness. We can structure bespoke coverage to a client’s specific needs, and we have a proven track record of working with our clients to respond to complex claims in a timely and efficient manner.



#### Contingency

A recognised lead market in Lloyd’s, we are able to offer extensive knowledge and significant capacity. We offer three main products (event cancellation, non-appearance, and film and prize indemnity) and also offer specialist cover for diverse and esoteric risks.

### Property Facilities



#### Commercial Property

Our long-established portfolio insures a variety of commercial risks throughout North America, including the Gulf and Atlantic coast territories.



#### Homeowners

We offer coverage for primary, secondary and vacant dwellings as well as condominium unit owners in the USA. We have the ability to include flood, earthquake and landslide, separately or as a package.



#### Flood

We offer primary and excess flood solutions for residential, condominium and commercial risks throughout the USA. Optional loss of rents and business interruption cover is also available.

### Property Facilities



#### Financial Property

Where a financial institution forecloses on a property following loan default or an investor purchases a portfolio of properties, it can be covered under a real estate owned policy. We also

offer mortgage impairment coverage, which protects a financial institution’s owned and serviced loan portfolio against physical loss or damage where no other insurance exists and the loan is in default.



#### Transportation

Commercial transportation is the lifeblood of industry and commerce across North America and we understand what it takes to help clients move their business forward. We insure commercial Automobile Physical

Damage and Motor Truck Cargo across the USA and Canada. We support all sizes of fleet through our network of Lloyd’s brokers and coverholders.

### Long Tail Facilities



#### Small North American Liability

We insure small and medium-sized (SMEs) enterprises in North America for errors and omissions liability through our dedicated team. Smaller enterprises are no less complex and we take the time to write risks that enable a small business to continue on their growth path.

## Specialty

### Marine



#### Cargo

Our experienced and respected team provide Cargo insurance for goods on land, sea, air and in storage in warehouses worldwide as well as project cargo for construction and pre-launch for satellites.



#### Marine Hull and War

An expert team providing market-leading Hull insurance across the Lloyd’s platform. Brit insures a range of blue-water, inland and war risks and specialist operations on a worldwide basis.



#### Marine and Energy Liability

We offer specialist Marine Liability cover through the Marine IGA programme. Our specialist Energy Liability portfolio focuses on Upstream, Midstream and Onshore and Offshore Renewables.

## Direct Underwriting

### Specialty

#### Energy



A highly technical class with an experienced and well-respected team offering coverage for all aspects of Upstream and Midstream Energy operations, including Renewables.

#### Specialist Liability



Our experienced team works with their clients to provide liability coverage to their specific market needs. Products include Public and Products Liability, Employers' Liability and Environmental Liability. Through our specialist MGA partners, we also write Financial and Professional Liability (Cyber and Technology) and Specialty (Excess Casualty; General Liability).

## Reinsurance Underwriting

### Casualty Treaty



We have dedicated teams for North America and International business based in London, offering our clients a considerable breadth of expertise. We underwrite on a Worldwide basis and are a recognised quoting market. We are a lead market on approximately half of our business, with capacity varying according to class and source of risk. Retrocessional risks are also actively considered.

### Property Treaty



Our teams of specialist underwriters in both London and Bermuda operate together to provide superior service and tailored solutions to brokers and clients utilising a blend of up-to-date technical expertise, embedded modelling capability and real-world market experience. Our client base represents a significant and established cross-section of carriers writing simple policies to complex risks. Our London office is focused on catastrophe excess of loss and risk excess of loss where significant capacity can be offered. The portfolio has global scope, focusing on US, Europe, Japan, and Australia. Our Bermuda office writes US Property catastrophe reinsurance.



# BRIT

We bring together the best talent and tools to provide service excellence so you can rely on us to support you in winning and retaining business.



# business review

## 2024 underwriting review

### Overview

For the twelve months to 31 December 2024, Brit returned a combined ratio (CoR) before discounting for continuing operations of 85.9% (2023: 85.3%) and an insurance service result after discounting of \$674.8m (2023: \$649.5m).

Insurance premium written increased by 0.7% to \$3,779.5m (2023: \$3,753.5m), or by 0.5% at constant exchange rates. This primarily reflected an overall increase in current year insurance premium of \$91.1m, reflecting our focus on strong performing classes, partly offset by unfavourable prior year premium development.

### Market conditions

Strong market conditions have continued during 2024, but with some rate reductions. Brit experienced an overall risk adjusted rate decrease of 1.4% (2023: increase of 7.1%). Direct business premium rates decreased by 1.8% (2023: increased by 5.3%), while reinsurance business was unchanged (2023: increase of 12.1%). Brit continued to achieve rate increases in Programmes and Facilities, Specialty, Casualty Treaty and Property Treaty.

Rating increases/(decreases) since 2020 by portfolio are as follows:

|                                      | 2020<br>%   | 2021<br>%   | 2022<br>%   | 2023<br>%  | 2024<br>%    |
|--------------------------------------|-------------|-------------|-------------|------------|--------------|
| Financial and Professional Liability | 11.9        | 39.8        | 30.8        | (9.3)      | (9.3)        |
| Programmes and Facilities            | 7.4         | 7.7         | 10.9        | 15.3       | 4.7          |
| Property                             | 13.7        | 8.4         | 7.6         | 17.5       | (1.1)        |
| Specialty                            | 13.0        | 8.6         | 6.7         | 2.2        | 1.2          |
| Ambridge Specialty                   | 15.1        | 16.1        | 8.0         |            |              |
| Ambridge Transactional               | -           | 18.4        | 0.7         |            |              |
| Direct portfolios                    | 11.7        | 15.4        | 14.4        | 5.3        | (1.8)        |
| Casualty Treaty                      | 5.1         | 6.3         | 3.5         | 1.1        | (0.2)        |
| Property Treaty                      | 8.8         | 7.9         | 9.9         | 33.7       | 0.2          |
| Ambridge Re                          | 9.0         | 6.6         | 9.4         |            |              |
| Reinsurance portfolios               | 8.5         | 7.8         | 7.1         | 12.1       | -            |
| <b>Total</b>                         | <b>10.6</b> | <b>12.9</b> | <b>12.4</b> | <b>7.1</b> | <b>(1.4)</b> |

Note 1: The 2024 and 2023 reflect the underwriting class monitoring structure in place during 2024. The 2022 and prior figures reflect the underwriting class monitoring structure in place during those years.

### The economic environment and the impact of inflation

Brit has carefully considered the impact of the higher levels of inflation. Increased focus has been placed on ensuring Brit's pricing models adequately address current inflationary trends. Feeding into these models is an enhanced framework

assessing the key drivers of claim settlement costs for each class of business.

Our reserves are set on a best estimate basis together with a risk adjustment. For 2024, this risk adjustment has been set at the 78th percentile (2023: 77th percentile) on a net basis. As part of the year-end reserving exercise, the impact of inflation was considered in detail by the Actuarial team to ensure that assumptions are consistent with our forward-looking expectations for claims inflation. Various techniques have been considered in line with guidance from Lloyd's and regulators.

### 2024 major loss activity

Worldwide natural disasters in 2024 resulted in economic losses of around \$320bn (2023: \$268bn), above the five-year average of \$261bn, while insured losses were in the region \$140bn (2023: \$106bn), above the five-year average of \$106bn (Source: Munich Re).

The year's most costly events included Hurricane Helene (24 to 29 September 2024, economic losses of \$56bn, with insured losses of \$16bn) and Hurricane Milton (7 to 10 October 2024, economic losses of \$38bn, with insured losses of \$25bn). There were also a significant number of regional weather events, such as a Japanese earthquake/tsunami, Typhoon Yagi (Asia), Chinese floods, US tornadoes and Spanish flash floods.

Brit's undiscounted best estimate reserves established for major natural catastrophe losses in 2024, net of amounts recoverable from reinsurers, amounted to \$166.1m (2023: \$69.6m), comprising Hurricane Helene (\$72.7m) and Hurricane Milton (\$93.4m). Brit does not have material exposure to other natural catastrophe events which occurred during the year; while we anticipate that some claims will emerge, we expect these to be attritional in scale.

2024 also witnessed a number of uncorrelated large man-made risk events, including the Baltimore Bridge collision, the CrowdStrike IT systems outage, and the attack on MV Sounion.

### 2023 and prior major loss activity

Net reserves held for 2023 and prior major losses were slightly reduced during the year, driven by reductions in net estimates for the 2023 Hawaii wildfires and Hurricane Idalia, following favourable claims experience.

### Middle East conflict

We continue to monitor the evolving nature of the Middle East conflict. Claims information and notifications continue to be limited and we currently expect any losses arising to be attritional in nature.

### Russian invasion of Ukraine

During 2024, net loss estimates arising from the Russian invasion of Ukraine decreased by \$3.9m to \$30.7m. The movement is largely driven by a reduction in the estimate for Casualty Treaty, following better than expected experience.



## COVID-19

The Group continues to monitor its exposure to losses arising from the COVID-19 pandemic. During 2024, there has been a small reduction in overall net reserves held for COVID-19 related claims, as claims continue to close broadly in line with expectations.

## Supporting our customers

Our customers are our priority. When a customer has a claim, we understand they are likely to be facing difficult and unexpected challenges. We believe they expect the insurance they have purchased to respond and deliver when they need it most. We see each claim as an opportunity to deliver the claims service our customers need to move forward with their lives.

The Brit claims team have maintained a focus on responding to our customers fairly and timely. We do this by pursuing opportunities to reduce claims lifecycle and bring claims to a resolution at every opportunity, through utilising a high level of technical expertise and supported appropriately and proactively by innovation and technology:

- **Claims response to natural catastrophes**

Brit continues to lead the London Market in its use of geospatial technology to advance property claims adjusting capabilities, often after catastrophe events but also through normal course claims response. During 2024, a number of our US customers were impacted by Hurricane Helene and Hurricane Milton. To support these customers in their time of need, the Brit Claims team used our proprietary machine learning algorithm in tandem with our access to ultra-high-resolution aerial imagery to accelerate the accurate identification of property damage. This enabled us to fast-track payments to the impacted customers. We have received feedback that the lifecycle of natural catastrophe impact to payment to our customers compares favourably to the wider market

- **Complex Marine claims management**

The Brit Claims teams will often have to manage incredibly complex claims in challenging jurisdictions. In 2024, geopolitical tensions resulted in several incidents in the Red Sea with respect to Marine War risks. Insured tankers were attacked by militant organisations, leaving the vessels, their crew and valuable cargo in peril. Responding with urgency and through the assembly of a multi-disciplinary team of experts, Brit was able to successfully secure the recovery of the vessels, the safe evacuation of the crews, offload the cargo and, in one instance, avoid a potentially catastrophic pollution event. Brit continues to demonstrate its strong leadership in managing very complex situations on behalf of our insureds, whilst ensuring the cooperation of co-insurers and protecting Brit's reputation.

- **Market recognition**

The Private Client claims team at Brit has consistently been recognised for its excellent claims service. In the High Point broker survey for 2023, it ranked second with an 84% satisfaction rate, and in 2024 it ranked fourth with an 83% satisfaction rate.

In both years, the team received positive comments for their efficiency, understanding and helpfulness at all stages of the process, with same-day authorisations for repairs and quick payouts for high-value claims. The team provides a tailored claims proposition, recognising the trust clients place in Brit to underwrite their homes and treasured possessions. It aims to treat each client as an individual, offering prompt responses with out-of-hours support, direct access to specialist claims partners, and innovative solutions to achieve the best customer outcomes.

## Other underwriting developments

- **Focus on underwriting capability development**

Brit continues to make good progress with its investment in digital and data-enabled capabilities. The launch in 2023 of Brit's new strategic pricing and rating engine for North America Open Market Property, which marked an important step in our strategy to use technology to facilitate greater underwriting capability, has resulted in faster pricing calculations, improved data quality and consistency, resulting in an improved customer experience.

In 2024, we successfully launched the Cargo Modern Underwriting Platform and have continued to focus on the expansion of our underwriting platform to include further classes as well as exploring additional capabilities that will benefit multiple classes.

- **Launch of underwriting consortia**

- **BUILD:** In January 2024 we launched the new market leading Project Cargo Consortium, 'BUILD', which Brit co-leads with RSA. The consortium, one of the largest in the Cargo market globally, provides comprehensive global Project Cargo coverage.
- **Cyber First50:** In March 2024, the Brit Cyber BCAP team launched 'Cyber First50'. The Brit led and managed Lloyd's Consortium expedites the Cyber placement process for large institutional clients and meets their increasing need to secure higher Cyber limits.

- **2025 business planning**

Brit remains one of the largest managing agents in the Lloyd's market and recognises the value and strength that the franchise brings.

Syndicate 2987's capacity is planned to grow by c.2% over the 2024 year of account. As in previous years, we continue to actively manage the portfolios, growing where the market is strongest and where we see the best opportunities to deliver profit for our shareholders, and taking action on the weaker segments of the portfolio.

Syndicate 2988's capacity is planned to grow by c.11% over the 2024 year of account. In 2024 the Syndicate explored the potential to participate on risks where Syndicate 2987 wasn't on the slip, largely through third-party led consortia and facilities. This delivered a diverse mix of complementary income to the Syndicate and, so, the intention is to grow this in this area in 2025.

Syndicate 1618 has grown significantly since its launch in 2021. Expectations are for steady growth in 2025, reflecting Ki's underwriting discipline in competitive market conditions and a continued focus on the combined ratio.

The 2025 planning process also considered the strategic expansion of Brit Re, as discussed below, with the plan reflecting growth across Property, Casualty and Specialty reinsurance.

Brit's non-catastrophe reinsurance renewals at 1 January 2025 have been successfully completed, achieved within budget and with some improvements in coverage. The stability of Brit's reinsurance relationships has allowed it to benefit from the specific dynamics of Brit's experience, rather than being impacted by broader market issues.

Brit's main catastrophe protections run to 1 April and discussions are currently underway on future coverage.

#### • Senior underwriting appointments

- **Syndicate 2987:** To allow Brit CUO Jon Sullivan more time to focus strategically across all syndicates, John King was appointed to Group Executive Underwriter and Active Underwriter for 2987.
- **Syndicate 2988:** To support Simon Bird (Active Underwriter for Syndicate 2988) in further developing the success of the Syndicate, Jonathan Mudd became the Deputy Active Underwriter for Syndicate 2988.

#### • Ki – additional follow capacity

From 1 January 2024 brokers have been able to access third-party digital capacity, directly through the Ki platform, made possible through multi-year partnerships with trusted Lloyd's syndicates. As a result, Ki has become the first algorithmic underwriting business in the market to be able to underwrite and bind follow capacity on behalf of multiple syndicates across Property, Specialty and Casualty classes. This is a transformational change for the Lloyd's market, a major step towards a fully digital follow market, and provides a compelling proposition to Lloyd's brokers and clients.

#### • Strategic expansion of Brit's Bermuda presence

In June, Brit announced its intent to embark on a strategic plan to significantly expand its presence in Bermuda across Property, Casualty and Specialty reinsurance, to complement our existing reinsurance underwriting capabilities in London. Bermuda is a dynamic and thriving multi-class (re)insurance market and building out Brit Reinsurance (Bermuda) Limited (Brit Re) is a natural next step for the Group.

To support our Bermudian growth ambitions, Brit Re has been building out its local capabilities. We have also focused on deepening Brit Re's board's experience and strengthening its governance with the following senior appointments:

- Jacques Bonneau joined the Brit Re board in June 2024 as a non-executive director. Jacques retired as CEO and President of PartnerRe in March 2024.

- Jonathan Stephenson was appointed as Head of Office, Bermuda, in September and appointed to the Brit Re board in October. Prior to joining Brit, Jonathan was a Managing Director at Guy Carpenter, based in Toronto.

The development of Brit Re has been very favourably received in the market, with Brit's existing reputation in the global reinsurance market and Brit Re's balance sheet strength offering a high quality option for clients and brokers.

#### • A.M. Best's affirmation of Brit Re's rating

In December 2024, AM Best affirmed its Brit Re Financial Strength Rating of A (Excellent) and a Long-Term Issuer Credit Rating of 'a' (Excellent). In affirming Brit Re's rating, AM Best assessed its balance sheet strength as 'very strong' and noted this as being 'supported by historically profitable underwriting results'. We are pleased that AM Best has affirmed its rating as we begin our strategy to meaningfully grow Brit Re.

#### Other key business developments

Other key strategic developments during 2024 have included:

#### • Ki separation

Over the last four years, Ki has grown significantly and evolved to become a digital follow platform offering capacity from multiple syndicates with over \$1 billion of insurance premium written through the platform in 2024.

From 1 January 2025, Ki will operate as a separate operation within the Brit Limited and Fairfax groups. Its scale, sophistication and growth potential makes this a natural next step, enabling both Brit and Ki to focus on their core strengths in 'lead' and 'follow' respectively.

To support this Brit and Ki have successfully delivered an initiative to establish fully independent support and compliance functions for Ki. In addition to this, on 1 January 2025, Ki Syndicate 1618's managing agency agreement was novated from Brit Syndicates Limited (BSL) to Asta. We believe this was the largest novation in Lloyd's history.

From 1 January 2025, Brit Group Holdings Limited became the new holding company for the Brit insurance businesses. Brit Group Holdings Limited was incorporated on 7 August 2024 and is a wholly owned direct subsidiary of Brit Limited. Ki Financial Limited, also a direct subsidiary of Brit Limited, remains the holding company for the Ki insurance businesses.

#### • Digital, data and artificial intelligence (AI) strategy

We continue to advance our strategy to deliver a digital, data and AI-driven platform that improves our underwriting performance and capabilities. In H1 2024, we delivered the foundational phase, a cloud-native modern data platform, fully transitioning from our legacy data warehouse. This has greatly improved the stability of our reporting foundation, provides a scalable platform for future investments in data and analytics and will help manage cloud computing costs in the long-term.

## business review

The next phase of our strategy is being progressed, focusing on leveraging acceleration brought by GenAI, large language models, no code/low-code platforms and related digital architecture. The strategy includes embedding modern ways of working to enable strong partnership across business functions to drive accelerated business adoption. Furthermore, we continue to mature our cyber security, privacy and ethics, and data quality as key enablers of our technology and data strategies.

- **Sutton sale completion**

On 8 March 2024, the sale of Brit's share of Sutton, a Canadian managing general underwriter of a range of specialised insurance products, to Amynta group, completed. The sale proceeds for Brit's 49% holding were \$31.0m, with a gain on sale of \$15.2m. Sutton will continue to be a strategic business partner of Brit.

- **Senior Brit corporate appointments**

- **Brit Limited Board changes:** On 1 January 2024, Ken Miner, the OMERS representative on the Brit Limited Board, resigned and was succeeded by Aviral Goel. On 8 January 2025, Mr Goel resigned from the Brit Limited board following the purchase in December 2024 by Fairfax of OMERS' shareholding in Brit.
- **Brit Syndicates Limited board changes:** On 15 April 2024, Hayley Robinson was appointed a non-executive director of Brit Syndicates Limited. Hayley has non-executive and senior executive experience spanning 30 years at Zurich, RSA and Aviva. Pinar Yetgin resigned as a director on 31 August 2024.
- **Chief Technology & Transformation Officer:** Bilge Mert, formerly Chief Technology Officer, moved to a new position of Chief Technology & Transformation Officer, taking responsibility for our transformation roadmap and delivery, and supporting our underwriting vision and simplification strategy.





# financial performance review

### Key Performance Indicators

At Brit we monitor and measure our performance by reference to certain key performance indicators (KPIs). These KPIs are used by us to manage our business and allow us to see, at a glance, how we are performing.

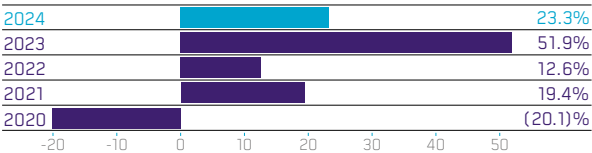
Our five KPIs show the returns that we are generating, the performance of our underwriting activities, our risk adjusted rate change, our investment portfolio, and our financial strength. The development of our KPIs over the five years (set out below) reflects our focus on underwriting performance and improving underwriting market conditions, together with the challenges presented by the increased frequency and severity of catastrophe events, COVID-19, and the increase in investment market volatility.

A reconciliation of each KPI to the amounts presented in the financial statements, where relevant, is included in the 'key performance indicators and alternative performance measures' section of the Annual Report starting on page 190 and definitions of each of our KPIs are included in the Glossary starting on page 196.

The figures for 2022 to 2024 are reported on an IFRS 17 ('Insurance Contracts') basis, while the figures for 2020 and 2021 are as previously reported under IFRS 4 ('Insurance Contracts').

### Overall performance Return on net tangible assets (RoNTA)

23.3%



RoNTA shows the return generated by our operations for the owners of Brit Limited before foreign exchange movements, compared to the adjusted net tangible assets deployed in our business attributable to our owners. The impact of the group's defined benefit pension schemes is excluded from both the return and the assets in the calculation.

In 2024, our RoNTA in respect of continuing and discontinued operations combined was 23.3%, reflecting a positive underwriting result and a positive return on invested assets.

This return resulted in a five-year average RoNTA of 17.4%.

RoNTA in respect of continuing operations for 2024 was 23.5% (2023: 41.7%).

## Underwriting

Combined ratio (undiscounted basis)

# 85.9%



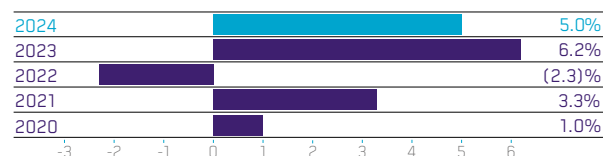
The combined ratio on an undiscounted basis in respect of continuing business is our key underwriting metric and measures the profitability of our underwriting. It shows how much of every \$1 of premium is spent in the total costs of sourcing and underwriting the business and settling claims. A combined ratio under 100% indicates underwriting profitability.

Our undiscounted combined ratio in 2024 was 85.9% (2023: 85.3%). Over the past three years, on an IFRS 17 basis we have delivered an average undiscounted combined ratio of 89.1%.

## Investment management

Investment return

# 5.0%



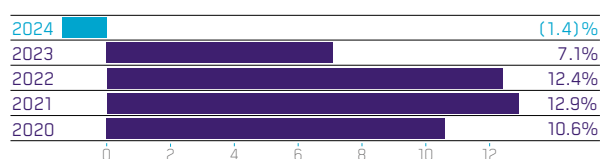
We assess the performance of our investment portfolio by comparing the return generated by our invested assets, net of external investment related expenses, against the average value of those invested assets.

Our investment strategy takes a long-term view of markets, which can lead to significant variations in our year-on-year return figures. Over the past five years, we have delivered an average investment return of 2.6% per annum.

## Underwriting

Risk adjusted rate change

# (1.4)%



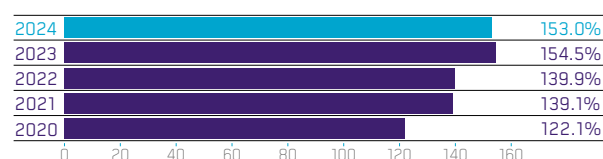
The risk adjusted rate change (RARC) shows whether premium rates are increasing, reflecting a hardening market, or decreasing, reflecting a softening market. A hardening market is one indicator of increasing profitability. The data reflects internal estimates by Brit's underwriters, based on available year-on-year underlying renewal data after allowing for changes to terms and conditions. Generally, no adjustment is made to the figures to reflect the impact of inflation beyond the level of inflation in the underlying exposure measure used in pricing.

In 2024, we experienced a compound RARC of -1.4% in 2024 (2023: +7.1%).

## Capital management

Capital ratio

# 153.0%



The capital ratio measures our financial strength position by comparing our available capital resources to the capital we need to hold to meet our management entity capital requirements.

Our financial position remains strong. At 31 December 2024, Group capital resources totalled \$2,853.3m (2023: \$2,977.9m) giving surplus management capital of \$987.9m (2023: \$1,050.5m), or 153.0% (2023: 154.5%) over our Group management capital requirement. During the period, our capital requirements decreased from \$1,927.4m to \$1,865.4m, primarily resulting from our 2025 underwriting plans.



## financial performance review

## Overview of Results

The Group's income statement, re-presented to show the key components of our result, is set out below:

|                                                              | 2024<br>\$m    | 2023<br>\$m |
|--------------------------------------------------------------|----------------|-------------|
| Insurance premium written <sup>1</sup>                       | <b>3,779.5</b> | 3,753.5     |
| Insurance revenue                                            | <b>3,465.5</b> | 3,517.1     |
| Insurance service result                                     | <b>674.8</b>   | 649.5       |
| Net finance expense from insurance and reinsurance contracts | <b>(207.3)</b> | (225.8)     |
| Other income, continuing operations                          | <b>89.1</b>    | 65.6        |
| Other expenses, continuing operations                        | <b>(192.4)</b> | (126.9)     |
| Losses on other financial liabilities                        | <b>(4.6)</b>   | (20.8)      |
| Return on invested assets, net of fees                       | <b>347.7</b>   | 393.8       |
| Finance costs                                                | <b>(14.6)</b>  | (17.8)      |
| Finance income                                               | <b>–</b>       | 2.7         |
| Profit on ordinary activities before tax and FX              | <b>692.7</b>   | 720.3       |
| FX movements                                                 | <b>(31.7)</b>  | (96.4)      |
| Profit on ordinary activities before tax                     | <b>661.0</b>   | 623.9       |
| Tax (expense)/credit                                         | <b>(84.8)</b>  | 5.3         |
| Profit on ordinary activities after tax and FX               | <b>576.2</b>   | 629.2       |
| (Loss)/profit from discontinued operation, net of tax        | <b>(3.1)</b>   | 266.2       |
| Profit for the year                                          | <b>573.1</b>   | 895.4       |

Note 1: 'Insurance premium written' is explained in the 'insurance revenue' section below, and is the equivalent to gross written premium as previously disclosed under IFRS 4.

## Group performance

Our 2024 result reflected both strong underwriting and investment results. The underwriting result reflected an increase in net insurance revenue, a decrease in net insurance claims (including an improved attritional performance, higher prior year reserve releases and increased major loss activity), partly offset by increased commission costs and expenses.

The result on continuing ordinary activities for 2024 before tax was a profit of \$661.0m (2023: \$623.9m) and after tax was a profit of \$576.2m (2023: \$629.2m).

Our overall profit for the year after tax was \$573.1m (2023: \$895.4m). This included a loss arising from our discontinued operation, net of tax, of \$3.1m (2023: \$266.2m, including the gain from the sale of Ambridge of \$259.1m).

Return on adjusted net tangible assets (RoNTA) for all operations, excluding the effects of FX, was 23.3% (2023: 51.9%). RoNTA for continuing operations, after excluding FX movements, was 23.5% (2023: 41.7%).

## Performance measures

In addition to our KPIs, we have other measures that offer further insight into the detail of our performance. These measures include:

- **Revenue related:** Insurance premium written;
- **Claims related:** Claims ratio; and
- **Underwriting expense related:** Expense ratio.

A reconciliation of each performance measure to the amounts presented in the financial statements is included in the Annual Report starting on page 190 and a definition of each measure is included in the Glossary starting on page 196.

The performance measures set out below are for continuing business, unless otherwise stated.



## Underwriting

### Insurance service result

|                                                 | 2024<br>\$m      | 2023<br>\$m |
|-------------------------------------------------|------------------|-------------|
| <b>Insurance premium written</b>                | <b>3,779.5</b>   | 3,753.5     |
| Insurance revenue                               | <b>3,465.5</b>   | 3,517.1     |
| Allocation of reinsurance premiums              | <b>(693.7)</b>   | (785.9)     |
| <b>Net insurance revenue [a]</b>                | <b>2,771.8</b>   | 2,731.2     |
| Insurance claims and claims-related expenses    | <b>(1,803.8)</b> | (1,850.1)   |
| Amounts recoverable from reinsurers             | <b>482.0</b>     | 512.6       |
| <b>Net insurance claims [b]</b>                 | <b>(1,321.8)</b> | (1,337.5)   |
| Acquisition expenses                            | <b>(664.8)</b>   | (638.7)     |
| Other directly attributable expenses            | <b>(110.4)</b>   | (105.5)     |
| <b>Insurance-related expenses [c]</b>           | <b>(775.2)</b>   | (744.2)     |
| <b>Insurance service result [a] + [b] + [c]</b> | <b>674.8</b>     | 649.5       |
| Undiscounted combined ratio                     | <b>85.9%</b>     | 85.3%       |
| Discounted combined ratio                       | <b>75.7%</b>     | 76.2%       |

Overall, we delivered a discounted combined ratio of 75.7% (2023: 76.2%) and an insurance service result of \$674.8m (2023: \$649.5m), an increase of 3.9%. We have also delivered an undiscounted combined ratio of 85.9% (2023: 85.3%). This result demonstrates strong underlying underwriting performance despite a more challenging operating environment.

#### (i) Insurance premiums written

Brit uses insurance premium written, which is equivalent to gross written premium as previously reported under IFRS 4, to measure and monitor levels of incoming business. An analysis of insurance premium written by portfolio is given on page 12, and a reconciliation of insurance premium written to insurance revenue is set out on page 193.

Insurance premiums written increased by 0.7% to \$3,779.5m (2023: \$3,753.5m). The moderate increase was led by current year premium growth in our core syndicate, Syndicate 2987, driven by strong growth in Property and Speciality, in particular Property Open Market. This was partly offset by reductions in Syndicate 2988 and Ki, reflecting Brit's reduced share of 2988 as well as more competitive market dynamics as we observed more challenging pricing conditions across areas of the portfolio.

While pricing remained strong in 2024, we experienced an overall risk-adjusted rate change of -1.4% (2023: +7.1%). Rate increases were primarily seen in Programmes and Facilities, Specialty and Casualty Treaty, while reductions were primarily seen in Financial and Professional, where the market has been highly competitive. Overall, we remain focused on maintaining strict underwriting discipline and retaining core profitable accounts. Market conditions are discussed on page 17.

#### (ii) Net insurance revenue

Net insurance revenue, which comprises insurance revenue less an allocation of reinsurance premiums, increased by 1.5% to \$2,771.8m (2023: \$2,731.2m). A reduction in total insurance revenue was offset by a reduction in reinsurance premiums, as set out below.

##### Insurance revenue

Insurance revenue decreased by 1.5% to \$3,465.5m (2023: \$3,517.1m) during 2024. This was driven by a reduction in Brit's level of participation in Syndicate 2988 for the 2024 Year of Account as well as impacts from the decision to close the Sussex speciality and diversified funds. A further breakdown of insurance revenue is given in Note 6 to the financial statements.

Insurance revenue comprises gross premiums earned less inwards reinstatement premiums, profit commissions and non-distinct investment components, and is net of assuming ceding commissions earned on inwards reinsurance.

## financial performance review

**Allocation of reinsurance premiums**

The allocation of reinsurance premiums decreased by 11.7% to \$693.7m (2023: \$785.9m). This reflects Brit's ongoing strategy to optimise the outwards programme to cede less profitable business, resulting in a reduction of both proportional reinsurance treaties and excess of loss contracts.

The allocation of reinsurance premiums comprises ceded premiums earned less outwards reinstatement premiums, profit commissions and non-distinct investment components, and is net of outwards ceding commissions.

**(iii) Net insurance claims**

Net insurance claims, which comprises claims and claims-related expenses net of amounts recoverable from reinsurers, decreased by 1.2% to \$1,321.8m (2023: \$1,337.5m).

**Claims**

Our claims ratio improved by 1.3pps to 47.7% (2023: 49.0%) on a discounted basis, which reflects:

- An improved attritional claims experience, largely due to favourable claims experience in our Programme and Facilities portfolios, partially offset by unfavourable experience within areas of Property, Speciality and Cyber. Our attritional claims were also impacted by a number of risk events in 2024, including the Baltimore Bridge collision and the CrowdStrike IT outage.
- Higher major loss experience, driven by loss estimates arising from Hurricane Helene and Milton. A breakdown is provided in the table below.
- Favourable prior year development of \$123.0m in 2024 (2023: \$16.3m), after the impact of discounting, consisting of \$65.0m in best estimate releases and \$58.0m of risk adjustment releases. The 2024 figure includes releases within Programmes and Facilities, Specialty, Cyber, Terrorism, Property Treaty Cat North America and Casualty Treaty Short-Tail Risk, partly offset by adverse development in Property UK, Healthcare Liability, Professional Indemnity US, Property Treaty Risk North America and by Casualty Long-Tail Risk. The 2023 figure includes releases across Financial and Professional Liability, Property Treaty, Programmes and Facilities, and Specialty.

Brit's undiscounted best estimate reserves for major losses, net of amounts recoverable from reinsurers but before reinstatement premiums, totalled \$166.1m (2023: \$69.6m). The events to which Brit had material exposure were as follows:

| Event              | 2024<br>\$m  | 2023<br>\$m |
|--------------------|--------------|-------------|
| Hurricane Helene   | 72.7         | -           |
| Hurricane Milton   | 93.4         | -           |
| Hawaiian wildfires | -            | 51.7        |
| Hurricane Idalia   | -            | 17.9        |
| <b>Total</b>       | <b>166.1</b> | <b>69.6</b> |

We continue to reserve conservatively and have increased our reserves to the 78th percentile (2023: 77th percentile), resulting in a net risk adjustment above the best estimate of \$227.7m (2023: \$193.5m).

**(iv) Insurance-related expenses**

Insurance-related expenses, which comprises acquisition expenses and other directly attributable expenses, increased by 4.2% to \$775.2m (2023: \$744.2m).

Acquisition expenses increased by 4.1% to \$664.8m (2023: \$638.7m). This consists of direct commission costs (2024: \$505.3m; 2023: \$498.7m) and an allocation of the expense base which are deemed directly related to the acquisition of insurance contracts. The increase in the acquisition expense is largely driven by an increase in non-commission acquisition expenses relating to increased headcount.

Other attributable expenses increased by 4.6% to \$110.4m (2023: \$105.5m), driven by an overall increase in the Group expense base, partly offset by updated cost allocations following our annual review.

The Group expense base is discussed below.

### Net finance (expense)/income from insurance and reinsurance contracts

The analysis between the unwind of discounting and the impact of changes in interest rates is as follows:

|                                     | 2024<br>\$m                      |                                  |         | 2023<br>\$m                      |                                  |         |
|-------------------------------------|----------------------------------|----------------------------------|---------|----------------------------------|----------------------------------|---------|
|                                     | Insurance<br>contracts<br>issued | Reinsurance<br>contracts<br>held | Total   | Insurance<br>contracts<br>issued | Reinsurance<br>contracts<br>held | Total   |
| Unwind of discount                  | (320.1)                          | 90.2                             | (229.9) | (293.7)                          | 97.3                             | (196.4) |
| Impact of changes in interest rates | 48.5                             | (25.9)                           | 22.6    | (29.0)                           | (0.4)                            | (29.4)  |
|                                     | (271.6)                          | 64.3                             | (207.3) | (322.7)                          | 96.9                             | (225.8) |

The net interest accretion expense increased by 17.1% to \$229.9m (2023: \$196.4m). This was predominantly driven by the increase in net insurance liabilities over the period as well as an additional cohort of business being measured under the general measurement model.

In 2024, the moderate increase in interest rates between 2023 and 2024 resulted in a favourable \$22.6m impact from changes in discount rate assumptions, while in 2023 the reduction in rates between 2022 and 2023 resulted in an unfavourable \$29.4m expense.

### Group operating expenses

Operating expenses were classified as follows:

|                                                             | 2024<br>\$m    | 2023<br>\$m    |
|-------------------------------------------------------------|----------------|----------------|
| Insurance service expenses excluding claims and commissions | (269.9)        | (245.5)        |
| Other operating expenses                                    | (192.4)        | (126.9)        |
| <b>Operating expenses – continuing operations</b>           | <b>(462.3)</b> | <b>(372.4)</b> |
| <b>Expenses – discontinued operations</b>                   | <b>–</b>       | <b>(9.1)</b>   |
| <b>Total operating expenses</b>                             | <b>(462.3)</b> | <b>(381.5)</b> |

Total expenses for continuing operations during 2024 increased by 21.2% to \$462.3m (2023: \$372.4m). The main contributors to this increase were headcount and legal and professional fees, partly offset by a reduction in regulatory levies and charges. These increases also include the costs resulting from the work to enable Ki to operate as a standalone operation from 2025.

At 31 December 2024, Group headcount was 1,104 (2023: 911 in respect of continuing operations). The increase was primarily due to the growth of Ki, targeted underwriting expansion in favourable market conditions and the related growth of support functions.

A further breakdown of expenses is given in Note 13 to the financial statements.

### Other income

Other income totalled \$89.1m (2023: \$82.4m), as set out below:

|                                                     | 2024<br>\$m | 2023<br>\$m |
|-----------------------------------------------------|-------------|-------------|
| <b>Other income</b>                                 |             |             |
| Fee and commission income – continuing operations   | 23.3        | 21.3        |
| Change in value of ultimate parent company shares   | 65.8        | 44.3        |
| <b>Total other income – continuing operations</b>   | <b>89.1</b> | <b>65.6</b> |
| Fee and commission income – discontinued operations | –           | 16.8        |
| <b>Total other income</b>                           | <b>89.1</b> | <b>82.4</b> |

Fees and commissions generated by the Group's underwriting management activities in respect of continuing operations increased in 2024 by 9.4% to \$23.3m (2023: \$21.3m). The increase primarily reflects increased commissions from intermediary activities and increased fees and commission from our non-aligned syndicate.

Fees and commissions generated by the Group's discontinued operations in 2024 was \$nil (2023: \$16.8m), following the sale of Ambridge in May 2023.

## financial performance review

## Losses on other financial liabilities

The statement of financial position of the Group includes liabilities representing third party investors' share in structured undertakings consolidated by the Group, namely Sussex Capital. Changes in the value of these liabilities during the year are recorded in the Group's consolidated income statement as 'losses on other financial liabilities'.

In 2024, the income statement impact was a loss of \$4.6m (2023: \$20.8m), which represents the underwriting result in Brit's consolidated income statement attributable to third party capital providers.

## Return on invested assets

The investment portfolio is managed, for the most part, by Hamblin Watsa Investment Counsel Limited, a Fairfax subsidiary with an excellent long-term track record, whose sole business is managing investment portfolios of Fairfax group companies. They are supported by a number of external managers covering core fixed income and specialised credit mandates.

The return on our invested assets was a positive \$347.7m or 5.0% (2023: \$394.4m or 6.2%). This result is analysed below:

| Investment return                    | 2024<br>\$m  | 2023<br>\$m  |
|--------------------------------------|--------------|--------------|
| Income                               | 284.3        | 234.4        |
| Realised gains/(losses)              | 91.6         | (80.2)       |
| Unrealised (losses)/gains            | (19.9)       | 265.4        |
| Investment return before fees        | 356.0        | 419.6        |
| Investment management fees           | (17.1)       | (19.6)       |
| Investment return, net of fees       | 338.9        | 400.0        |
| Investment related derivative return | (6.4)        | (7.2)        |
| Share of net profit of associates    | –            | 1.6          |
| Profit on disposal of associates     | 15.2         | –            |
| <b>Total return</b>                  | <b>347.7</b> | <b>394.4</b> |
| <b>Total return</b>                  | <b>5.0%</b>  | <b>6.2%</b>  |

Of the investment return, \$nil (2023: \$0.6m) related to discontinued operations.

Equity markets performed positively over the year, as economic data remained resilient, inflation reduced, and the Federal Reserve Bank reduced rates by 100 basis points. Our equity portfolio generated a positive return of \$74.8m (2023: \$59.1m), benefiting from a value focused approach. Our return on fund investments was a positive \$85.6m (2023: \$72.2m).

The fixed income portfolio generated a return of \$134.5m (2023: \$232.6m), driven by income and capital gains, while mortgages and loans generated \$8.3m (2023: \$6.7m). The US Government Bond yield curve fell up to 113 basis points at tenors under two years and rose up to 75 basis points at tenors over two years, as the Federal Reserve Bank added two 25 basis point rate reductions in the fourth quarter of 2024 to its 50 basis point reduction in September, and as the US Presidential election concluded. Over 2024, the two-year yield was relatively unchanged at 4.24% (2023: 4.25%), the five-year yield rose from 3.85% to 4.38% and the ten-year yield rose from 3.88% to 4.57%. Investment grade spreads narrowed in the US from 0.77% to 0.60% and in Europe narrowed from 1.28% to 0.92%, while high yield spreads in the US narrowed from 3.23% to 2.87% and in Europe narrowed from 3.83% to 3.08%.

Cash and cash equivalents generated interest of \$52.8m (2023: \$46.9m). Our approach to cash management during the year has, and continues to be, to limit the amount of operational cash and to maximise amounts held within short-term government bills, stepping into the higher yields.

The amount attributable to trade and other receivables was \$nil (2023: \$2.1m).

At 31 December 2024, the running yield (expressed as yield as a percentage of invested assets) of our total portfolio was 4.0% (2023 4.0%).

During 2024, the Group had no associated undertakings, following the reclassification on 17 November 2023 of Sutton Special Risk Inc. to an asset held for sale. Return on associated undertakings in 2023 was \$1.6m. Sutton was disposed of on 8 March 2024, resulting in a profit on disposal of associates of \$15.2m.



## Foreign exchange

As explained on page 33, we manage our currency exposures to mitigate the impact on solvency rather than to achieve a short-term impact on earnings. We experienced a foreign exchange loss of \$31.7m in 2024 (2023: loss of \$97.4m), reflecting the movement of the US dollar against other currencies in which we trade and hold assets, and the impact of FX related derivatives purchased by the Group.

The allocation of the FX result within the Consolidated Income Statement is as follows:

| Foreign exchange (losses)/gains                                 | 2024<br>\$m | 2023<br>\$m |
|-----------------------------------------------------------------|-------------|-------------|
| Net foreign exchange (losses) – continuing operations           | (54.6)      | (94.2)      |
| Net foreign exchange (losses) – discontinued operations         | –           | (1.0)       |
| Gains/(losses) on derivative contracts – FX related instruments | 22.9        | (2.2)       |
|                                                                 | (31.7)      | (97.4)      |

## Finance costs and finance income

Finance costs totalled \$14.6m (2023: \$17.8m) and represented cost of the revolving credit facility and other bank borrowings, the cost of the subordinated debt and interest payable on lease liabilities.

Finance income was \$nil (2023: \$2.7m, representing the gain of repurchasing £8.0m of subordinated debt).

## Tax

Our tax on ordinary activities for 2024 resulted in a tax charge of \$84.8m (2023: tax credit of \$5.3m), based on a Group profit on ordinary activities before tax of \$661.0m (2023: profit before tax of \$623.9m). In 2024, there was no tax arising from discontinued operations (2023: charge of \$0.5m).

This charge of \$84.8m comprised current tax charge of \$13.3m and a deferred tax charge of \$71.5m.

The Group is liable to taxes on its corporate income in a number of jurisdictions where its companies carry on business, most notably the UK and the US. Corporate profits and losses in Bermuda are exempt from tax. The tax charge is calculated in each legal entity across the Group and then consolidated. Therefore, the Group effective rate is sensitive to the location of taxable profits and is a composite tax rate reflecting the mix of tax rates in those jurisdictions.

The 2024 Group rate varies from the weighted average rate in those jurisdictions due to a number of factors. The principal factors are the impact of the increase in unrecognised deferred tax losses and prior year adjustments offset by the rate change from 35% to 25% arising on the pension authorised surplus repayment and the profit arising on the disposal of Sutton subsidiaries which is not subject to tax. The rate is further influenced by the impact of exempt income such as dividend income, disallowable expenses and by non-UK taxes arising in our Lloyd's syndicates.

## Results from discontinued operation

On 10 May 2023, the Group completed the sale of the Ambridge group to the Amynta group. Ambridge was presented as a disposal group held for sale in the 2022 financial statements of the Group and the results of the Ambridge business were reported as a discontinued operation in 2023.

Loss from discontinued operation, net of tax, in 2024 totalled \$3.1m (2023: profit of \$266.2m), relating to an adjustment to the Ambridge sale proceeds under the terms of the Securities Purchase Agreement. The 2023 figure includes \$259.1m which represents the gain on sale of the Ambridge group, net of tax.



**BRIT**

# financial position and capital strength

## Financial position

At 31 December 2024, our adjusted net tangible assets totalled \$2,394.3m (2023: \$2,516.0m).

### Summary consolidated statement of financial position

|                                                                        | 2024<br>\$m     | 2023<br>\$m    |
|------------------------------------------------------------------------|-----------------|----------------|
| <b>Assets</b>                                                          |                 |                |
| Intangible assets                                                      | 138.8           | 122.7          |
| Reinsurance contract assets                                            | 1,873.4         | 1,942.8        |
| Insurance and other receivables                                        | 743.4           | 923.6          |
| Financial investments, investments in associated undertakings and cash | 7,211.2         | 6,729.2        |
| Assets classified as held for sale                                     | -               | 15.8           |
| Investment related derivatives                                         | 7.0             | 6.8            |
| FX related derivatives                                                 | 8.6             | 13.4           |
| Other assets                                                           | 67.7            | 73.2           |
| <b>Total assets</b>                                                    | <b>10,050.1</b> | <b>9,827.5</b> |
| <b>Liabilities</b>                                                     |                 |                |
| Insurance contract liabilities                                         | 6,336.9         | 5,869.7        |
| Deferred tax on intangible assets                                      | 22.3            | 21.5           |
| Borrowings                                                             | 159.0           | 161.9          |
| Investment related derivatives                                         | 7.6             | 7.0            |
| FX related derivatives                                                 | 6.2             | 16.7           |
| Insurance and other payables                                           | 372.5           | 539.3          |
| Other liabilities                                                      | 102.2           | 127.9          |
| <b>Total liabilities</b>                                               | <b>7,006.7</b>  | <b>6,744.0</b> |
| <b>Net assets</b>                                                      | <b>3,043.4</b>  | <b>3,083.5</b> |
| <b>Adjusted net tangible assets (Note 1)</b>                           | <b>2,394.3</b>  | <b>2,516.0</b> |

Note 1: A reconciliation of adjusted net tangible assets to the amounts presented in the financial statements is included in the Annual Report on page 191.

Of our net assets of \$3,043.4m at 31 December 2024 (2023: \$2,617.2m), \$2,510.8m (2023: \$2,617.2m) were attributable to the owners of Brit Limited, while \$532.6m (2023: \$466.3m) were attributable to non-controlling interests.

On 17 November 2023, the sale of Sutton the Amynta group was agreed. The transaction closed on 8 March 2024. At 31 December 2023, Sutton was classified as an asset held for sale.

In addition to the result recognised through the consolidated income statement, the other movements in our net assets as recognised in the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Changes in Equity

included defined benefit pension scheme related gains and charges (2024: \$5.1m net loss; 2023: \$15.3m net loss); changes in unrealised foreign currency translation gains on foreign operations (2024: \$2.7m net loss; 2023: \$7.1m net gain); dividends paid (2024: \$605.4m; 2023: \$413.6m).

At 31 December 2024, no assets (2023: \$15.8m) or liabilities (2023: \$nil) were classified as held for sale. In 2023, these related to Sutton and are further explained in Notes 17 to the financial statements.

## Capital strength

Our financial position remains strong, with our capital surplus decreasing by \$63.0m in the year. At 31 December 2024, Group capital resources totalled \$2,853.3m (2023: \$2,977.9m), giving surplus management capital of \$987.5m (2023: \$1,050.5m), or 53.0% (2023: 54.5%) over our Group management capital requirement of \$1,865.4m (2023: \$1,927.4m).

## Dividends

During 2024, dividends totalling of \$605.4m (2023: \$413.6m) were paid. Of this, \$33.3m (2023: \$40.6m) was paid to class A shareholders in accordance with the Brit Limited shareholders' agreement, and \$572.1m (2023: \$373.0m) was paid to the class B shareholders.

## Reserving policy

Preserving a strong financial position is critical to the long-term success of an insurance business. The Group maintains appropriate loss reserves to cover its estimated future liabilities. Reserves are estimates that involve actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. The reserving process is robust and managed by the Chief Risk Officer and Chief Actuary and under the oversight of the Reserving Committee. Reserving estimates are prepared quarterly and are based on facts and circumstances then known, predictions of future developments, estimates of future trends in claims frequency and severity and other variable factors such as inflation. Movement in these reserves forms an integral element of our operating result.

Maintaining reserves is critical to safeguard future obligations to policyholders and our approach provides a secure foundation. It also provides a secure foundation for the pricing of new business which is particularly critical in a soft rating environment.

Our reserving policy is to reserve to a best estimate and carry an explicit risk adjustment, as required under IFRS 17 (Insurance Contracts) above that best estimate. Under the requirements of IFRS 17, we also apply discounting to our reserves.

## financial position and capital strength

## Asset allocation

Brit's invested assets (financial investments, investments in associates, cash and cash equivalents and investment derivative contracts) at 31 December 2024 were \$7,210.6m (2023: \$6,744.8m).

Our asset allocation, on both a look-through basis and statutory disclosure basis, is set out in the tables below. The look-through basis sets out the underlying instruments held within our debt securities portfolio and within our specialised investment funds.

| Statutory basis                          |                          |                        |                         |                                     |                                  |                                |                                     |                             |                                             |
|------------------------------------------|--------------------------|------------------------|-------------------------|-------------------------------------|----------------------------------|--------------------------------|-------------------------------------|-----------------------------|---------------------------------------------|
|                                          | Equity securities<br>\$m | Debt securities<br>\$m | Loan instruments<br>\$m | Specialised investment funds<br>\$m | Cash and cash equivalents<br>\$m | Associated undertakings<br>\$m | Investment Derivatives (net)<br>\$m | Assets held for sale<br>\$m | Total invested assets (look-through)<br>\$m |
| <b>31 December 2024</b>                  |                          |                        |                         |                                     |                                  |                                |                                     |                             |                                             |
| Look-through basis                       |                          |                        |                         |                                     |                                  |                                |                                     |                             |                                             |
| Government debt securities               | -                        | 3,230.5                | -                       | 60.5                                | -                                | -                              | -                                   | -                           | 3,291.0                                     |
| Corporate debt securities                | -                        | 1,911.4                | -                       | 45.3                                | -                                | -                              | -                                   | -                           | 1,956.7                                     |
| Structured products                      | -                        | -                      | -                       | 27.8                                | -                                | -                              | -                                   | -                           | 27.8                                        |
| Loan instruments                         | -                        | -                      | 83.0                    | 13.7                                | -                                | -                              | -                                   | -                           | 96.7                                        |
| Equity securities                        | 620.3                    | -                      | -                       | 464.0                               | -                                | -                              | -                                   | -                           | 1,084.3                                     |
| Cash and cash equivalents                | -                        | -                      | -                       | 1.5                                 | 750.4                            | -                              | -                                   | -                           | 751.9                                       |
| Investment related derivatives           | -                        | -                      | -                       | 2.8                                 | -                                | -                              | (0.6)                               | -                           | 2.2                                         |
| <b>Total invested assets (statutory)</b> | <b>620.3</b>             | <b>5,141.9</b>         | <b>83.0</b>             | <b>615.6</b>                        | <b>750.4</b>                     | <b>-</b>                       | <b>(0.6)</b>                        | <b>-</b>                    | <b>7,210.6</b>                              |
| <b>31 December 2023</b>                  |                          |                        |                         |                                     |                                  |                                |                                     |                             |                                             |
| Look-through basis                       |                          |                        |                         |                                     |                                  |                                |                                     |                             |                                             |
| Government debt securities               | -                        | 3,199.2                | -                       | 20.7                                | -                                | -                              | -                                   | -                           | 3,219.9                                     |
| Corporate debt securities                | -                        | 1,605.2                | -                       | 8.7                                 | -                                | -                              | -                                   | -                           | 1,613.9                                     |
| Structured products                      | -                        | -                      | -                       | 23.2                                | -                                | -                              | -                                   | -                           | 23.2                                        |
| Loan instruments                         | -                        | -                      | 82.2                    | 12.7                                | -                                | -                              | -                                   | -                           | 94.9                                        |
| Equity securities                        | 509.2                    | -                      | -                       | 417.4                               | -                                | -                              | -                                   | 15.8                        | 942.4                                       |
| Cash and cash equivalents                | -                        | -                      | -                       | 1.5                                 | 853.8                            | -                              | -                                   | -                           | 855.3                                       |
| Investment related derivatives           | -                        | -                      | -                       | (4.6)                               | -                                | -                              | (0.2)                               | -                           | (4.8)                                       |
| <b>Total invested assets (statutory)</b> | <b>509.2</b>             | <b>4,804.4</b>         | <b>82.2</b>             | <b>479.6</b>                        | <b>853.8</b>                     | <b>-</b>                       | <b>(0.2)</b>                        | <b>15.8</b>                 | <b>6,744.8</b>                              |

The assets remain primarily invested in cash and fixed income securities (2024: \$6,096.3m or 84.5% of the portfolio; 2023: \$5,784.0m or 85.8%). The fixed income portfolio is short dated, with a majority allocation to government bills. Corporate bonds and other loan instruments represent 28.5% (2023: 25.3%) of the total portfolio with 2.2pps (2023: 1.4pps) of this figure being below investment grade.

The allocation to credit increased marginally over the year. The allocation to credit risk, is primarily defensive, focused on high quality, investment grade non-cyclical companies. Equity allocations are invested in a portfolio of both listed and private (non-listed) equities and funds.

The exposure to equities, funds and structured products has increased over 2024 (2024: \$1,112.1m or 15.4% of the portfolio; 2023: \$965.6m or 14.3% of the portfolio), driven by market movements.

At 31 December 2024, the duration of our assets was broadly neutral compared to the duration of our liabilities.



At 31 December 2024, 79.8% of our invested assets were investment grade quality (2023: 82.3%). An analysis of the credit quality of our invested assets is set out below:

| Invested assets by rating | 2024<br>%    | 2023<br>%    |
|---------------------------|--------------|--------------|
| AAA                       | 50.8         | 53.7         |
| AA                        | 2.2          | 5.4          |
| A                         | 16.9         | 13.5         |
| BBB and below             | 7.6          | 8.9          |
| P-1 and P-2               | 2.3          | 0.8          |
| Other                     | 20.2         | 17.7         |
| <b>Total</b>              | <b>100.0</b> | <b>100.0</b> |

Other includes equities, funds and investment related derivatives

### Gearing

At 31 December 2024, our gearing ratio was 6.9% (2023: 7.1%).

Brit has in place a \$550.0m (2023: \$550.0m) revolving credit facility (RCF), the expiration date of which is 31 December 2027. Under our capital policy we have identified a maximum of \$300.0m (2023: \$300.0m) of this facility to form part of our capital resources, with the balance available for liquidity funding.

At 31 December 2024, the cash drawings on the facility were \$nil (2023: \$nil), with no letters of credit (LoCs) in place (2023: \$10.0m uncollateralised). At the date of this report, these borrowings were unchanged.

At 31 December 2024, Ki Financial Ltd, together with Sussex Re and Ki Member Ltd, has a \$230.0m LoC facility (2023: \$180.0m) to provide a proportion of the Funds at Lloyd's for Ki Syndicate 1618 through a segregated account of Sussex Re. The facility was \$150.0m utilised at 31 December 2024 and collateralised by \$63.0m (2023: \$150.0m utilised/\$63.0m collateralised).

In addition, we have in issue £127.0m of 3.6757% subordinated debt with a carrying value of £127.0m/\$159.0m (2023: £135.0m/\$161.9m). This instrument, which is listed on the London Stock Exchange, was issued in December 2005, matures on 9 December 2030.

### Foreign exchange management

At 31 December 2024, our US-dollar denominated net assets equated to 100.1% of our total net assets (2023: 95.1%), reflecting the currency denomination of the majority of the business we write. Our net assets, analysed by currency, are as follows:

| Net assets/(liabilities) by currency | 2024<br>%    | 2023<br>%    |
|--------------------------------------|--------------|--------------|
| US dollar                            | 100.1        | 95.1         |
| Sterling                             | (1.9)        | (0.3)        |
| Canadian dollar                      | (0.2)        | 2.3          |
| Euro                                 | (1.3)        | 0.3          |
| Australian dollar                    | 3.3          | 2.6          |
| <b>Total</b>                         | <b>100.0</b> | <b>100.0</b> |

The reporting currency for the Group's consolidated Financial Statements is US dollars, as are the functional and reporting currencies of a number of our subsidiaries, including all of our underwriting subsidiaries. A portion of our revenues and expenses, and assets and liabilities, are denominated in currencies other than US dollars, hence we are exposed to fluctuations in the values of those currencies against the US dollar. These fluctuations impact our reported operating results and our assets and liabilities.

Our strategic approach to managing FX risk is to match the currencies of our liabilities and capital requirements with the assets we hold. As a consequence of this, because we report our results in US dollars, we import some exchange rate volatility into the income statement through the revaluation of our net tangible assets. The Group's net tangible assets are, however, largely matched against our capital requirement, protecting our shareholders against the risk of additional capital being required as a result of FX volatility. Any excess is held in US dollars.

# risk management, principal risks and uncertainties

### Risk Management Framework

Brit delivers shareholder value by actively seeking and accepting risk within agreed limits. Risk management at Brit is a continuous process that links directly to the organisation's business and risk management strategies and the associated Board risk tolerances.

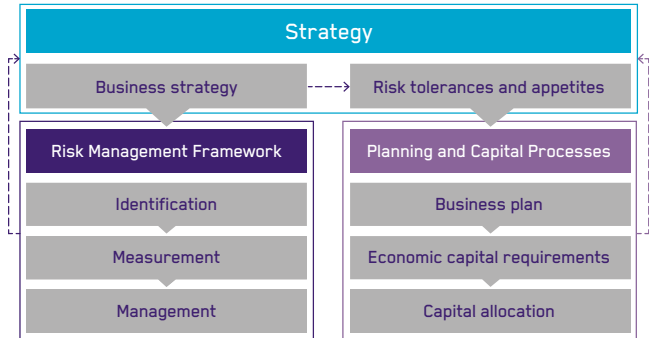
Brit's Risk Management Framework (RMF) applies a consistent methodology and structure to how risks are identified, measured, managed and monitored. This process enables us to protect policyholders and maximise shareholder value by ensuring the risk and capital implications of business strategy are well understood.

The RMF has the following key elements:

- **Identification:** Risk events, risks and relevant controls are identified and classified. This is a continuous process which considers any emerging and existing risks. The risk register sets out the significant risks faced by the business and identifies the potential impact and likelihood of each risk.
- **Measurement:** Risks are assessed and quantified and controls are evaluated. This is done through a combination of stochastic modelling techniques, stress and scenario analysis, reverse stress testing and qualitative assessment using relevant internal and external data.
- **Management:** The information resulting from risk identification and measurement is used to improve how the business is managed.

A key part of the RMF is the setting of risk tolerances and risk appetite. Risk tolerances are set by the relevant Board and represent the maximum amount of risk Brit is willing to accept to meet its strategic objectives. Risk appetites are set by management and reflect the maximum amount of risk that Brit wishes to take in the current market environment. The actual amount of risk taken is monitored against the tolerances and appetites on an ongoing basis.

The RMF, including the risk tolerances and appetite, reflects Brit's strategy and seeks to ensure that risk is accepted in the areas which are expected to maximise shareholder value whilst continuing to protect policyholders against extreme events. The process applies to both the Brit Group and to the individual underwriting entities.



The Risk Management function, led by the Group Chief Risk Officer & Chief Actuary, monitors whether Brit is operating within the risk tolerance levels approved by the relevant Boards. This includes assessments of any new strategic initiatives and the principal risks and uncertainties faced by the business as detailed below.

All Brit staff are involved in ensuring there is an appropriate risk culture which promotes the identification and management of risk. Brit's risk culture aims to ensure the risk and capital implications of decisions are understood and there is open communication about risks and issues in all areas of the business.

Brit's approach to risk management is designed to encourage clear decision-making as to which risks Brit takes and how these are managed based on the potential strategic, commercial, financial, compliance and legal implications of these risks.

The sections below set out the approach to risk governance, and the key risks identified, measured and managed under the RMF.

### Risk Governance

The Board is responsible for overseeing our risk management and internal control systems, which management is responsible for implementing.

Brit maintains a strong risk governance framework using Risk Oversight Committees and Audit Committees whose membership consists of independent non-executive Directors. Board, Risk and Audit Committee agendas are designed to ensure all significant areas of risk are reported on and discussed. The Risk Oversight Committees monitor and review the risk profile and the effectiveness of all risk management activities and, in particular, monitor adherence to agreed risk limits.

Brit operates a three lines of defence model for governing risk. Within the first line of defence individual risk committees monitor day-to-day risk control activities. The Risk Management function, as a second line of defence, provides oversight over business processes and sets out policies and procedures. Internal Audit, as a third line of defence, provides independent assurance and monitors the effectiveness of the risk management processes.

Our Internal Audit function provides assurance to the Risk Oversight Committees, Audit Committees and Boards, while external experts are regularly used for independent assessments.

### Key risks

The RMF categorises the risks to Brit as follows:

- Overarching risk: strategic, earnings and solvency; and
- Individual risk categories: insurance, market, liquidity, credit, and operational and group.

Insurance risk is the key driver of our Group capital requirements.

The key risks and uncertainties are set out in the following table and the principal risks in the current environment are further described below.

| Risk category         | Risk                                | Description                                                                                                                                                                                                                        | Principal risks |
|-----------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Overarching           | Strategic                           | Risk that Brit's strategy is not appropriate or is not implemented effectively.                                                                                                                                                    |                 |
|                       | Earnings                            | Unexpected earnings volatility leads to unexpected losses.                                                                                                                                                                         |                 |
|                       | Solvency                            | Capital ratio falls below the level targeted by management.                                                                                                                                                                        |                 |
| Insurance             | Underwriting – pricing              | Emerging experience is inconsistent with the assumptions (e.g. inflation) and pricing models used.                                                                                                                                 | ✓               |
|                       | Underwriting – natural catastrophe  | Natural catastrophe events, including the impact of climate risk, impacting Brit's (re)insureds, leading to large volumes of claims.                                                                                               | ✓               |
|                       | Underwriting – man made catastrophe | Extreme man-made events, such as terrorist attacks or cyber-attacks, impacting Brit's (re)insureds, leading to large volumes of claims.                                                                                            | ✓               |
|                       | Underwriting – reinsurance          | Failure to obtain reinsurance on attractive terms, or failure to recover under reinsurance arrangements.                                                                                                                           |                 |
|                       | Reserving                           | Prior year reserves are insufficient to cover claims (net of reinsurance) e.g. due to higher than anticipated inflation.                                                                                                           | ✓               |
| Market                | Investment market risk              | Invested assets adversely affected by changes in economic variables, such as interest rates, inflation, bond yields, equity returns, credit spreads and credit ratings.                                                            | ✓               |
|                       | Currency                            | Exchange rate fluctuations materially impact our financial performance.                                                                                                                                                            |                 |
| Liquidity             | Liquidity                           | Insufficient financial resources available to meet liabilities as they fall due.                                                                                                                                                   |                 |
| Credit                | Counterparty risk                   | Deterioration in the creditworthiness of, defaults by, or reputational issues related to, premium debtors, reinsurers or other third parties with whom we transact business.                                                       |                 |
| Operational and group | People                              | Failure to attract, motivate and retain key Directors, senior underwriters, senior management, and other key personnel, on whom our future success is substantially dependent.                                                     | ✓               |
|                       | Systems and processes               | Failure of our systems or processes, impacting our ability to conduct business and our ability to provide continuity of service to our clients.                                                                                    |                 |
|                       | Information security                | Failure to properly protect information could compromise the confidentiality, integrity or availability of our information and data, potentially resulting in financial loss and legal, regulatory, and reputational consequences. |                 |
|                       | Outsourcing arrangements            | Failure on the part of any third-party to perform agreed outsourced services, on which we are heavily reliant.                                                                                                                     |                 |
|                       | Reputational                        | Damage to reputation due to actions taken by Brit or related parties and the impact this has on Brit's business and operations.                                                                                                    |                 |
|                       | Regulatory and legal                | Legislation or regulation adversely affects Brit's operations.                                                                                                                                                                     |                 |
|                       | Conduct                             | Failure to ensure the Group's products and services deliver the right outcomes for consumers.                                                                                                                                      |                 |
|                       | Change management                   | Major projects or other key changes are not implemented effectively.                                                                                                                                                               |                 |

## risk management, principal risks and uncertainties

## Principal risks

The table below provides additional information on the principal risks in the current environment and how we manage them.

| Principal risk                                                                                                                                                               | Mitigation tools                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Metrics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Status                                                                                                                                                                                                                     |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----|----------------------|--|--|--------------------------|-------|-----|--------------------------|-----|-----|--------------------|-----|-----|------------------------|-----|-----|----------------------|-----|-----|-----------------------|--|--|-----------------------------|-----|-----|--------------|-----|-----|----------------|-----|-----|-----------------------|-----|-----|------------------------------|-----|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Underwriting – pricing                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Inadequate pricing could have a material adverse effect on our results for underwriting operations and financial condition.                                                  | <ul style="list-style-type: none"><li>Strategic focus on underwriting performance rather than on top line growth.</li><li>Strong governance processes around strategy and planning.</li><li>Pricing discipline is maintained through strict underwriting guidelines, monitoring of the delegated authorities and enforcement of the technical pricing framework.</li><li>Efficient use of the outwards reinsurance programme.</li><li>Monitoring of pricing adequacy metrics and risk adjusted rate change.</li></ul>           | Risk adjusted rate change (2024: decrease of 1.4%; 2023: increase of 7.1%).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>We achieved positive rate rises from 2018 to 2023, following four years of rate reductions. 2024 experienced a small rate reduction.</p> <p>Active rebalancing of the portfolio remains a key focus for management.</p> |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Underwriting – natural and man-made catastrophe                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Naturally occurring or man-made catastrophic event(s) could result in large insured losses that adversely impact our financial results and potentially our capital position. | <ul style="list-style-type: none"><li>Diverse portfolio of risks written.</li><li>Regular modelling and monitoring against natural and man-made catastrophe risk appetite by our exposure management team.</li><li>Effective outwards reinsurance programme in place.</li><li>Clear limits set for key accumulations and conservative use of line size by our underwriters.</li><li>Identification and monitoring of emerging risks such as climate change, developing cyber threat landscape and geopolitical risks.</li></ul> | <p>Largest five natural and man-made realistic disaster scenarios (based on net of reinsurance losses):</p> <table><tr><th>Event (\$m 1/10/24)</th><th>Gross</th><th>Net</th></tr><tr><td colspan="3">Natural catastrophes</td></tr><tr><td>San Francisco earthquake</td><td>1,511</td><td>774</td></tr><tr><td>Gulf of Mexico windstorm</td><td>964</td><td>530</td></tr><tr><td>Pinellas windstorm</td><td>842</td><td>489</td></tr><tr><td>Los Angeles earthquake</td><td>845</td><td>484</td></tr><tr><td>North East windstorm</td><td>930</td><td>341</td></tr><tr><td colspan="3">Man-made catastrophes</td></tr><tr><td>Terror – Rockefeller Center</td><td>439</td><td>266</td></tr><tr><td>Terror – WTC</td><td>396</td><td>251</td></tr><tr><td>NCBR – Nuclear</td><td>362</td><td>272</td></tr><tr><td>Cyber – Cloud Cascade</td><td>251</td><td>146</td></tr><tr><td>Cyber – Ransomware Contagion</td><td>202</td><td>134</td></tr></table> | Event (\$m 1/10/24)                                                                                                                                                                                                        | Gross | Net | Natural catastrophes |  |  | San Francisco earthquake | 1,511 | 774 | Gulf of Mexico windstorm | 964 | 530 | Pinellas windstorm | 842 | 489 | Los Angeles earthquake | 845 | 484 | North East windstorm | 930 | 341 | Man-made catastrophes |  |  | Terror – Rockefeller Center | 439 | 266 | Terror – WTC | 396 | 251 | NCBR – Nuclear | 362 | 272 | Cyber – Cloud Cascade | 251 | 146 | Cyber – Ransomware Contagion | 202 | 134 | <p>Management has focused on actively optimising the portfolio to ensure gross exposure is in line with appetite, reinsurance protection is adequate, and that catastrophe exposed business is appropriately priced to ensure that the Group is resilient.</p> <p>Climate risk and the cyber threat landscape are key considerations, and Brit continues to develop its assessment, mitigation, and management of this risk.</p> |
| Event (\$m 1/10/24)                                                                                                                                                          | Gross                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Net                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Natural catastrophes                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| San Francisco earthquake                                                                                                                                                     | 1,511                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 774                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Gulf of Mexico windstorm                                                                                                                                                     | 964                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 530                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Pinellas windstorm                                                                                                                                                           | 842                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 489                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Los Angeles earthquake                                                                                                                                                       | 845                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 484                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| North East windstorm                                                                                                                                                         | 930                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 341                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Man-made catastrophes                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Terror – Rockefeller Center                                                                                                                                                  | 439                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 266                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Terror – WTC                                                                                                                                                                 | 396                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 251                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| NCBR – Nuclear                                                                                                                                                               | 362                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 272                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Cyber – Cloud Cascade                                                                                                                                                        | 251                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 146                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Cyber – Ransomware Contagion                                                                                                                                                 | 202                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 134                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                            |       |     |                      |  |  |                          |       |     |                          |     |     |                    |     |     |                        |     |     |                      |     |     |                       |  |  |                             |     |     |              |     |     |                |     |     |                       |     |     |                              |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                  |



## Reserving

Estimating insurance reserves is inherently uncertain and, if insufficient, may have a material adverse effect on our results and financial condition.

- Brit's reserving philosophy has resulted in a track record of prior year reserve releases.
- Actuarial team recommend reserves independently from underwriting division using established actuarial techniques.

Reserve releases, after discounting and including movement in risk adjustment, in 2024 of \$123.0m (2023: \$16.3m).

Reserves are held at a best estimate, with an additional risk adjustment. Our reserves are discounted per the provisions of IFRS 17.

No change to the best estimate approach from prior years.

For 2024, the risk adjustment has been set at the 78th percentile (2023: 77th percentile) on a net basis.

## Investment risk

Invested assets are susceptible to changes in economic conditions. A decrease in the value of our invested assets may have a material adverse effect on our results, financial condition and liquidity.

- Strong governance processes around investment strategy.
- Regular monitoring against investment risk appetite which includes defined limits for solvency, earnings risk and liquidity risk.
- Investment guidelines in place for individual asset classes and monitored regularly.

Return on invested assets, net of fees (2024: 5.0%; 2023: 6.2%).

Running yield (2024: 4.0%; 2023: 4.0%).

Financial markets remain volatile reflecting geopolitical and economic uncertainty. Our portfolio remains highly liquid, and was primarily invested in cash and investment grade fixed income securities at 31 December 2024.

## People

The loss of key employees or by an inability to attract and retain qualified personnel, could adversely affect Brit.

- Our remuneration strategy (including share-based remuneration) is designed to reward talent and success. We have a proven track record in being able to retain high-performing staff.
- Succession and contingency plans are in place in the event of the loss of a key employee.
- Regular monitoring of employee turnover and morale.
- Our culture of openness, inclusiveness and collaboration.

Staff turnover (2024: 10.7%; 2023: 12.0%).

The Group's key functions continued to operate effectively.

The current environment remains competitive with a number of our peers actively seeking talented staff. We actively manage our remuneration and HR policies to ensure we continue to retain and attract the best staff. Current turnover rates remain within our appetite.

## Climate change financial risks and emerging risks

To the extent that climate change related financial risks and emerging risks are contained within the above principal risks they are managed as set out above. In addition, climate change related financial risks are discussed on page 42. Other emerging risks such as geopolitical risks are discussed in Note 4.7 to the financial statements, starting on page 120.



# BRIT





# our people, culture, social and community matters

## Introduction

To generate value, we recognise that our people, culture, social and community strategies must be both sustainable and aligned to the long-term interests of all our stakeholders. We seek to make both a positive contribution to society and to be aware of the long-term consequences of our actions. We also seek to generate new commercial opportunities by developing strong stakeholder relationships and by recruiting and retaining a highly skilled, engaged and motivated workforce.

## Our people and culture

### Overview

Our people are our greatest asset and managing our talent appropriately contributes significantly to our success.

During 2024 we continued to strengthen our highly committed team. Through the attraction and recruitment of new talent and the ongoing development of existing expertise, we continued to live our culture and increase performance. In 2024 we had 302 new joiners, and our net headcount increased by 193. This growth primarily related to the build of Ki's standalone capability. We have also continued to strengthen our core regulatory, compliance and support teams, including the opening of a Brit operation in India to help us grow and source technology and data talent, and have recruited to support our strategic growth of Brit Re in Bermuda.

We are committed to developing the capability, behavioural and leadership skills required for our teams to outperform. We continue to invest in the future of Brit through our leadership, graduate and intern programmes.

In 2024, we launched a new behavioural framework which sets out the behavioural expectations of leaders, managers and individual contributors aligned to our strategy.

Brit's Mental Health and Wellbeing commitment aims for everyone to proactively manage their mental and physical health in order to maintain healthy and productive lives. We encourage open conversations about mental and physical health in the workplace, provide opportunities to learn about common mental health signs and symptoms, have trained mental health first aiders and we offer a variety of benefits, policies and resources to support our teams and help everyone thrive.

Brit Syndicates Limited continues to have Chartered Insurer status through the Chartered Insurance Institute. This prestigious designation signifies to our colleagues and customers that we are committed to the pursuit of the highest standards and demonstrates our adherence to ethical good practice.

Brit's cross-functional Social Committee has continued to organise a range of social, sports, community and charitable events for employees during the year. We have an active football and netball team who regularly play friendly and competitive matches as well as running and cycling clubs.

In 2024 voluntary staff turnover was 10.7% (2023: 12.0%).

At 31 December 2024, 26.7% (2023: 20.1%) of staff had completed at least five years of service and 12.0% (2023: 13.0%) had served at least ten years.

Details of Brit's employment policies are given in the 'Employment' section of the Directors' Report on page 57.

### Inclusion and diversity (I&D)

In 2024 Brit has continued to focus on I&D and have run a number of successful initiatives.

We have four Employee Resource Groups (ERGs), covering Race and Belonging, LGBTQ+, Gender, and Disabilities. We also have a Mental Health and Wellbeing Group which sits alongside the ERGs. These groups are an opportunity for colleagues to come together in a safe-space and discuss issues of importance to them, including successes and challenges, and share ideas for events and initiatives. Our ERGs are empowered to produce informative comms and events. Each ERG has an executive sponsor which demonstrates our commitment to I&D from our leadership team as well as giving additional visibility to the groups.

Brit was nominated for the Inclusion and Diversity award at the National Insurance Award and National Diversity Awards, thirteen colleagues were nominated for Women in Insurance awards, across different areas of the business and Janet Henderson (Group Executive Underwriter) won the London Market Professional of the Year award. Isha Gupta (Senior Manager ERM) was a finalist in the Risk Professional of the Year award.

In July 2024, Lloyd's announced the creation of its Inclusive Futures Coalition. Brit is the programme's first contributing partner. Inclusive Futures targets meaningful, lasting change by enabling black and ethnically diverse individuals to participate and progress from the classroom to the boardroom. The initiatives were designed based on the feedback of over 250 black and ethnically diverse Lloyd's market colleagues, alongside experts from the fields of finance, academia and I&D.

In December the Executive Committee and Board approved our new three-year I&D strategy.

### Staff engagement

Engagement with our staff allows us to assess the extent to which they are motivated and helps us identify where we need to focus. High engagement results have a positive impact on our team performance and employee retention, our service quality and our overall business performance, ultimately benefitting all stakeholders.

Following the bi-annual Employee Engagement Survey that was undertaken in the fourth quarter of 2024, the Group and teams have been focusing on their results and implementing actions to improve on specific areas.

At Brit, we believe that good communication is an essential part of empowering our teams to be able to perform at their best. The Board engages with employees via the Executive

## our people, culture, social and community

Directors. The Executive Directors use a suite of internal communication methods to foster a two-way conversation with colleagues, cascading information, ensuring alignment, and understanding of our strategic priorities and goals, and inviting feedback:

- Our Intranet (The Hub) provides colleagues with the latest news and evergreen information from around the Group. Our internal podcasts hosted on the Hub help people to hear from differing voices throughout the business.
- Email communications ensures key messages are shared with colleagues in an engaging format. Spotlight articles are shared on a monthly basis and offer a closer look into aspects of the business.
- TV screens on our working floors provide another further communication with colleagues about employee benefits, our culture, our ERGs, and our underwriting products.
- Our regular all-Company Town Hall updates help to bring all the Company together to hear about important Company news, strategy, I&D amongst other topics. These townhalls are presented by colleagues at all levels of the organisation and from different departments, showing collaboration in action.

- Brit participated in The City Giving Day in September 2024 raising \$9k;
- Donated \$127k to Articulation, in association with the National Gallery which supports young children from predominantly secondary schools across the UK who do not get much opportunity to learn the art of speaking publicly or with confidence. The 'Articulate' programme encourages children to enhance their speaking skills through discussing pictures and paintings at the Gallery; and
- Continued to run a payroll giving scheme and match any money raised by employees participating in charitable events. In 2024 we paid out over \$281k through payroll and gave \$521k through sponsorship matching.

### Social and community

We are committed to supporting the communities in which we operate and charities that are meaningful to employees. Our objective is to select charitable giving and community projects based on three criteria: projects should be for a good cause and operate in an area relevant to us, financial involvement should be for the benefit of the good cause, and projects should offer alignment with our strategic priorities.

During 2024, Brit donated \$4.0m (2023: \$1.7m) under its charitable initiatives. In addition to this, Brit employees completed 122.5 volunteering days (2023: 99.5 days). In the year, Brit:

- Supported ten charities chosen by employees. We donated a sum of money to each charity at the start of the year and continued donations with fundraising activities through the year;
- Further promoted staff involvement in the community by granting every employee two additional days of paid leave a year to volunteer their time to a registered local charity;
- Continued our support for the Soweto Academy, a school that educates boys and girls from the age of five to 18 in Kibera, the largest slum in Africa;
- Donated \$2.6m to Bloodwise, a charity supporting all types of blood cancer research;
- Supported Team BRIT, a team of disabled motor racing drivers, since 2017. In 2024, we continued our contract with Team BRIT, as title sponsor, to support their racing academy and success on the racetrack;



# environmental responsibility

## Overview

Climate change will have a major impact on our business and on all our stakeholders. Brit actively considers the potential implications of climate change and sustainability on its investment and underwriting strategies, how it should engage more widely on environmental and ethical issues, and its own sustainability initiatives.

We remain committed to responsible business practices and aim to act in unison with our regulator and the rest of our industry. We are active members of ClimateWise, submitting our fourth report in 2024, and we participate in ESG initiatives within the Lloyd's market and the wider Fairfax group. Brit has also worked to incorporate guidance issued by the Taskforce of Climate Change-Related Financial Disclosures (TCFD) into its reporting. Throughout 2023 we developed our ESG strategy and framework with the support of external consultancy, and at the start of 2024 we appointed a Head of ESG to lead the implementation of our strategy across the organisation.

## Governance

Since 2014, climate change has been on our Board's agenda. From this point, the Board has focused on developing its understanding of the uncertainty associated with climate change and climate-related risks and opportunities.

While retaining direct oversight of climate change and ESG-related matters, the Board has delegated responsibility to subsidiary boards and committees.

The Brit Syndicates Limited (BSL) board receives quarterly ESG updates, and has nominated one of its non-executive directors to provide Board oversight to Brit's ESG roadmap. BSL's Chief Risk Officer is responsible for overseeing Brit's response to managing financial risks arising from climate change.

The BSL board committees have embraced climate-related issues as follows:

- **BSL Audit Committee:** The Audit Committee is responsible for overseeing internal controls, adherence to reporting requirements, and approval of climate-related disclosures.
- **BSL Investment Committee:** ESG/Climate risk has been a standing agenda item since 2021. Climate risk metrics are provided on a monthly basis which are considered in strategic decisions as relevant.
- **BSL Risk Oversight Committee (ROC):** Oversees the financial risks arising from climate change. Its review focuses on natural catastrophe, liability and transition risk. It oversees key initiatives and, where necessary, makes risk-related recommendations to the BSL Board.
- **Brit Re Risk Oversight Committee:** Regularly considers climate change related risks

## Management oversight

Brit has implemented the following climate-related Committees and Working Groups:

- **Executive Committee (EC):** The EC has overall responsibility for ESG matters and is extensively involved in key strategic decisions involving climate change.

- **Climate Change Risk Working Party (CCRWP):** The multidisciplinary CCRWP is responsible for managing financial risks arising from climate change and it provides a forum for identifying and escalating any material risks that require further investigation. It reports to the ROC.
- **ESG Steering Committee (ESGSC):** The ESGSC reports to the EC and has responsibility for delivering the ESG strategy. It is chaired by the Head of ESG and includes senior representation from Underwriting, Investments, Finance, Risk, Claims, Legal and Communications.
- **BSL Underwriting Committee:** Receives management information on natural catastrophe risk including regions and perils impacted by climate change. It is responsible for managing this risk in line with business appetite, and for reviewing the 'Brit View of Risk'.
- **Responsible Underwriting Working Group** is a sub-committee of the ESGSC, with specific focus on ESG related underwriting activities, including developing Brit's approach and framework to responsible underwriting, and embedding climate-related processes into Brit's underwriting guidelines, policies and operations.
- **ESG Data Working Group:** The ESG Data Working Group is a sub-group on the ESGSC. It has a specific focus on developing and analysing data, metrics and reporting, and ensures that all requests for ESG-related information are adequately and consistently responded to.

## Strategy

In 2023 we refreshed our ESG Strategy, which is closely linked to our business strategy, and in January 2024, we appointed our first Head of ESG. Our vision centres on *'Writing the future, responsibly' – leveraging our culture and products to help deliver positive outcomes for people, the planet and our business*. Our strategy has four key pillars:

- Reducing our environmental footprint;
- Enabling the net zero transition;
- Responsible product deployment; and
- An inclusive culture for our people.

Climate change has the potential to create more vulnerable geographies, policyholders and investment sectors. Care needs to be taken when underwriting risks in areas potentially exposed to climate change to ensure they are priced appropriately and overexposure to these areas is avoided. Brit recognises the potential for increased frequency and severity of natural catastrophes due to climate change, and our underwriting and exposure management teams work together to identify and quantify the potential impact of increasingly frequent events. Our investment strategy takes a long-term view focusing on identifying sustainable businesses.

## environmental responsibility

## Underwriting strategy

Brit's underwriting guidelines encourage an appropriate level of due diligence within the underwriting process at a product level, reducing exposure to businesses with poor sustainability practices. In the longer term, these will form part of a referral framework which will influence our business appetite and growth strategy. In addition, underwriters are actively encouraged to consider and assess ethical, sustainable and governance approach of insureds within their portfolio. We review our ESG appetite and underwriting criteria on an annual basis.

Across the business, we have undertaken various initiatives to align ourselves to the broader Lloyd's market, and have implemented products that promote improvements in ESG standards across our client base. These include:

- **Renewable Energy:** In Specialty, we identified opportunities to provide insurance cover for climate-transitioning business (e.g. the renewable energy sector). Brit continues to provide coverage for renewable energy producers, an area for further growth in 2025;
- **Cargo:** Our Marine Cargo team insure an increasing amount of parts and equipment that is destined for use in number of green energy power plants, including solar, wind and hydro plants;
- **Financial Institutions and Directors and Officers:** We are using external data platforms for financial and ESG information about prospective clients. ESG scores are factored into the underwriting decision process; and
- **Financial Institutions:** In 2024 we partnered in a new facility offering cover for the risks relating to fraud within the Carbon Credit market.

Brit has been progressing the integration of externally sourced ESG scores into the underwriting process. The work to date has allowed Brit to better understand the composition of its portfolio and to better understand the drivers of these scores. In the longer term these insights will shape a key input to the Brit Underwriting Strategy, helping to optimise risk selection and business mix.

We have also developed guidance for our underwriters when underwriting risks in these industries, and will be monitoring the impact this has on portfolio ESG scores.

In 2024 we reviewed our underwriting in a number of ESG sensitive industries, to ensure we are best positioned to support insureds in their transition to net-zero. This support includes developing our understanding of their transition plans, and monitoring trends to assess how realistic those transition plans are.

## Investment strategy

ESG considerations are integrated across our investment strategy to ensure we fully understand the portfolio exposure.

We regularly review the sector exposure of our portfolios to ensure we monitor and fully understand the portfolio exposures to climate exposed sectors, and supplement this

with detailed reports from external managers on the ESG positioning of the portfolios managed on our behalf along with the engagement they have with investee companies on our behalf. These reports include details on the carbon intensity of the portfolios and exposure to carbon sensitive sectors. We also undertake annual ESG reviews of the equity positions in our portfolios.

When undertaking manager selection exercises, we ensure selected managers have strong ESG credentials, and integrate ESG into their security selection processes, and we include ESG guidelines in our external manager mandates. We aim to have a lower carbon intensity index and to reduce carbon intensity through time. We have incorporated ESG into our annual due diligence reviews of the investment managers since 2019 and hold regular discussions on the managers' ESG capabilities, and their engagement with companies.

We focus on asset classes where ESG considerations can be most impactful, such as equity and corporate bonds. Where we select commingled funds or exchange traded funds, we assess the ESG restrictions in the funds, and invest in funds with specific ESG criteria meeting our ESG approach.

## Risk management

## Risk Management Framework

Climate change has been recognised as an emerging risk in Brit's ORSAs since 2014 and has been an area of focus since having been identified as a high priority in the 2018 emerging risks analysis.

Brit's Risk Management Framework (RMF) (page 34) sets out the methodology by which Brit identifies, measures, and manages risks associated with climate change. Brit considers natural catastrophe risk, liability risk and investment risk to be the most material risks. Using Board tolerances and management metrics, exposure to the above risk types is managed and monitored on an ongoing basis.

The Risk Management Framework applies to all risks faced by the Group including climate change, biodiversity and nature related risks.

The RMF is reviewed annually, and regulatory developments are monitored on an ongoing basis. All Brit syndicates have been compliant with PRA Supervisory Statement SS3/19 since 2021 which sets expectations for firms regarding their consideration of climate risk.

## Climate risk management

## Natural catastrophe risk

Natural catastrophe risk relates to the physical risks of increased frequency and severity of weather-related natural catastrophes. This could result in additional claims. Climate change to date may already be affecting present-day weather events and therefore claims.

Brit's Research and Development team within the Risk Management function are responsible for developing the natural catastrophe modelling. Vendor models such as 'Verisk'

and 'KatRisk' (developed by scientists and specialists) are used for the most material and established perils. The modelling is supplemented using the 'Brit View of Risk' which is a set of in-house adjustments used to apply Brit's view of risk to vendor model outputs. Brit continuously monitors scientific studies, and regularly reviews both the completeness of existing models and the application of the Brit View of Risk.

The natural catastrophe modelling is leveraged in pricing, outwards reinsurance purchasing and the risk appetite framework. Brit seeks to ensure a balanced and well diversified portfolio (including exposure to weather perils). Brit has reviewed its property underwriting strategy in recent years and has sought to reduce exposure in peak catastrophe regions.

Brit's exposure to natural catastrophe risks at an overall and peril-region level at key return periods is monitored on an ongoing basis by the Risk Management function. Board limits are in place to ensure Brit is not over-exposed to natural catastrophe risk, and reinsurance is purchased to manage tail risk.

#### **Liability risk**

Climate change could result in liability claims arising from litigation against Brit's clients. For example, claims could arise from firms being held responsible for directly contributing to climate change, not taking climate change into account in business decisions or inadequate disclosures.

Brit's exposure is managed by use of limits on gross underwriting exposure, contract wording and through the purchase of reinsurance. There is uncertainty over whether courts rule against insurers and if so, over what time horizon. The number of climate change litigation related claims notifications is monitored to enable early identification of any material increase.

#### **Market risk**

Investment losses have the potential to arise from exposure to industries contributing to climate change whose market value could reduce as the economy transitions away from fossil fuels. This transition risk could occur over the short or long-term depending on government policies and financial market movements.

Brit has a diversified investment portfolio, with limits on exposure to individual issuers. Additionally, Brit has developed metrics to monitor investment exposure to potentially 'at-risk' industries such as oil and gas or transport. An annual review of equity holdings is conducted which includes a review of the ESG strategy of the underlying companies.

#### **Other risks**

There may be reputational risk to firms if customers deem they are insufficiently responsive to concerns about climate change. Brit has developed an ESG strategy, as discussed above, which seeks to address this.

#### **Climate scenario analysis and understanding climate risk**

Climate scenario analysis is key to understanding the potential impact of climate-related risks. Analysis performed to date has identified physical risks arising from natural catastrophes as having the highest potential for losses. This is therefore a key area of focus.

#### **PRA stress tests**

Brit Syndicate 2987 participated in the PRA Climate Change Biennial Exploratory Stress Test (CBES) in 2021. The exercise was designed to assess the impact of climate change on physical and asset risks over a 30-year time horizon in three policy action scenarios. It also required general insurance participants to consider the impact of seven PRA-designed litigation scenarios on liability classes as well as articulation of Brit's current and future risk management actions. These scenarios provided valuable information for ongoing risk management given the long-term nature of climate change as a peril.

Building on CBES, a more detailed climate change related litigation risk scenario analysis was also performed in 2022. This considered the potential gross and net impact of climate change related litigation under three hypothetical scenarios.

#### **Internal scenario analysis**

In addition to the above, Brit performs climate change related scenario analysis in each syndicate's ORSA which encompasses natural catastrophe, market and liability risk.

The findings from the scenarios have been integrated into:

- The internally developed 'Brit View of Risk' which is used to supplement natural catastrophe modelling software;
- Brit's Property catastrophe underwriting strategy, identifying the regions and perils most sensitive to climate change;
- Industry level exposure monitoring for Brit's asset portfolio for 'high risk' sectors;
- Clarity on potential losses to be accounted for in underwriting and business planning decisions; and
- The ORSA process, to ensure climate change related risks are considered across relevant areas of the business.

Risk is further discussed in Note 4 to the financial statements.

#### **Metrics: climate and environment**

##### **Energy management and greenhouse gas reduction**

As part of our dedication to our environmental responsibilities we continually seek to improve the sustainability of our business. In 2024 we have continued to focus on greenhouse gas (GHG) reduction, carbon management, staff engagement and data collection for our scope 3 emissions.

We have plans for 2025 to set targets for scope 1 and 2, and aspects of scope 3. We also plan to investigate the process of having targets checked and validated by the Science Based Targets initiative (SBTi) during the next financial year.

## Carbon management

### 2024 focus

Our carbon management focus during 2024 was as follows:

- **Net-zero:** We are on our own journey to net-zero. We are reviewing our operations to actively reduce our emissions, waste and water consumption. We currently offset our carbon emissions through ClimateCare.
- **Supply chain:** Work continues to streamline our supply chain, as we seek to minimise our carbon footprint. During 2025, we plan to work with our supply chain to identify and measure those suppliers who contribute most significantly to our Scope 3 Category 1 emissions. This will allow us to set a baseline and begin to work with our suppliers to deliver improvements.
- **Travel:** Brit's travel policy encourages booking lower carbon-intensive flights. Brit has heavily invested in transforming the way it works by introducing flexible working and by upgrading its digital and video conferencing systems.
- **Employee commuting:** During 2024 we ran our first commuting survey for UK based employees. This allowed us to baseline average commuting (scope 3, category 7) emissions, which we plan to disclose in our 2025 report. We encourage employees to commute using public transport, offering a season ticket loan scheme and a cycle to work scheme.
- **Waste management:** During 2024, we changed our waste management supplier. Our intention is to disclose 2025 metrics in our 2025 annual report.
- **Internal hospitality:** We continue to use a hospitality provider that is committed to sustainable food procurement.
- **Staff engagement:** During 2024, Brit continued to engage our employees in ESG matters and initiatives. We ran three volunteering days with an environmental and biodiversity focus and celebrated five ESG days.

### Measurement and offset

We have continued with our initiative to offset our scope 1 and 2 carbon emissions through ClimateCare ([www.climatecare.org](http://www.climatecare.org)). For every tonne of carbon generated we fund the equivalent reduction through ClimateCare's carbon reduction projects. At 31 December 2024 we remained fully Energy Saving Opportunities Scheme (ESOS) compliant.

We measure and monitor our carbon footprint covering scope 1, 2 and 3 (category 6). In 2024 our carbon emissions per employee covering scope 1, 2 and 3 (category 6), before offset, were 1.9 tonnes (2023: 3.2 tonnes), all of which has been offset (2023: all offset).

The sources of our emissions were as follows:

| Emission source                      | 2024<br>CO2 (tonnes) | 2023<br>CO2 (tonnes) |
|--------------------------------------|----------------------|----------------------|
| Gas (Note 1)                         | 139                  | 196                  |
| Electricity (Note 1)                 | 199                  | 222                  |
| Business travel – air (Note 2)       | 1,621                | 2,455                |
| Business travel – hotels (Note 2)    | 33                   | 45                   |
| Business travel – other (Note 2)     | 12                   | 17                   |
| Total carbon footprint before offset | 2,004                | 2,935                |
| Offset                               | (2,004)              | (2,935)              |
| Total carbon footprint after offset  | –                    | –                    |

Emissions per employee were as follows:

|                                                    | 2024<br>CO2 (tonnes) | 2023<br>CO2 (tonnes) |
|----------------------------------------------------|----------------------|----------------------|
| Number of employees at 31 December, excluding NEDs | 1,045                | 911                  |
| Carbon footprint per employee before offset        | 1.9                  | 3.2                  |
| Carbon footprint per employee after offset         | –                    | –                    |

Note 1: Where Brit operates from offices which form part of a larger commercial development, usage and emission data has been supplied by the building manager. Where data was unavailable, estimates have been used. Where Brit operates out of serviced office suites, it has no control over the management of utilities, with that responsibility falling to the landlord. Such serviced accommodation is considered out of scope for this purpose.

Note 2: For all travel including air, hotels and rail, data has been provided from our travel agent partner, through whom travel is arranged. The figures do not currently include RF (Radiative Forcing).



Brit's Streamlined Energy and Carbon Reporting (SECR) as follows:

|         | 2024    |                                 | 2023      |                                 |
|---------|---------|---------------------------------|-----------|---------------------------------|
|         | kWh     | GHG<br>(CO <sub>2</sub> tonnes) | kWh       | GHG<br>(CO <sub>2</sub> tonnes) |
| Scope 1 | 755,422 | 139.4                           | 1,072,927 | 196.0                           |
| Scope 2 | 703,248 | 178.7                           | 1,106,717 | 222.0                           |

Note 1: The scope of table differs from the carbon emissions reported above, in that it only covers UK based operations, in accordance with SECR requirements for unlisted companies.

Note 2: Gas and Electricity values for the fourth quarter were estimated by using the values from the first quarter as the seasonality of the data for those quarters are closely aligned.

Note 3: All UK electricity used is 100% renewable, and as such we utilised the GHG conversion factors published by the UK Government on 8 July 2024 for these calculations.

Note 4: For all travel including air, hotels and rail, data has been provided from our travel agent partner, through whom travel is arranged.

Note 5: In the UK, Brit operates out of an office which forms part of a larger commercial development. Usage and emission data has been supplied by the building manager.

Note 6: Includes gas purchased for consumption in Brit's UK office, for which data has been supplied by the building manager.

Note 7: Includes electricity purchased for consumption in Brit's UK office, for which data has been supplied by the building manager.

Brit had de-minimis Scope 3 emissions from business travel in rental or employee-owned vehicles in 2024 and 2023.

### Metrics in Brit's operations

The setting of risk tolerances and risk appetite is a key part of risk management. We are focused on developing a metrics and targets framework to manage climate-related risks and opportunities. We continue the process of developing an internal 'ESG scorecard' for our underwriting portfolio, and have climate risk metrics for our investment portfolio.

Brit has been working on integrating ESG scores from an external data provider into its underwriting processes, and are trialling an internal ESG dashboard to monitor ESG scores and CO<sub>2</sub> analysis at the portfolio and class level.

We also have a set of key climate change-related underwriting and investment metrics that are being monitored on a quarterly basis, and reported to the CCRWP on a half-yearly basis. These include board tolerance levels, the number of climate change related litigation notifications, and the investment exposure to higher risk industries.

## non-financial and sustainability information statement (NFSIS)

Brit continues to develop aspects of its non-financial and sustainability information reporting, such as non-financial performance indicators and targets by which to manage climate-related risks. Brit's NFSIS statement, as required by section 414CA and 414CB of the Companies Act 2006, is set out below:

| Non-financial reporting information                                                                                                                                                                                  | Section and page reference                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A description of Brit's business model.                                                                                                                                                                              | An overview of the business and strategy is presented per 'Brit at a Glance' (pages 8 to 10).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Principal risks relating to the non-financial matters set out in section 414CB (1) (a) to (e), arising in connection with Brit's operations, likely impacts from any such principal risks, and how they are managed. | Risk management, principal risks and uncertainties (pages 34 to 37), and environmental responsibility (pages 41 to 45).                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Non-financial performance indicators.                                                                                                                                                                                | Brit monitors a range of non-financial metrics relating to sustainability. Within Climate Change Risk Working Party (CCRWP) we have metrics for underwriting relating to natural catastrophe risk and breaches of board tolerance relating to climate change; Litigation risk and the number of climate litigation notifications by cedent. We also monitor our exposure to 'high risk' industries within our investments. As these figures are commercially sensitive, we are not disclosing them at this time, other than those set out in Climate and Environment (pages 43 to 45). |
| Sustainability and climate-related financial information                                                                                                                                                             | Section and page reference                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| The governance arrangements in relation to assessing and managing climate-related risks.                                                                                                                             | The governance arrangements to assess and manage climate-related risks and opportunities are outlined in the Governance section of the Environmental responsibility disclosure on page 41.                                                                                                                                                                                                                                                                                                                                                                                             |
| How Brit identifies, assesses, and manages climate-related risks and opportunities.                                                                                                                                  | Brit's approach to identifying, assessing, and managing climate-related risks and opportunities is presented in the Risk management section of the Environmental responsibility disclosure on page 42.                                                                                                                                                                                                                                                                                                                                                                                 |
| How processes for identifying, assessing, and managing climate-related risks are integrated into Brit's overall risk management process.                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| A description of the principal climate-related risks and opportunities arising in connection with Brit's operations; and the time periods by reference to which those risks and opportunities are assessed.          | Brit's approach to identifying, assessing, and managing climate-related risks and opportunities is presented in the Risk management section of the Environmental responsibility disclosure on page 42.                                                                                                                                                                                                                                                                                                                                                                                 |
| A description of the actual and potential impacts of the climate-related risks and opportunities on Brit's business model and strategy.                                                                              | In addition, we are aware of the scale of the global investment that is required to achieve the global transition to 2050 net-zero, and are actively exploring the underwriting opportunities that a just transition will bring, be they new insurance products, new asset types, or emerging localities.                                                                                                                                                                                                                                                                              |

| Sustainability and climate-related financial information                                                                                                                                                                                            | Section and page reference                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| An analysis of the resilience of Brit's business model and strategy, taking into consideration different climate-related scenarios.                                                                                                                 | <p>We are addressing climate-related scenarios in the resilience of the business model through several strategies:</p> <p><b>Physical Risk:</b> We have focused on managing exposure to natural catastrophes by decreasing peak zone exposures, and non-renewing catastrophe-intensive accounts. We have also reduced reliance on catastrophe reinsurance due to its increasing cost.</p> <p><b>Transition Risk:</b> We have identified opportunities to provide insurance cover for climate-transitioning businesses, such as the renewable energy sector. We expect customers in carbon-intensive industries to have clear and measurable transition plans, and underwriters consider this when pricing and quoting risks. ESG considerations are integrated within investment guidelines, with an objective of gradually increasing the ESG standing of the portfolio over time.</p> <p><b>Litigation Risk:</b> We have introduced climate change exclusions within most of the Specialty book to clarify our stance. Underwriters consider potential climate change litigation losses as part of their due diligence.</p> |
| Targets used by Brit to manage climate-related risks and to realise climate-related opportunities and performance against those targets.                                                                                                            | In 2024 we progressed the measurement of insurance-associated emissions and expect to set an internal baseline for these in early 2025. This will allow us to investigate the appropriateness of targets in this emissions category.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Brit's key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based. | Brit continues to develop its ESG related non-financial performance indicators and will report on these in future periods. Please also refer to comment in 'Non-financial performance indicators' above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

# stakeholder engagement

The Board recognises the importance of engaging with its broader stakeholder base. The Company's key stakeholders, as identified by the Board, are set out below, together with why and how we engage with them and the outcomes of that engagement.

## Clients and Intermediaries

| Why we engage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Form of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Impact of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We work with brokers and partners to share expertise and deliver a seamless service for our clients.</p> <p>As a specialty insurer, almost 100% of Brit's business is distributed via intermediaries. Engagement and building strong relationships with them are crucial for us to source business and to deliver the best service and products for our insureds.</p> <p>Intermediaries also provide a range of services to Brit, for which we remunerate them via brokerage and commissions.</p> | <p>Any new intermediary is subject to a robust on-boarding process.</p> <p>Brit underwriters engage with intermediaries in a number of ways, including in person and by electronic means.</p> <p>To maximise our intermediary relationships, Brit has entered into Board-approved strategic partnership agreements with seven of our largest brokers, covering over 66% of our premium income. Under these agreements Brit pays an annual fee, which gives access to a range of services.</p> | <p>Broker surveys consistently highlight Brit's efficient client engagement, and proactive communications.</p> <p>By engaging with clients and intermediaries we provide a risk service that helps clients not only prepare for but manage and mitigate the risks they face.</p> <p>By building stronger and deeper relationships with our intermediaries, we believe we put ourselves in a stronger position to quickly take advantage of new opportunities and understand and satisfy changing customer needs.</p> |
| <p>When a client has a claim, their life or business has been disrupted, or even put in peril, they expect their insurance to deliver. It is our responsibility to fulfil that commitment. At Brit, we see every claim as an opportunity to help our clients move forward.</p>                                                                                                                                                                                                                       | <p>When a client has a claim we engage directly with them or their intermediary to ensure their needs are met. Following a major loss event, we instigate additional measures including 24/7 contact with claims administrators, and swiftly establishing dedicated loss funds.</p>                                                                                                                                                                                                           | <p>Engagement with our clients, intermediaries and other service providers after an event reinforces our provision of a risk service that helps people not only move on from an event but helps them to move forward rapidly with confidence.</p>                                                                                                                                                                                                                                                                    |

## Reinsurers

| Why we engage                                                                                                                                                                                  | Form of engagement                                                                                                                                                                                                                               | Impact of engagement                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Brit purchases reinsurance to help manage risk, reduce volatility, enhance earnings, control aggregations and create capital efficiency.</p> <p>We also engage when we make recoveries.</p> | <p>Brit uses its appointed brokers for the majority of reinsurer interactions, allowing us to benefit from their expertise.</p> <p>Brit also engages directly with reinsurers. These tend to be with our largest reinsurance counterparties.</p> | <p>This engagement allows Brit to access up to date market information and a broad range of reinsurance counterparties and products, thereby effectively managing its risk appetite.</p> <p>When we make recoveries, such engagement helps to expedite the process.</p> |



## Investment managers

| Why we engage                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Form of engagement                                                                                                                                                                                                                                                                                                                                                                                                  | Impact of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>We manage the assets which support our underwriting and ensure that clients' claims can be paid. We manage those assets with a long-term view and aim to maximise return while controlling the level of market risk.</p> <p>We implement our investment strategy using the expertise of investment managers and we engage with them to monitor their performance, to ensure terms of the investment management agreements are met and to gain additional insights.</p> | <p>We have regular discussions with our managers to monitor performance and assess the outlook for investment markets. We also receive regular written investment reports.</p> <p>We have regular and ad-hoc discussions to review new investment opportunities. We also perform annual due diligence on their operational processes.</p> <p>Investment managers regularly present to the Investment Committee.</p> | <p>Engaging with our investment managers allows us to ensure that assets are managed within our risk tolerances and guidelines and that any changes are implemented in a timely fashion. Insights from our investment managers enhance our strategy and performance.</p> <p>Engagement allows us to discuss new opportunities, helps us understand their approach to ESG issues, validates the sustainability of our portfolio and helps us confirm assets are managed robustly and with effective controls in place.</p> |

## Capital providers

| Why we engage                                                                                                                                                                                                                                                                      | Form of engagement                                                                                                                                                                                                                                                                                                                                                         | Impact of engagement                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Working with third-party capital providers, primarily on Ki and Syndicate 2988, creates the opportunity to increase Brit's footprint and proposition to clients.</p> <p>Engagement with third-party capital providers also supports our growth strategy for those vehicles.</p> | <p>Brit regularly engages with the third-party shareholders of Ki. It also engages with current and prospective providers ahead of an underwriting year, to market Syndicate 2988, and to understand investor appetite. After an underwriting year incepts, Brit formally meets each provider regularly to discuss performance, outlook and any other relevant matter.</p> | <p>The successful implementation of the Ki and Syndicate 2988 strategies is dependent on developing strong relationships with third-party investors. Such engagement helps facilitate this.</p> <p>The insight we gain from interactions and feedback helps us ensure that our propositions can continuously evolve in line with investor appetite.</p> |

## Members

| Why we engage                                                                                                                                                                                                                  | Form of engagement                                                                                                                                                                   | Impact of engagement                                                                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Our aim is to provide long term sustainable value for our shareholder, Fairfax. Engagement ensures that our objectives are aligned and that our strategy, operating environment and performance are clearly understood.</p> | <p>Brit's ultimate shareholder is represented on the Brit Limited Board and there is regular contact between Brit executives and senior management and those of our shareholder.</p> | <p>This engagement helps ensure that Brit's strategy is aligned to and supported by our shareholder.</p> <p>It also presents us with underwriting and investment opportunities, including collaboration with other members of the Fairfax group.</p> |

## stakeholder engagement

## Regulators

| Why we engage                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Form of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Impact of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Regulators are key stakeholders and Brit's relevant Boards are pro-active in ensuring that Brit meets regulators' expectations around compliance, transparency and aligning the business with regulators' objectives.</p> <p>Brit engages with regulators to ensure that:</p> <ul style="list-style-type: none"> <li>• We understand their regulatory objectives and how they apply to Brit; and</li> <li>• Regulators have a proper understanding of Brit's business model, strategy and risk appetite, and how they align to regulatory objectives.</li> </ul> | <p>Brit engages with its principal regulators through:</p> <ul style="list-style-type: none"> <li>• Regular meetings between supervisory teams, key decision-makers and authorised persons at Brit, including Directors;</li> <li>• Sharing of key business updates and internal documents to ensure regulators have a thorough understanding of Brit's business;</li> <li>• Responding to thematic reviews and information requests;</li> <li>• Engaging with Lloyd's across the business including around business planning and compliance; and</li> <li>• Ensuring the relevant boards are kept up-to-date on regulatory matters as communicated by regulators.</li> </ul> | <p>Engagement with regulators impacts Brit through:</p> <ul style="list-style-type: none"> <li>• The Periodic Summary and Close and Continuous supervision approach by the PRA enables Brit to respond promptly on any concerns or focus areas;</li> <li>• Engagement on thematic reviews and information requests enables Brit to contribute to regulators' understanding of the market;</li> <li>• Brit's regular engagement enables it to pro-actively plan its response to areas of regulatory focus, e.g. operational resilience;</li> <li>• Engagement assists Brit to meet the prudential and conduct standards required by regulators; and</li> <li>• Directors and employees understand their regulatory responsibilities.</li> </ul> |

## Key suppliers

| Why we engage                                                                                                                                                                                                                                                                                                                                                                                                                                                | Form of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Impact of engagement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Supply chain integrity is critical as we rely on a number of key suppliers of goods and services to help us meet the needs of our customers and other stakeholders.</p> <p>On-going engagement helps us ensure that those needs are met and ensures that the standards set by those suppliers meet Brit's criteria.</p> <p>Such suppliers include providers of IT systems, claims management, professional services, facilities and travel providers.</p> | <p>Brit determines the risk of the potential engagement by investigating the potential spend value, criticality of the services to be provided. Brit has a rigorous on-boarding process for new suppliers.</p> <p>Brit has strong partnerships with a number of critical suppliers, fostered by a range of activities including ongoing dialogue and meetings. We also engage with key suppliers in areas such as technical and product roadmaps, integration planning and disaster recovery.</p> | <p>Such supplier engagement enables us to:</p> <ul style="list-style-type: none"> <li>• Provide a better service to, and satisfy the needs of, our stakeholders;</li> <li>• Enhance current operational processes, leading to better efficiencies and increased competitive advantage;</li> <li>• Comply with appropriate laws and regulations;</li> <li>• Improve the Company's technological resilience; and</li> <li>• Ensure the robustness and integrity of our suppliers, such as their compliance with the Modern Slavery Act 2015.</li> </ul> |

## section 172(1) statement

### Introduction

The Brit Limited Directors' key responsibility is to promote the success of the Company, and the broader Brit Group. This principle is embodied in the Board's terms of reference and is the cornerstone of their discussions and decision making. Each Director is cognisant that in discharging this key responsibility, they must have regard to:

- The likely consequences of any decisions in the long-term;
- The interests of the Company's employees;
- The need to foster the Company's business relationships with suppliers, customers and others;
- The impact of the Company's operations on the community and environment;
- The desirability of the Company maintaining a reputation for high standards of business conduct; and
- The need to act fairly between shareholders of the Company.

The Directors of Brit Limited consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a-f) of the Act).

### The Board's approach to section 172(1) and decision making

The Board's terms of reference, which are reviewed annually, clearly articulate the Board's responsibilities, the role of the Chair and matters reserved for the Board. They also set out which of the Board's powers and responsibilities may be delegated to other committees and the governance mechanisms by which the Board monitors those committees' activities and performance. The Chair ensures that these terms of reference are adhered to and, by doing so, ensures that Directors have due regard for all appropriate factors during the decision-making process.

### Our strategy

The Board is responsible for a number of key strategic decisions, including approving the business plans, objectives and strategy of the Group. It is also responsible for managing Group capital, including the setting of Group Capital Policy and the recommendation of dividends to shareholders.

The Group's strategy and business plans are approved annually by the Board. The Board also assesses how the strategy underpins long-term value creation, and on-going performance is discussed and monitored at Board meetings.

The Directors' assessment of long-term value creation also considers the Group's resilience. Directors monitor relevant underwriting, reserving, business, operational, credit, market and liquidity risk appetites and tolerances, and ensure the Group has an effective Risk Management Framework in place.

### Board information

The Board receives regular information on a range of relevant topics, and receives information on other areas as requested by the Directors from time to time.

The Board receives regular formal reports on the operations and performance of the Company from the Group Chief Executive Officer and the Group Chief Financial Officer. The Board also receives regular reports from the chairs of the committees of the Board such as the Audit Committee, Remuneration Committee and Nomination Committee, and from the managers of its principal subsidiaries' boards including those of Brit Syndicates Limited, Brit Reinsurance (Bermuda) Limited and Ki Financial Limited. Each of these reports provides an update on areas necessary to help the Directors promote the success of Brit Limited.

In addition, the Board receives and considers a number of ad hoc or annual reports.

### Our policies and practices

All relevant factors are appropriately addressed by the Board when considering matters reserved for it, as set out in its terms of reference.

The Board also ensures that appropriate consideration is given to relevant factors by the committees to which it delegates responsibilities. The Board reviews the terms of reference of such committees on an annual basis, and receives regular updates and reports from those committees' chairs.

The Board also reviews the Company's key policies on an annual basis, ensuring that all relevant considerations to assist it discharge its responsibilities are embedded in the key operations of the business. These policies help to promote the long-term success of the Company by focusing on areas such as the key operations of the Company.

The Board reviews its key stakeholder map on an annual basis. New key stakeholder relationships are identified through information received and considered by the Board on a regular basis, or through the Board's consideration and approval of substantial contracts and commitments.

### Training

To assist the Directors in discharging their responsibilities, they are provided with on-going training and development opportunities. They have received a number of in-depth briefings on specific relevant issues.

For the wider workforce, there is a comprehensive staff development programme tailored to meet individual needs. Elements of this training are mandatory, with all staff required to successfully complete e-learning modules on key areas such as money laundering, bribery and corruption, data protection, fraud and cyber risk.

## section 172(1) statement

### Our culture

Building and maintaining the Company's reputation and its high standards of business conduct are essential to the future success of the Company. This is embedded in our culture.

Our brand purpose informs everything we do, from how we communicate, to how we develop and deliver our services, to how we work together.

The Company also maintains a 'Code of Conduct' setting out the standard we expect from all of our staff. This is regularly reviewed and updated, and compliance is attested to by each employee on an annual basis.

### Our people

Our people are key to our success. How we engage with them and how we invest in them is set out on pages 39 to 40.

### Our stakeholders

The Board recognises the importance of engaging with its broader stakeholder base. The Company's key stakeholders, as identified by the Board, are set out on pages 48 to 50, together with why and how we engage with them and the outcomes of that engagement.

### Community and environment

The Board recognises the importance of not only generating value for our shareholder but also to contribute to wider society. We do this through a number of initiatives, as set out on page 40. We also monitor and manage our environmental impact, as set out on page 41.

## Key decisions made by the Directors during the year

### Ki Financial Limited

During 2024, Brit and Ki successfully delivered an initiative to establish Ki as a standalone operation within the Brit Limited Group. Following the successful establishment of fully independent support and compliance functions for Ki, supported by a transitional services agreement with Brit Group Services Limited, and the transfer of all Ki staff to a new Ki service company, the Brit Limited Board approved the separation on 10 December 2024. The Board also approved the novation to Asta from Brit Syndicates Limited as Ki Syndicate 1618's managing agent, effective from 1 January 2025.

In arriving at this decision, the Board considered the success of the separation work that had been executed in 2024. The Board also considered Brit's and Ki's immediate and longer-term strategic priorities and their different business models, as well as the interests of their shareholders, and other stakeholders such as its employees and policyholders. It concluded that opportunities presented by this separation, while remaining within the Brit Limited Group, would position Brit and Ki well for the longer term. Brit also liaised closely with its principal shareholder, with Ki management, Ki's other investor and Lloyd's.

### Dividends

During 2024, dividends totalling of \$605.4m were paid. Of this, \$33.3m was paid to class A shareholder in accordance with the Brit Limited shareholders' agreement, and \$572.1m was paid to the class B shareholder.

In considering this decision, the Directors assessed Brit's ongoing underwriting strategy and capital requirements, its capital policy, the Shareholder Agreement, and its obligation to act fairly between members. It was mindful of its agreed obligations to both its minority shareholder and to its majority shareholder. Brit also liaised closely with its principal shareholder with regard to the dividend payments.

### 2024 Brit Reinsurance (Bermuda) Limited Group (Brit Re) business strategy and 2025 business plan and capital requirements

The Directors reviewed and approved the proposals to embark on a strategic plan to significantly expand its presence in Bermuda across Property, Casualty and Specialty reinsurance. The Board also approved the Brit Re 2025 business plan.

The Directors considered Brit Re's role in the Company's immediate and longer-term strategic priorities, how an expansion of Brit Re would impact together with the risks facing the business, and how such an expansion would complement our existing reinsurance underwriting capabilities in London. They also considered the needs and expectations of the Company's shareholders, the interest of its clients and employees, and those of the wider stakeholder group.

### Financial statements and reserving position

The Directors approved the financial statements for the year ended 31 December 2023, on 26 March 2024. As part of this process, the Directors considered and approved the claims reserves held by the Group's underwriting entities. These financial statements were the first annual statements prepared on an IFRS 17 basis. As part of this process, it also approved a number of key IFRS 17 metrics such as the amount and confidence level of the risk adjustment. On 5 September 2024, the Board approved the Group's 2024 Interim Report.

The Board considered the Company's statutory financial reporting obligations and those of its primary shareholder. It considered and approved the policy decisions taken by the Company and ensured they were aligned to its primary shareholder's expectations. The Board also ensured it had adequate training on IFRS 17. In considering these key factors and in approving the final reserving positions, the Directors were mindful of the importance of maintaining the Group's policy of reserving on a best estimate basis with a specific risk margin adjustment. This policy provides robust security to our policyholders, while ensuring the long-term financial strength of the Group, thereby protecting the interests of our key stakeholders including our clients, members and employees.

### 2025 Brit Group business plan and capital requirements

On 5 November 2024, the Directors reviewed and approved the 2025 business plan. The plan included the Group's underwriting and investment strategy, together with the capital needed to support the plan.

The Directors considered the Company's immediate and longer-term strategic priorities, together with the risks facing the business. They also considered the needs and expectations of the Company's shareholders, the interest of its clients and employees, and those of the wider stakeholder group. After due discussion, the Directors concluded that the plans and attaching capital positioned the Company well for 2025 and the longer term.

### Subordinated Notes due 2030 (the subordinated notes): Substitution of issuer

On 30 October, the Board discussed and considered the substitution of the issuer of the subordinated notes. The Board resolved to delegate authority to approve this substitution to a sub-committee of the Board, to be convened in January 2025. This sub-committee met on 13 January 2025 and approved the substitution, with Brit Group Holdings Limited being substituted in place of Brit Limited as issuer and principal debtor with effect on and from 22 January 2025.

In approving the change of issuer, the Board considered the business needs of the two intermediate holding companies owned by Brit Limited, Brit Group Holdings Limited and Ki Financial Limited. It also considered the position of its shareholder, and of other stakeholders such as the holders and trustee of the subordinated notes.

### Audit tender and auditor appointment

During 2024, as required under the Auditors and Third Country Auditors Regulations 2016 (SATCAR), the Audit Committee undertook an audit tender. Following the tender process, the Committee recommended the reappointment of PricewaterhouseCoopers LLP as the Group's and Company's external auditor, effective for the year ending 31 December 2026. The recommendation of the Audit Committee was considered and approved by the Board on 10 December 2024.

In approving the recommendation of the Audit Committee and re-appointing PricewaterhouseCoopers LLP, the Board considered the quality of the firms participating in the tender based on a number of pre-determined weighted criteria, and the interests of the Company, its finance department and its principal shareholder.

### Tax strategy

In October, the Board reviewed and approved the Group's tax strategy and approved its publication on the Brit limited website.

In reviewing and approving the tax strategy, the Board considered its statutory obligations. It also ensured the strategy and policy enabled the Company to meet expectations around tax governance and risk management, and ensured they facilitated an appropriate framework for managing the Group's tax risks. In addition, the Board considered the interests of its stakeholders, primarily those of its shareholders.

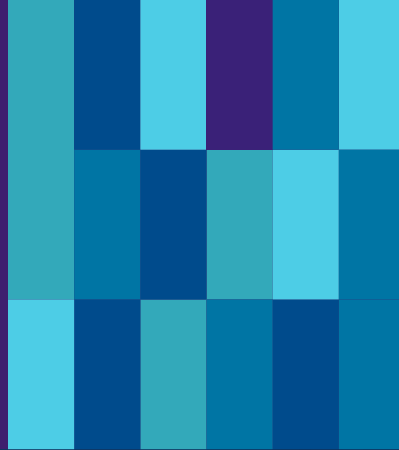
### Capital Policy

In July, the Board considered and approved the Group Capital Policy.

In reviewing and approving the policy, the Board considered regulatory requirements in each of the jurisdiction in which it operates, and the internal and external reporting bases and requirements. It also ensured the policy facilitated an appropriate framework for managing the Group's capital requirements. In addition, the Board considered the interests of its stakeholders.



BRIT



governance

|                                                                                                                                                                                                         |                                                |    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----|
| <b>Directors' Report</b>                                                                                                                                                                                | Directors' Report                              | 56 |
| This report sets out other information of interest to shareholders. It includes information on our shareholders, the Directors' responsibility statement and the Directors' statement on going concern. | Corporate Governance Report                    | 59 |
| <b>Corporate Governance Report</b>                                                                                                                                                                      | Modern Slavery and Human Trafficking Statement | 61 |
| This report explains our governance framework.                                                                                                                                                          |                                                |    |
| <b>Modern Slavery and Human Trafficking Statement</b>                                                                                                                                                   |                                                |    |
| This statement sets out the steps taken by us to ensure that slavery and human trafficking are not taking place in our supply chains or in any part of our business.                                    |                                                |    |

directors' report

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

Principal activities, review of business and other disclosures

Details of the Company’s principal activities and a review of the business, including how the business environment is likely to affect its future development and performance, are included in the Strategic Report.

Directors

The following Directors held office during the financial year:

- Mr Gordon Campbell – Chair
- Mr Martin Thompson – Group Chief Executive Officer
- Mr Gavin Wilkinson – Group Chief Financial Officer
- Mr Mark Allan – Executive Director
- Mr Simon Lee – Non-executive Director
- Mr Michael Wallace – Non-executive Director
- Ms Andrea Welsch – Non-executive Director
- Mr Aviral Goel – Non-executive Director (appointed 1 January 2024, resigned 8 January 2025)
- Mr Ken Miner – Non-executive Director (resigned 1 January 2024)

Statement of Directors’ responsibilities

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

Company law requires that the Directors prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s and Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company’s website. Legislation in the United Kingdom

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

- The consolidated financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group;
- The Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 102, give a true and fair view of the assets, liabilities and financial position of the company; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Dividends

A \$12.9m dividend was paid to the class A shareholders on 21 March 2024 in accordance with the Brit Limited shareholders’ agreement at an amount equal to \$0.14 per share. A further dividend of \$20.4m was paid to the class A shareholders on 11 December 2024 in accordance with the Brit Limited shareholders’ agreement at an amount equal to \$0.22 per share. Total dividends paid to class A shareholders in 2023 were \$40.6m.

A \$175.0m dividend was paid to the class B shareholders on 21 March 2024 in accordance with the Brit Limited shareholders’ agreement at an amount equal to \$0.30 per share. A further dividend of \$397.1m was paid to the class B shareholders on 11 December 2024 in accordance with the Brit Limited shareholders’ agreement at an amount equal to \$0.69 per share. Total dividends paid to class B shareholders in 2023 were \$373.0m.

Share capital

The Company’s ordinary issued share capital at 31 December 2024 comprised two classes of ordinary shares, class A ordinary and class B ordinary, which are fully paid.

Voting rights

The Company’s articles of association provide that a resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

The Company’s articles of association may only be amended by the unanimous approval of the Company’s shareholders.

Shareholders

FFHL Group Limited acquired 92,364,532 A Ordinary shares from OMERS Administration Corporation on 13 December 2024.

The Company’s shareholder at the time of this report is as follows:

| Shareholder        | Units       | Class      | % of total ordinary shares |
|--------------------|-------------|------------|----------------------------|
| FFHL Group Limited | 577,137,562 | B Ordinary | 86.2                       |
| FFHL Group Limited | 92,364,532  | A Ordinary | 13.8                       |

### Significant agreements

The following agreement, which was in force at 31 December 2024, may be terminated on a change of control of the Company.

#### Revolving Credit Facility

The Group has a syndicated revolving credit facility (RCF) which provides for \$550.0m of committed multi-currency financing. Amounts under the RCF can be drawn until 30 November 2027, and the RCF terminates on 31 December 2027, on which date all outstanding facilities must be repaid.

The RCF also contains a change of control provision under which, upon the occurrence of a change of control, the lenders may refuse to fund utilisation requests under the RCF, cancel their commitments and demand immediate repayment of all outstanding amounts.

At 31 December 2024, there were no cash drawings on the facility (2023: \$nil), and no letters of credit were in place (2023: \$10m uncollateralised). At the date of this report, these borrowings were unchanged.

### Employment

We employ a truly diverse, genuinely inclusive work environment. We comfortably and confidently bring our whole selves to work, because we know we'll be respected, valued and accepted, whoever we are. Our Employee Resource Groups are safe spaces for people to share their experiences, aspirations and suggestions about how we do things. Our People Forum encourages open, meaningful conversations, which helps us get to know each other – our different lives and perspectives.

We have four pillars which represent our vision for inclusion and diversity at Brit:

- Our colleagues consider us to be a progressive organisation which demonstrates its commitment to inclusion and diversity both across the business and in our sector.
- We have a robust recruitment process to ensure we attract and recruit the best talent from a diverse talent pool and we make sure candidates are given an equitable playing field regardless of their identity or characteristic.
- We are an organisation that accepts, recognises, encourages, celebrates and promotes diversity in all its forms and adopts a zero-tolerance approach to all forms of discriminatory and non-inclusive behaviour.
- Our leadership and management populations act as role models and allies, actively raising awareness, challenging prejudice and demonstrating best practice approach regarding inclusion and diversity at Brit.

We encourage employees to speak up on any matters that concern them and have policies and processes to support and encourage this.

We provide a competitive remuneration and benefits package. This is kept under constant review to make sure it stays relevant. We also understand the power of 'thank you', so we make a point of acknowledging and rewarding extraordinary effort and achievement by teams or individuals. Our Employee Share Ownership Plan provides an opportunity for employees to be involved in the Company's performance.

### Energy consumption and greenhouse gas emissions

Brit's energy consumption and greenhouse gas emissions, and its related strategy, are discussed on pages 43 to 45.

### Political donations

Neither the Company nor any of its subsidiaries made any political donations during the year.

### Disclosure of information to the Group's and Company's auditor

In accordance with the provisions of section 418 of the Companies Act 2006, each of the persons who are Directors of the Company at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

### Auditor and audit tender

PricewaterhouseCoopers LLP remain in office as the Group's and Company's auditor.

PricewaterhouseCoopers LLP was first appointed auditor of the Group and Company for the year ended 31 December 2016. Under the Statutory Auditors and Third Country Auditors Regulations 2016 (SATCAR), there is a requirement for all Public Interest Entities (PIEs) to conduct a tender at least every 10 years and rotate auditors after at least every 20 years. During 2024 the Group Audit Committee undertook an audit tender and recommended to the Board the reappointment of PricewaterhouseCoopers LLP as the Group's and Company's external auditor, effective for the year ending 31 December 2026. The reappointment of PricewaterhouseCoopers LLP was approved by the Board on 10 December 2024.

### Events occurring after the reporting date

- **Subordinated Notes due 2030 (the notes):** With effect on and from 22 January 2025, Brit Group Holdings Limited was substituted in place of Brit Limited as issuer and principal debtor under the notes. The notes continue to be guaranteed by Brit Insurance Holdings Limited. The substitution reflects changes to the Brit Group structure.
- **California wildfires (January 2025):** The Group has potential exposures to claims resulting from the California wildfires of January 2025, which will be accounted for in the period ending 31 December 2025. After taking into account potential reinsurance recoveries and reinstatement premiums, the Brit Limited Group's initial estimate, based on information available at the date of this report, is a net cost before tax of between \$130m and \$160m.

### Future Brit Limited consolidated statutory financial statements

Following the substitution of Brit Group Holdings Limited in place of Brit Limited as issuer and principal debtor under the subordinated notes, Brit Limited no longer has securities in issue that are listed on the London Stock Exchange and therefore for 2025 is not required to produce consolidated financial statements. Therefore the expectation is that Brit Limited will not produce consolidated financial statements in future.

## directors' report

As Brit Group Holdings Limited is now the issuer of the subordinated notes it is required to produce consolidated financial statements going forward. Brit Limited's other subsidiary, Ki Financial Limited, will also produce consolidated financial statements going forward.

### Going concern

As part of its going concern assessment, the Board considered:

- Brit's baseline 2025 financial plan and 2025 outlook:** Syndicate capacity has increased for 2025, for both Syndicate 2987 and Syndicate 2988. Within Syndicate 2987, the overall growth in capacity is modest with the focus on growth within areas where conditions are most favourable and a reduced appetite where the market is more challenging. For Syndicate 2988, growth is largely coming from a targeted expansion within third party led consortia and facilities.
- Brit's recent underwriting performance:** During 2024, Brit demonstrated the strength of its business with a combined ratio before the effects of discounting of 85.9%. This strong ratio is partly driven by market conditions, together with Brit's management of its underwriting portfolio. Brit's comparable 2023 combined ratio of 85.3% also reflected a robust underwriting performance. In considering underwriting performance, the Directors were able to assess the underlying quality of the underwriting portfolio and its reflection in the 2025 plan.
- Execution of catastrophe strategy:** The Director's considered the changes to the Group's catastrophe strategy implemented in 2022 and 2023 and how this was reflected in the 2025 plan. The Board noted the Group's focus on achieving minimum rate requirements, increasing inflationary guards and minimum valuations, and redistributing capacity away from catastrophe intensive regions.
- Strong market conditions:** Strong market conditions have continued during 2024, albeit but with some rate reductions. Brit experienced an overall risk adjusted rate decrease of 1.4% (2023: increase of 7.1%).
- Brit's reserving policy and track record:** Brit has a policy of reserving on a best estimate basis and, under IFRS 17, carrying an explicit risk adjustment above that estimate. This policy has led to a track record of modest annual best estimate reserve releases. This reserving approach, which has been adopted unchanged for the 2025 plan, has demonstrated the robustness of Brit's approach.
- Investment market conditions and outlook:** The Directors considered the current economic environment, and concluded it was appropriately reflected in the 2025 plan.
- Liquidity:** The Directors considered the liquidity position of the Group. The Group ended 2024 in a strong position, with cash and cash equivalents of \$751.9m on a look through basis. The Directors also considered the duration of the investment portfolio and the forecast yields for 2025. The Directors also noted the availability of the \$550.0m Revolving Credit Facility to 31 December 2027. Brit's 2025 plan envisages the Group's liquidity position continuing in 2025.

- Risk and risk management:** The Board considered the risks faced by Brit, and the management of those risks, including emerging risks such as those arising from climate change, geopolitical events such as Russia's invasion of Ukraine, and the global economic environment including the current inflationary environment. These risks are discussed in more detail on pages 36 to 37 and in Note 4 to the financial statements.

A review of the financial performance of the Group is set out on pages 22 to 29. The financial position of the Group, its cash flows and borrowing facilities are set out on pages 31 to 33.

After assessing the evidence from the reviews performed, the Directors concluded they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### Information included in the Strategic Report

The information below is not shown in the Directors' report because it is shown in the Strategic Report instead under s414C(11).

- Future developments of the business**  
Disclosures regarding future developments of the business can be found on pages 17 to 20.
- Employee engagement**  
Disclosures regarding employee engagement can be found on pages 39 to 40.
- Stakeholder engagement**  
Disclosures regarding stakeholder engagement can be found on pages 48 to 50.
- Charitable donations**  
Disclosures regarding charitable donations can be found on page 40.
- Financial instruments**  
Details of the Group's Risk Management Framework supporting our investment in financial instruments is set out on pages 34 to 37.
- Environmental related disclosures**  
Disclosures regarding environmental matters can be found on pages 41 to 45.
- Non-Financial and sustainability information statement (NFSIS)**  
Disclosures regarding NFSIS can be found on pages 46 to 47.

### By order of the Board

Joe Marinelli  
Company Secretary

27 February 2025

Brit Limited – 08821629



# corporate governance report

## Introduction

The Company has not applied any corporate governance code for the financial year. Instead, the Company prefers to adopt governance arrangements that are bespoke to its circumstances and adaptable to future change.

The governance arrangements adopted by the Company concern the management of the Company and its subsidiaries (the Brit Group). The operation of those arrangements over the financial year ended 2024 are summarised below.

Until 13 December 2024, the Company was (ultimately) owned in majority by Fairfax Financial Holdings Limited and in minority by OMERS Administration Corporation. Thereafter, the Company has been wholly owned (ultimately) by Fairfax Financial Holdings Limited. This has impacted the composition of the Board as outlined below.

## Board of Directors

During the financial year, the average number of directors was eight – comprising five non-executive directors and three executives. Four of those non-executive directors were considered to be independent from the Company, while the remainder were representatives of Fairfax Financial Holdings Limited and OMERS Administration Corporation, respectively. The representative of OMERS Administration Corporation resigned from the Board upon Fairfax Financial Holdings Limited becoming the sole (ultimate) owner of the Company in December. The composition of the Board provides an appropriate balance of independent non-executive challenge, executive leadership and shareholder representation. A complete list of Directors during the financial year is available within the Directors' Report on page 56.

The primary responsibility of the Board is to review and oversee the achievement of Group strategy. In doing so, the Board ensures that the Group is appropriately capitalised to support that strategy, and that material risks threatening its achievement are appropriately managed.

The Board meets quarterly and at such other times as required.

## Chair

The Chair is responsible for the effectiveness of the Board. Principally, they manage and draw on Board membership to ensure discussions benefit from an appropriate balance of executive leadership, independent non-executive challenge and shareholder expectations. Further, they have a responsibility for injecting wider stakeholder views into discussion.

## Audit Committee

The Audit Committee comprises two independent non-executive directors of the Company and the Chair of the equivalent committee operated by the Company's subsidiary, Brit Syndicates Limited. As a material subsidiary, this arrangement improves the Audit Committee's oversight of Group matters.

In line with the Disclosure Guidance and Transparency rules that applied to the Company until 22 January 2025, the Audit Committee contains at least one member who has competence in accounting or auditing, and the members as a whole have competence relevant to the sector in which the Company operates.

The Audit Committee is responsible for monitoring the integrity of the Group's financial statements, the effectiveness of the Group Internal Control and Internal Audit frameworks, and the relationship with the Group's External Auditor.

The Audit Committee meets quarterly and at such other times as required. The committee reports into the Board after each meeting.

## Remuneration Committee

The Remuneration Committee comprises four members – including one executive and three non-executive directors. Two of those non-executive directors are independent, while the other is a representative of Fairfax Financial Holdings Limited. The committee is chaired by an independent non-executive director who is also the Chair of the Board. This arrangement ensures that remuneration discussions are informed by executive management and shareholder expectations, while remaining subject to independent challenge.

The Remuneration Committee is responsible for setting the Group's remuneration policy and executive director remuneration. Remuneration is designed to be fair and to promote the achievement of Brit Group strategy. No director is involved in setting their own remuneration.

The Remuneration Committee meets biannually and at such other times as required. The committee reports into the Board after each meeting.

## Nominations Committee

The composition of the Nominations Committee is aligned to that of the Remuneration Committee. Besides the benefits outlined above, this arrangement accounts for (1) the Chair of the Board also being the Chair of the Nominations Committee, in support of their responsibility to manage the effectiveness of the Board and (2) for the Chair of Brit Syndicates Limited to be a member of the Nominations Committee, also in support of their responsibility to manage the effectiveness of the Board for Brit Syndicates Limited.

The Nomination Committee leads the appointment of directors to the Company and material subsidiaries (including Brit Syndicates Limited), and keeps under review succession arrangements for those directors, having regard to the skills, knowledge and experience required to achieve the Brit Group strategy.

The Nomination Committee meets biannually and at such other times as required. The committee reports into the Board after each meeting.

## Effectiveness Reviews

The Board and Board committees are subject to periodic internal and external review. The most recent review was conducted externally over the fourth quarter of 2023 and the first quarter of 2024 and all recommendations arising from that review have been addressed.

## corporate governance report

### Executive Management

Aside from the functions reserved to the Board or otherwise delegated to committees of the Board, all management functions are delegated to the Chief Executive Officer. In turn, the Chief Executive Officer delegates authority to the executive team, and operates the Executive Committee to manage that arrangement.

### Future Developments

To enable separation between the Brit and Ki business, the Group has been restructured to arrange Ki entities beneath the existing Ki holding company (Ki Financial Limited) and Brit entities beneath a new Brit holding company (Brit Group Holdings Limited). During the first quarter of 2025, the governance arrangements adopted by the Company in the management of the Brit Group will be adopted by Brit Group Holdings Limited. In turn, the Company will be repurposed as a holding company for both the Brit and Ki businesses.

### By order of the Board

Joe Marinelli  
Company Secretary

27 February 2025

# modern slavery and human trafficking statement

This statement sets out the steps taken by Brit Limited to ensure that slavery and human trafficking are not taking place in our supply chains or in any part of our business. Slavery and human trafficking can occur in many forms, such as forced labour, child labour, domestic servitude, sex trafficking and workplace abuse. Given the nature of the work that we do, we believe that there is a low risk of slavery or human trafficking having any connection with our business. We must, however, not be complacent, and all staff have a responsibility to be aware of any risks in our business and in our wider supply chains and report any concerns to senior management.

## Our business

At Brit, we provide highly specialised insurance products to support our clients across a broad range of complex risks. We have a major presence in Lloyd's of London (Lloyd's), the world's specialist insurance market provider, and a significant US and international reach. We have local offices in Bermuda, South Africa and Japan.

We operate globally via our own international distribution network and broker partners. The average number of employees working at Brit during 2024, including non-executive Directors, was 1,038 and the result after tax in 2024 was a profit of \$573.1m.

## Our supply chains

We source our business through trading relationships with Lloyd's brokers, wholesale brokers, retail agents and reinsurance intermediaries. Most of our reinsurance business is sourced through global reinsurance brokers.

We require that contractual agreements with third-party suppliers contain obligations to ensure compliance with the Modern Slavery Act 2015.

Our Global Procurement and Outsourcing Policy ensures that information around our requirements is detailed and available to our wider business.

## Our policies on slavery and human trafficking

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. We believe in paying people fairly and properly for their work. This policy reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

## Due diligence processes for slavery and human trafficking

As part of our initiative to identify and mitigate risk we have in place systems to:

- Identify and assess potential risk areas in our supply chains. We give all suppliers a copy of this statement and request a copy of their statement (if they are required to have one);
- Mitigate the risk of slavery and human trafficking occurring in our supply chains. We set clear expectations for our suppliers by informing them of our Code of Conduct, which states 'Brit does not tolerate modern slavery or any form of human trafficking within its business or supply chains.

Brit does not allow harsh or inhumane treatment and we expect our suppliers to share our values';

- Monitor potential risk areas in our supply chains. Staff are encouraged to report any concerns to senior management and there is a risk register operated by the Head of Operational Risk to record any such concerns;
- Ensure appropriate recruitment practices are carried out, using reputable employment agencies. We verify the practices of any new recruitment agency as part of our terms of business with them and before accepting any candidates and temporary workers from that agency. We also request a copy of the agency's modern slavery statement (if it is required to have one). We ask any agency supplying us with candidates to conduct verification checks on those individuals (including verification of identity, references, evidence of qualifications and criminal and financial checks). We also carry out more detailed pre-employment screening which include criminal and credit checks, media searches and regulatory checks as required for all future joiners; and
- Protect whistleblowers. At Brit, workers, customers and suppliers are encouraged to report any concerns related to our activities or supply chains. This includes circumstances which may give rise to increased risk of slavery or human trafficking. Our whistleblowing procedure is designed to make it easy for people to make disclosures without fear of retaliation.

## Key Performance Indicators

Several key performance indicators are collated from across the business to measure the effectiveness of existing processes and controls and performance against specific appetites as set by the Board and/or management. These KPIs are proportionate to the risk profile of the Group and where applicable, include Modern Slavery and Human Trafficking considerations (e.g. the completion rate of staff mandatory training measures the completeness of all new starter training modules, of which Modern Slavery and Human Trafficking is one).

## Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide appropriate training to members of staff.

## Our commitment

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 31 December 2024.

This Modern Slavery and Human Trafficking Statement is reviewed by Brit's Board of Directors at least annually and may be amended from time to time.

## By order of the Board

Joe Marinelli  
Company Secretary

27 February 2025



**BRIT**

# financial statements

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# Independent Auditors' Report to the Members of Brit Limited

## Report on the audit of the financial statements

### Opinion

In our opinion:

- Brit Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated and Parent Statement of Financial Position as at 31 December 2024; the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Parent Statement of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 16, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

## Our audit approach

### Overview

#### Audit scope

- Our audit scope has been determined to provide coverage of all material financial statement line items. We performed full scope audit procedures over one of the group's components, namely the syndicates (comprising syndicates 2987, 2988 and 1618). In addition, we have ensured appropriate coverage has been obtained over the Brit Limited group's consolidation adjustments.
- For certain other components, we performed audit procedures over specified financial statement line item balances; and
- For the remaining components that were not inconsequential, analytical procedures were performed by the group engagement team.

#### Key audit matters

- Valuation of the undiscounted best estimate of the liability for incurred claims and the corresponding asset for incurred claims (group);
- Valuation of estimated ultimate premiums (group);
- Valuation of financial investments with valuations modelled using unobservable inputs (group);
- Valuation of the deferred tax asset related to carried forward losses (group);
- Valuation of shares in group undertakings (parent).

#### Materiality

- Overall group materiality: \$34.6m (2023: \$35.1m) based on 1% of insurance revenue (rounded down).
- Overall company materiality: \$11.6m (2023: \$11.5m) based on 1% of total assets (net of intercompany assets) (rounded down).
- Performance materiality: \$25.9m (2023: \$26.3m) (group) and \$8.7m (2023: \$8.6m) (company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

## Key audit matters

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

### Key audit matter

*Valuation of the undiscounted best estimate of the liability for incurred claims and the corresponding asset for incurred claims (group)*

*See notes 2.4.1, 3.2.1 and 23 of the group financial statements for disclosures of related accounting policies, judgements and estimates.*

The group estimates the Liability for Incurred Claims (the 'LIC') and the corresponding Asset for Incurred Claims (the 'AIC') based on the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available. They reflect current estimates from the perspective of the entity, include an explicit adjustment for non-financial risk (the risk adjustment) and are discounted for the time value of money.

The valuation of the LIC and the AIC involve complex and subjective judgements about future events. We focussed particularly on the undiscounted best estimate component of the LIC and AIC given the level of judgement involved in their determination, and the sensitivity of the valuation of the undiscounted LIC and the AIC to underlying assumptions.

*Note: The valuation of the risk adjustment and the impact of discounting on the valuation of the best estimate of the LIC and the AIC was included within this key audit matter last year. These aspects of the key audit matter have been removed as the inherent risk associated with them following the implementation of IFRS 17 in 2023 has reduced.*

This is not a complete list of all risks identified by our audit.

Determination of the measurement model to be applied to the valuation of insurance and reinsurance contracts, which was a key audit matter last year, is no longer included because, following the implementation of IFRS 17 in 2023, the group's measurement framework is now embedded which has acted to reduce the inherent risk within this area in the current year. Otherwise, the key audit matters below are consistent with last year.

### How our audit addressed the key audit matter

We tested the group's undiscounted best estimate of the LIC and the AIC with the assistance of our actuarial specialists, by performing the following work:

- We understood, assessed and tested the design and operating effectiveness of key controls over the group's estimation of ultimate claims and the associated reinsurance recoveries. This included controls over the extraction of source data supporting management's calculations from the underlying systems, and the review and approval of the ultimate claims and the associated reinsurance recoveries;
- We developed a point estimate of ultimate claims and the associated reinsurance recoveries related to non-catastrophe claims. We used our point estimates to challenge management's estimates;
- We understood the approach used to establish the ultimate claims and the associated reinsurance recoveries in relation to catastrophe events and the consistency of its application across the group. We tested the process by which management identified exposed insurance contracts and assessed key assumptions used by management. For catastrophe events that occurred in prior years we tested notifications received, payments made and assessed the assumptions made by management supporting the remaining best estimate Liability for Incurred Claims and the associated reinsurance recoveries. In concluding on the reasonableness of management's estimates in this area, we also considered PwC's market view for major events;
- We tested the underlying source data including claims incurred, claims payments, reinsurance purchases and reinsurance recoveries to supporting documentation; and
- We tested the application of the claims payment patterns which are used to convert the ultimate claims and the associated reinsurance recoveries into the incurred best estimate liability/asset fulfilment cashflows.

Based on the work performed, the valuation of the undiscounted best estimate LIC and the AIC were consistent with the evidence received.

## Independent Auditors' Report to the members of Brit Limited

## Key audit matter

*Valuation of estimated ultimate premiums (group)*

*See notes 2.4.1(l), 3.2.1(c) and (d), 3.3.1(a), 6 and 23 of the group financial statements for disclosures of related accounting policies, judgements and estimates.*

Insurance revenue in each reporting period represents the change in the Liability for Remaining Coverage ('LRC') that relates to services for which the group expects to receive consideration, and, for GMM business specifically, an allocation of premiums that relates to the recovery of insurance acquisition cash flows. The associated future ultimate premium fulfilment cash flows ('estimated ultimate premiums') could be adjusted to alter the recognition of insurance revenue over time leading us to focus on this area in our audit.

Estimated ultimate premiums are formed by applying assumptions about past events, current conditions and forecasts of future conditions. These estimates are particularly uncertain where business is conducted through a delegated underwriting authority arrangement ('DUA').

## How our audit addressed the key audit matter

We tested the group's estimated ultimate premiums by undertaking the following work:

- We understood, assessed and tested the design and operating effectiveness of the governance and controls over the monitoring of estimated ultimate premiums;
- Assisted by our actuarial specialists, we reprojected estimated ultimate premiums by class of business and by underwriting year for the 2023 and prior underwriting years, challenging management to provide explanations where differences were identified. For estimated ultimate premiums on the 2024 underwriting year, we understood how management derived them and challenged them accordingly based on our understanding of the business;
- We tested the current calendar year data used in the actuarial projections noted above to source systems, and tested that historical data was consistent year-on-year; and
- We tested the conversion of the estimated ultimate premiums to fulfilment cashflows and tested the change in the LRC over the period, including amounts recognised within insurance revenue.

Based on the above procedures the estimated ultimate premiums, the change in LRC over the period and therefore insurance revenue, were found to be consistent with the evidence obtained.

## Independent Auditors' Report to the members of Brit Limited

## Key audit matter

*Valuation of financial investments with valuations modelled using unobservable inputs (group)*

See notes 2.4.3(c)(xiii), 3.3.5 and 25 of the group financial statements for disclosures of related accounting policies, judgements and estimates.

The group investment portfolio contains level 3 investments measured at fair value and whose fair value is determined using unobservable inputs. Fair values for these investments can only be calculated using estimates and judgements and accordingly these investments require additional audit focus.

## How our audit addressed the key audit matter

We coordinated with our internal valuation specialists based in Canada who centrally tested the valuation of level 3 investments. We assessed and tested management's controls over the valuation of level 3 investments, including management's review of the models and key inputs. For a sample of level 3 investments we performed the following:

- We obtained management's valuation memos and/or models, and developed an understanding of the investment and valuation methodology used;
- We engaged our specialists (and experts, where applicable) to review the appropriateness of the valuation methodology/models applied and key inputs/assumptions used in the valuations; and in certain instances developed an independent point estimate to challenge management's valuation;
- We corroborated key inputs/ assumptions in the valuation models to third party support (where possible); and
- For investment fund assets, we performed back-testing (reconciliation between the latest audited and unaudited fund financial statements) and investigated significant differences identified. We used this work to assess the reasonableness of the current year end investment fund asset valuation.

Based on the above procedures, the valuation of the level 3 investments was consistent with the evidence obtained.

*Valuation of the deferred tax asset related to carried forward losses (group)*

See notes 2.4.8(b), 3.3.4 and 22 of the group financial statements for disclosures of related accounting policies, judgements and estimates.

At 31 December 2024, the group has recognised a material deferred tax asset ('DTA'). A DTA is recognised to the extent that future profits are considered likely to be available to utilise the asset. The extent of future profits is subject to a number of significant assumptions relating to the future performance of the group and as such was a focus for our audit.

With the assistance of our tax specialists, we performed the following procedures in order to assess the valuation of the DTA:

- We assessed management's calculation of the DTA to test whether it was calculated in accordance with current tax legislation and reflected enacted corporation tax rates;
- We agreed inputs to management's calculation to audited financial information, submitted tax computations, and approved business forecasts as appropriate;
- We reviewed management's assessment of historic forecasts to determine the robustness of management's forecasting process, and therefore the reliability of forecasts used in the calculation of the DTA;
- We assessed the reasonableness of assumptions relating to future forecasts and considered the impact of alternative scenarios in the future forecasts; and
- We read and assessed the appropriateness of management's disclosures in relation to the recognised DTA.

Based on these procedures, the valuation of the DTA was consistent with the evidence obtained.

## Independent Auditors' Report to the members of Brit Limited

## Key audit matter

*Valuation of shares in group undertakings (parent)*

See notes 1.2(a) and 3 of the parent company financial statements for disclosures of related accounting policies, judgements and estimates.

In the company's statement of financial position, the shares in group undertakings are reported at cost less impairment. Management carry out an impairment assessment on an annual basis which requires judgement and the application of underpinning assumptions and as such this was a focus for our audit.

## How our audit addressed the key audit matter

We performed the following audit procedures to assess the valuation of the shares in group undertakings:

- We assessed the shares in group undertakings for an indication of impairment considering our understanding of the business;
- Where there was an indicator of impairment we tested the value-in-use (VIU) calculations and impairment analyses performed by management which included validating the accuracy of the input data and testing the key assumptions used. We used experts to assist us in challenging the discount rate applied in the VIU calculations; and
- We performed sensitivity testing to support our final conclusions.

Based on these procedures, the valuation of the shares in group undertakings was found to be consistent with the evidence obtained.

## How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Brit is a global specialty insurer and reinsurer, present in Lloyd's of London with operations in Bermuda, and writes insurance business internationally. The group is structured into five segments (see Note 5 to the consolidated financial statements) and is a consolidation of a number of separate legal entities. A full scope audit was performed for one significant component located in the United Kingdom, namely the syndicates (comprising syndicates 2987, 2988 and 1618). In addition, we have ensured appropriate coverage has been obtained over the Brit Limited group's consolidation adjustments.

For certain other components, we identified account balances which were considered to be significant in size or audit risk at the financial statement line item level in relation to the consolidated financial statements, and performed financial statement line item audit procedures over these specified balances. Analytical procedures over the remaining components that were not inconsequential were performed by the group engagement team.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the components by us, as the group engagement team, or by the component audit team, being PwC Canada, who operated under our instruction. Where the work was performed by a component audit team, we determined the level of involvement we needed to have in the audit work at the component to be able to conclude whether sufficient appropriate audit evidence had been obtained. The group engagement team had regular interaction with the component team during the audit process. The engagement leader and senior members of the group engagement team reviewed in detail all reports with regards to the audit approach and findings submitted by the component auditor. This, together with additional procedures performed at the group level, as described above, gave us the evidence we needed for our opinion on the consolidated financial statements as a whole.

## The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the group's and company's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risks. We assessed the consistency of the disclosures related to climate risk within the Annual Report against the knowledge obtained from our work. Our procedures did not identify any material impact as a result of climate risk on the group's and company's financial statements.



## Independent Auditors' Report to the members of Brit Limited

**Materiality**

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

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

|                                        | Financial statements<br>– group                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Financial statements<br>– company                                                                                                                                      |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Overall materiality</i>             | \$34.6m (2023: \$35.1m)                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | \$11.6m (2023: \$11.5m)                                                                                                                                                |
| <i>How we determined it</i>            | 1% of insurance revenue (rounded down)                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1% of total assets (net of intercompany assets) (rounded down)                                                                                                         |
| <i>Rationale for benchmark applied</i> | In determining our materiality, we have considered financial metrics which we believe to be relevant to the primary users of the consolidated financial statements. We concluded a revenue based metric was most relevant to the users. A revenue based metric provides a good representation of the size and complexity of the business and it is not distorted by insured catastrophe events to which the group is exposed or to the levels of external reinsurance purchased by the group. | Due to the nature of the parent company's operations (a holding company) total assets (net of intercompany assets) is an appropriate and generally accepted benchmark. |

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was \$1.7m to \$32.9m. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to \$25.9m (2023: \$26.3m) for the group financial statements and \$8.7m (2023: \$8.6m) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$1.7m (group audit) (2023: \$1.7m) and \$0.5m (company audit) (2023: \$0.5m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

**Conclusions relating to going concern**

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

- Evaluating management's analysis and supporting documentation as it related to the group and company's going concern;
- Inspecting management's going concern analysis based on audit procedures performed, considering the group's and company's capital, solvency and liquidity positions; and
- Assessing the disclosures made in the financial statements in respect of 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 and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

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

## Independent Auditors' Report to the members of Brit Limited

## Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## Responsibilities for the financial statements and the audit

### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority and those regulations set by the Council of Lloyd's, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and UK tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks

## Independent Auditors' Report to the members of Brit Limited

were related to posting of inappropriate journals and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with the Board, management, internal audit and the compliance function, including consideration of known or suspected instances of non-compliance with laws and regulations, and fraud;
- Assessment of matters reported on the whistleblowing helpline and management's investigation of such matters;
- Reviewing relevant meeting minutes;
- Testing and challenging, where appropriate, the assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries identified as potential indicators of fraud; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Other required reporting

### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 14 June 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ended 31 December 2016 to 31 December 2024.

### Paul Pannell

#### Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

28 February 2025

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## Introduction to the Primary Statements

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### **Consolidated Income Statement**

The income statement shows income earned and expenses incurred by all the companies of Brit. Other items are shown in the statement of comprehensive income. The numbers in brackets are costs or losses incurred.

### **Consolidated Statement of Comprehensive Income**

As well as the profit or loss reported in the income statement, there are a number of other items not reported in the income statement which are instead shown here. These are gains and losses in the Group's pension scheme, any tax associated with these gains or losses and foreign exchange gains and losses on the translation of foreign operations into US dollars. The statement starts from profit or loss reported in the income statement and adjusts for any gains and losses arising as a result of the pension scheme and foreign operations to show the overall result.

### **Consolidated Statement of Financial Position**

The statement of financial position is a summary of assets and how the assets have been funded through liabilities and equity investment by shareholders.

### **Consolidated Statement of Cash Flows**

The cash flow statement shows how we generate cash through our operating activities, how we have spent cash (investing activities) and how we have borrowed or spent cash to fund our business for all the companies in the Group.

### **Consolidated Statement of Changes in Equity**

The statement of changes in equity shows how the various lines in the equity section of the Group's statement of financial position have moved during the year.



# consolidated income statement

For the year ended 31 December 2024

|                                                              | Note     | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------------------|----------|------------------------------------------|------------------------------------------|
| <b>Continuing Operations</b>                                 |          |                                          |                                          |
| Insurance revenue                                            | 5, 6, 23 | 3,465.5                                  | 3,517.1                                  |
| Insurance service expenses                                   | 5, 23    | (2,579.0)                                | (2,594.3)                                |
| Net expenses from reinsurance contracts held                 | 5, 23    | (211.7)                                  | (273.3)                                  |
| <b>Insurance service result</b>                              |          | <b>674.8</b>                             | <b>649.5</b>                             |
| Net finance expenses from insurance contracts                | 5, 8, 23 | (271.6)                                  | (322.7)                                  |
| Net finance income from reinsurance contracts held           | 5, 8, 23 | 64.3                                     | 96.9                                     |
| <b>Net insurance finance expenses</b>                        |          | <b>(207.3)</b>                           | <b>(225.8)</b>                           |
| Interest revenue from financial assets not measured at FVTPL | 7        | 52.8                                     | 48.4                                     |
| Other investment return                                      | 7        | 286.1                                    | 351.0                                    |
| Profit on disposal of associates                             | 17       | 15.2                                     | -                                        |
| Return on derivative contracts                               | 9        | 16.5                                     | (9.4)                                    |
| Other income                                                 | 11       | 89.1                                     | 65.6                                     |
| Losses on other financial liabilities                        | 11       | (4.6)                                    | (20.8)                                   |
| <b>Investment return and other income</b>                    |          | <b>455.1</b>                             | <b>434.8</b>                             |
| Other operating expenses                                     | 13       | (192.4)                                  | (126.9)                                  |
| Net foreign exchange losses                                  | 12       | (54.6)                                   | (94.2)                                   |
| <b>Other expenses</b>                                        |          | <b>(247.0)</b>                           | <b>(221.1)</b>                           |
| <b>Operating profit</b>                                      |          | <b>675.6</b>                             | <b>637.4</b>                             |
| Finance costs                                                | 15       | (14.6)                                   | (17.8)                                   |
| Finance income                                               | 15       | -                                        | 2.7                                      |
| Share of net profit of associates                            | 17       | -                                        | 1.6                                      |
| <b>Profit before tax</b>                                     |          | <b>661.0</b>                             | <b>623.9</b>                             |
| Tax (expense)/credit                                         | 19(a)    | (84.8)                                   | 5.3                                      |
| <b>Profit from continuing operations</b>                     |          | <b>576.2</b>                             | <b>629.2</b>                             |
| <b>Discontinued operation</b>                                |          |                                          |                                          |
| (Loss)/profit from discontinued operation, net of tax        | 10       | (3.1)                                    | 266.2                                    |
| <b>Profit for the year</b>                                   |          | <b>573.1</b>                             | <b>895.4</b>                             |
| <b>Profit attributable to:</b>                               |          |                                          |                                          |
| Owners of the parent                                         |          | 506.8                                    | 836.2                                    |
| Non-controlling interests                                    |          | 66.3                                     | 59.2                                     |
| <b>Profit for the year</b>                                   |          | <b>573.1</b>                             | <b>895.4</b>                             |

The accompanying Notes on pages 79 to 179 are an integral part of the consolidated financial statements.

# consolidated statement of comprehensive income

For the year ended 31 December 2024

|                                                                                            | Note  | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------------------------------------------------|-------|------------------------------------------|------------------------------------------|
| <b>Profit for the year</b>                                                                 |       | <b>573.1</b>                             | 895.4                                    |
| <b>Other comprehensive expense</b>                                                         |       |                                          |                                          |
| <b>Items not to be reclassified to profit or loss in subsequent periods:</b>               |       |                                          |                                          |
| Remeasurements of post-employment benefit obligations                                      | 24    | 0.1                                      | (23.7)                                   |
| Deferred tax (loss)/gain relating to remeasurements of post-employment benefit obligations | 19(b) | (5.2)                                    | 8.4                                      |
| <b>Items that may be reclassified to profit or loss in subsequent periods:</b>             |       |                                          |                                          |
| Change in unrealised foreign currency translation losses on foreign operations             |       | (2.7)                                    | 7.1                                      |
| <b>Total other comprehensive expense</b>                                                   |       | <b>(7.8)</b>                             | (8.2)                                    |
| <b>Total comprehensive income for the year</b>                                             |       | <b>565.3</b>                             | 887.2                                    |
| <b>Total comprehensive income for the year attributable to:</b>                            |       |                                          |                                          |
| Owners of the parent                                                                       |       | 499.0                                    | 828.0                                    |
| Non-controlling interests                                                                  | 18    | 66.3                                     | 59.2                                     |
| <b>Total comprehensive income for the year</b>                                             |       | <b>565.3</b>                             | 887.2                                    |

The accompanying Notes on pages 79 to 179 are an integral part of the consolidated financial statements.

# consolidated statement of financial position

At 31 December 2024

|                                                          | Note   | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|----------------------------------------------------------|--------|----------------------------|----------------------------|
| <b>Assets</b>                                            |        |                            |                            |
| Intangible assets                                        | 20     | 138.8                      | 122.7                      |
| Property, plant and equipment                            | 21     | 27.4                       | 32.8                       |
| Reinsurance contract assets                              | 23     | 1,873.4                    | 1,942.8                    |
| Employee benefits                                        | 24     | 35.0                       | 37.1                       |
| Deferred tax assets                                      | 22     | 3.6                        | –                          |
| Current tax assets                                       |        | 1.7                        | 3.3                        |
| Financial investments                                    | 25     | 6,460.8                    | 5,875.4                    |
| Derivative contracts                                     | 26     | 15.6                       | 20.2                       |
| Insurance and other receivables                          | 27     | 743.4                      | 923.6                      |
| Assets classified as held for sale                       | 10, 17 | –                          | 15.8                       |
| Cash and cash equivalents                                | 29     | 750.4                      | 853.8                      |
| <b>Total assets</b>                                      |        | <b>10,050.1</b>            | <b>9,827.5</b>             |
| <b>Liabilities and Equity</b>                            |        |                            |                            |
| <b>Liabilities</b>                                       |        |                            |                            |
| Insurance contract liabilities                           | 23     | 6,336.9                    | 5,869.7                    |
| Borrowings                                               | 30     | 159.0                      | 161.9                      |
| Other financial liabilities                              | 25     | –                          | 104.0                      |
| Provisions                                               |        | 2.6                        | 2.9                        |
| Deferred tax liabilities                                 | 22     | 121.2                      | 42.3                       |
| Current tax liabilities                                  |        | 0.7                        | 0.2                        |
| Derivative contracts                                     | 26     | 13.8                       | 23.7                       |
| Insurance and other payables                             | 31     | 372.5                      | 539.3                      |
| <b>Total liabilities</b>                                 |        | <b>7,006.7</b>             | <b>6,744.0</b>             |
| <b>Equity</b>                                            |        |                            |                            |
| Called up share capital                                  | 32     | 10.0                       | 10.0                       |
| Share premium                                            |        | 932.6                      | 932.6                      |
| Capital redemption reserve                               |        | 1.0                        | 1.0                        |
| Capital contribution reserve                             |        | 32.2                       | 32.2                       |
| Foreign currency translation reserve                     |        | (98.2)                     | (95.5)                     |
| Retained earnings                                        |        | 1,633.2                    | 1,736.9                    |
| <b>Total equity attributable to owners of the parent</b> |        | <b>2,510.8</b>             | <b>2,617.2</b>             |
| Non-controlling interests                                | 18     | 532.6                      | 466.3                      |
| <b>Total equity</b>                                      |        | <b>3,043.4</b>             | <b>3,083.5</b>             |
| <b>Total liabilities and equity</b>                      |        | <b>10,050.1</b>            | <b>9,827.5</b>             |

The accompanying Notes on pages 79 to 179 are an integral part of the consolidated financial statements. These consolidated financial statements were approved by the Board of Directors on 27 February 2025 and were signed on its behalf by:

**Martin Thompson**  
Group Chief Executive Officer

**Gavin Wilkinson**  
Group Chief Financial Officer

Registered number: 08821629

# consolidated statement of cash flows

For the year ended 31 December 2024

|                                                                   | Note | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| <b>Cash flows from operating activities</b>                       |      |                                          |                                          |
| Cash provided by/(used in) operations                             | 34   | 314.4                                    | (59.5)                                   |
| Tax paid                                                          |      | (11.5)                                   | (6.0)                                    |
| Interest received                                                 |      | 231.1                                    | 163.4                                    |
| Dividends received                                                |      | 10.1                                     | 8.6                                      |
| Purchase of shares for share-based payment schemes                |      | (8.6)                                    | (4.9)                                    |
| <b>Net cash inflows from operating activities</b>                 |      | <b>535.5</b>                             | <b>101.6</b>                             |
| <b>Cash flows from investing activities</b>                       |      |                                          |                                          |
| Purchase of intangible assets                                     | 20   | (27.3)                                   | (12.4)                                   |
| Purchase of property, plant and equipment                         | 21   | (1.0)                                    | (2.4)                                    |
| Disposal of associated undertaking                                | 17   | 15.2                                     | -                                        |
| Disposal of subsidiary undertakings, net of cash disposed         | 10   | -                                        | 128.7                                    |
| Dividends from associated undertakings                            |      | -                                        | 1.2                                      |
| <b>Net cash (outflows)/inflows from investing activities</b>      |      | <b>(13.1)</b>                            | <b>115.1</b>                             |
| <b>Cash flows from financing activities</b>                       |      |                                          |                                          |
| Repayment on revolving credit facility                            |      | -                                        | (10.0)                                   |
| Repurchase of subordinated debt                                   | 30   | -                                        | (7.3)                                    |
| Interest paid                                                     |      | (13.7)                                   | (19.9)                                   |
| Dividends paid                                                    | 33   | (605.4)                                  | (413.6)                                  |
| <b>Net cash outflows from financing activities</b>                |      | <b>(619.1)</b>                           | <b>(450.8)</b>                           |
| <b>Net decrease in cash and cash equivalents</b>                  |      | <b>(96.7)</b>                            | <b>(234.1)</b>                           |
| Cash and cash equivalents at the beginning of the year            |      | 853.8                                    | 1,079.4                                  |
| Effect of exchange rate fluctuations on cash and cash equivalents |      | (6.7)                                    | 8.5                                      |
| <b>Cash and cash equivalents at the end of the year</b>           | 29   | <b>750.4</b>                             | <b>853.8</b>                             |

The accompanying Notes on pages 79 to 179 are an integral part of the consolidated financial statements.

## consolidated statement of changes in equity

| Note                                         | Called up share capital<br>\$m | Share premium<br>\$m | Capital redemption reserve<br>\$m | Capital contribution reserve<br>\$m | Foreign currency translation reserve<br>\$m | Retained earnings<br>\$m | Total attributable to owners of the parent<br>\$m | Non-controlling interests<br>\$m | Total equity<br>\$m |
|----------------------------------------------|--------------------------------|----------------------|-----------------------------------|-------------------------------------|---------------------------------------------|--------------------------|---------------------------------------------------|----------------------------------|---------------------|
| <b>At 1 January 2023</b>                     | 10.0                           | 1,432.6              | 1.0                               | 32.2                                | (102.6)                                     | 829.6                    | 2,202.8                                           | 407.1                            | 2,609.9             |
| Profit for the year                          | -                              | -                    | -                                 | -                                   | -                                           | 836.2                    | 836.2                                             | 59.2                             | 895.4               |
| Other comprehensive income/(expense)         | -                              | -                    | -                                 | -                                   | 7.1                                         | (15.3)                   | (8.2)                                             | -                                | (8.2)               |
| <b>Total comprehensive income recognised</b> | -                              | -                    | -                                 | -                                   | 7.1                                         | 820.9                    | 828.0                                             | 59.2                             | 887.2               |
| Dividends                                    | 33                             | -                    | -                                 | -                                   | -                                           | (413.6)                  | (413.6)                                           | -                                | (413.6)             |
| Capital reduction <sup>1</sup>               | -                              | (500.0)              | -                                 | -                                   | -                                           | 500.0                    | -                                                 | -                                | -                   |
| <b>At 31 December 2023</b>                   | 10.0                           | 932.6                | 1.0                               | 32.2                                | (95.5)                                      | 1,736.9                  | 2,617.2                                           | 466.3                            | 3,083.5             |
| <b>Profit for the year</b>                   | -                              | -                    | -                                 | -                                   | -                                           | <b>506.8</b>             | <b>506.8</b>                                      | <b>66.3</b>                      | <b>573.1</b>        |
| <b>Other comprehensive expense</b>           | -                              | -                    | -                                 | -                                   | <b>(2.7)</b>                                | <b>(5.1)</b>             | <b>(7.8)</b>                                      | -                                | <b>(7.8)</b>        |
| <b>Total comprehensive income recognised</b> | -                              | -                    | -                                 | -                                   | <b>(2.7)</b>                                | <b>501.7</b>             | <b>499.0</b>                                      | <b>66.3</b>                      | <b>565.3</b>        |
| <b>Dividends</b>                             | 33                             | -                    | -                                 | -                                   | -                                           | <b>(605.4)</b>           | <b>(605.4)</b>                                    | -                                | <b>(605.4)</b>      |
| <b>At 31 December 2024</b>                   | 10.0                           | 932.6                | 1.0                               | 32.2                                | <b>(98.2)</b>                               | <b>1,633.2</b>           | <b>2,510.8</b>                                    | <b>532.6</b>                     | <b>3,043.4</b>      |

1. On 1 November 2023, Brit Limited effected a capital reduction, without the cancellation of any shares, which resulted in a \$500.0m reduction to share premium and a corresponding increase in retained earnings. Accordingly, there was no impact on total equity.

### Nature and Purpose of Group Reserves

**Share premium:** The balance represents the difference between the price at which shares are issued and their nominal value, less any distributions made from this account.

**Capital redemption reserve:** The balance represents the amount by which share capital is diminished in the event of a share cancellation and is required to be recognised in a legal reserve to maintain the Group's capital.

**Capital contribution reserve:** The balance represents the amount by which the Group has benefited from asset transfers or contributions from the owners of the parent company, for which no shares have been issued in exchange.

**Foreign currency translation reserve:** The balance on this reserve represents the foreign exchange differences arising from the translation of financial statement information of entities within the Group from functional currencies to the presentational currency of the Group.

**Retained earnings:** Retained earnings represents the cumulative comprehensive income retained by the Group after taxation and after any distributions made from this account.

The accompanying Notes on pages 79 to 179 are an integral part of the consolidated financial statements.



# notes to the consolidated financial statements

The first three Notes provide details of the basis of preparation and accounting policies applied in producing these financial statements and the significant accounting estimates and judgements therein.

## 1 General information

The consolidated financial statements of Brit Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 27 February 2025. The Group's principal activity is the underwriting of general insurance and reinsurance business.

Brit Limited (the Company) is a private company limited by shares, incorporated and domiciled in England and Wales, United Kingdom. The address of the registered office is The Leadenhall Building, 122 Leadenhall Street, London, England, EC3V 4AB.

## 2 Accounting policies and basis of preparation

### 2.1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2024 have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The accounting policies of the Group have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements have been compiled on a going concern basis and prepared on a historical cost basis, except for financial investments, other assets (as defined in Note 2.4.3(c)), derivative contracts and other financial liabilities which have been measured at fair value. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest \$0.1m except where otherwise indicated.

Certain amounts recorded in the financial statements include estimates and assumptions made by management, particularly about (re)insurance assets and liabilities, investment valuations, interest rates and other factors. Actual results may differ from the estimates made. Further details on estimates, judgements and assumptions are included within Note 3 to the consolidated financial statements.

The Directors have reviewed the principal risks and uncertainties faced by the Group as summarised in Note 4.7. Brit manages such emerging risks in line with its Risk Management Framework.

The Directors have considered various factors in order to be satisfied that a going concern basis of preparation is appropriate. Such factors include, but are not limited to, recent underwriting performance, reserving policy and track record, the Group's liquidity position and the Group's financial plans.

After assessing evidence in respect of these considerations, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they consider it appropriate to continue to adopt the going concern basis for the preparation of its consolidated financial statements.

The consolidated financial statements include the results of the Company and all its subsidiary undertakings (collectively, the Group) made up to the same accounting date.

#### 2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments listed above did not have any material impact on the amounts recognised in prior periods or the current period, and are not expected to significantly affect future periods.

## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.1 Basis of preparation (continued)****2.1.2 New standards and interpretations not yet adopted**

At the date of authorisation of these financial statements, the following amendments to standards were in issue but not yet effective and have not been early adopted by the Group:

| Amendment                                                                                 | Effective for periods commencing on or after |
|-------------------------------------------------------------------------------------------|----------------------------------------------|
| Lack of Exchangeability (Amendments to IAS 21)                                            | 1 January 2025                               |
| Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) | 1 January 2026                               |

The Group is in the process of assessing the impact of these amendments on the Group's consolidated financial statements, but the current expectation is that any impact will not be material.

At the date of authorisation of these financial statements, the following standards which have not been applied in these financial statements were in issue but not yet effective:

| Standard                                                        | Effective for periods commencing on or after |
|-----------------------------------------------------------------|----------------------------------------------|
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027                               |
| IFRS 18 Presentation and Disclosure in Financial Statements     | 1 January 2027                               |

IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS to apply reduced disclosure requirements. The Group does not expect this standard to impact its consolidated financial statements or have a significant impact on its operations.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will increase the comparability of the financial performance of similar entities and provide more relevant information and transparency to users. IFRS 18 will not impact the recognition or measurement of items in the financial statements and therefore there will be no impact on the Group's net profit or net assets. However, there is likely to be an impact on presentation and disclosure in the Group's consolidated financial statements. The Group is in the process of assessing the detailed implications of IFRS 18 on the Group's consolidated financial statements.

**2.2 Basis of consolidation and equity accounting**

The consolidated financial statements include the financial statements of the Company, its subsidiaries and the Group's participation in Lloyd's syndicates' assets, liabilities, revenues and expenses. Subsidiaries are those entities (including structured entities) that an investor controls, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Non-controlling interests in the results are shown separately in the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and statement of financial position respectively.

The financial statements of the subsidiaries are prepared up to 31 December each year. Consolidation adjustments are made to convert subsidiary financial statements from local GAAP into IFRS to remove any dissimilar accounting policies that may exist. Subsidiaries are consolidated from the date control is transferred to the Group and cease to be consolidated from the date control is transferred from the Group. All inter-company balances, profits and transactions are eliminated. The acquisition method of accounting is used to account for business combinations by the Group.

Underwriting members at Lloyd's have several but not joint liability for the transactions of the syndicates in which they participate. Therefore, for each managed syndicate on which the Group participates, only the relevant proportion of the transactions, assets and liabilities of those syndicates are reflected in the consolidated financial statements. Syndicate assets are held subject to trust deeds for the benefit of the syndicate's insurance creditors. As at 31 December 2024:

- Brit UW Limited, a subsidiary of the Group, provided 100% of the capital for Syndicate 2987 and therefore all transactions, assets and liabilities of Syndicate 2987 have been included in the Group's financial statements.
- Subsidiaries of the Group participated as members of Syndicate 2988, providing 67.98%, 75.86% and 51.28% of the capital for the 2022, 2023, and 2024 years of account respectively. Consequently, the proportionate shares of the transactions, assets and liabilities of Syndicate 2988 have been included in the Group's financial statements.
- Ki Member Limited, a subsidiary of the Group, provided 100% of the capital for Ki Syndicate 1618 and therefore all transactions, assets and liabilities of Ki Syndicate 1618 have been included in the Group's financial statements.

## 2 Accounting policies and basis of preparation (continued)

### 2.2 Basis of consolidation and equity accounting (continued)

If control of a subsidiary (including a structured entity) is lost during the reporting period, the assets and liabilities of that entity will be derecognised from the consolidated statement of financial position. The revenues and expenses of the entity will no longer be consolidated following the date that control is lost. The difference between the fair value of the consideration received, if any, from the transaction resulting in a loss of control and the fair value of the subsidiary's net assets will be recognised as a gain or loss in the income statement.

Associates are those entities over which the Group has the power to exercise significant influence but not control. As set out in Note 17, the Group disposed of its only investment in an associated undertaking on 8 March 2024. Prior to that disposal, the Group's investment in an associated undertaking was accounted for under the equity method of accounting, whereby associated undertakings are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less any impairment in value. The consolidated income statement reflects the Group's share of the post-acquisition results of operations of the associated undertaking up to the date of disposal, and the consolidated statement of comprehensive income reflects the Group's share of the comprehensive income of the associated undertaking up to the date of disposal. The financial statements of the associated undertaking disposed of by the Group are prepared up to 31 December each year.

### 2.3 Business combinations

The acquisition method of accounting is used for business combinations. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree, where relevant. Acquisition-related costs are expensed as incurred. Where goodwill or a bargain purchase arises, this is accounted for in accordance with the policy set out in Note 2.4.4(a).

When the Group acquires a business, it assesses the identifiable assets acquired and liabilities assumed, measured initially at their fair values at the acquisition date, for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. No reclassification of insurance contracts is required as part of the accounting for the business combination. Thus, insurance contracts are classified on the basis of the contractual terms and other factors at the inception of the contract or modification date.

The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its fair value at the acquisition date, and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration will be recognised at fair value at the acquisition date and, where relevant, remeasured at subsequent reporting dates. Contingent consideration that is classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability within or outside the scope of IFRS 9 is measured at fair value through profit or loss (FVTPL).

### 2.4 Other accounting policies

#### 2.4.1 Insurance and reinsurance contracts

The accounting policies outlined below relate to both insurance contracts issued, and reinsurance contracts held, unless stated otherwise. The Group issues both insurance and reinsurance contracts to policyholders, therefore all references to insurance contracts issued also apply to reinsurance contracts issued by the Group.

##### (a) Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts.

Insurance and reinsurance contracts that expose the Group to financial risk but do not transfer significant insurance risk are accounted for as financial instruments under IFRS 9. The Group does not have any insurance or reinsurance contracts that have been classified under IFRS 9.

Insurance contracts may be issued and reinsurance contracts may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' include contracts issued, initiated or acquired by the Group, unless otherwise stated.

## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.1 Insurance and reinsurance contracts (continued)****(b) Separating components from insurance and reinsurance contracts**

The Group assesses its insurance contracts to determine if they contain distinct components which must be accounted for under another IFRS other than IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the host. Currently, the Group's contracts issued and held do not include distinct components that require separation.

Some of the insurance contracts issued and reinsurance contracts held by the Group contain profit commission arrangements. These arrangements result in a minimum guaranteed amount being repaid to either the Group or the policyholder in all circumstances, either through the form of a claim, profit commission or both. The minimum guaranteed amounts meet the definition of a non-distinct investment component given they are highly interrelated with the insurance component of the reinsurance contracts. The non-distinct investment component is not accounted for separately but the value incurred each reporting period is excluded from insurance revenue and insurance service expenses for the insurance contracts issued by the Group, and net expenses from reinsurance contracts held for the reinsurance contracts held by the Group. No further investment components have been identified by the Group.

**(c) Level of aggregation**

Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by:

- Identifying portfolios of insurance contracts;
- Dividing a portfolio into a minimum of three groups (contracts that are onerous on initial recognition; contracts that on initial recognition have no significant possibility of becoming onerous subsequently; and those contracts remaining in the portfolio);
- Dividing each set of contracts into annual cohorts (i.e. by year of issue) to arrive at groups of contracts.

Portfolios comprise contracts subject to similar risks and managed together. Contracts within a portfolio that would fall into different groups, only because law or regulation specifically constrains the Group's practical ability to set a different price or level of benefits for policyholders with different characteristics, are included in the same group.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued. Applying the IFRS 17 grouping requirements, reinsurance contracts held within each portfolio and annual cohort are aggregated into the below groups:

- A group of contracts for which there is a net gain at initial recognition;
- A group of contracts for which, on initial recognition, have no significant possibility of a net gain arising subsequently; and
- Any remaining groups of contracts in the annual cohort.

**(d) Initial recognition**

The Group recognises insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts;
- The date when the first payment from a policyholder in the group becomes due; and
- For a group of onerous contracts, when the group becomes onerous.

Groups of reinsurance contracts held are initially recognised from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held; and
- The date the Group recognises an onerous group of underlying insurance contracts, if the Group entered into the related reinsurance contract held at or before that date.

Notwithstanding the above, the Group delays the recognition of a group of reinsurance contracts held that provide proportional coverage until the date that any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.1 Insurance and reinsurance contracts (continued)

##### (e) Modification and derecognition

The Group derecognises an insurance contract when:

- It is extinguished, i.e. when the obligation specified in the insurance contract expires, is discharged or is cancelled; or
- If the terms of the contract are modified and additional criteria discussed below are met.

When the terms of an insurance contract are modified by the Group, for example by agreement with the counterparties or by a change in regulation, the Group treats the modification as a derecognition if any of the following conditions are met:

- The modified contract would have been excluded from the scope of IFRS 17;
- The Group would have separated different components from the host contract;
- The modified terms would have had a substantially different contract boundary;
- The modified contract would have been included in a different group of contracts; or
- The original contract was accounted for under the premium allocation approach (PAA), but the modification means the contract no longer meets the PAA eligibility criteria.

If a contract modification meets none of the conditions, the Group treats the changes in cash flows caused by the modification as changes in estimates of the fulfilment cash flows.

##### (f) Contract boundary

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as follows.

##### *Insurance contracts*

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- a) the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- b) both of the following criteria are satisfied:
  - i. the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contains the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and
  - ii. the pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

##### *Reinsurance contracts*

Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- a) Has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- b) Has a substantive right to terminate the coverage.



## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.1 Insurance and reinsurance contracts (continued)****(g) Measurement – Contracts measured under the PAA**

The Group's policy is to apply the PAA to all groups of insurance contracts when eligible. The PAA may be applied to a group of insurance contracts if at inception of the group:

- a) The coverage period of each contract in the group is one year or less; or
- b) The Group reasonably expects that such simplification would produce a measurement of the liability for remaining coverage ('LRC') for the group that would not differ materially from the one that would be produced under the general measurement model ('GMM').

On initial recognition of each group of contracts measured under the PAA, the carrying amount of the LRC is measured as the premiums received on initial recognition minus any insurance acquisition cash flows allocated to the group at that date. The Group has chosen not to expense insurance acquisition cash flows when they are incurred.

Subsequently, the carrying amount of the LRC is increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses, and decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition. On initial recognition of each group of contracts, the Group expects that the time between providing each part of the service and the related premium due date is no more than a year. Accordingly, the Group has chosen not to adjust the LRC to reflect the time value of money and the effect of financial risk.

If at any time during the coverage period facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss in profit or loss and increases the LRC to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the LRC.

The Group recognises the liability for incurred claims ('LIC') of a group of insurance contracts at the amount of the fulfilment cash flows relating to incurred claims. The fulfilment cash flows comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk. The fulfilment cash flows are discounted at current rates and do not reflect the Group's own non-performance risk.

The estimates of future cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing, and uncertainty of those future cash flows. To do this, the Group estimates the expected value (i.e. the probability-weighted mean) of the full range of possible outcomes. The fulfilment cash flows use estimates that reflect conditions that exist at the measurement date.

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk.

The Group applies the same accounting policies to measure a group of reinsurance contracts held with the following modifications:

- The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the asset for remaining coverage ('ARC') and the asset for incurred claims ('AIC').
- The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer.
- The risk adjustment for non-financial risk is the amount of risk being transferred by the Group to the reinsurer.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.1 Insurance and reinsurance contracts (continued)

##### (h) Measurement – Contracts not measured under the PAA

For certain groups of contracts recognised in 2023 and 2024, the Group determined that the criteria to be eligible for measurement under the PAA had not been met. These groups are typically those with a longer claim tail and have greater exposure to future changes in discount rates impacting the subsequent measurement of the fulfilment cash flows under the GMM.

The Group measures a group of insurance contracts not eligible for the PAA as the total of the fulfilment cash flows and the contractual service margin ('CSM'). The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise in profit or loss as it provides services under those contracts.

On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date (to the extent they are not included in the fulfilment cash flows), and (c) any amount arising from the derecognition of assets for insurance acquisition cash flows related to the group is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. To the extent the contract is not profitable (also referred to as 'onerous'), there is no CSM to measure and a loss is recognised in the profit or loss immediately for the net cash outflow.

In the event of an onerous group of contracts a loss component will be established which determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses and excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the remaining LRC on a systematic basis.

Where a group of insurance contracts generates cash flows in a foreign currency, the Group treats the group of insurance contracts, including the CSM, as a monetary item. The CSM is denominated in a single currency before the translation to the functional currency. The CSM is set as the predominant currency within the group of insurance contracts.

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the LIC. The LRC comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The LIC includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not reported.

The fulfilment cash flows of the group of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in the fulfilment cash flows are recognised as follows:

- Changes relating to future service – adjusted against the CSM, unless the group is onerous, and measured applying the inception discount rates for the group. If the group becomes onerous, then the CSM will be reduced to zero and a loss component established, whereas if the group becomes profitable the loss component will be reversed through profit or loss and a CSM established.
- Changes relating to current or past services – recognised in the insurance service result in profit or loss.
- Effect of the time value of money, financial risk and changes therein on estimated future cash flows – recognised as insurance finance income or expenses.

The carrying amount of the CSM at each subsequent reporting date is the carrying amount at the start of the reporting period, adjusted for:

- The CSM of any new contracts that are added to the group in the period.
- Interest accreted on the carrying amount of the CSM during the period, measured at the discount rate at inception of the group.
- Changes in fulfilment cash flows that relate to future service, except to the extent that the group is or becomes onerous and a loss component is established.
- The effect of any currency exchange differences on the CSM.
- The amount recognised as insurance revenue reflecting the services provided in the year.

Changes in the fulfilment cash flows that relate to future service typically arise from subsequent changes to: (a) the ultimate premiums expected to be received for a group of contracts; and (b) the ultimate value of claims that are expected to be incurred, set as a ratio to the ultimate expected premiums.

## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.1 Insurance and reinsurance contracts (continued)****(h) Measurement – Contracts not measured under the PAA (continued)**

For the measurement of a group of reinsurance contracts held, the Group applies the same accounting policies as those applied to insurance contracts issued, with the following modifications:

- The CSM represents a net cost or net gain on purchasing reinsurance, meaning the CSM can be either positive or negative unlike for issued groups of contracts. However, if any net cost on purchasing reinsurance coverage relates to insured events that have occurred already, then the Group recognises the cost immediately in profit or loss as an expense.
- The CSM is adjusted and as a result income is recognised in profit or loss when the underlying group of insurance contracts recognises a loss component on initial recognition, if the reinsurance contract is entered into before or at the same time as the underlying contracts are recognised.
- A loss-recovery component is created or adjusted for the group of reinsurance contracts held to depict the adjustment to the CSM, which determines that amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.
- The same modifications described above in relation to contracts measured under the PAA.

**(i) Insurance receivables and payables**

The premiums and claims related to groups of insurance contracts will typically remain within the insurance contract liability or reinsurance contract asset until the point at which they are cash settled. However, there are exceptions to this rule whereby the Group will recognise a separate receivable or payable on the balance sheet. These include (a) where cash that has been received at the reporting date has yet to be allocated and it is not possible to reasonably determine whether the cash should be attributed to the LRC/ARC or the LIC/AIC; and (b) where the Group has extended a loss fund payment to a third party. Loss fund payments do not represent the settlement of a claim with the policyholder, therefore the Group does not account for these payments as a reduction to the fulfilment cash flows.

**(j) Retroactive reinsurance**

Brit holds reinsurance contracts that cover events that have already occurred but the financial effect of which is still uncertain. An example is loss portfolio transfer ('LPT') held by the Group that provides insurance coverage against an adverse development of claims that have already occurred. In such contracts, the insured event is the determination of the ultimate cost of the claim. This means that the ARC is released over the expected settlement period of the claims of the underlying insurance contract (since that is, in effect, the coverage period of the reinsurance contract).

For such contracts, a CSM is only established on initial recognition if the contract is in a net gain position. If there is a net cost position on inception, the loss is immediately recognised in profit or loss as an expense. On subsequent measurement, any CSM established at initial recognition is not adjusted for changes in fulfilment cash flows.

**(k) Presentation**

Income and expenses from reinsurance contracts held are presented separately from income and expenses from insurance contracts issued. Income and expenses from reinsurance contracts held, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

The Group does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk that relate to current or past services are included in the insurance service result.

The Group has chosen not to disaggregate amounts recognised in the statement of profit or loss and OCI.

Insurance revenue and insurance service expenses exclude any investment components and are recognised as follows.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.1 Insurance and reinsurance contracts (continued)

##### (l) Insurance revenue

###### *Contracts measured under the PAA*

When applying PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money, if applicable) allocated to the period. For most groups of contracts, the Group allocates expected premium receipts to each period of insurance contract services on the basis of the passage of time. However, for some groups of insurance contracts, the expected pattern of release of risk during the coverage period differs significantly from the passage of time; therefore, the expected premium receipts are allocated based on the expected timing of incurred insurance service expenses. Additionally, ceding commissions that are not contingent on claims are accounted for as a reduction to insurance revenue for reinsurance contracts issued by the Group.

###### *Contracts not measured under the PAA*

The Group recognises insurance revenue as it satisfies its performance obligations. For contracts not measured under the PAA, the insurance revenue relating to services provided during the reporting period represents the total of the changes in the LRC that relate to services for which the Group expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses incurred in the year, generally measured at the amounts expected at the beginning of the year.
- Other amounts if any, such as experience adjustments for premium receipts, other than those that relate to future service.

In addition, the Group allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way. The Group recognises the allocated amount, adjusted for interest accretion at the discount rates determined on initial recognition of the related group of contracts, as insurance revenue and an equal amount as insurance service expenses.

The amount of CSM recognised as insurance revenue in a reporting period is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the period (before any allocation) equally to each coverage unit provided in the period and expected to be provided in future periods, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the period. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are updated at each reporting date and the Group has opted not to discount them.

##### (m) Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred and exclude investment components. These expenses comprise the following items:

- Incurred claims and other insurance service expenses;
- Amortisation of insurance acquisition cash flows: For contracts not measured under the PAA, this is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows. For contracts measured under the PAA, the Group amortises insurance acquisition cash flows on a consistent basis to the earning of premiums in insurance revenue;
- Losses on onerous contracts and reversals of such losses;
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein; and
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.1 Insurance and reinsurance contracts (continued)****(n) Net income/(expenses) from reinsurance contracts**

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid, less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives service from a reinsurer. For contracts not measured under the PAA, the allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the ARC that relate to services for which the Group expects to pay consideration. For contracts measured under the PAA, the allocation of reinsurance premiums paid for each period is the amount of expected premium payments for receiving services in the period.

The recognition of, or any subsequent changes to, the loss-recovery component will also be reflected in the allocation of reinsurance premiums paid in the period.

**(o) Insurance and reinsurance finance income and expenses**

Insurance and reinsurance finance income or expenses comprises the changes in the carrying amount of the group of (re)insurance contracts arising from the effect of the time value of money and changes in the time value of money.

**2.4.2 Revenue recognition (other than insurance revenue)**

Revenue is measured by the Group based on the consideration to which it expects to be entitled through contracts with customers (net of refunds). Amounts collected on behalf of third parties are excluded from revenue. When control of a service is transferred to a customer, the related revenue is then recognised.

**(a) Management fee income**

The Group receives administration and broking fees from non-aligned syndicates, in accordance with management agreements that are agreed on an annual basis and specify the services to be provided. These services are in relation to 'effectively managing and operating' the syndicate and are therefore provided continuously throughout the year. As a result, these services are treated as a single performance obligation. The price is fixed with no variable element and is matched against the single performance obligation. Consequently, the passage of time is used to measure the amount of fees and commission to be recognised.

**(b) Underwriting agency fee income**

The Group also receives commissions for the placement or underwriting of policies on behalf of other insurers. Such commissions, which are measured as a portion of the policy premium, are recognised at the later of the policy inception date or when the policy placement has been completed.

Brit also receives fees in respect of the costs and expenses of establishing and administering Lloyd's consortia and conducting the underwriting on their behalf.

The services provided are classed as 'establishing and administering' the consortia and are provided continuously throughout the year. As a result, this is treated as a single performance obligation and measured in accordance with the measurement bases set out in the relevant consortia agreements.

**2.4.3 Financial instruments****(a) Investment return**

Investment income comprises realised and unrealised gains and losses on its financial assets held for investment purposes (investments) that have been measured at FVTPL, less investment management fees. Any interest and dividends are recognised as part of realised gains and losses, and the dividends are only recognised when the shareholders' right to receive the payment is established.

Realised gains and losses on investments are calculated as the difference between net sales proceeds and cost, and are recognised when the sale transaction occurs. Unrealised gains and losses on investments are calculated as the difference between the valuation at the date of the statement of financial position and the valuation at the last statement of financial position or purchase price, if acquired during the year. Unrealised investment gains and losses include adjustments in respect of unrealised gains and losses recorded in prior years, which have been realised during the year and are reported as realised gains and losses in the current year's income statement.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.3 Financial instruments (continued)

##### (b) Interest revenue calculated using the effective interest method

Interest revenue is calculated using the effective interest method, by applying the effective interest rate (EIR) to the gross carrying amount of financial assets recognised at amortised cost. Where there is objective evidence of impairment ('credit-impaired' assets), the EIR is applied to the net carrying amount of financial assets recognised at amortised cost.

##### (c) Financial assets and financial liabilities

###### (i) Summary of measurement categories

The Group classifies its financial assets and liabilities in the following categories under IFRS 9:

|                                                    | Classification | Rationale                                                                                             |
|----------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------|
| <b>Financial Assets</b>                            |                |                                                                                                       |
| Investments – equity securities                    | FVTPL          | Mandatory                                                                                             |
| Investments – debt securities                      | FVTPL          | Mandatory                                                                                             |
| Investments – mortgages and loans                  | FVTPL          | Mandatory                                                                                             |
| Investments – specialised investment funds         | FVTPL          | Mandatory                                                                                             |
| Trade and other receivables                        | Amortised cost | Cash flow characteristics (solely payments of principal and interest), hold to collect business model |
| Other assets (Fairfax shares purchased for awards) | FVTPL          | Mandatory                                                                                             |
| Derivative contracts                               | FVTPL          | Mandatory                                                                                             |
| Cash and cash equivalents                          | Amortised cost | Cash flow characteristics (solely payments of principal and interest), hold to collect business model |
| <b>Financial Liabilities</b>                       |                |                                                                                                       |
| Derivative contracts                               | FVTPL          | Mandatory                                                                                             |
| Borrowings                                         | Amortised cost | Mandatory                                                                                             |
| Other financial liabilities                        | FVTPL          | Designated                                                                                            |
| Trade and other payables                           | Amortised cost | Mandatory                                                                                             |

The accounting classification of any financial instrument issued or acquired by Brit is determined by assessing the fact pattern of the rights and obligations of both the issuer and acquirer and by applying the recognition criteria set out in the relevant accounting standard. In the case of issued financial instruments, this assessment includes the determination of whether an item is to be classified as either financial liability or equity.

Trade and other receivables refers to the 'insurance and other receivables' line item on the Group's statement of financial position along with any such items included within 'assets classified as held for sale', but excludes 'prepayments', and 'other assets'.

Other assets refer to the investment in Fairfax shares held by the Group in order to settle long-term incentive plan (LTIP) awards including any such items included within 'assets classified as held for sale'.

Other financial liabilities refer to financial liabilities in respect of third-party investments in consolidated structured entities and investment funds.

Trade and other payables refers to the 'insurance and other payables' line item on the Group's statement of financial position along with any such items included within 'liabilities directly associated with assets classified as held for sale', excluding 'deferred income', 'lease liabilities' and share-based payment liabilities recorded within 'other creditors'.

The Group does not apply hedge accounting.



## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.3 Financial instruments (continued)****(c) Financial assets and financial liabilities (continued)*****(ii) Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All 'regular way purchases and sales' of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace.

At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for financial assets measured at amortised cost.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Fair value of borrowings on initial recognition is normally determined by reference to the fair value of the proceeds received.

***(iii) Amortised cost and effective interest rate (EIR)***

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method for any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. the amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider the ECL and includes transaction costs, premiums or discounts and fees, and points paid or received that are integral to the EIR. When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate discounted using the original EIR. Any changes are recognised in the income statement.

The recognition of interest revenue is outlined in the Note 2.4.3(b).

***(iv) Classification and subsequent measurement of debt instrument assets***

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective.

The classification and subsequent measurement of debt instruments depend on:

- The Group's business model for managing the asset; and
- The cash flow characteristics of the asset (represented by solely payments of principal and interest (SPPI)).

Based on these factors, the Group classifies its debt instruments into one of the following three measurement categories:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent SPPI, and that are not designated at FVTPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any ECL allowance recognised. Interest revenue from these financial assets is included in 'interest revenue from financial assets not measured at FVTPL' using the EIR method.
- **FVOCI:** Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent SPPI, and that are not designated at FVTPL, are measured at FVOCI. The Group does not hold any financial assets that would meet these criteria.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss, other than those relating to foreign exchange movements, on a debt investment that is subsequently measured at FVTPL is recognised and presented in the consolidated statement of profit or loss within net gains on FVTPL investments in the period in which it arises. Foreign exchange gains or losses are recognised in 'net foreign exchange gains/(losses)' in the period in which they arise.

***(v) Business Model***

The business model reflects how the Group manages assets in order to generate cash flows. That is, it reflects whether the Group's objective is solely to collect the contractual cash flows from assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of the other business model and measured at FVTPL.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.3 Financial instruments (continued)

##### (c) Financial assets and financial liabilities (continued)

###### (v) Business Model (continued)

Factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

The Group's debt instruments held for investment purposes are mandatorily classified as FVTPL in accordance with the Group's business model for managing investments on a fair value basis. There is a documented investment strategy to manage investments on a fair value basis, as opposed to primarily collecting contractual cash flows or primarily selling assets, and this is consistent with investment risk being assessed on a portfolio basis. Information relating to investments is provided internally to the Group's Directors and key managers on a fair value basis.

###### (vi) SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent SPPI (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks, and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are SPPI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

The Group may also irrevocably designate financial assets at FVTPL, if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. The Group has not designated any such financial assets during the current period.

###### (vii) Classification and subsequent measurement of equity instrument assets

Equity instruments are instruments that meet the definition of equity from the issuer's perspective (i.e. instruments that do not contain a contractual obligation to pay, and that evidence a residual interest in the issuer's net assets). The Group subsequently measures all equity investments at FVTPL. Gains and losses on equity investments at FVTPL, other than those relating to foreign exchange, are included in the line 'investment return' in the income statement. Foreign exchange gains or losses are recognised in 'net foreign exchange gains/(losses)' in the period in which they arise.

The Group chooses not to apply the FVOCI option for equity instruments that are not held for trading.

###### (viii) Impairment of financial assets

The Group assesses, on a forward-looking basis, the ECL associated with its debt instrument assets carried at AC. The Group recognises a loss allowance for such losses at each reporting date. The measurement of the ECL reflects:

- An unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events (including historical losses), current conditions, and forecasts of future economic conditions.

The Group applies the simplified approach for impairment of trade and other receivables as well as any contract assets arising from contracts with customers and recognises the lifetime ECL at initial recognition of such financial assets. Where it becomes probable that a counterparty will enter bankruptcy, any such assets with that counterparty are deemed to be 'credit-impaired'.

Individual receivables are written off by the Group when there is no reasonable expectation of recovering the asset or a portion thereof. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.3 Financial instruments (continued)

##### (c) Financial assets and financial liabilities (continued)

###### *(ix) Derecognition of financial assets*

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership; or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

###### *(x) Classification and subsequent measurement of financial liabilities*

In both the current and prior period, financial liabilities are classified and subsequently measured at amortised cost, except for derivatives and other financial liabilities, which are measured at FVTPL.

Other financial liabilities are recognised in respect of third-party investments in consolidated structured entities and investment funds. The fair value of the investments by independent third parties is determined by reference to the net assets of those entities, which may also require reference to the underlying net assets of other vehicles or investment funds in which those entities have invested.

The Group has designated other financial liabilities as FVTPL to eliminate an accounting mismatch that would otherwise arise from recognising the gains or losses on these liabilities on a different basis. The insurance and investment assets and liabilities of consolidated structured entities and investment funds are measured at fair value and, in the absence of designation as FVTPL, the other financial liabilities would be measured at amortised cost (with changes in fair value not recognised). The Group has concluded that its financial statements would provide more relevant information if other financial liabilities were, therefore, measured as at FVTPL.

Accordingly, gains or losses in respect of changes in fair value of other financial liabilities are recognised through the income statement.

###### *(xi) Derecognition of financial liabilities*

A financial liability is derecognised when it is extinguished, which is when the obligation in the contract is discharged, cancelled or expired.

###### *(xii) Derivative contracts*

Derivative financial instruments include foreign exchange contracts, forward rate agreements, interest rate futures, currency and interest rate swaps, and other financial instruments that derive their value mainly from underlying interest rates, foreign exchange rates, credit indices, commodity values, or equity instruments.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into, and are subsequently remeasured at FVTPL. All derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

Derivative contracts may be traded on an exchange or over-the-counter (OTC). Exchange-traded derivatives are standardised and include certain futures and option contracts. OTC derivative contracts are individually negotiated between contracting parties and include forwards and swaps.

Derivatives are subject to various risks including market, liquidity and credit risk, similar to those related to the underlying financial instruments. Many OTC transactions are contracted and documented under International Swaps and Derivatives Association (ISDA) master agreements, or their equivalent, which are designed to provide legally enforceable set-off in the event of default, reducing the Group's exposure to credit risk. The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do not represent the fair value of these transactions.

###### *(xiii) Fair value measurements*

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (which are the principal markets or, in the absence of a principal market, the most advantageous markets that maximise the amount that would be received to sell the asset, or minimise the amount that would be paid to transfer the liability) are based on quoted market bid and ask price for both financial assets and financial liabilities respectively.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants which make the maximum use of observable inputs.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.3 Financial instruments (continued)

##### (c) Financial assets and financial liabilities (continued)

###### *(xiv) Offsetting of financial instruments*

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or to realise the assets and settle the liability simultaneously.

#### 2.4.4 Intangible assets

##### (a) Goodwill

Goodwill is initially measured at cost, being the excess of the fair value of the consideration transferred and the amount recognised for NCI and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

After initial recognition, goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired. For the purposes of impairment testing, goodwill acquired in a business combination is allocated to an appropriate cash generating unit (CGU) that is expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of, and the portion of the cash-generating unit retained.

##### (b) Syndicate participation rights

Lloyd's syndicate participation rights that have been acquired on acquisition of a subsidiary are initially recognised at fair value. They are considered to have an indefinite useful life as they will provide benefits over an indefinite future period and are therefore not subject to an annual amortisation charge. The continuing value of the underwriting capacity is reviewed for impairment annually by reference to the expected future profit streams to be earned from the respective syndicate, with any impairment in value being charged to the income statement.

##### (c) Trade names

Trade names that have been acquired on acquisition of a subsidiary are initially recognised at fair value. They are considered to have an indefinite useful life as they will provide benefits over an indefinite future period and are, therefore, not subject to an annual amortisation charge. The carrying value of the trade names is reviewed for impairment annually by reference to the expected future profit streams to be earned from the CGUs to which the trade names relate, with any impairment in value being charged to the income statement.

##### (d) Computer software

Acquired computer software licences are capitalised based on the costs incurred to acquire and bring into use the specific software. Internal development costs that are directly associated with the production of identifiable and unique software products, controlled by the Group, are also capitalised where the cost can be measured reliably, the Group intends to and has adequate resources to complete development, and the computer software will generate future economic benefits. All items of computer software are finite life assets and amortised on a straight-line basis over their expected useful lives, not exceeding a period of five years.

##### (e) Distribution channels

Distribution channels that have been acquired on acquisition of a subsidiary are initially recognised at fair value. They are deemed to be finite life assets and amortised on a straight-line basis over their expected useful economic lives, not exceeding a period of 15 years.

##### (f) Employee-related intangibles

A non-compete agreement in favour of the Group, signed upon acquisition of a subsidiary, and non-compete clauses in certain employee contracts acquired in business combinations, have been recognised at fair value. These are considered to be finite life assets and, as such, are amortised on a straight-line basis over their expected useful economic lives, not exceeding a period of three years.

## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.5 Property, plant and equipment**

Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment in value. Depreciation is calculated so as to write-off the cost over their estimated useful economic lives on a straight-line basis having regard to the residual value of each asset, as follows:

|                                                      |            |
|------------------------------------------------------|------------|
| Land                                                 | Indefinite |
| Buildings                                            | 30 years   |
| Office refurbishment                                 | 3-15 years |
| Computers, office machinery, furniture and equipment | 3-7 years  |

The assets' residual values and useful lives are reviewed at the date of each statement of financial position and adjusted if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on the disposal of property, plant and equipment are determined by comparing proceeds with the carrying amount of the asset and are included in the income statement. Costs for repairs and maintenance are expensed as incurred.

**2.4.6 Impairment**

Goodwill, syndicate participation rights and trade names are not subjected to amortisation but are tested annually for impairment as they are assets with an indefinite useful life. Other assets, except for assets arising from insurance contracts; deferred tax assets; assets arising from employee benefits; financial assets within scope of IFRS 9 'Financial Instruments'; and non-current assets (or disposal groups) classified as held for sale, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the carrying value of an asset is impaired, it is reduced to the recoverable amount by an immediate charge to the income statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is based on discounting cash flows at the Group's weighted average cost of capital which is loaded where significant uncertainties exist. Assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Cash flow forecasts have been performed to account for the impact of climate change.

Impairment reviews are made by comparing carrying value to recoverable amount.

**2.4.7 Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position include cash in hand, deposits held at call with banks, and other short-term, highly liquid investments with a maturity of three months or less at the date of acquisition.

**2.4.8 Income taxes**

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except where it relates to an item which is recognised in equity.

**(a) Current income tax**

Current income tax is the expected tax payable on the taxable profit for the period using tax rates (and laws) enacted, or substantively enacted, at the date of the statement of financial position and any adjustment to the tax payable in respect of previous periods. The Group calculates current income tax using current income tax rates.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.8 Income taxes (continued)

##### (b) Deferred income tax

Where relevant deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities, and their carrying amounts in the consolidated financial statements. If the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of the statement of financial position, and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax relating to items recognised in other comprehensive income is also recognised in other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

Deferred tax assets and liabilities are not discounted.

##### (c) Pillar Two Model Rules

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

#### 2.4.9 Employee benefits

The Group operates a number of defined contribution schemes. It also makes payments into a number of personal money purchase pension plans. Contributions in respect of these schemes are charged to the income statement in the period to which they relate.

The Group also operates two defined benefit pension schemes. The asset recognised in the statement of financial position in respect of a defined benefit scheme is the fair value of the scheme assets less the present value of the defined benefit obligation, which is determined by discounting the estimated future cash outflows. The discount rate is based on market yields at the reporting date of high-quality corporate bonds that have terms to maturity which approximate to those of the related pension liability. An asset is recognised only to the extent that it is considered available in the form of future refunds from the plan, in particular taking into consideration any minimum funding requirements that apply to the plan.

Actuarial gains and losses are recognised immediately through other comprehensive income.

The Group determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/asset.

Past service costs arising in the period are recognised as an expense at the earlier of the date when the plan amendment or curtailment occurs, and the date when the Group recognises related restructuring costs or termination benefits.

The Group recognises an accrual in respect of profit-sharing, bonus plans, and long service cash awards where a contractual obligation to employees exists or where there is a past practice that has created a constructive obligation.



## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.10 Share-based payments**

The fair value of equity instruments granted under share-based payment plans are recognised as an expense and spread over the vesting period of the instrument. The total amount to be expensed is determined by reference to the fair value of the awards made at the grant date.

At the date of each statement of financial position, the Group revises its estimate of the number of equity instruments that are expected to become exercisable and it recognises the impact of the revision of original estimates, if any, in the income statement. Where the awards have been granted by a parent company and are therefore treated as equity-settled, a corresponding adjustment is made to equity over the remaining vesting period.

Where the awards have been granted by the Company and are therefore treated as cash-settled, a liability is provided for settlement of the awards. The corresponding adjustment arising on a revision of the original estimate is made to that liability. In addition, the fair value of the award and ultimate expense are adjusted upon a change in the market share price of the underlying shares or at the valuation date. The liability is remeasured at each reporting date and on settlement, at which point it is derecognised from the statement of financial position.

**2.4.11 Provisions and contingencies**

Provisions are liabilities with uncertainties in the amount or timing of payments. Provisions are recognised if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made at the date of the statement of financial position.

A contingent liability is a possible obligation that arises from past events, or a present obligation that is not recognised as it is not probable that an outflow of resources will be required to settle the obligation, or the amount of obligation cannot be measured with sufficient reliability. A contingent liability is disclosed but not recognised.

**2.4.12 Leases**

The Group leases various offices under rental contracts that are typically from 1 to 15 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. Leased assets are recognised as right-of-use assets and corresponding liabilities are recorded at the date at which the leased assets are available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions. To determine this, the Group uses recent third-party financing received by the individual lessee (where available) and, if necessary, makes adjustments to reflect subsequent changes in financing conditions and other adjustments specific to the lease (for example, to reflect lease term, country of leased asset, contract currency, and security).

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

## 2 Accounting policies and basis of preparation (continued)

### 2.4 Other accounting policies (continued)

#### 2.4.12 Leases (continued)

Right-of-use assets are measured at cost comprising of the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption, then it classifies the sublease as an operating lease. The Group recognises assets held under a finance lease in its statement of financial position, and presents them as a receivable at an amount equal to the net investment in the lease. The lessor will derecognise the carrying amount of the underlying asset (i.e. right-of-use-asset) that relates to the sublease, and the difference between this and the net investment in lease is recognised in the income statement. Subsequently, finance income will be recognised over the lease term with a corresponding increase in the net investment in the lease. Any cash received by the Group is recorded as a reduction in the net investment in the lease.

#### 2.4.13 Foreign currency translation

Items included in the financial statements of the parent and subsidiaries are measured using the functional currency, which is the primary economic environment in which the entity operates. The Group presents its consolidated financial statements in US dollars, which is the functional currency of the parent.

Foreign currency transactions are recorded in the functional currency for each entity using the exchange rates prevailing at the dates of the transactions, or at the average rate for the period when this is a reasonable approximation.

Substantially all of the Group's operations have US dollars as their functional currency. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates. The resulting exchange differences on translation are recorded in the income statement. Non-monetary assets and liabilities that are measured at historical cost denominated in a foreign currency are not retranslated.

The functional currencies of some of the Company's subsidiaries differ from the consolidated Group US dollar presentation currency. As a result, the assets and liabilities of these subsidiaries, including any goodwill arising on consolidation, are translated on consolidation at the rates of exchange prevailing at the balance sheet date. Revenue and expenses are translated at the average rate of exchange for the period. The unrealised gain or loss resulting from this translation is recognised in other comprehensive income and transferred to a foreign currency translation reserve.

#### 2.4.14 Segmental reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

#### 2.4.15 Dividend and capital distributions

Dividend and capital distributions to the Company's shareholders are recognised in the Group's financial statements in the period in which they are declared and appropriately approved.

## notes to the consolidated financial statements

**2 Accounting policies and basis of preparation (continued)****2.4 Other accounting policies (continued)****2.4.16 Collateral**

The Group receives collateral from certain reinsurers and pledges collateral where required for regulatory purposes and other funding arrangements. Collateral received in the form of cash is recognised as an asset on the statement of financial position with a corresponding liability for the repayment. Non-cash collateral received is not recognised on the statement of financial position. Except where it is used for the purposes of the agreement to which it relates, collateral pledged is not derecognised from the statement of financial position unless it is cash or where the Group defaults on its obligations under the relevant agreement.

**2.4.17 Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of, or is classified as held for sale, and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

**3 Significant judgements and estimates****3.1 Introduction**

In preparing the Group's consolidated financial statements management makes various judgements and estimates that affect the reported amount of assets, liabilities, income and expenses. Such judgements and estimates are regularly re-evaluated and are based on a combination of historical experience and other factors, including exposure analysis, expectations of future experience and expert judgement.

**3.2 Significant judgements**

The judgements that management has made in applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined below.

### 3 Significant judgements and estimates (continued)

#### 3.2 Significant judgements (continued)

##### 3.2.1 Judgement involved in the measurement of insurance and reinsurance contracts

###### (a) Level of aggregation

The Group is required to aggregate insurance contracts into groups and portfolios for measurement purposes. The assessment of which risks are similar and how contracts are managed, as well as how each portfolio should then be subdivided into groups of insurance contracts, requires judgement to be exercised by management.

The Group manages insurance contracts issued with reference to its Direct Portfolios, such as Financial and Professional Liability and Programmes and Facilities, which are reported to senior management for each insurance carrier and are referred to in the strategic report. After being subdivided into property, casualty and speciality risks, the Group has determined that these Direct Portfolios meet the definition of 'similar risks and managed together'.

The Group has determined that these portfolios are subdivided into groups of insurance contracts for measurement purposes based on Year of Account and class of business. A class of business represents a specific risk that is underwritten within a Direct Portfolio, for instance insurance contracts covering cyber-related risks represent a class of business within the Financial and Professional Liability Direct Portfolio. Based on historical experience management has determined that all insurance contracts issued by the Group have the potential to turn onerous and therefore each portfolio is allocated to either a profitable or onerous group of insurance contracts.

The Group aggregates portfolios of reinsurance contracts held based on type of reinsurance and the insurance carrier ceding the risk, further subdivided by property, casualty and speciality risks.

###### (b) PAA eligibility

The Group applies the simplified measurement model to all insurance contracts when the eligibility criteria are met. For contracts with coverage periods greater than 12 months, management must assess if the simplification would produce a measurement of the liability/asset for remaining coverage (LRC/ARC) for the group of contracts that would not differ materially from the one that would be produced under the General Measurement Model.

The criterion is not met if, at the inception of the group of contracts, the Group expects significant variability in the fulfilment cash flows that would affect the measurement of the LRC during the period before a claim is incurred. In making this assessment, the Group must assess what scenarios may reasonably be expected that would create significant variability in the fulfilment cash flows. The Group exercises judgement in setting criteria to assess whether the quantum of variability in fulfilment cash flows is considered significant.

###### (c) Insurance revenue

When applying PAA, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money, if applicable) allocated to the period.

The Group allocates expected premium receipts to each period on the basis of the passage of time, unless the expected incidence of risk during the coverage period differs significantly from the passage of time, in which case the premium receipts are allocated based on the expected timing of incurred insurance service expense. Judgement is involved in determining if the release of risk during the coverage period differs significantly from the passage of time.

When applying the general measurement model (GMM), the Group applies judgement in the determination of the coverage units provided or received in the current period. For contracts which do not provide coverage against adverse development, coverage units are generally allocated linearly over the coverage period of each contract, as exposure typically remains constant throughout. For loss portfolio transfers, the insured event consists of all claims payments up to the final settlement payment. The coverage period will be the expected claims settlement period, and the expected quantity of benefits will be the level of claims reserve held. Coverage units will be based on both the quantum of reserve and length of time the reserve is held.

###### (d) Future cash flows

The projection of ultimate premiums, reinstatement premiums and claims are estimated using a range of standard actuarial techniques, such as Basic Chain Ladder, Bornhuetter-Ferguson and Initial Expected Loss Ratio.

The key assumption underpinning the Basic Chain Ladder and Bornhuetter-Ferguson projection methods is that the historical development of premiums and claims is representative of future development. Claims inflation is taken into account in the Initial Expected Loss Ratio selections, but is otherwise assumed to be in line with historical inflation trends, unless explicit adjustments for other drivers of inflation such as legislative developments are deemed appropriate.

The initial ultimate selections derived by the actuarial department, along with the underlying key assumptions and methodology, are discussed with class underwriters, divisional underwriting directors and the claims team. The actuarial department may apply judgement and adjust the initial ultimates following these discussions to reflect instances where past trends may not apply in future.

Following this exercise, the ultimate premiums and claims are then reviewed and approved by the Reserving Committee.

## notes to the consolidated financial statements

**3 Significant judgements and estimates (continued)****3.2 Significant judgements (continued)****3.2.2 Judgement involved in the measurement of insurance and reinsurance contracts (continued)****(e) Discount rates**

The Group is required to apply discount rates to the expected future cash flows in measuring the insurance contract liabilities and reinsurance contract assets. Management has exercised its judgement in determining that the 'bottom-up' estimation technique should be used in calculating these discount rates.

**(f) Risk adjustment**

IFRS 17 does not specify the method that an entity should apply in determining the risk adjustment for non-financial risk. Management has exercised its judgement in determining that the 'Value-at-Risk' approach should be used in calculating the risk adjustment.

**3.2.2 Judgement in the measurement of leases**

The accounting for leases under IFRS 16 requires an incremental borrowing rate to use as the discount rate for the leases. The Group took advantage of the practical expedient in IFRS 16 to apply a single discount rate to its entire portfolio of leases, with the rate calculated as the weighted average of discount rates applied in each jurisdiction in which the Group has leases. The property leases do not explicitly or implicitly state interest rates, therefore unsecured borrowing rates for individual leases have been estimated by using the borrowing rate for the Group in the jurisdictions that the leases are held.

Extension and termination options are included in a number of leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Most of the extension and termination options held are exercisable only by the Group, and not by the respective lessor. Management have exercised judgement in determining whether there is a significant expectation that these options would be exercised.

**3.3 Significant estimates**

The sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year have been outlined below.

**3.3.1 Significant estimates in the measurement of insurance and reinsurance contracts****(a) Future cash flows**

There are several sources of uncertainty that need to be considered in the estimate of the future cash flows. Significant areas requiring estimation include:

- Estimates of expected cash flows in the measurement of the Group's obligations to pay for future insured events, and insurance contract services plus any investment components. This includes the estimation of premium written during the reporting period, especially with regards to delegated arrangements where financial information is provided to the Group on a periodic basis and assumptions are required to estimate the amounts written at the reporting date. Premiums, including reinstatement premiums, are estimated net of commissions. The expected commissions are estimated based on historical average acquisition expenses applied to the estimated premiums.
- Estimates of expected cash flows to settle obligations to pay for insured events that have occurred, and insurance contract services already provided plus any investment components. This includes loss events that have occurred, but not been reported, events not in data ('ENIDs') and other incurred expenses. Uncertainty in the estimation of these cash flows primarily arises from the frequency and severity of claims, the estimated cash settlement patterns and uncertainties regarding future inflation rates. Where a class of business may not lend itself to statistical estimation techniques due to low data volumes, a policy-by-policy review will typically be performed to supplement statistical estimates. Lastly, in the event of a catastrophe, estimates of future cash flows are determined using a combination of outputs from modelling software and a detailed review of contracts exposed to the event in question.
- The corresponding estimate of the amount of outwards reinsurance contracts based on assumptions of the estimated on the underlying inwards insurance contract, plus the effect of any risk of non-performance by the reinsurer where material.

Sensitivities to a change in claims ratio against the carrying value of the insurance contract liabilities are included in Note 4.1.3.

### 3 Significant judgements and estimates (continued)

#### 3.3 Significant estimates (continued)

##### 3.3.1 Significant estimates in the measurement of insurance and reinsurance contracts (continued)

###### (b) Discount rates

Estimation is involved in determining discount rates that reflect the time value of money, and the financial risks associated with the cash flows of the insurance contract.

The risk-free rate component of the discount rate is calculated using standard Smith-Wilson Extrapolation including all liquid points available for government bonds. Estimation of the illiquidity premium component of the discount rate requires significant judgement. The illiquidity premium is the difference between the risk-free rates and the current yields for a representative investment grade corporate bond portfolio, denominated in relevant currencies and adjusted to remove expected credit losses and credit risk premium.

The discount rates applied by currency in the current and prior period are as follows:

|     | Year ended 31 December 2024 |              |               |               | Year ended 31 December 2023 |              |               |               |
|-----|-----------------------------|--------------|---------------|---------------|-----------------------------|--------------|---------------|---------------|
|     | 1 Year<br>%                 | 5 Years<br>% | 10 Years<br>% | 15 Years<br>% | 1 Year<br>%                 | 5 Years<br>% | 10 Years<br>% | 15 Years<br>% |
| USD | 4.64                        | 4.83         | 5.17          | 5.37          | 5.00                        | 4.57         | 4.70          | 4.81          |
| GBP | 4.74                        | 4.68         | 5.14          | 5.51          | 4.95                        | 3.93         | 4.26          | 4.60          |
| EUR | 2.38                        | 2.50         | 2.91          | 3.23          | 3.38                        | 2.64         | 2.86          | 3.08          |
| CAD | 3.36                        | 3.82         | 4.43          | 4.60          | 5.28                        | 4.51         | 4.37          | 4.41          |

Sensitivities to a change in discount rates against the carrying value of the insurance contract liabilities are included in Note 4.3.2.

###### (c) Risk adjustment

Risk adjustment for non-financial risk is determined to reflect the compensation that an insurer would require for bearing non-financial risk. The Group has estimated the risk adjustment via a confidence level approach. This has been based on a review of distributions estimated using the Bootstrap method. The Bootstrap distributions are estimated gross and net of reinsurance contracts, with reinsurance contracts calculated as the difference between the two.

The chosen confidence level of the risk adjustment is set and reviewed annually. At 31 December 2024, the risk adjustment is set at a net confidence level of 78% (2023: 77%) over the lifetime of the contracts.

Sensitivities to a change in confidence level against the carrying value of the insurance contract liabilities are included in Note 4.1.3.

##### 3.3.2 Intangible assets

Intangible assets with indefinite useful lives are tested for impairment on an annual basis in accordance with IAS 36 'Impairment of Assets'. This impairment review is performed at the level of cash-generating units (CGUs), with the carrying value of each CGU (including its intangible assets) compared to its value in use.

The estimate of the value in use of each CGU is significant to the Group's statement of financial position. This estimate is based on forecasts of future profits that are approved by management, with discounting at the Group's weighted average cost of capital.

The intangible assets of the Group with an indefinite useful life consist of goodwill, syndicate participation rights, and trade names. The carrying amount at the date of the statement of financial position was as follows: goodwill: \$13.0m (2023: \$13.4m); trade names: \$0.7m (2023: \$0.7m); and syndicate participation rights: \$70.8m (2023: \$70.8m).

For further information on impairment testing and sensitivity of key assumptions in respect of intangible assets, refer to Note 20.

##### 3.3.3 Defined benefit pension plans

The Group has two funded defined benefit pension schemes. The obligations arising from these schemes are determined using actuarial valuations, which involves making assumptions that may differ from actual developments in the future. These include the determination of the discount rate, inflation, mortality rates, and future pension increases. Due to the complexities involved in their valuation and their long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group's defined benefit obligations are supported by scheme assets, with the net of the scheme obligations and scheme assets presented within net pension assets in the statement of financial position.

In recent years the Group's defined benefit pension schemes have both executed 'buy-ins' whereby each pension scheme purchased a bulk annuity insurance policy which matches the benefits due to members. The assets arising from these insurance policies are held within the scheme assets and therefore form part of net pension assets in the statement of financial position.



## notes to the consolidated financial statements

**3 Significant judgements and estimates (continued)****3.3 Significant estimates (continued)****3.3.3 Defined benefit pension plans (continued)**

As a result of these buy-ins the Group does not expect significant volatility in the carrying amount of net pension assets.

The carrying amount of net pension assets at the date of the statement of financial position was \$35.0m (2023: \$37.1m). For further information, refer to Note 24.

**3.3.4 Recoverability of deferred tax assets**

The consolidated statement of financial position includes total deferred tax assets of \$138.0m (2023: \$132.4m), split between:

- Deferred tax assets of \$3.6m (2023: \$nil) presented within deferred tax assets;
- Deferred tax assets of \$134.4m (2023: \$132.4m) presented within deferred tax liabilities (pursuant to IAS 12 offset provisions).

The recognition of these deferred tax assets is dependent on the expectation that there will be sufficient future taxable profits against which the deferred tax assets can be recovered. This estimate of future taxable profits is significant to the Group's statement of financial position.

The Group's estimate of future taxable profits for the purpose of assessing the recoverability of deferred tax assets is based on Lloyd's approved syndicate plans and forecast profits for the Brit Group UK entities which are available for group relief.

Based on the estimate of future taxable profits and the scenario modelling management concluded that \$138.0m (2023: \$132.4m) of deferred tax assets are recoverable, including \$113.9m (2023: \$101.7m) in respect of carried forward losses which can be carried forward indefinitely and have no expiry date.

A potential deferred tax asset of \$30.9m (2023: \$20.6m) has not been recognised as it is not yet possible to measure the asset reliably.

For further information, refer to Note 22.

**3.3.5 Fair values of financial investments**

The Group's financial investments are carried in the consolidated statement of financial position at fair value. Determining the fair value of certain financial investments requires estimation, particularly where the valuation is based on models or inputs that are unobservable in the market. Such financial investments are classified as level three within the fair value hierarchy.

For the Group the most significant estimates are made around valuing investments in limited partnerships and specialised investment funds. Determining the fair value of these financial investments requires adjustments in respect of illiquidity that are unobservable.

For further information, refer to Note 25.

**4 Risk management policies**

This Note provides details of key risks that the Group is exposed to and explains the Group's strategies and the role of management in mitigating these risks.

**4.1 Insurance risk**

Insurance risk arises from the possibility of an adverse financial result due to actual experience being different from that expected when an insurance product was designed and priced. The actual performance of insurance contracts is subject to the inherent uncertainty in the occurrence, timing and amount of the final insurance liabilities. This is the principal risk the Group is exposed to as the Group's primary function is to underwrite insurance contracts. The risk arises due to the possibility of insurance contracts being under-priced, under-reserved or subject to unforeseen catastrophe claims.

The areas of insurance risk discussed below include underwriting (including aggregate exposure management), reinsurance and reserving.

## 4 Risk management policies (continued)

### 4.1 Insurance risk (continued)

#### 4.1.1 Underwriting risk

##### (a) Introduction

Underwriting risk is the risk that insurance premiums will not be sufficient to cover the future losses and associated expenses. It arises from the fluctuations in the frequency and severity of financial losses incurred through the underwriting process by the Group as a result of unpredictable events.

The Group is also exposed to the risks resulting from its underwriters accepting risks for premiums which are insufficient to cover the ultimate claims which result from such policies. The underwriting and economic environment and the associated impact on premium rates, including trends due to the underwriting cycle and inflation, are factored into the Group's pricing models and risk management tools, and is continually monitored to assess whether any corrective action is required. Additional controls over the underwriting strategy are described in the section below.

The Group primarily writes its business through Lloyd's and therefore can take advantage of Lloyd's centralised infrastructure and service support. Lloyd's also has an established global distribution framework, with extensive licensing agreements providing the Group access to over 200 territories. Primarily using the Lloyd's platform to underwrite, subjects the Group to a number of underwriting risks. The Group relies on the efficient functioning of the Lloyd's market. If for any reason Brit Syndicates Limited (BSL) was restricted or otherwise unable to write insurance through the Lloyd's market, there would be a potentially material adverse effect on the Group's business. In particular, any damage to the brand or reputation of Lloyd's, increase in tax levies imposed on Lloyd's participants or deterioration in Lloyd's asset base when compared with its liabilities may have a material adverse effect on the Group's ability to write new business.

Brit also benefits from the ability to write business based on the Lloyd's financial rating, which allows the Group to write more business as part of the Lloyd's platform. A downgrade in Lloyd's financial strength ratings may have an adverse effect on the Group.

The Group also writes business through Brit Reinsurance (Bermuda) Limited (Brit Re).

##### (b) Controls over underwriting strategy

The Board sets the Group's underwriting strategy for accepting and managing underwriting risk. The Group, Brit Re and syndicates' Underwriting Committees meet regularly to drive the underwriting strategy and to monitor performance against the plans. The assessment of underwriting performance is all-encompassing applying underwriting key performance indicators (KPIs), technical pricing management information (MI), premium monitoring, delegated underwriting operations and claims. The risks are managed by the committees in line with the underwriting risk policy and within the risk tolerance set by the underwriting entity Boards and risk appetites set by the committee. The underwriting risk policy also sets out a number of controls, which are summarised below.

The Group carries out a detailed annual business planning process for each of its underwriting units. The resulting plans set out premium, territorial and aggregate limits and reinsurance protection thresholds for all classes of business and represent a key tool in managing concentration risk. Performance against the plans is monitored on a regular basis by the Underwriting Committees as well as by the Boards of the regulated entities. A dedicated Risk Aggregation Team also performs catastrophe modelling and Realistic Disaster Scenario (RDS) analysis on a regular basis to ensure that the Group's net losses remain within its risk appetite.

The Group has developed underwriting guidelines, limits of authority and business plans which are binding upon all staff authorised to underwrite. These are detailed and specific to underwriters and classes of business. Gross and net line size limits are in place for each class of business with additional restrictions in place on catastrophe exposed business.

A proportion of the Group's insurance risks are written by third parties under delegated underwriting authorities, with the remaining being written through individual risk acceptances or through reinsurance treaties. The third parties are closely vetted in advance and are subject to tight reporting requirements. In addition, the performance of these contracts is closely monitored by underwriters and/or portfolio managers, and regular audits are carried out.

The technical pricing framework ensures that the pricing process in the Group is appropriate. It ensures pricing methodologies are demonstrable and transparent and that technical (or benchmark) prices are assessed for each risk. The underwriting and actuarial functions work together to maintain the pricing models and assess the difference between technical price and actual price. The framework also ensures that sufficient data is recorded and checked by underwriters to enable the Group to maintain an effective rate monitoring process.

Compliance is checked through both a peer review process and, periodically, by the Group's internal audit department which is entirely independent of the underwriting units. In order to limit risk, the number of reinstatements per policy is limited, deductibles are imposed, policy exclusions are applied and whenever allowed by statute, maximum indemnity limits are put in place per insured event.

## notes to the consolidated financial statements

**4 Risk management policies (continued)****4.1 Insurance risk (continued)****4.1.1 Underwriting risk (continued)****(c) Underwriting risk profile**

The core insurance portfolio of property, cyber, marine, energy and casualty covers a variety of largely uncorrelated events and also provides some protection against the underwriting cycle as different classes are at different points in the underwriting cycle. The underwriting portfolio is managed to target top quartile underwriting performance and the mix of business is continually adjusted based on the current environment (including the current pricing strength of each class). This assessment is conducted as part of the business planning and strategy process which operates annually and uses inputs from the technical pricing framework. The business plan is approved by the entity level Boards and is monitored monthly.

The Group underwrites a well-diversified portfolio across multiple regions and classes. While underlying risk and the policyholder may be situated anywhere in the world, 80.3% of the insurance revenue for the Group in 2024 relates to either the United States or United Kingdom (2023: 82.4%).

**(d) Geographical concentration of insurance revenue**

The Group enters into policies with policyholders from all over the world, with the underlying risk relating to premiums spread worldwide. This allows the Group to benefit from a wide geographic diversification of risk. The four principal locations of the Group's policyholders are the United States, UK, Europe and Canada. The geographical concentration of insurance revenue is disclosed in Note 5(b).

**(e) Portfolio mix**

The Group underwrites business in a wide variety of classes. The breakdown of insurance revenue before reinsurance by principal lines of business is summarised below:

|                                    | 2024<br>Insurance revenue |              | 2023 (restated*)<br>Insurance revenue |              |
|------------------------------------|---------------------------|--------------|---------------------------------------|--------------|
|                                    | \$m                       | %            | \$m                                   | %            |
| Financial and Professional         | 680.6                     | 19.6         | 695.5                                 | 19.8         |
| Programmes and Facilities          | 660.8                     | 19.1         | 831.1                                 | 23.6         |
| Property                           | 852.3                     | 24.6         | 745.7                                 | 21.2         |
| Specialty                          | 594.9                     | 17.2         | 536.3                                 | 15.3         |
| Casualty Treaty                    | 343.8                     | 9.9          | 440.4                                 | 12.5         |
| Property Treaty                    | 308.3                     | 8.9          | 254.7                                 | 7.2          |
| Classes in run-off and Other lines | 24.8                      | 0.7          | 13.4                                  | 0.4          |
|                                    | <b>3,465.5</b>            | <b>100.0</b> | <b>3,517.1</b>                        | <b>100.0</b> |

\* 2023 amounts have been restated to re-allocate amounts previously included within Ambridge lines of business. This is consistent with how management currently views the Group's lines of business.

The Group underwrites a mix of both insurance and reinsurance, long and short-tail business across a number of geographic areas which results in diversification within the Group's portfolio. The business mix is monitored on an ongoing basis.

The risk profile of Brit's underwriting portfolio is set out in more detail in the sections below.

## 4 Risk management policies (continued)

### 4.1 Insurance risk (continued)

#### 4.1.1 Underwriting risk (continued)

##### (e) Portfolio mix (continued)

##### (i) Core Underwriting and Ki

##### (1) Financial and Professional (FinPro)

|                                         |                                                                                                                                              |
|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors and Officers (D&amp;O)</b> | Coverage provided to both directors and officers and companies for personal liability or securities-related lawsuits.                        |
| <b>Financial Institutions (FI)</b>      | Coverage of financial institutions for risks including internal and external fraud, and liability to customers, shareholders and regulators. |
| <b>Transactional</b>                    | Transactional Insurance, including Representations and Warranties, and Warranties and Indemnities.                                           |
| <b>Cyber Privacy and Technology</b>     | Coverage of first- and third-party risks relating to network security, privacy and data protection risks.                                    |
| <b>Healthcare</b>                       | Coverage of hospitals, allied health and long-term care liability, predominantly in the US.                                                  |
| <b>US Professional Indemnity</b>        | Coverage for professional negligence, errors and omissions, provided on both an open market and a binding authority basis.                   |

Financial and professional lines are typically long-tailed, meaning that on average the claims are not settled for several years after the expiry of the policy, which increases exposure to claims inflation. Other key risks relate to increasing claim frequency due to global recessions or systemic malpractice, as well as an increasing prevalence of cyber security risk. This portfolio is also exposed to the risk of latent claims arising from risks that were not envisaged at the time of writing the policy.

##### (2) Programmes and Facilities

|                             |                                                                                                                                                                                                                                                                               |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accident and Health</b>  | Coverage for personal accident and medical expenses, kidnap and ransom, and contingency.                                                                                                                                                                                      |
| <b>Long Tail Facilities</b> | Coverage of legal expenses for individuals, companies and affinity groups worldwide, and of professional negligence, errors and omissions for small and medium-sized enterprises in the US and Canada.                                                                        |
| <b>Property Facilities</b>  | Coverage of commercial and residential properties and for financial institutions, loan servicers and property investors, including lender-placed hazard and flood protection as well as commercial automobile physical damage and motor truck cargo across the US and Canada. |

The Programmes and Facilities portfolio consists of business written on a delegated authority basis. Property Facilities is exposed to catastrophe claims, particularly US windstorms, earthquakes, floods and terrorist events, and to an increased frequency of fire and weather-related events.

Accident and Health offers diversification due to low correlation with other business lines. Personal accident has the potential to suffer from large losses due to a high concentration of multiple deaths from a catastrophe or large claims from highly valued insured individuals. Medical expense claims are subject to high inflationary costs and may experience a high claim frequency. Contingency classes have exposure to multiple claims from a single event.

The key risks relating to Long Tail Facilities lie with increasing claim frequency due to global recessionary events or systemic malpractice.

## notes to the consolidated financial statements

**4 Risk management policies (continued)****4.1 Insurance risk (continued)****4.1.1 Underwriting risk (continued)****(e) Portfolio mix (continued)***(i) Core Underwriting and Ki (continued)**(3) Property*

|                                           |                                                                                                                                                                         |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Political Risk and Trade Credit*</b>   | Covers non-payment/performance of counterparties and confiscation, expropriation, nationalisation, deprivation, sequestration or forced abandonment of overseas assets. |
| <b>Political Violence</b>                 | Covers physical damage and business interruption losses due to perils including terrorism, riots, war, chemical, biological and/or radiological attacks.                |
| <b>Open Market and Worldwide Property</b> | Coverage of commercial property in the US and internationally.                                                                                                          |
| <b>UK Property</b>                        | UK property package covers for individuals and small or medium-sized enterprises.                                                                                       |
| <b>Private Client* and Specie</b>         | Coverage of fine art, specie and private client risks.                                                                                                                  |

\* Class of business not underwritten by Ki in 2023 or 2024

Brit provides property cover on a worldwide basis, with the largest exposures in the US. The open market, UK and worldwide property lines are exposed to catastrophe claims, particularly windstorms, earthquakes, floods and terrorist events, and to an increased frequency of fire and weather-related events. The Political Risk and Political Violence classes are exposed to individual large losses arising from terrorist attacks or state action.

*(4) Specialty*

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Marine</b>               | Coverage for cargo, hull, marine war and marine liability.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Energy</b>               | Coverage for upstream and midstream operations, including renewables.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Specialist Liability</b> | <p>Coverage for UK and international liability business including Employers, Public, Products and Environmental Liability across a range of territories.</p> <p>North American portfolio, covering a range of classes including general liability, umbrella, professional liability, personal accident, auto liability, environmental liability, medical malpractice and workers compensation. Target client focus is broad and includes but is not limited to captives, Risk Retention Groups, regional, super-regional and nationwide carriers.</p> |

The Specialty portfolio includes a diverse range of business lines. However, the portfolio is exposed to large losses on individual risks, for example due to the loss of marine vessels or offshore oil platforms. The Employers' Liability (EL) and Public Liability (PL) portfolios are exposed to large losses resulting from bodily injury claims, and the risk of latent claims arising from risks that were not envisaged at the time of writing the policy.

## 4 Risk management policies (continued)

### 4.1 Insurance risk (continued)

#### 4.1.1 Underwriting risk (continued)

##### (e) Portfolio mix (continued)

##### (i) Core Underwriting and Ki (continued)

##### (5) Casualty Treaty

|                 |                                                                                                                                                                                                                                                                                                                                                      |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Casualty Treaty | Casualty and Accident Treaty reinsurance. Worldwide portfolio, writing predominantly non-proportional reinsurance (including retrocession) covering all the principal casualty classes as well as Personal Accident and other accident classes. These include Property Terror, Products Recall, Credit/Bond/Surety, Political Risks and Contingency. |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

The Casualty Treaty business is exposed to man-made catastrophe claims such as terrorism, increased claim activity in the event of an economic downturn and the potential for latent claims which were not foreseen at the time the policies were underwritten. This division contains the longest tailed liabilities the Group holds, i.e. there can be a significant delay between the loss event and final settlement of a claim. This delay can result in the final settlement being subject to significant claims inflation.

##### (6) Property Treaty

|                  |                                                                               |
|------------------|-------------------------------------------------------------------------------|
| Property Treaty* | Catastrophe excess of loss, risk excess of loss reinsurance and retrocession. |
|------------------|-------------------------------------------------------------------------------|

\* Class of business not underwritten by Ki in 2023 or 2024

The key exposures for Property Treaty are US windstorms and Californian earthquakes. Property Treaty also has exposures to Japanese earthquakes and European windstorms.

##### (ii) Aggregate exposure management

The Group closely monitors aggregations of exposure to natural catastrophe events against agreed risk appetites using stochastic catastrophe modelling tools, along with knowledge of the business, historical loss information, and geographical accumulations. Climate change impacts natural catastrophe events and Brit's approach to climate change is discussed in section 4.7.1. Analysis and monitoring also measures the effectiveness of the Group's reinsurance programmes.

Aggregations of exposure to man-made catastrophes are monitored using inhouse scenario analysis and Lloyd's RDS's.

The Group's catastrophe risk tolerance is reviewed and set by the Boards on an annual basis. The last review of catastrophe risk tolerances was in March 2024.

For major natural catastrophe events, the Group has tolerances for gross and net Worldwide All Perils at the 1-in-250-year return period expressed as a percentage of the Brit Limited Group Shareholder Equity. More granular tolerances at lower return periods and by region are set for Brit's syndicates and Brit Re. Board tolerances are also set for major man-made catastrophe events.



## notes to the consolidated financial statements

## 4 Risk management policies (continued)

## 4.1 Insurance risk (continued)

## 4.1.1 Underwriting risk (continued)

## (e) Portfolio mix (continued)

## (ii) Aggregate exposure management (continued)

Stress and scenario tests are also run, such as Lloyd's and internally developed RDS's. Below are the key RDS losses to the Group for all classes combined (unaudited):

|                          | Estimated<br>Industry loss<br>\$m | Gross<br>\$m | Modelled<br>Group loss at<br>1 October 2024<br>Net<br>\$m | Gross<br>\$m | Modelled<br>Group loss at<br>1 October 2023<br>Net<br>\$m |
|--------------------------|-----------------------------------|--------------|-----------------------------------------------------------|--------------|-----------------------------------------------------------|
| Gulf of Mexico windstorm | 111,000                           | 964          | 530                                                       | 979          | 429                                                       |
| Florida Miami windstorm  | 131,000                           | 533          | 273                                                       | 609          | 240                                                       |
| US North East windstorm  | 81,000                            | 930          | 341                                                       | 944          | 311                                                       |
| San Francisco earthquake | 80,000                            | 1,511        | 774                                                       | 1,499        | 586                                                       |
| Japan earthquake         | 55,886                            | 296          | 196                                                       | 299          | 198                                                       |
| Japan windstorm          | 11,876                            | 88           | 55                                                        | 100          | 64                                                        |
| European windstorm       | 26,800                            | 111          | 75                                                        | 132          | 91                                                        |

Actual results may differ materially from the losses stated above given the significant uncertainties within model assumptions, techniques and simulations applied to calculate these event loss estimates. There could also be non-modelled losses which result in actual losses exceeding these figures. Moreover, the portfolio of insured risks changes dynamically over time.

## 4.1.2 Reinsurance

The Group purchases reinsurance to manage its exposure to individual risks and aggregation of risks arising from individual large claims and catastrophe events. This allows the Group to mitigate exposure to insurance losses, reduce volatility of reported results and protect capital.

Proportional quota share reinsurance is purchased to provide protection against claims arising either from individual large claims or aggregation of losses. Quota share reinsurance is also used to manage the Group's net exposure to classes of business where the Group's risk appetite is lower than the efficient operating scale of the class of business on a gross of reinsurance basis. These placements are reviewed on the basis of market conditions.

The Group also has in place a comprehensive programme of excess of loss reinsurances to protect itself from severe size or frequency of losses:

- Facultative reinsurance is used to reduce risk relating to individual contracts. The amount of cover bought varies by class of business. Facultative reinsurance is also used as a tool to manage the net line size on individual risks to within tolerance.
- Risk excess of loss reinsurance is used to protect a range of individual inwards contracts which could give rise to individual large claims. The optimal net retention per risk is assessed for each class of business given the Group's risk appetite during the business planning exercise.
- Aggregate catastrophe excess of loss covers are in place to protect against combined property claims from multiple policies resulting from catastrophe events. This is supplemented by specific covers for peril regions, catastrophe swaps, catastrophe bonds and industry loss warranties where they are a cost-efficient means to ensure that the Group remains within its catastrophe risk appetite.

In December 2020 Brit issued a catastrophe bond which provides \$300m of reinsurance protection to Syndicate 2987. The bond has a four-year term and covers losses from US named windstorms and US earthquakes. The bond was issued in the UK via a protected cell of Sussex Capital Limited that is not consolidated by the Group, and which has entered into a reinsurance contract with Syndicate 2987. The catastrophe bond expired on 31 December 2024 and was not renewed.

Given the fundamental importance of reinsurance protection to the Group's risk management, the Group has in place internal controls and processes to ensure that the reinsurance arrangements provide appropriate protection of capital and maintain our ability to meet policyholder obligations. The Syndicate and Brit Re Underwriting Committees oversee the purchase of reinsurance.

## 4 Risk management policies (continued)

### 4.1 Insurance risk (continued)

#### 4.1.2 Reinsurance (continued)

The Group remains exposed to a number of risks relating to its reinsurance programme:

- It is possible for extremely severe losses to exhaust the reinsurance purchased. Any losses exceeding the reinsurance protection would be borne by the Group.
- Some parts of the programme have limited reinstatements which limit the amount that may be recovered from second or subsequent claims. If the entirety of the cover is exhausted, it may not be possible to purchase additional reinsurance at a reasonable price.
- A dispute may arise with a reinsurer which may mean the recoveries received are lower than anticipated.
- Basis risk on reinsurance which responds to something other than Brit's Ultimate Net Loss.

These risks are managed through a combination of techniques and controls including risk aggregation management, capital modelling and internal actuarial review of outward reinsurance costs. The counterparty risk in relation to reinsurance purchased is managed by the Credit Committee. This is further discussed in the Credit risk section below.

#### 4.1.3 Reserving risk

Reserving risk relates to the risk that the actual cost of losses for policyholder obligations incurred is different from the amounts provided for within the liability for incurred claims, net of reinsurance, due to inaccurate assumptions or unforeseen circumstances. This is a key risk for the Group as the net liability for incurred claims is the largest component of the Group's liabilities and the actual final cost of losses incurred is inherently uncertain. The BSL Reserving Committee is responsible for the management of Brit Syndicates 2987 and 2988's reserving risk, and the Brit Re Reserving Committee performs a similar function for Brit Re. Until 1 January 2025, the BSL Reserving Committee was also responsible for the management of Ki Syndicate 1618's reserving risk. From this date, responsibility was transferred to the Ki Reserving Committee, which forms part of the governance structure under Ki's new third party managing agency agreement.

The Group has a rigorous process for measuring incurred claims and a number of controls are used to mitigate reserving risk. The process starts with controls over claims data which ensure complete and accurate recording of all paid and notified claims. Claims adjusters validate policy terms and conditions, adjust claims and investigate suspicious or disputed claims in accordance with the Group's claims policy.

The liability for incurred claims includes a 'best estimate' as at the balance sheet date, which includes estimates for both reported and incurred but not reported (IBNR) losses. For reported losses case reserves are set using the experience of specialist claims adjusters, underwriters and external experts where necessary. For IBNR losses, estimates are calculated using further actuarial techniques to capture potential liabilities arising from claims not yet reported or where further liabilities could arise beyond information available to date. This is particularly the case for the longest tailed classes of business where the final settlement can occur several years after the claim occurred. Actuarial triangulation techniques are employed by the Group's experienced actuaries to establish the IBNR reserve. These techniques project IBNR reserves based on historical development of paid and incurred claims by underwriting year.

For the most uncertain claims, the triangulation techniques are supplemented by additional methods to ensure the established insurance contract liabilities are appropriate. The Actuarial function works closely with other business functions such as underwriting, claims and risk aggregation management to ensure that they have a full understanding of the emerging claims experience across the Group. Further details on the actuarial methods used can be found in Note 23. Inflation and other relevant economic factors are considered as part of the process.

The Group's Reserving Policy sets out the approach to estimating incurred claims and is designed to produce accurate and reliable estimates that are consistent over time and across classes of business. The Actuarial best estimate set out in the policy is subject to BSL and Brit Re Reserving Committee sign-off as part of the formal governance arrangements for the Group. The estimate agreed by the committees is used as a basis for the 'best estimate' component of the liability for incurred claims. A risk adjustment is also applied over and above the best estimate to allow for the inherent uncertainty within the best estimate reserve. Finally, the insurance contract liabilities are presented to the respective Audit Committees for recommendation to the relevant Boards.

The liabilities can be more or less than what will ultimately be required to meet the claims arising from earned business. The level of uncertainty varies significantly between the classes written by the Group but typically is highest for those classes where there are significant delays in the settlement of the final claim amount. More specifically, the key areas of uncertainty are considered to be claims from the long-tailed direct and long-tailed reinsurance classes. The issues contributing to this heightened uncertainty are common to all entities which write such business. Further details on the insurance contract liabilities, including changes over time and claims development tables, can be found in Note 23.

## notes to the consolidated financial statements

**4 Risk management policies (continued)****4.1 Insurance risk (continued)****4.1.3 Reserving risk (continued)**

The table below provides a sensitivity analysis of the potential impact of a change in the claims ratio and of a change in the confidence level used for determining the risk adjustment on the Group's profit or loss before tax. The sensitivity was calculated by adjusting the risk adjustment 2.5 percentage points above/below the current confidence level. Other potential risks beyond the ones described could have additional financial impacts on the Group.

|                                                                                     | Impact of change on profit before tax |                    |                      |                    |
|-------------------------------------------------------------------------------------|---------------------------------------|--------------------|----------------------|--------------------|
|                                                                                     | Gross<br>2024<br>\$m                  | Net<br>2024<br>\$m | Gross<br>2023<br>\$m | Net<br>2023<br>\$m |
| Change in claims ratio <sup>1</sup> (1% increase)                                   | (18.0)                                | (13.2)             | (18.6)               | (13.4)             |
| Change in claims ratio <sup>1</sup> (1% decrease)                                   | 18.0                                  | 13.2               | 18.6                 | 13.4               |
| Change in confidence level used for determining the risk adjustment (2.5% increase) | 65.2                                  | 48.6               | 55.7                 | 40.4               |
| Change in confidence level used for determining the risk adjustment (2.5% decrease) | (45.6)                                | (34.0)             | (30.9)               | (22.4)             |

<sup>1</sup> The calculations of the combined ratio and other ratios are set out in 'key performance indicators and alternative performance measures' on pages 190 to 194.

The analysis is based on the information at the reporting date. It involves a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

Subject to taxation, the impact on shareholders' equity would be the same as that on profit following a change in the net claims and risk adjustment confidence level.

**4.2 Investment risk management****4.2.1 Introduction**

This section describes the Group's approach to managing investment risk, from both a quantitative and a qualitative perspective. Investment risk includes market risk (which is covered in section 4.3), investment credit risk (which is covered in section 4.4) and liquidity risk (which is covered in section 4.5).

**4.2.2 Investment governance framework**

Investment risk is managed in line with the elements of the Risk Management Framework (RMF) – identification, measurement and management. The Brit Limited Board has overall responsibility for determining the investment strategy, with the BSL and Brit Re boards exercising control over the syndicates' and Brit Re's investment portfolios, including defining risk tolerances. This is achieved through investment policies and guidelines, which reflect the risk appetite and the business strategy of the Group and individual entities within the Group.

The BSL Investment Committee and the Brit Re Operations Committee have been mandated to review, advise and make recommendations to the respective Boards on investment strategy with a view to optimising investment performance. The investment strategy is executed through outsourced investment management agreements, which is in line with prevailing regulations, with Hamblin Watsa Investment Counsel Limited (HWIC) and a range of other third-party investment managers.

The entity level Risk Oversight Committees ensure that the investment risk is managed within the framework and also report to the relevant Boards. An Investment and Treasury Operations Committee oversees the operational risk that is relevant to the investment management function.

Information is provided at least quarterly covering portfolio composition, performance, forecasting and the results of stress and scenario tests. Any operational issues and breaches to the risk appetite framework are reported to the entity level Risk Oversight Committee and the Board.

## 4 Risk management policies (continued)

### 4.2 Investment risk management (continued)

#### 4.2.3 Risk tolerance

Investment risk tolerances are set by the entity Boards, defining the appetite to investments, solvency risk, concentration risk, credit quality, currency risk and liquidity risk. The appetite to these elements of investment risk is derived from the overall risk appetite and business strategy and reflects a number of factors, including the current and expected economic climate, capital management strategy, liquidity needs and asset liability matching (ALM) policy. The investment risk tolerance helps determine the strategic asset allocation.

Risk metrics are monitored and reported on regularly, to ensure that performance is within the Board-approved levels and limits continue to remain appropriate, within the governance framework highlighted above.

#### 4.2.4 Solvency matching

Assets are considered by both currency and duration profile in relation to the liabilities thereby managing the impact of foreign exchange and interest rate risk on the solvency position.

Under this strategy, the total assets of each underwriting entity within the Group are sought to be held in proportion to the currencies of that entity's technical provisions. For each Group underwriting entity, a solvency matched benchmark is calculated. This benchmark is the cash flow profile for investments which would minimise the sensitivity of the Group's solvency position to changes in interest and exchange rates. The Group seeks to implement this through the use of cash, investments and foreign exchange forward contracts in the respective currencies. The investment guidelines for each entity stipulate duration limits and the positioning and sensitivity for both the asset and solvency position is reported quarterly.

Given increased interest rates, the Group has increased its portfolio duration since YE22. The asset portfolio duration is longer than the insurance contract liability duration, albeit within the relevant Board tolerances. As a result a parallel increase in interest rates would lead to a reduction in asset values greater than the reduction in discounted insurance contract liabilities. The sensitivity to interest rate changes is shown on page 112.

#### 4.2.5 Investment management

The investment management strategy is delivered, at the entity level, through outsourced Investment Management Agreements (IMAs) with HWIC and a range of other third-party investment managers. The IMAs prescribe the investment parameters within which investment managers are permitted to make asset allocation decisions on behalf of the respective entities. Each of the Group's investing entities is governed by separate investment policies; these detail the parameters, roles and responsibilities relating to the management of each entity's investment portfolio.

### 4.3 Market risk

#### 4.3.1 Introduction

Market risk is the risk that the fulfilment cash flows of insurance and reinsurance contracts and the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Credit risk on financial investments and cash is covered in the credit risk section.

#### 4.3.2 Interest rate risk

##### Introduction

Interest rate risk in the context of Market risk is the risk that the value of the Group's assets and liabilities and/or future cash flows are adversely impacted by changes in market interest rates. The Group is exposed to interest rate risk, primarily in the US, through its investment portfolio, borrowings, cash and cash equivalents, insurance contract liabilities and reinsurance contract assets. This risk is managed by reducing the mismatch between asset and liability duration positions as discussed above. The sensitivity of financial investments to interest rate risk is indicated by their respective durations. This is defined as the modified duration, which is the change in the price of the security subject to a 100 basis points parallel shift in interest rates. The greater the duration of a security, the greater the possible price volatility.

The duration of the investment portfolio is set within an allowable range relative to the targeted duration and monitored on a quarterly basis.

Included within Note 4.5 are tables that set out the remaining maturity profile of the Group's monetary assets and liabilities, including financial investments and insurance contract liabilities. These maturity profiles provide an indication of the duration of these assets and liabilities and therefore their sensitivity to changes in market interest rates.

## notes to the consolidated financial statements

**4 Risk management policies (continued)****4.3 Market risk (continued)****4.3.2 Interest rate risk (continued)****Sensitivity to changes in investment yields**

The sensitivity of profit to the changes in investment yields is set out in the table below. The analysis is based on information at the reporting date. It involves a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

This analysis demonstrates that the impact of changes in investments yields on financial investments and insurance and reinsurance contract balances is expected to be offset to an extent.

|                             | Financial<br>investments<br>2024<br>\$m | Insurance<br>and reinsurance<br>contracts<br>2024<br>\$m | Financial<br>investments<br>2023<br>\$m | Insurance<br>and reinsurance<br>contracts<br>2023<br>\$m |
|-----------------------------|-----------------------------------------|----------------------------------------------------------|-----------------------------------------|----------------------------------------------------------|
| Impact on profit before tax |                                         |                                                          |                                         |                                                          |
| <b>Increase</b>             |                                         |                                                          |                                         |                                                          |
| 50 basis points             | (102.4)                                 | 66.4                                                     | (90.9)                                  | 62.5                                                     |
| 100 basis points            | (204.9)                                 | 132.8                                                    | (181.8)                                 | 125.0                                                    |
| <b>Decrease</b>             |                                         |                                                          |                                         |                                                          |
| 50 basis points             | 102.4                                   | (66.4)                                                   | 90.9                                    | (62.5)                                                   |
| 100 basis points            | 204.9                                   | (132.8)                                                  | 181.8                                   | (125.0)                                                  |

Analysis of larger movements in yield is not shown above as the relationship between profit and investment yields is linear in respect of Brit's portfolio. Subject to taxation, the effect on shareholders' equity would be the same as the effect on profit.

## 4 Risk management policies (continued)

### 4.3 Market risk (continued)

#### 4.3.3 Currency risk

##### Introduction

Currency risk is the risk that movements in exchange rates impact the financial performance or solvency position of the Group.

The investment policy includes requirements to ensure that assets are appropriately matched to the liabilities for each of the main currencies. The Group's main currencies are US dollar (USD); Sterling (GBP); Canadian dollar (CAD); Euro (EUR); and Australian dollar (AUD). Group capital is held in proportion to the liabilities, to minimise the impact on solvency and distributable earnings from movements in exchange rates. The split of assets and liabilities for each of the Group's main currencies, converted to US dollars, is set out in the tables below:

|                                                                            | USD \$m   | GBP £ Conv. \$m | CAD \$ Conv. \$m | EUR € Conv. \$m | AUD \$ Conv. \$m | Total Conv. \$m |
|----------------------------------------------------------------------------|-----------|-----------------|------------------|-----------------|------------------|-----------------|
| <b>At 31 December 2024</b>                                                 |           |                 |                  |                 |                  |                 |
| Financial instruments <sup>1</sup>                                         | 6,511.0   | 295.8           | 277.0            | 263.6           | 138.6            | 7,486.0         |
| Insurance and reinsurance contracts <sup>2</sup>                           | (3,681.6) | (364.9)         | (182.3)          | (197.7)         | (37.1)           | (4,463.6)       |
| Other assets and liabilities                                               | (114.7)   | (140.8)         | 416.7            | (74.1)          | (66.1)           | 21.0            |
| Net assets/(liabilities) before the effect of foreign exchange derivatives | 2,714.7   | (209.9)         | 511.4            | (8.2)           | 35.4             | 3,043.4         |
| Adjustment for foreign exchange derivatives                                | 332.1     | 151.3           | (516.5)          | (33.0)          | 66.1             | -               |
| Net assets/(liabilities) after the effect of foreign exchange derivatives  | 3,046.8   | (58.6)          | (5.1)            | (41.2)          | 101.5            | 3,043.4         |
| <b>At 31 December 2023</b>                                                 |           |                 |                  |                 |                  |                 |
| Financial instruments <sup>1</sup>                                         | 5,952.1   | 230.3           | 307.9            | 260.1           | 125.7            | 6,876.1         |
| Insurance and reinsurance contracts <sup>2</sup>                           | (3,202.9) | (325.2)         | (180.6)          | (172.4)         | (45.8)           | (3,926.9)       |
| Other assets and liabilities                                               | (106.6)   | (74.5)          | 433.8            | (77.0)          | (41.4)           | 134.3           |
| Net assets/(liabilities) before the effect of foreign exchange derivatives | 2,642.6   | (169.4)         | 561.1            | 10.7            | 38.5             | 3,083.5         |
| Adjustment for foreign exchange derivatives                                | 292.8     | 159.3           | (491.6)          | (2.1)           | 41.6             | -               |
| Net assets/(liabilities) after the effect of foreign exchange derivatives  | 2,935.4   | (10.1)          | 69.5             | 8.6             | 80.1             | 3,083.5         |

1. The Group's financial instruments are defined in Note 2.4.3(c) and reconciled to the financial statements in Note 25.

2. The Group's 'insurance and reinsurance contracts' refers to the following items presented on the Group's statement of financial position: reinsurance contract assets; and insurance contract liabilities.

The non-US dollar denominated net assets of the Group may lead to profits or losses (depending on the mix relative to the liabilities), should the US dollar vary relative to these currencies.

Foreign currency forward contracts may be used to achieve the desired exposure to each currency. From time to time the Group may also choose to utilise foreign currency derivatives to manage the risk of reported losses due to changes in foreign exchange rates. The details of all foreign currency derivative contracts entered into are given in Note 26.

The degree to which derivatives are used is dependent on the prevailing costs versus the perceived benefit to shareholder value from reducing the chance of a reported loss due to changes in foreign exchange rates.



## notes to the consolidated financial statements

## 4 Risk management policies (continued)

### 4.3 Market risk (continued)

#### 4.3.3 Currency risk (continued)

In accordance with IFRS, non-monetary items are recorded at original transaction rates and are not revalued at the reporting date. This means these amounts in the statement of financial position are carried at a different exchange rate to the remaining assets and liabilities, with the resulting exchange differences that are created being recognised in the income statement. The Group considers this to be a timing issue which can cause volatility in the income statement.

#### Sensitivity to changes in foreign exchange rates

The table below gives an indication of the impact on profit of a percentage movement in the relative strength of the US dollar against the value of GBP, CAD, EUR, and AUD individually, after taking into consideration the effect of hedged positions and items recorded as non-monetary assets and liabilities under IFRS. The analysis is based on the information as at 31 December 2024. It involves the change in an assumption (i.e. single currency fluctuation) while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated.

| Impact on profit before tax | Financial<br>instruments<br>2024<br>\$m | Insurance and<br>reinsurance<br>contracts<br>2024<br>\$m | Financial<br>instruments<br>2023<br>\$m | Insurance and<br>reinsurance<br>contracts<br>2023<br>\$m |
|-----------------------------|-----------------------------------------|----------------------------------------------------------|-----------------------------------------|----------------------------------------------------------|
| <b>USD weakens</b>          |                                         |                                                          |                                         |                                                          |
| 10% against GBP             | 29.6                                    | (36.5)                                                   | 23.1                                    | (32.5)                                                   |
| 10% against CAD             | 27.7                                    | (18.2)                                                   | 30.8                                    | (18.1)                                                   |
| 10% against EUR             | 26.4                                    | (19.8)                                                   | 26.0                                    | (17.2)                                                   |
| 10% against AUD             | 13.9                                    | (3.7)                                                    | 12.6                                    | (4.6)                                                    |
| <b>USD strengthens</b>      |                                         |                                                          |                                         |                                                          |
| 10% against GBP             | (29.6)                                  | 36.5                                                     | (23.1)                                  | 32.5                                                     |
| 10% against CAD             | (27.7)                                  | 18.2                                                     | (30.8)                                  | 18.1                                                     |
| 10% against EUR             | (26.4)                                  | 19.8                                                     | (26.0)                                  | 17.2                                                     |
| 10% against AUD             | (13.9)                                  | 3.7                                                      | (12.6)                                  | 4.6                                                      |

Subject to taxation, the effect on shareholders' equity would be the same as the effect on profit.

#### 4.3.4 Other price risk

##### Introduction

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Financial assets and derivatives that are recognised at their fair value are susceptible to losses due to adverse changes in their prices. This is known as price risk.

Listed investments are recognised in the financial statements at quoted bid price. If the market for the investment is not considered to be active, then the Group establishes fair valuation techniques. This includes using recent arm's-length transactions, consideration of the current fair value of other similar investments, discounted cash flow models and other valuation techniques that are commonly used by market participants.

## 4 Risk management policies (continued)

### 4.3 Market risk (continued)

#### 4.3.4 Other price risk (continued)

Brit has a limit on the proportion of its assets it can invest in risk assets which includes equities and derivatives. This combined with active monitoring of exposure by geography and industry helps manage downside risk.

The prices of fixed and floating rate income securities are predominantly impacted by currency, interest rate and credit risks. Credit risk on investments is discussed in the following section of this Note.

#### Sensitivity to changes in other price risk

The sensitivity of the profit to the changes in the prices of equity is set out in the table below. The analysis is based on the information as at 31 December of each year presented. It involves the change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. No changes were made by the Group in the methods and assumptions used in preparing the below analysis.

| Impact on profit before tax   | 2024<br>\$m | 2023<br>\$m |
|-------------------------------|-------------|-------------|
| <b>Increase in fair value</b> |             |             |
| 10%                           | 123.6       | 98.9        |
| 20%                           | 247.2       | 197.8       |
| 30%                           | 370.7       | 296.7       |
| <b>Decrease in fair value</b> |             |             |
| 10%                           | (123.6)     | (98.9)      |
| 20%                           | (247.2)     | (197.8)     |
| 30%                           | (370.7)     | (296.7)     |

Subject to taxation, the effect on shareholders' equity would be the same as the effect on profit.

### 4.4 Credit risk

This is the risk that one party causes a financial loss for the other party by failing to discharge an obligation in a timely manner. The main sources of credit risk relate to:

- Reinsurers: through the failure to pay valid claims against a reinsurance contract held by the Group;
- Brokers and coverholders: where counterparties fail to pass on premiums or claims collected or paid on behalf of the Group;
- Investments: through the issuer default of all or part of the value of a financial instrument or the market value of that instrument; and
- Cash and cash equivalents: through the default of the banks holding the cash and cash equivalents.

The insurance and non-insurance related counterparty credit risks are managed separately by the Group.

#### 4.4.1 Non-insurance credit risk

##### Investment credit risk management process

The Group Board has overall responsibility for investment credit risk. The investment guidelines and investment policy set out clear limits and controls around the level of investment credit risk. This includes a tolerance on matching of asset and liabilities by currency, concentration guidelines that restrict the exposure to any individual counterparty and monitoring of exposure by industry and geography. The investment guidelines further limit the type, credit quality and maturity profile of both the Group's cash and investments. In addition, the investment risk framework further limits potential exposure to credit risk through aggregate investment risk limits.

During 2024, the BSL Investment Committee was chaired by Andie Welsch, a non-Executive Director of the BSL Board. This committee is responsible for the immediate oversight of the Group's UK investments and the Brit Re Board is responsible for the immediate oversight of the Group's Bermuda investments. Ultimately, both are responsible to the Brit Limited Board.

## notes to the consolidated financial statements

## 4 Risk management policies (continued)

## 4.4 Credit risk (continued)

## 4.4.1 Non-insurance credit risk (continued)

## Non-insurance credit risk profile

The summary of the non-insurance credit risk exposures for the Group's assets is set out in the tables below.

|                                          | AAA<br>\$m | AA<br>\$m | A<br>\$m | P-1<br>\$m | P-2<br>\$m | BBB and<br>below<br>\$m | Equities<br>\$m | Not rated<br>\$m | Total<br>\$m |
|------------------------------------------|------------|-----------|----------|------------|------------|-------------------------|-----------------|------------------|--------------|
| <b>At 31 December 2024</b>               |            |           |          |            |            |                         |                 |                  |              |
| Financial investments                    | 3,244.5    | 112.3     | 1,148.7  | –          | –          | 504.0                   | 620.3           | 831.0            | 6,460.8      |
| Derivative contracts                     | –          | –         | –        | –          | –          | –                       | –               | 15.6             | 15.6         |
| Trade and other receivables <sup>1</sup> | –          | –         | –        | –          | –          | –                       | –               | 143.6            | 143.6        |
| Other assets <sup>1</sup>                | –          | –         | –        | –          | –          | –                       | 153.8           | –                | 153.8        |
| Cash and cash equivalents                | 424.5      | 43.5      | 73.4     | 164.0      | 1.9        | 43.1                    | –               | –                | 750.4        |
|                                          | 3,669.0    | 155.8     | 1,222.1  | 164.0      | 1.9        | 547.1                   | 774.1           | 990.2            | 7,524.2      |
| <b>At 31 December 2023</b>               |            |           |          |            |            |                         |                 |                  |              |
| Financial investments                    | 3,237.8    | 85.1      | 808.5    | –          | –          | 575.2                   | 509.2           | 659.6            | 5,875.4      |
| Derivative contracts                     | –          | –         | –        | –          | –          | –                       | –               | 20.2             | 20.2         |
| Trade and other receivables <sup>1</sup> | –          | –         | –        | –          | –          | –                       | –               | 173.1            | 173.1        |
| Other assets <sup>1</sup>                | –          | –         | –        | –          | –          | –                       | 118.7           | –                | 118.7        |
| Cash and cash equivalents <sup>2</sup>   | 383.5      | 282.3     | 103.2    | 57.1       | –          | 27.7                    | –               | –                | 853.8        |
|                                          | 3,621.3    | 367.4     | 911.7    | 57.1       | –          | 602.9                   | 627.9           | 852.9            | 7,041.2      |

1. 'Trade and other receivables' and 'Other assets' are defined in Note 2.4.3. To ensure the table presents non-insurance credit risk, debtors arising out of direct insurance operations and debtors arising out of reinsurance operations have been excluded, and are instead presented as part of insurance credit risk (Note 4.4.2). All 'Trade and other receivables' balances are presented before any allowance for credit losses.

2. 'Cash and cash equivalents' at 31 December 2023 also includes those cash and cash equivalents reclassified as 'held for sale'.

The table above gives an indication of the level of credit worthiness of assets that are most exposed to credit risk. The ratings are mainly sourced from Standard & Poor's and where these are not available an equivalent rating agency.

## 4.4.2 Insurance credit risk

## Insurance credit risk management process

Insurance credit risk arises primarily from reinsurers (whereby reinsurers fail to pay recoveries due to the Group in a timely manner), direct policyholders (where policy holders fail to pay premium in a timely manner) and brokers and coverholders (whereby intermediaries fail to pass on premiums due to the Group in a timely manner).

The Credit Committee is responsible for the management of credit risk arising from insurance activities.

Reinsurer credit risk is managed by transacting only with reinsurance counterparties that satisfy a minimum level of financial strength or provide appropriate levels of collateral and have been approved for use by the Credit Committee. The reinsurer security list, which sets out the list of approved reinsurance counterparties, is reviewed at least annually and following any significant change in risk profile, which includes any changes to reinsurers' financial ratings. Credit risk appetite limits are set for reinsurance entities and groups to limit accumulations of risk. These positions are monitored quarterly against current balance sheet exposures and in relation to a number of extreme loss scenarios.

Reinsurance aged debt is monitored and managed against the management risk appetite limits set by the Credit Committee. In instances where there is deemed to be a specific risk of non-payment, this is allowed for within reinsurance contract assets. In respect of balances relating to insurance or reinsurance operations, which are outside the scope of IFRS 17, a loss allowance provision may be made.

Any breaches of credit risk tolerance and/or appetite are reported to the Risk Oversight Committee and the Board at least quarterly. Credit risk associated with insurance contracts issued is not considered a material risk to the Group as it has the right to terminate contracts should the policyholder default on its premium payment obligations.

## 4 Risk management policies (continued)

### 4.4 Credit risk (continued)

#### 4.4.2 Insurance credit risk (continued)

##### Insurance credit risk profile

The reinsurance contract assets presented on the Group's statement of financial position include the asset for incurred claims (AIC) and the asset for remaining coverage (ARC).

A summary of the credit quality of the AIC, is set out in the tables below:

|                            | AAA<br>\$m | AA<br>\$m | A<br>\$m | B<br>\$m | Collateral<br>\$m | Not rated<br>\$m | Total<br>\$m |
|----------------------------|------------|-----------|----------|----------|-------------------|------------------|--------------|
| <b>At 31 December 2024</b> |            |           |          |          |                   |                  |              |
| Asset for incurred claims  | 5.8        | 992.9     | 555.5    | 3.0      | 175.9             | 19.6             | 1,752.7      |
| <b>At 31 December 2023</b> |            |           |          |          |                   |                  |              |
| Asset for incurred claims  | 5.6        | 952.8     | 533.2    | 2.8      | 168.8             | 18.9             | 1,682.1      |

As at 31 December 2024, collateral of \$175.9m (2023: \$168.8m) had been drawn against reinsurance assets.

As at 31 December 2024, the maximum exposure to credit risk from insurance contracts is \$1,790.2m (2023: \$1,964.1m) which relates to premiums and other insurance receivables, and the maximum exposure to credit risk from reinsurance contracts is \$2,054.2m (2023: \$2,055.3m), which relates to reinsurance recoveries from claims outstanding.

As at 31 December 2024 the gross carrying amount of debtors arising from direct insurance operations and reinsurance operations, which are not credit-rated, is \$436.7m (2023: \$623.6m). These amounts are presented within 'Insurance and other receivables' in the consolidated statement of financial position and included within 'Trade and other receivables' in the Notes to the financial statements – refer to Note 2.4.3 for a definition of 'Trade and other receivables'.

The following table shows movements during the year in the loss allowance against debtors arising from direct insurance operations and reinsurance operations:

|                                         | Loss allowance against insurance<br>and reinsurance debtors<br>\$m |
|-----------------------------------------|--------------------------------------------------------------------|
| <b>2024</b>                             |                                                                    |
| Opening provision at 1 January          | 7.9                                                                |
| Release for the year                    | 0.3                                                                |
| Net foreign exchange differences        | (0.3)                                                              |
| <b>Closing provision at 31 December</b> | <b>7.9</b>                                                         |
| <b>2023</b>                             |                                                                    |
| Opening provision at 1 January          | 8.5                                                                |
| Release for the year                    | (0.3)                                                              |
| Net foreign exchange differences        | (0.3)                                                              |
| <b>Closing provision at 31 December</b> | <b>7.9</b>                                                         |

The following table shows the amount of debtors arising from direct insurance operations and reinsurance operations that is past due but not impaired at the end of the year:

|                              | 2024<br>\$m | 2023<br>\$m |
|------------------------------|-------------|-------------|
| 0-3 months past due          | 1.1         | (0.5)       |
| 4-6 months past due          | 1.3         | 32.9        |
| 7-9 months past due          | 0.7         | 32.2        |
| 10-12 months past due        | 0.3         | 0.2         |
| More than 12 months past due | 4.7         | 7.5         |
|                              | <b>8.1</b>  | <b>72.3</b> |

## notes to the consolidated financial statements

## 4 Risk management policies (continued)

### 4.5 Liquidity risk

Liquidity risk is the risk that the Group may not have cash available to pay obligations when due. The predominant liquidity risk the Group faces is the daily calls on its available cash resources in respect of claims arising from insurance contracts.

The Group monitors the levels of cash and cash equivalents on a daily basis, ensuring adequate liquidity to meet the expected cash flow requirements due over the short-term.

The Group also limits the amount of investment in illiquid securities in line with the liquidity policy set by the Boards. This involves ensuring sufficient liquidity to withstand an internally developed stressed scenario which includes a severe catastrophe event (with associated payment and funding requirements) and financial market volatility. Contingent liquidity also exists in the form of a Group revolving credit facility. The investment portfolio invests in a diversified portfolio of securities. Concentration is managed via concentration risk limits, and is monitored on an ongoing basis to ensure sufficient diversification.

The tables below present, for the Group's monetary assets and liabilities, the remaining maturity profile at the reporting date based on contractual terms or expected payment dates. The amounts presented are fair values or approximations of fair values except as follows:

- For insurance contract liabilities, the amounts presented are estimates of the present value of the future cash flows as included in the liability for remaining coverage of groups of insurance contracts accounted for under the general measurement model and in the liability for incurred claims of all groups of insurance contracts.
- For borrowings and lease liabilities, the amounts shown are undiscounted future cash flows.

| 31 December 2024                         | <1 year<br>\$m | 1-2 years<br>\$m | 2-3 years<br>\$m | 3-4 years<br>\$m | 4-5 years<br>\$m | More than<br>5 years<br>\$m | Equities<br>\$m | Total<br>\$m   |
|------------------------------------------|----------------|------------------|------------------|------------------|------------------|-----------------------------|-----------------|----------------|
| <b>Assets</b>                            |                |                  |                  |                  |                  |                             |                 |                |
| Financial investments                    | 1,105.9        | 763.6            | 485.3            | 977.6            | 571.5            | 1,936.5                     | 620.4           | 6,460.8        |
| Derivative contracts                     | 11.3           | 0.1              | –                | –                | –                | 4.2                         | –               | 15.6           |
| Trade and other receivables <sup>1</sup> | 572.3          | –                | –                | –                | –                | –                           | –               | 572.3          |
| Other assets                             | –              | –                | –                | –                | –                | –                           | 153.8           | 153.8          |
| Cash and cash equivalents                | 750.4          | –                | –                | –                | –                | –                           | –               | 750.4          |
|                                          | <b>2,439.9</b> | <b>763.7</b>     | <b>485.3</b>     | <b>977.6</b>     | <b>571.5</b>     | <b>1,940.7</b>              | <b>774.2</b>    | <b>7,952.9</b> |

| 31 December 2024                      | <1 year<br>\$m | 1-2 years<br>\$m | 2-3 years<br>\$m | 3-4 years<br>\$m | 4-5 years<br>\$m | More than<br>5 years<br>\$m | Equities<br>\$m | Total<br>\$m   |
|---------------------------------------|----------------|------------------|------------------|------------------|------------------|-----------------------------|-----------------|----------------|
| <b>Liabilities</b>                    |                |                  |                  |                  |                  |                             |                 |                |
| Insurance contract liabilities        | 1,505.7        | 1,119.1          | 787.8            | 580.2            | 437.7            | 1,524.8                     | –               | 5,955.3        |
| Derivative contracts                  | 6.5            | –                | –                | 7.3              | –                | –                           | –               | 13.8           |
| Borrowings                            | 5.8            | 5.8              | 5.8              | 5.8              | 5.8              | 164.5                       | –               | 193.5          |
| Trade and other payables <sup>1</sup> | 268.1          | –                | –                | –                | –                | –                           | –               | 268.1          |
| Lease liabilities                     | 4.2            | 5.6              | 5.6              | 5.5              | 5.3              | 2.2                         | –               | 28.4           |
|                                       | <b>1,790.3</b> | <b>1,130.5</b>   | <b>799.2</b>     | <b>598.8</b>     | <b>448.8</b>     | <b>1,691.5</b>              | <b>–</b>        | <b>6,459.1</b> |

1. Refer to Note 2.4.3 for the Group's definitions of 'Trade and other receivables' and 'Trade and other payables'.

## 4 Risk management policies (continued)

### 4.5 Liquidity risk (continued)

| 31 December 2023                               | <1 year<br>\$m | 1-2 years<br>\$m | 2-3 years<br>\$m | 3-4 years<br>\$m | 4-5 years<br>\$m | More than<br>5 years<br>\$m | Equities<br>\$m | Total<br>\$m |
|------------------------------------------------|----------------|------------------|------------------|------------------|------------------|-----------------------------|-----------------|--------------|
| <b>Assets</b>                                  |                |                  |                  |                  |                  |                             |                 |              |
| Financial investments                          | 1,094.3        | 821.7            | 573.6            | 180.5            | 988.4            | 1,707.7                     | 509.2           | 5,875.4      |
| Derivative contracts                           | 19.4           | 0.3              | 0.5              | –                | –                | –                           | –               | 20.2         |
| Trade and other receivables <sup>1</sup>       | 788.8          | –                | –                | –                | –                | –                           | –               | 788.8        |
| Other assets                                   | –              | –                | –                | –                | –                | –                           | 118.7           | 118.7        |
| Cash and cash equivalents                      | 853.8          | –                | –                | –                | –                | –                           | –               | 853.8        |
|                                                | 2,756.3        | 822.0            | 574.1            | 180.5            | 988.4            | 1,707.7                     | 627.9           | 7,656.9      |
| <b>31 December 2023 (restated<sup>2</sup>)</b> |                |                  |                  |                  |                  |                             |                 |              |
|                                                | <1 year<br>\$m | 1-2 years<br>\$m | 2-3 years<br>\$m | 3-4 years<br>\$m | 4-5 years<br>\$m | More than<br>5 years<br>\$m | Equities<br>\$m | Total<br>\$m |
| <b>Liabilities</b>                             |                |                  |                  |                  |                  |                             |                 |              |
| Insurance contract liabilities                 | 1,444.2        | 1,023.0          | 723.2            | 537.6            | 711.2            | 1,097.0                     | –               | 5,536.2      |
| Derivative contracts                           | 16.7           | 0.4              | –                | –                | 6.6              | –                           | –               | 23.7         |
| Borrowings <sup>2</sup>                        | 6.0            | 5.9              | 5.9              | 5.9              | 6.0              | 173.4                       | –               | 203.1        |
| Other financial liabilities                    | –              | –                | –                | –                | –                | –                           | 104.0           | 104.0        |
| Trade and other payables <sup>1</sup>          | 463.4          | –                | –                | –                | –                | –                           | –               | 463.4        |
| Lease liabilities                              | 2.7            | 4.1              | 5.5              | 5.5              | 5.5              | 7.5                         | –               | 30.8         |
|                                                | 1,933.0        | 1,033.4          | 734.6            | 549.0            | 729.2            | 1,277.9                     | 104.0           | 6,361.1      |

1. Refer to Note 2.4.3 for the Group's definitions of 'Trade and other receivables' and 'Trade and other payables'.

2. The amounts relating to borrowings have been restated to reflect the undiscounted future cash flows in accordance with the requirements of IFRS 7. Previously this disclosure included the amortised cost carrying value of the borrowings.

### 4.6 Operational risk

Operational risk is the potential for loss arising from the failure of people, process or technology or the impact of external events. The nature of operational risk means that it is dispersed across all functional areas of Brit. Operational risk exposures are managed through a consistent set of management processes that drive risk identification, assessment, control and monitoring.

The BSL Operations Committee, chaired by the Group Chief Operating Officer, is a key governance committee reporting to the Executive Committee. The BSL Operations Committee is responsible for managing operational risk in line with the operational risk policy and the risk tolerance and management appetite limits set by the BSL Board and management respectively. Each individual risk committee is provided with relevant operational risk updates and these committees include operational risk owners within executive management who actively manage operational risk within their respective areas (such as Underwriting, Claims, Investments and Finance).

An operational Risk Management Framework is in place to ensure an appropriate standard approach is taken to managing operational risk across the Group. The key elements of this framework are:

- Allocation of responsibility for the identification and assessment of operational risk. Standard tools are used to facilitate these assessments;
- Definition of standard elements of sound operating controls that are expected to be in place to address all identified operational risks;
- A process that integrates with Brit's internal model to support the setting and monitoring of operational risk appetite and tolerances;
- Governance, reporting and escalation for operational risk;
- Infrastructure supporting the operational Risk Management Framework; and
- Operational risk management training and awareness.

A conduct risk framework is in place across the Group to ensure Brit's products and services continue to meet the needs of our customers.



## 4 Risk management policies (continued)

### 4.7 Emerging risks

Brit undertakes a formal emerging risk review annually with the results reported to the BSL and Brit Re Risk Oversight Committees and included in the Own Risk and Solvency Assessment (ORSA) report and Commercial Insurer's Solvency Self-Assessment (CISSA) reports of the underwriting entities. The review is an important part of the risk identification aspect of the RMF and includes horizon scanning of the internal and external risk environment to identify potential new or developing risks to Brit. These risks can then be included in the risk register and managed appropriately as required.

The emerging risk review has previously identified risks such as climate change and cyber risk. These risks have been managed throughout their development and are now monitored as part of the business-as-usual risk management process.

#### 4.7.1 Climate Change

Climate change has been recognised as an emerging risk since 2014 and has been an area of focus since having been identified as a high priority by Brit's 2018 emerging risks analysis. Its potential impact on the insurance industry is an area of focus for the wider insurance market and its regulators.

The financial risks to insurers may include the potential for increased frequency and severity of weather-related natural catastrophes, for example, hurricanes and wildfires. The three main areas of risk identified for Brit are natural catastrophes, liability claims and investment losses. Further details on the risk management approach are included in the Strategic Report.

#### 4.7.2 Geopolitics

Geopolitical events, such as the ongoing wars in Ukraine and the Middle East, have the potential to cause insurance losses and disruption to financial markets. Insurance losses could arise either as a result of direct damage from the conflicts or from second order impacts such as supply chain disruptions and economic instability.

During 2024, net loss estimates arising from the Russian invasion of Ukraine decreased by \$3.9m to \$30.7m, largely driven by a reduction in the estimate for Casualty Treaty following better than expected experience.

The Group continues to monitor the evolving nature of the Middle East conflict. Claims information and notifications continue to be limited and we currently expect any losses arising to be attritional in nature.

There may also be a potential impact on the operational costs of the Group attributable to the downstream effects of high inflation resulting from geopolitical events. Such events may also impact the global economy, which could in turn impact the value of Brit's investments.

The Group continues to monitor developments closely.

#### 4.7.3 Cyber risk

The cyber threat landscape continues to develop with increasingly sophisticated attack techniques such as ransomware as a service, increasing interconnectivity (such as networked critical infrastructure and cloud data storage), and the advancement of generative artificial intelligence (AI).

Brit has invested significantly in developing our understanding of cyber underwriting risk, including the potential drivers of aggregate loss events. Third-party vendor tools have been licensed, providing enhanced threat intelligence and data. The ongoing development of the cyber exposure management approach remains an area of focus given the evolving threat environment.

Similarly, Brit has invested significantly in our own cybersecurity. An annual risk-based evaluation is conducted to ensure Brit retains the capability to detect security vulnerabilities and safeguard our systems.

## 4 Risk management policies (continued)

### 4.8 Capital management

Brit defines management entity capital as the amount of capital that the Board of each underwriting entity determines that it should hold, taking into account the requirements of shareholders, regulators, policyholders, and the Boards' solvency risk appetite. The capital policy is set by the entity and Group Boards. Management entity capital requirements are in excess of capital requirements under the Solvency II capital regime, which became effective on 1 January 2016.

The capital requirements are based on the output of the internal model which reflects the risk profile of the business.

The capital policy requires capital to be held well in excess of regulatory minimum requirements, underpinning Brit's financial strength. The policy ensures the capital adequacy of the Group as a whole, and each entity, through an efficient capital structure. Brit proactively responds to developments in the financial environment to ensure its capital strength is maintained while optimising risk adjusted returns.

The Group's total available capital consists of net tangible assets (after the exclusion of the deferred tax liability on intangible assets and non-controlling interest), subordinated debt, letters of credit, and contingent funding. Further details of the Group's total available capital and the management capital requirement (unaudited) are on page 194.

All regulatory capital requirements have been complied with during the year by the Group's individual insurance subsidiaries.

The Lloyd's market is subject to the solvency and capital adequacy requirements of the Prudential Regulation Authority (PRA). Any regulatory intervention by the PRA in respect of Lloyd's may adversely affect the Group. The PRA may impose more stringent requirements on Lloyd's which may result in higher capital requirements or a restriction on trading activities for entities within the Group. If Lloyd's fails to satisfy its solvency test in any year, the PRA may require Lloyd's to cease trading and/or its members to cease or reduce their underwriting exposure, which may result in a material adverse effect to the Group's reputation, financial condition and results of operations.

During 2024, Brit primarily underwrote through the Group's principle wholly aligned Lloyd's syndicate, Syndicate 2987, through Syndicate 2988 and Ki Syndicate 1618, which benefit from the Lloyd's credit ratings of A+ (Excellent) from A.M. Best, AA- (Very Strong) from Fitch and AA- (Very Strong) from Standard & Poor's. Any downgrade in Lloyd's financial strength ratings may have an adverse effect on the Group.

The Group's business plan and underwriting capacity may be affected by any decrease in the value of the Group's Funds at Lloyd's or by recommendations from the Lloyd's Franchise Board. The Group is also reliant upon the compliance of Lloyd's with US regulations, including the maintenance by Lloyd's of its trading licences and approvals in the US.

### 4.9 Ki

Ki Syndicate 1618 is the first fully digital and algorithmically driven Lloyd's syndicate offering instant capacity, accessible anywhere, at any time. It started writing business from 1 January 2021, writing a mix of lines that are either already underwritten by Brit Syndicates 2987 and 2988, or other approved nominated syndicates.

From 1 January 2025, the Brit and Ki insurance businesses have operated independently within the Brit Limited Group. Ki Financial Limited, a direct subsidiary of Brit Limited, remains the holding company for the Ki insurance business. Brit Limited will continue to control Ki Financial Limited and its subsidiaries through holding the majority of the voting rights in that entity (refer to Note 18 for further details).

On 1 January 2025, as part of Ki operating as a standalone business, a third party was appointed as managing agent for Ki Syndicate 1618, succeeding BSL (a member of the Brit Limited Group). The Group ensured an orderly transition of Ki Syndicate 1618's managing agency and ensured compliance with regulatory requirements. This transition included a cross-functional review of Ki's corporate governance arrangements, regulatory compliance, people, processes and control environment. The BSL Board approved the change in managing agent on 10 December 2024.

Before Ki started operating as a standalone business, the Group's Risk Management function reviewed key components of Ki's Risk Management Framework. This included risk governance and processes, the risk policy framework, and risk register and controls. It concluded that the Ki Risk Management Framework and associated control environment were appropriate.

## notes to the consolidated financial statements

## 5 Segmental information

This Note breaks down the operating results summarised in the income statement into the main business areas of the Group. It also shows how our insurance revenue is split globally. This analysis is designed to help you understand how each segment of our business has performed and how we have allocated our shareholders' capital.

For the year ended 31 December 2024, the reportable segments identified were as follows:

- 'Core Underwriting' is Syndicate 2987, Brit's share of Syndicate 2988 and Brit Reinsurance (Bermuda) Limited, with trading between the two syndicates eliminated. It includes both direct and reinsurance business:
  - Direct business represents the Group's international and US business predominantly transacted with wholesale buyers of insurance, rather than individuals. Risks are large and usually syndicated by several underwriters by means of the subscription market; and
  - Reinsurance business (essentially the insurance of insurance and reinsurance companies) and includes writing non-proportional cover for major events such as earthquakes or hurricanes. These insurance and reinsurance companies calculate how much risk they want to retain and then pass on their remaining exposure to reinsurers in return for a premium.
- 'Other Underwriting', includes the Group's special purpose vehicles, net of trading with the 'Core Underwriting' segment.
- 'Investments' represents the Group's investment activity, excluding that associated with the 'Ki' reporting segment.
- 'Corporate', which is made up of residual income and expenditure and foreign exchange movements not allocated to other segments.
- 'Ki Segment' represents the activities of the Ki Financial Limited sub-group, which underwrites business through Ki Syndicate 1618. This information has been prepared for the purposes of Brit Limited segmental reporting and does not constitute stand-alone financials for Ki Syndicate 1618 or the Ki Financial Limited sub-group in whole or part.

The segmental analysis includes 'continuing operations', thereby reconciling to the Consolidated Income Statement. For details of the 'discontinued operation', see Note 10.

The Group's methodology for deriving its segmental KPIs is outlined on pages 190 to 194.

These ratios are presented after the impact of gains/losses on other financial liabilities and before any adjustment for non-controlling interests.

## 5 Segmental information (continued)

### (a) Income statement by segment Year ended 31 December 2024

| \$m                                                                                                     | Core Underwriting | Other Underwriting | Total Brit Underwriting (excluding Ki) | Investments | Corporate | Total Brit (excluding Ki) | Ki Segment | Total Group |
|---------------------------------------------------------------------------------------------------------|-------------------|--------------------|----------------------------------------|-------------|-----------|---------------------------|------------|-------------|
| <b>Insurance revenue</b>                                                                                | 2,666.9           | 1.7                | 2,668.6                                | -           | -         | 2,668.6                   | 796.9      | 3,465.5     |
| Acquisition costs                                                                                       | (512.5)           | (0.3)              | (512.8)                                | -           | -         | (512.8)                   | (152.0)    | (664.8)     |
| Incurred claims and changes to liabilities for incurred claims and other directly attributable expenses | (1,465.9)         | 2.7                | (1,463.2)                              | -           | -         | (1,463.2)                 | (451.0)    | (1,914.2)   |
| <b>Insurance service expenses</b>                                                                       | (1,978.4)         | 2.4                | (1,976.0)                              | -           | -         | (1,976.0)                 | (603.0)    | (2,579.0)   |
| Allocation of reinsurance premiums                                                                      | (561.9)           | -                  | (561.9)                                | -           | -         | (561.9)                   | (131.8)    | (693.7)     |
| Amount recoverable from reinsurers for incurred claims                                                  | 426.2             | -                  | 426.2                                  | -           | -         | 426.2                     | 55.8       | 482.0       |
| <b>Net expenses from reinsurance contracts held</b>                                                     | (135.7)           | -                  | (135.7)                                | -           | -         | (135.7)                   | (76.0)     | (211.7)     |
| <b>Insurance service result</b>                                                                         | 552.8             | 4.1                | 556.9                                  | -           | -         | 556.9                     | 117.9      | 674.8       |
| Net finance expenses from insurance contracts                                                           | (224.3)           | (2.0)              | (226.3)                                | -           | -         | (226.3)                   | (45.3)     | (271.6)     |
| Net finance income from reinsurance contracts held                                                      | 56.1              | (0.1)              | 56.0                                   | -           | -         | 56.0                      | 8.3        | 64.3        |
| <b>Net insurance finance expenses</b>                                                                   | (168.2)           | (2.1)              | (170.3)                                | -           | -         | (170.3)                   | (37.0)     | (207.3)     |
| Interest revenue from financial assets not measured at FVTPL                                            | -                 | -                  | -                                      | 41.4        | -         | 41.4                      | 11.4       | 52.8        |
| Other investment return                                                                                 | -                 | -                  | -                                      | 237.9       | -         | 237.9                     | 48.2       | 286.1       |
| Profit on disposal of associate                                                                         | -                 | -                  | -                                      | -           | 15.2      | 15.2                      | -          | 15.2        |
| Return on derivative contracts                                                                          | -                 | -                  | -                                      | (6.4)       | 22.9      | 16.5                      | -          | 16.5        |
| Other income                                                                                            | 14.5              | 8.8                | 23.3                                   | -           | 65.8      | 89.1                      | -          | 89.1        |
| Losses on other financial liabilities                                                                   | -                 | (4.6)              | (4.6)                                  | -           | -         | (4.6)                     | -          | (4.6)       |
| <b>Investment return and other income</b>                                                               | 14.5              | 4.2                | 18.7                                   | 272.9       | 103.9     | 395.5                     | 59.6       | 455.1       |
| Other operating expenses                                                                                | (154.7)           | -                  | (154.7)                                | -           | (5.9)     | (160.6)                   | (31.8)     | (192.4)     |
| Net foreign exchange losses                                                                             | -                 | -                  | -                                      | -           | (51.4)    | (51.4)                    | (3.2)      | (54.6)      |
| <b>Other expenses</b>                                                                                   | (154.7)           | -                  | (154.7)                                | -           | (57.3)    | (212.0)                   | (35.0)     | (247.0)     |
| <b>Operating profit/(loss)</b>                                                                          | 244.4             | 6.2                | 250.6                                  | 272.9       | 46.6      | 570.1                     | 105.5      | 675.6       |
| Finance costs                                                                                           |                   |                    | -                                      | -           | (10.5)    | (10.5)                    | (4.1)      | (14.6)      |
| Finance income                                                                                          |                   |                    | -                                      | -           | -         | -                         | -          | -           |
| Share of net profit of associate                                                                        |                   |                    | -                                      | -           | -         | -                         | -          | -           |
| <b>Profit/(loss) before tax</b>                                                                         |                   |                    | 250.6                                  | 272.9       | 36.1      | 559.6                     | 101.4      | 661.0       |
| Tax expense                                                                                             |                   |                    |                                        |             |           |                           |            | (84.8)      |
| <b>Profit for the year</b>                                                                              |                   |                    |                                        |             |           |                           |            | 576.2       |
| <b>Ratios</b>                                                                                           |                   |                    |                                        |             |           |                           |            |             |
| Claims ratio                                                                                            | 45.5%             |                    | 45.4%                                  |             |           | 45.4%                     | 55.1%      | 47.7%       |
| Expense ratio                                                                                           | 28.2%             |                    | 28.2%                                  |             |           | 28.2%                     | 27.2%      | 28.0%       |
| Combined ratio                                                                                          | 73.7%             |                    | 73.6%                                  |             |           | 73.6%                     | 82.3%      | 75.7%       |
| <b>Combined ratio (undiscounted)</b>                                                                    |                   |                    |                                        |             |           |                           |            | 85.9%       |

## notes to the consolidated financial statements

## 5 Segmental information (continued)

## (a) Income statement by segment (continued)

Year ended 31 December 2023

| \$m                                                                                                     | Core Underwriting | Other Underwriting | Total Brit Underwriting (excluding Ki) | Investments | Corporate | Total Brit (excluding Ki) | Ki Segment | Total Group |
|---------------------------------------------------------------------------------------------------------|-------------------|--------------------|----------------------------------------|-------------|-----------|---------------------------|------------|-------------|
| <b>Insurance revenue</b>                                                                                | 2,636.9           | 13.9               | 2,650.8                                | –           | –         | 2,650.8                   | 866.3      | 3,517.1     |
| Acquisition costs                                                                                       | (435.4)           | (2.3)              | (437.7)                                | –           | –         | (437.7)                   | (201.0)    | (638.7)     |
| Incurred claims and changes to liabilities for incurred claims and other directly attributable expenses | (1,503.3)         | (6.2)              | (1,509.5)                              | –           | –         | (1,509.5)                 | (446.1)    | (1,955.6)   |
| <b>Insurance service expenses</b>                                                                       | (1,938.7)         | (8.5)              | (1,947.2)                              | –           | –         | (1,947.2)                 | (647.1)    | (2,594.3)   |
| Allocation of reinsurance premiums                                                                      | (620.9)           | –                  | (620.9)                                | –           | –         | (620.9)                   | (165.0)    | (785.9)     |
| Amount recoverable from reinsurers for incurred claims                                                  | 449.3             | –                  | 449.3                                  | –           | –         | 449.3                     | 63.3       | 512.6       |
| <b>Net expenses from reinsurance contracts held</b>                                                     | (171.6)           | –                  | (171.6)                                | –           | –         | (171.6)                   | (101.7)    | (273.3)     |
| <b>Insurance service result</b>                                                                         | 526.6             | 5.4                | 532.0                                  | –           | –         | 532.0                     | 117.5      | 649.5       |
| Net finance expense from insurance contracts                                                            | (282.4)           | (0.7)              | (283.1)                                | –           | –         | (283.1)                   | (39.6)     | (322.7)     |
| Net finance income from reinsurance contracts held                                                      | 90.0              | –                  | 90.0                                   | –           | –         | 90.0                      | 6.9        | 96.9        |
| <b>Net insurance finance expenses</b>                                                                   | (192.4)           | (0.7)              | (193.1)                                | –           | –         | (193.1)                   | (32.7)     | (225.8)     |
| Interest revenue from financial assets not measured at FVTPL                                            | –                 | –                  | –                                      | 38.8        | –         | 38.8                      | 9.6        | 48.4        |
| Other investment return                                                                                 | –                 | –                  | –                                      | 299.3       | –         | 299.3                     | 51.7       | 351.0       |
| Return on derivative contracts                                                                          | –                 | –                  | –                                      | (7.2)       | (2.2)     | (9.4)                     | –          | (9.4)       |
| Other income                                                                                            | 14.3              | 7.0                | 21.3                                   | –           | 44.3      | 65.6                      | –          | 65.6        |
| Losses on other financial liabilities                                                                   | –                 | (20.8)             | (20.8)                                 | –           | –         | (20.8)                    | –          | (20.8)      |
| <b>Investment return and other income</b>                                                               | 14.3              | (13.8)             | 0.5                                    | 330.9       | 42.1      | 373.5                     | 61.3       | 434.8       |
| Other operating expenses                                                                                | (95.2)            | –                  | (95.2)                                 | –           | (8.7)     | (103.9)                   | (23.0)     | (126.9)     |
| Net foreign exchange losses                                                                             | –                 | –                  | –                                      | –           | (92.3)    | (92.3)                    | (1.9)      | (94.2)      |
| <b>Other expenses</b>                                                                                   | (95.2)            | –                  | (95.2)                                 | –           | (101.0)   | (196.2)                   | (24.9)     | (221.1)     |
| <b>Operating profit/(loss)</b>                                                                          | 253.3             | (9.1)              | 244.2                                  | 330.9       | (58.9)    | 516.2                     | 121.2      | 637.4       |
| Finance costs                                                                                           |                   |                    | –                                      | –           | (13.7)    | (13.7)                    | (4.1)      | (17.8)      |
| Finance income                                                                                          |                   |                    | –                                      | –           | 2.7       | 2.7                       | –          | 2.7         |
| Share of net profit of associate                                                                        |                   |                    | –                                      | 1.6         | –         | 1.6                       | –          | 1.6         |
| <b>Profit/(loss) before tax</b>                                                                         |                   |                    | 244.2                                  | 332.5       | (69.9)    | 506.8                     | 117.1      | 623.9       |
| Tax credit                                                                                              |                   |                    |                                        |             |           |                           |            | 5.3         |
| <b>Profit for the year</b>                                                                              |                   |                    |                                        |             |           |                           |            | 629.2       |
| <b>Ratios</b>                                                                                           |                   |                    |                                        |             |           |                           |            |             |
| <b>Claims ratio</b>                                                                                     | 48.8%             |                    | 48.7%                                  |             |           | 48.7%                     | 49.7%      | 49.0%       |
| <b>Expense ratio</b>                                                                                    | 25.1%             |                    | 25.1%                                  |             |           | 25.1%                     | 33.5%      | 27.2%       |
| <b>Combined ratio</b>                                                                                   | 73.9%             |                    | 73.8%                                  |             |           | 73.8%                     | 83.2%      | 76.2%       |
| <b>Combined ratio (undiscounted)</b>                                                                    |                   |                    |                                        |             |           |                           |            | 85.3%       |

## 5 Segmental information (continued)

### (b) Geographical information

The Group's strategic business units operate mainly in five geographical areas, though the business is managed on a worldwide basis. The segmental split shown below is based on the location of the underlying risk.

|                             | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------|------------------------------------------|------------------------------------------|
| <b>Insurance revenue</b>    |                                          |                                          |
| United States               | 2,393.2                                  | 2,509.9                                  |
| United Kingdom              | 389.8                                    | 386.9                                    |
| Canada                      | 121.0                                    | 154.0                                    |
| Europe (excluding UK)       | 139.2                                    | 132.5                                    |
| Other (including worldwide) | 422.3                                    | 333.8                                    |
|                             | <b>3,465.5</b>                           | <b>3,517.1</b>                           |

The nature of the London Market business is such that the insureds and reinsureds are often operating on a multi-territory or worldwide basis and hence coverage is often provided on a worldwide basis. Insurance revenue on a multi-territory or worldwide basis included in 'Other' in the table above.

The table below provides an analysis of the Group's non-current assets in three geographical areas, though the business is managed on a worldwide basis. Non-current assets excludes financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts:

|                             | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------|------------------------------------------|------------------------------------------|
| <b>Non-current assets</b>   |                                          |                                          |
| United Kingdom              | 146.2                                    | 134.5                                    |
| Other (including worldwide) | 20.0                                     | 21.0                                     |
|                             | <b>166.2</b>                             | <b>155.5</b>                             |

## 6 Insurance revenue

This Note shows the breakdown of the Group's insurance revenue recognised in the year between contracts measured under the premium allocation approach (PAA) basis and those measured under the general measurement model (GMM) basis.

|                                                                    | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Amounts relating to changes in liabilities for remaining coverage: |                                          |                                          |
| CSM recognised for services provided                               | 180.1                                    | 103.3                                    |
| Change in risk adjustment for non-financial risk expired           | 34.1                                     | 19.4                                     |
| Expected incurred claims and other insurance service expenses      | 726.9                                    | 398.9                                    |
| Insurance acquisition cash flows recovery                          | 277.5                                    | 138.1                                    |
| <b>Contracts not measured under the PAA</b>                        | <b>1,218.6</b>                           | <b>659.7</b>                             |
| <b>Contracts measured under the PAA</b>                            | <b>2,246.9</b>                           | <b>2,857.4</b>                           |
| <b>Total insurance revenue</b>                                     | <b>3,465.5</b>                           | <b>3,517.1</b>                           |



## notes to the consolidated financial statements

## 7 Investment return

This Note shows the income generated through investing funds. It also shows the gains and losses generated on various types of investment assets as a result of the movement in their market values.

|                                                                     | Investment<br>income<br>\$m | Net realised<br>gains/(losses)<br>\$m | Net unrealised<br>gains/(losses)<br>\$m | Total investment<br>return<br>\$m |
|---------------------------------------------------------------------|-----------------------------|---------------------------------------|-----------------------------------------|-----------------------------------|
| <b>Year ended 31 December 2024</b>                                  |                             |                                       |                                         |                                   |
| Cash and cash equivalents                                           | 52.8                        | –                                     | –                                       | 52.8                              |
| Trade and other receivables                                         | –                           | –                                     | –                                       | –                                 |
| <b>Interest revenue from financial assets not measured at FVTPL</b> | <b>52.8</b>                 | <b>–</b>                              | <b>–</b>                                | <b>52.8</b>                       |
| Equity securities                                                   | 9.8                         | 92.6                                  | (27.6)                                  | 74.8                              |
| Debt securities                                                     | 213.4                       | (3.3)                                 | (75.6)                                  | 134.5                             |
| Mortgages and loans                                                 | 8.3                         | –                                     | –                                       | 8.3                               |
| Specialised investment funds                                        | –                           | 2.3                                   | 83.3                                    | 85.6                              |
| <b>Other investment return before expenses</b>                      | <b>231.5</b>                | <b>91.6</b>                           | <b>(19.9)</b>                           | <b>303.2</b>                      |
| Investment management expenses                                      | (17.1)                      | –                                     | –                                       | (17.1)                            |
| <b>Other investment return</b>                                      | <b>214.4</b>                | <b>91.6</b>                           | <b>(19.9)</b>                           | <b>286.1</b>                      |
| <b>Total investment return</b>                                      | <b>267.2</b>                | <b>91.6</b>                           | <b>(19.9)</b>                           | <b>338.9</b>                      |
| <b>Year ended 31 December 2023</b>                                  |                             |                                       |                                         |                                   |
| Cash and cash equivalents                                           | 46.9                        | –                                     | –                                       | 46.9                              |
| Trade and other receivables                                         | 2.1                         | –                                     | –                                       | 2.1                               |
| <b>Interest revenue from financial assets not measured at FVTPL</b> | <b>49.0</b>                 | <b>–</b>                              | <b>–</b>                                | <b>49.0</b>                       |
| Equity securities                                                   | 8.2                         | 44.5                                  | 6.4                                     | 59.1                              |
| Debt securities                                                     | 170.3                       | (130.8)                               | 193.1                                   | 232.6                             |
| Mortgages and loans                                                 | 6.1                         | 0.6                                   | –                                       | 6.7                               |
| Specialised investment funds                                        | 0.8                         | 5.5                                   | 65.9                                    | 72.2                              |
| <b>Other investment return before expenses</b>                      | <b>185.4</b>                | <b>(80.2)</b>                         | <b>265.4</b>                            | <b>370.6</b>                      |
| Investment management expenses                                      | (19.6)                      | –                                     | –                                       | (19.6)                            |
| <b>Other investment return</b>                                      | <b>165.8</b>                | <b>(80.2)</b>                         | <b>265.4</b>                            | <b>351.0</b>                      |
| <b>Total investment return</b>                                      | <b>214.8</b>                | <b>(80.2)</b>                         | <b>265.4</b>                            | <b>400.0</b>                      |

In the year ended 31 December 2023 investment return in respect of the discontinued operation included investment income from cash and cash equivalents of \$0.6m. All 'Other investment return' relates to continuing operations.

## 8 Net finance income or expenses from insurance and reinsurance contracts held

This Note shows the breakdown of net finance expenses from insurance contracts issued and the net finance income from reinsurance contracts held.

|                                                                      | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|----------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Net finance income/(expenses) from insurance contracts</b>        |                                          |                                          |
| Interest accreted                                                    | (320.1)                                  | (293.7)                                  |
| Effect of changes in interest rates and other financial assumptions  | 48.5                                     | (29.0)                                   |
| <b>Total net finance expenses from insurance contracts</b>           | <b>(271.6)</b>                           | <b>(322.7)</b>                           |
| <b>Net finance (expenses)/income from reinsurance contracts held</b> |                                          |                                          |
| Interest accreted                                                    | 90.2                                     | 97.3                                     |
| Effect of changes in interest rates and other financial assumptions  | (25.9)                                   | (0.4)                                    |
| <b>Total net finance income from reinsurance contracts held</b>      | <b>64.3</b>                              | <b>96.9</b>                              |

During 2024, Brit recognised net finance expenses from insurance contracts issued and reinsurance contracts held of \$207.3m and a total investment return on financial assets of \$338.9m (see Note 7), resulting in a net financial result of \$131.6m. In terms of relationship, the expense recognised from accreting interest on the net insurance liabilities is expected to partially offset against the investment income received on financial assets, whilst the impact of changes in discount rates on the net insurance liabilities is expected to partially offset against the fair value gains or losses arising on financial assets driven by their correlation to movements in interest rates. Brit expects that its investment strategy, which takes a long-term view of markets and can lead to volatility in year-on-year returns principally driven by fair value gains and losses, will produce a positive net financial result over a long-term time horizon.

## 9 Return on derivative contracts

This Note shows the effect on the income statement of derivative contracts held during the year, and which help manage exposure to fluctuations in interest rates and foreign exchange rates. Derivatives are shown analysed between investment and currency related derivatives, reflecting the way the business is managed.

|                                         | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------------------|------------------------------------------|------------------------------------------|
| Investment-related non-currency options | (6.4)                                    | (7.2)                                    |
| Currency forwards                       | 22.9                                     | (2.2)                                    |
| <b>Return on derivative contracts</b>   | <b>16.5</b>                              | <b>(9.4)</b>                             |

## 10 Discontinued operation

This Note describes the composition of the operation that was classified as discontinued in the year ended 31 December 2023 and illustrates its impact on the Group in terms of financial performance and cash flow information. It also sets out the assets and liabilities of the disposal group classified as held for sale.

There were no operations classified as discontinued operations in the year ended 31 December 2024. In 2023, the operations of Ambridge were classified as discontinued. On 10 May 2023, Brit completed the sale of Ambridge, its US and European based managing general underwriter (MGU) to Amynta. As such, the results of the Ambridge business have been reported as a discontinued operation in the comparative period. In the event the operations of Ambridge achieved certain performance criteria during the period 1 January 2023 to 31 December 2023, additional cash consideration of up to \$100.0m would have been receivable in the second quarter of 2024. As the performance criteria were not met, no additional consideration was received. For further information on discontinued operations in 2023, please refer to Note 10 of the Group's 2023 Annual Report.

Under the terms of the Group's sale of Ambridge to Amynta the Group has an obligation to indemnify Amynta against any tax assessment. Thus during 2024 \$3.1m has been provided for in the statement of financial position and presented within (loss)/profit from discontinued operation, net of tax in the consolidated income statement.

## notes to the consolidated financial statements

**11 Other income (including changes in value of other financial liabilities)**

This Note shows the analysis of other income generated in the year, including changes in value of other financial liabilities.

|                                                                | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|----------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Fees and commission from non-aligned syndicate                 | 6.2                                      | 3.4                                      |
| Change in value of ultimate parent company shares held by Brit | 65.8                                     | 44.3                                     |
| Net commission fee income from intermediary activities         | 5.0                                      | 19.3                                     |
| Consortium income                                              | 8.3                                      | 10.9                                     |
| Other                                                          | 3.8                                      | 4.5                                      |
| <b>Other income</b>                                            | <b>89.1</b>                              | <b>82.4</b>                              |
| Change in value of other financial liabilities*                | (4.6)                                    | (20.8)                                   |
| <b>Total</b>                                                   | <b>84.5</b>                              | <b>61.6</b>                              |
| <b>Attributable to:</b>                                        |                                          |                                          |
| Continuing operations                                          | 84.5                                     | 44.8                                     |
| Discontinued operation                                         | –                                        | 16.8                                     |
|                                                                | <b>84.5</b>                              | <b>61.6</b>                              |

\* Other financial liabilities are investments by third parties in structured insurance and investment entities consolidated by the Group.

**12 Net foreign exchange losses**

The Group operates in multiple countries and currencies and is exposed to gains and losses arising as a result of movement in various foreign currency exchange rates. This Note explains the foreign exchange gains or losses as a result of converting the income, expenses, assets and liabilities from foreign currencies to US dollars.

The Group recognised foreign exchange losses of \$54.6m (2023: losses of \$95.2m) in the income statement in the year. Foreign exchange gains and losses result from the translation of the statement of financial position items using closing exchange rates, and translation of income statement items using the exchange rates prevailing at the dates of the relevant transactions, or at the average rate for the period when this is a reasonable approximation.

|                                                  | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------|------------------------------------------|------------------------------------------|
| Gains/(losses) on foreign exchange arising from: |                                          |                                          |
| Financial instruments measured at FVTPL          | (68.5)                                   | 27.7                                     |
| Other items                                      | 13.9                                     | (122.9)                                  |
| <b>Net foreign exchange losses</b>               | <b>(54.6)</b>                            | <b>(95.2)</b>                            |
| <b>Attributable to:</b>                          |                                          |                                          |
| Continuing operations                            | (54.6)                                   | (94.2)                                   |
| Discontinued operation                           | –                                        | (1.0)                                    |
|                                                  | <b>(54.6)</b>                            | <b>(95.2)</b>                            |

## 12 Net foreign exchange losses (continued)

The Principal exchange rates applied are set out in the table below.

|                    | Average | Year ended<br>31 December<br>2024<br>Closing | Average | Year ended<br>31 December<br>2023<br>Closing |
|--------------------|---------|----------------------------------------------|---------|----------------------------------------------|
| Sterling           | 0.782   | 0.798                                        | 0.804   | 0.784                                        |
| Canadian dollar    | 1.370   | 1.438                                        | 1.350   | 1.319                                        |
| Euro               | 0.924   | 0.966                                        | 0.925   | 0.905                                        |
| Australian dollar  | 1.516   | 1.615                                        | 1.506   | 1.466                                        |
| South African rand | 18.319  | 18.870                                       | 18.441  | 18.288                                       |

In accordance with IAS 1 'Presentation of Financial Statements', exchange gains and losses are presented on a net basis. They are reported within income where they result in a net gain and within expenses where they result in a net loss.

## 13 Operating expenses

This Note provides a breakdown of total operating expenses incurred by the Group during the year. Expenses are presented within other operating expenses when they do not relate to the fulfilment of insurance contracts issued or reinsurance contracts held by the Group.

| \$m                                                 | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------------------------------|------------------------------------------|------------------------------------------|
| Salary, pension and social security costs (Note 14) | 217.0                                    | 184.7                                    |
| Other staff related costs                           | 65.1                                     | 49.2                                     |
| Depreciation, amortisation and impairment           | 17.5                                     | 16.0                                     |
| Other expenses                                      | 162.7                                    | 131.6                                    |
| <b>Total operating expenses</b>                     | <b>462.3</b>                             | <b>381.5</b>                             |
| <b>Amounts presented in:</b>                        |                                          |                                          |
| Insurance service expenses                          | 269.9                                    | 254.6                                    |
| Other operating expenses                            | 192.4                                    | 126.9                                    |
| <b>Total operating expenses</b>                     | <b>462.3</b>                             | <b>381.5</b>                             |
| <b>Attributable to:</b>                             |                                          |                                          |
| Continuing operations                               | 462.3                                    | 372.4                                    |
| Discontinued operation                              | -                                        | 9.1                                      |
| <b>Total operating expenses</b>                     | <b>462.3</b>                             | <b>381.5</b>                             |

## notes to the consolidated financial statements

## 14 Staff costs

This Note gives a breakdown of the total cost of employing staff (including executive and non-executive Directors) and gives the average number of people employed by the Group during the year.

|                          | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------|------------------------------------------|------------------------------------------|
| Wages and salaries       | 180.0                                    | 151.8                                    |
| Social security costs    | 22.7                                     | 18.8                                     |
| Pension costs            | 14.3                                     | 14.1                                     |
| <b>Total staff costs</b> | <b>217.0</b>                             | <b>184.7</b>                             |

The monthly average number of employees during the year, including executive and non-executive Directors, was as follows:

|                                             | Year ended<br>31 December<br>2024<br>Number | Year ended<br>31 December<br>2023<br>Number |
|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| Underwriters                                | 296                                         | 296                                         |
| Claims staff                                | 71                                          | 74                                          |
| Other underwriting and direct support staff | 4                                           | 9                                           |
| Management                                  | 241                                         | 208                                         |
| Administration                              | 426                                         | 372                                         |
| <b>Total employees</b>                      | <b>1,038</b>                                | <b>959</b>                                  |

'Management' includes non-executive Directors and employees who have other members of staff reporting to them.

Director emoluments are included on page 187.

## 15 Finance costs and finance income

Finance costs arise from interest due on moneys borrowed by the Group and any other amounts payable in respect of those borrowings or borrowing facilities. Finance costs also include interest payable on lease liabilities. Further details of the Group's borrowings are set out in Note 30.

|                                                     | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------------------------------|------------------------------------------|------------------------------------------|
| Revolving credit facility and other bank borrowings | 7.7                                      | 10.2                                     |
| Interest payable on lease liabilities               | 0.9                                      | 1.1                                      |
| Subordinated debt                                   | 6.0                                      | 6.2                                      |
| <b>Total finance costs</b>                          | <b>14.6</b>                              | <b>17.5</b>                              |
| <b>Attributable to:</b>                             |                                          |                                          |
| Continuing operations                               | 14.6                                     | 17.8                                     |
| Discontinued operation                              | -                                        | (0.3)                                    |
|                                                     | <b>14.6</b>                              | <b>17.5</b>                              |

## 15 Finance costs and finance income (continued)

In 2024 the Group repurchased no subordinated debt. On 14 December 2023, the Group repurchased £8,031,000 of the subordinated debt for £5,893,730, including accrued interest. The income resulting from this transaction, all of which was attributable to continuing operations, was as follows:

|                                                 | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-------------------------------------------------|------------------------------------------|------------------------------------------|
| Carrying value of repurchased subordinated debt | -                                        | 10.0                                     |
| Consideration for repurchase                    | -                                        | (7.3)                                    |
| <b>Total finance income</b>                     | <b>-</b>                                 | <b>2.7</b>                               |

## 16 Auditors' remuneration

The Group engages PricewaterhouseCoopers LLP to perform the audit of the Group and all subsidiaries except for Camargue companies.

The remuneration of the auditors or their associates is analysed as follows:

|                                                         | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|---------------------------------------------------------|------------------------------------------|------------------------------------------|
| Audit of the Group and Company financial statements     | 1.5                                      | 0.9                                      |
| Audit of subsidiaries                                   | 2.5                                      | 1.3                                      |
| Audit related assurance services                        | 0.3                                      | 0.5                                      |
| <b>Total audit and audit related assurance services</b> | <b>4.3</b>                               | <b>2.7</b>                               |
| <b>Total non-audit services</b>                         | <b>0.2</b>                               | <b>-</b>                                 |
| <b>Total audit and non-audit services</b>               | <b>4.5</b>                               | <b>2.7</b>                               |

## 17 Investment in associated undertaking

This Note describes the investment made in an associated undertaking and provides summarised income statements and statements of financial position of that associate.

### Sutton Special Risk Inc. ('Sutton')

On 2 January 2019 Brit Insurance Holdings Limited acquired 49% of the issued shares of Sutton for a total purchase consideration of CAD\$17.2m. Sutton is a Canadian managing general underwriter of a range of specialised insurance products, including Accident and Health.

On 17 November 2023, the Group entered into a signed securities purchase agreement with Amynta, for the sale of its 49% shareholding. The investment in Sutton was therefore classified as an asset classified as held for sale as at 31 December 2023. Following this classification, the Group ceased equity accounting for Sutton.

Sutton was disposed of as an associated undertaking on 8 March 2024. The sale proceeds for Brit's 49% holding were \$31.0m. Sutton will continue to be a strategic business partner of Brit. The profit from the disposal of Sutton was \$15.2m.

The following table sets out details of the disposal of Sutton:

|                                                                                    | 8 March<br>2024<br>\$m |
|------------------------------------------------------------------------------------|------------------------|
| <b>Consideration received or receivable:</b>                                       |                        |
| Cash                                                                               | 15.2                   |
| Deferred consideration                                                             | 15.8                   |
| <b>Total disposal consideration</b>                                                | <b>31.0</b>            |
| Carrying amount of investment in an associated undertaking                         | (15.7)                 |
| <b>Gain on disposal of Investment in an associated undertaking</b>                 | <b>15.3</b>            |
| Reclassification of foreign currency translation reserve                           | (0.1)                  |
| <b>Gain on sale after reclassification of foreign currency translation reserve</b> | <b>15.2</b>            |

## notes to the consolidated financial statements

**17 Investment in associated undertaking (continued)**

The summarised statement of financial position of Sutton at 31 December 2023 and a reconciliation to the carrying amount in the Group's statement of financial position at that date is as follows:

|                                                                        | 31 December<br>2023<br>\$m |
|------------------------------------------------------------------------|----------------------------|
| <b>Statement of financial position</b>                                 |                            |
| Current assets                                                         | 46.6                       |
| Non-current assets                                                     | 5.0                        |
| <b>Total assets</b>                                                    | <b>51.6</b>                |
| Current liabilities                                                    | (42.8)                     |
| Non-current liabilities                                                | (1.5)                      |
| <b>Total liabilities</b>                                               | <b>(44.3)</b>              |
| <b>Net assets</b>                                                      | <b>7.3</b>                 |
| 51% not owned by Brit                                                  | (3.7)                      |
| Acquisition fair value, result since acquisition and other adjustments | 12.2                       |
| <b>Carrying value</b>                                                  | <b>15.8</b>                |

The summarised income statement of Sutton for the year ended 31 December 2023 is as follows:

|                                         | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------------------|------------------------------------------|
| <b>Income statement</b>                 |                                          |
| Commission revenue                      | 9.9                                      |
| Operating expenses                      | (6.6)                                    |
| <b>Net profit</b>                       | <b>3.3</b>                               |
| 51% not owned by Brit                   | (1.7)                                    |
| <b>Share of net profit of associate</b> | <b>1.6</b>                               |

**18 Non-controlling interests**

This Note provides summarised financial information for each subsidiary that has non-controlling interests ('NCI') that are material to the Group. The amounts disclosed are before inter-company eliminations.

Ki Financial Limited was incorporated in 2020 and received initial funding from investors, including Brit Limited, to support the initial underwriting activities of Ki Syndicate 1618. During 2021 and 2022 additional funding from investors, including Brit Limited, was received to support Ki Syndicate 1618's continued underwriting. The Group's shareholding has remained consistent throughout 2023 and 2024, and as at 31 December 2024 the Group continues to hold 20% of the share capital but a majority (51%) of the voting rights in Ki Financial Limited.

No dividends were paid to non-controlling interests in 2024 (2023: \$nil).

There were no transactions with non-controlling interests in 2024 (2023: none).



## 18 Non-controlling interests (continued)

The summarised financial information of Ki Financial Limited, before inter-company eliminations, is as follows:

|                                                                                           | 31 December<br>2024<br>\$m               | 31 December<br>2023<br>\$m               |
|-------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Statement of financial position</b>                                                    |                                          |                                          |
| Current assets                                                                            | 70.0                                     | 26.1                                     |
| Non-current assets                                                                        | 512.5                                    | 502.4                                    |
| <b>Total assets</b>                                                                       | <b>582.5</b>                             | <b>528.5</b>                             |
| Current liabilities                                                                       | (5.9)                                    | (4.0)                                    |
| Non-current liabilities                                                                   | (89.4)                                   | (33.5)                                   |
| <b>Total liabilities</b>                                                                  | <b>(95.3)</b>                            | <b>(37.5)</b>                            |
| <b>Net assets</b>                                                                         | <b>487.2</b>                             | <b>491.0</b>                             |
| <b>Accumulated NCI attributable to Ki Financial Limited standalone entity<sup>2</sup></b> | <b>419.3</b>                             | <b>411.7</b>                             |
| Adjustment in respect of Ki Financial Limited sub-group                                   | 113.3                                    | 54.6                                     |
| <b>Accumulated NCI as presented on the consolidated statement of financial position</b>   | <b>532.6</b>                             | <b>466.3</b>                             |
|                                                                                           |                                          |                                          |
|                                                                                           | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
| <b>Comprehensive income statement</b>                                                     |                                          |                                          |
| Income <sup>1</sup>                                                                       | 2.6                                      | 3.4                                      |
| <b>Profit for the period</b>                                                              | <b>(4.9)</b>                             | <b>1.7</b>                               |
| <b>Total comprehensive income</b>                                                         | <b>(4.9)</b>                             | <b>1.7</b>                               |
| <b>NCI profit attributable to Ki Financial Limited standalone entity<sup>2</sup></b>      | <b>(2.9)</b>                             | <b>1.0</b>                               |
| Adjustment in respect of Ki Financial Limited sub-group                                   | 69.2                                     | 58.2                                     |
| <b>Profit allocated to NCI as presented on the consolidated income statement</b>          | <b>66.3</b>                              | <b>59.2</b>                              |
|                                                                                           |                                          |                                          |
|                                                                                           | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
| <b>Statement of cash flows</b>                                                            |                                          |                                          |
| Cash flows from operating activities                                                      | 4.3                                      | 33.3                                     |
| Cash flows from investing activities                                                      | (1.3)                                    | (67.2)                                   |
| Cash flows from financing activities                                                      | –                                        | –                                        |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                               | <b>3.0</b>                               | <b>(33.9)</b>                            |

1. Income for Ki Financial Limited relates to 'interest revenue from financial assets not measured at FVTPL', 'other investment return', 'other income' and 'net foreign exchange gains/(losses)'.

2. The movement in accumulated NCI attributable to Ki Financial Limited standalone entity is a function of NCI profit or loss attributable to Ki Financial Limited standalone entity and other movements reflecting the contractual agreements pertaining to the NCI shareholding.

## notes to the consolidated financial statements

**19 Tax (expense)/credit**

Income tax is tax charged on trading activities during the year. This Note shows the breakdown of tax payable in the current period (current tax) and also tax that may become payable sometime in the future (deferred tax).

**(a) Tax (charged)/credited to the income statement**

|                                                                    | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Current tax:                                                       |                                          |                                          |
| Current taxes on income for the year                               | (0.4)                                    | –                                        |
| Overseas tax on income for the year                                | (6.2)                                    | (4.3)                                    |
| Adjustments in respect of prior years                              | (6.7)                                    | (13.1)                                   |
| <b>Total current tax</b>                                           | <b>(13.3)</b>                            | <b>(17.4)</b>                            |
| Deferred tax:                                                      |                                          |                                          |
| Relating to the origination and reversal of temporary differences  | (68.2)                                   | 8.4                                      |
| Adjustments in respect of prior years                              | (3.3)                                    | 13.8                                     |
| <b>Total deferred tax</b>                                          | <b>(71.5)</b>                            | <b>22.2</b>                              |
| <b>Total tax (charged)/credited to the income statement</b>        | <b>(84.8)</b>                            | <b>4.8</b>                               |
| Tax (charged)/credited to the income statement is attributable to: |                                          |                                          |
| Profit or loss from continuing operations                          | (84.8)                                   | 5.3                                      |
| Profit or loss from discontinued operations                        | –                                        | (0.5)                                    |
|                                                                    | <b>(84.8)</b>                            | <b>4.8</b>                               |

A tax rate of 25% (2023: 23.5%) has been used in the calculation of the UK current tax.

Overseas taxes arise in respect of the Group's subsidiaries in the US, India and South Africa and as a result of the Group's operations at Lloyd's. Double tax relief principally arises from taxes suffered as a result of the Group's operations at Lloyd's. Double tax relief is effectively limited to an amount equal to the tax due at the UK tax rate on the same source of income. The double tax relief amount is included within deferred tax on the basis that the amount will be recovered against future liabilities within the Group.

**(b) Tax (charged)/credited to other comprehensive income**

|                                                                                            | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Deferred tax (charge)/credit on actuarial (losses)/gains on defined benefit pension scheme | (5.2)                                    | 8.4                                      |

Tax (charged)/credited to other comprehensive income in the current and prior years is attributable to continuing operations.

## 19 Tax (expense)/credit (continued)

### (c) Tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise based on the weighted average rate of tax as follows:

|                                                                                         | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Profit before tax (see below)                                                           | 657.9                                    | 890.6                                    |
| Tax calculated at weighted average rate of tax on income                                | (69.9)                                   | (119.6)                                  |
| Non-deductible and non-taxable items                                                    | (0.8)                                    | 1.6                                      |
| Profit on disposal of subsidiaries and associates                                       | 3.8                                      | 60.7                                     |
| Taxes on income at rates in excess of the domestic rate and where credit is unavailable | (1.1)                                    | (1.2)                                    |
| Effect of temporary differences not recognised                                          | (15.6)                                   | 64.7                                     |
| Effect of revaluation of deferred tax following change in rate of tax                   | 8.8                                      | (2.1)                                    |
| Adjustments to tax charge in respect of prior years                                     | (10.0)                                   | 0.7                                      |
| <b>Total tax (charged)/credited to income statement</b>                                 | <b>(84.8)</b>                            | <b>4.8</b>                               |

Profit before tax includes profits arising from both continuing and, for the prior period, discontinued operations:

|                                    | Continuing<br>operations<br>\$m | Discontinued<br>operations<br>\$m | Total<br>\$m |
|------------------------------------|---------------------------------|-----------------------------------|--------------|
| <b>Profit before tax</b>           |                                 |                                   |              |
| <b>Year ended 31 December 2024</b> | <b>661.0</b>                    | <b>(3.1)</b>                      | <b>657.9</b> |
| Year ended 31 December 2023        | 623.9                           | 266.7                             | 890.6        |

The weighted average rate of tax is based on the geographic split of profit across Group entities in jurisdictions with differing tax rates. As the mix of taxable profits changes, so will the weighted average rate of tax.

### (d) OECD 'Pillar Two' rules

Brit Limited and its subsidiaries fall within the scope of the Organisation for Economic Co-operation and Development's (OECD) new global minimum tax framework known as the Pillar Two Model Rules.

Fairfax Financial Holdings Limited (Fairfax), a Canadian entity, is the Ultimate Parent Entity of the Brit Group for the purpose of the Pillar Two Model Rules. Canada has enacted legislation which is effective from 1 January 2024 to implement the global minimum tax in the form of the Income Inclusion Rule (IIR) and Domestic Minimum Top-Up Tax (DMT). As a result of this implementation, Fairfax is liable for any top-up tax levied via the IIR on undertaxed profits arising in the Group's non-UK subsidiaries, such that any such top-up tax would not be expected to result in a liability being recognised in the Group's financial statements.

The UK has also enacted legislation to implement its own IIR and DMT. As a result, to the extent that a UK DMT liability arises on undertaxed profits arising in the Group's UK subsidiaries, this will be recognised in the Group's financial statements. No UK DMT liability has been provided for by the Group in 2024.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the UK IIR and DMT and will account for it as a current tax if it is incurred in future.

The UK and Canada are expected to implement the secondary collection mechanism for global minimum tax, known as the Undertaxed Profits Rule ('UTPR') from 1 January 2025. Neither jurisdiction has yet substantively enacted the relevant domestic legislation implementing the UTPR. Given the inherent complexity of the UTPR rule's allocation mechanism and the current lack of enacted legislation, it is not yet possible to accurately estimate the impact of UTPR, if any, on the Group.

The implementation of a 15% corporate income tax regime in Bermuda effective from 1 January 2025 has been enacted.

## notes to the consolidated financial statements

## 20 Intangible assets

An intangible asset is an asset without any physical substance but which has long-term value to the business. With the exception of goodwill, syndicate participation rights at Lloyd's, and trade names, which are classified as indefinite life assets, the values of these assets are reduced according to their useful life by way of amortisation. Amortisation is included as an expense in the income statement.

|                            | Goodwill<br>\$m | Trade<br>names<br>\$m | Distribution<br>channels<br>\$m | Syndicate<br>participations<br>\$m | Software<br>\$m | Total<br>\$m |
|----------------------------|-----------------|-----------------------|---------------------------------|------------------------------------|-----------------|--------------|
| <b>Cost:</b>               |                 |                       |                                 |                                    |                 |              |
| At 1 January 2023          | 14.4            | 0.8                   | 16.3                            | 70.8                               | 48.1            | 150.4        |
| Additions                  | -               | -                     | -                               | -                                  | 12.4            | 12.4         |
| Disposals                  | -               | -                     | -                               | -                                  | (0.3)           | (0.3)        |
| Foreign exchange effect    | (1.0)           | (0.1)                 | (0.5)                           | -                                  | 2.7             | 1.1          |
| At 31 December 2023        | 13.4            | 0.7                   | 15.8                            | 70.8                               | 62.9            | 163.6        |
| At 1 January 2024          | <b>13.4</b>     | <b>0.7</b>            | <b>15.8</b>                     | <b>70.8</b>                        | <b>62.9</b>     | <b>163.6</b> |
| Additions                  | -               | -                     | -                               | -                                  | <b>27.3</b>     | <b>27.3</b>  |
| Foreign exchange effect    | <b>(0.4)</b>    | -                     | <b>(0.2)</b>                    | -                                  | <b>(1.0)</b>    | <b>(1.6)</b> |
| <b>At 31 December 2024</b> | <b>13.0</b>     | <b>0.7</b>            | <b>15.6</b>                     | <b>70.8</b>                        | <b>89.2</b>     | <b>189.3</b> |
| <b>Amortisation:</b>       |                 |                       |                                 |                                    |                 |              |
| At 1 January 2023          | -               | -                     | 8.3                             | -                                  | 22.1            | 30.4         |
| Charge for the year        | -               | -                     | 1.0                             | -                                  | 8.2             | 9.2          |
| Impairment                 | -               | -                     | -                               | -                                  | 0.2             | 0.2          |
| Disposals                  | -               | -                     | -                               | -                                  | (0.3)           | (0.3)        |
| Foreign exchange effect    | -               | -                     | -                               | -                                  | 1.4             | 1.4          |
| At 31 December 2023        | -               | -                     | 9.3                             | -                                  | 31.6            | 40.9         |
| At 1 January 2024          | -               | -                     | <b>9.3</b>                      | -                                  | <b>31.6</b>     | <b>40.9</b>  |
| Charge for the year        | -               | -                     | <b>1.1</b>                      | -                                  | <b>9.3</b>      | <b>10.4</b>  |
| Foreign exchange effect    | -               | -                     | -                               | -                                  | <b>(0.8)</b>    | <b>(0.8)</b> |
| <b>At 31 December 2024</b> | -               | -                     | <b>10.4</b>                     | -                                  | <b>40.1</b>     | <b>50.5</b>  |
| <b>Carrying amount:</b>    |                 |                       |                                 |                                    |                 |              |
| At 31 December 2023        | 13.4            | 0.7                   | 6.5                             | 70.8                               | 31.3            | 122.7        |
| <b>At 31 December 2024</b> | <b>13.0</b>     | <b>0.7</b>            | <b>5.2</b>                      | <b>70.8</b>                        | <b>49.1</b>     | <b>138.8</b> |

## Additional information

The gross cost of software fully amortised but still in use is \$17.6m (2023: \$11.9m). All software additions in 2024 and 2023 were internally developed. The software amortisation charge for the year of \$9.3m (2023: \$8.2m) is included in the 'Other operating expenses' and, for the prior period, 'Profit from discontinued operation, net of tax' lines in the Income Statement. There were impairments to software in 2024 of \$nil (2023: \$0.2m). Assets not yet in use with a total cost of \$16.8m (2023: \$5.2m) are included in the software.

## 20 Intangible assets (continued)

### Impairment testing

Intangible assets with indefinite useful lives (goodwill, syndicate participations and trade names) are reviewed annually for impairment. This impairment review is performed at the level of cash-generating units (CGUs), which are based on operating segments which earn revenues and incur expenses and whose results are regularly reviewed by management.

Goodwill and the trade names intangible asset arose from the Group's acquisition of Camargue in 2021, therefore these intangibles are fully allocated to the Camargue CGU for the purpose of the annual impairment review.

Syndicate participation intangible assets have been allocated to CGUs as follows:

|                              | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|------------------------------|----------------------------|----------------------------|
| Global Specialty Direct      | 52.7                       | 52.7                       |
| Global Specialty Reinsurance | 18.1                       | 18.1                       |
| <b>Total</b>                 | <b>70.8</b>                | <b>70.8</b>                |

Within the annual impairment review the recoverable amount of the CGUs is determined using a value in use calculation.

For the Global Speciality Direct and Global Speciality Reinsurance CGUs the value in use calculation is based on business plans covering a three-year period approved by senior management, with the year three estimated cash flows then assumed to continue in perpetuity.

For the Camargue CGU the value in use calculation is based on business plans covering a five-year period approved by senior management, with the year five estimated cash flow then assumed to grow by 4.7% per year in perpetuity. This growth rate is determined by considering actual growth experienced by Camargue since it was acquired by the Group and expected growth during the five-year forecast period.

In the value in use calculations for all CGUs:

- The business plans on which the calculations are based reflect senior management's best estimates based on historical experience, growth rates for the respective insurance industry sector, the insurance pricing cycle, and expected results from ongoing and future strategic business unit product and distribution strategies.
- The estimated cash flows are post-tax and have been discounted using a risk-adjusted discount rate of 11.35% (2023: 11.85%).

For all three CGUs the recoverable amounts at both 31 December 2024 and 31 December 2023 exceed the carrying value of the CGU (including allocated intangible assets).

For the Global Speciality Direct and Global Speciality Reinsurance CGUs, to which the most material intangible assets are allocated (the syndicate participation intangibles), a sensitivity analysis is performed to understand the impact that a reasonably possible change in key assumptions would have on the outcome of the impairment review. For the Global Speciality Direct CGU, an increase in the average forecast net loss ratio for all future years from 54.6% to 56.3% (an increase of 1.7 percentage points) would eliminate the \$246.6m surplus that arose in the base case impairment review. Management consider that such an increase is reasonably possible. The sensitivity analysis indicated that a reasonably possible change in other key assumptions would not cause the carrying value of the Global Speciality Direct and Global Speciality Reinsurance CGUs to exceed the recoverable amount.

## notes to the consolidated financial statements

## 21 Property, plant and equipment

This Note gives a breakdown of the type of property, plant and equipment asset classes in use. The value of these assets are reduced according to their useful life by way of depreciation. Depreciation is included as an expense in the income statement. An annual assessment of the carrying value of these assets is carried out and, if necessary, an impairment charge to the income statement is made.

|                            | Office<br>refurbishment<br>\$m | Computers, office<br>machinery,<br>furniture and<br>equipment<br>\$m | Land<br>\$m | Buildings<br>\$m | Right of<br>use assets<br>\$m | Total<br>\$m |
|----------------------------|--------------------------------|----------------------------------------------------------------------|-------------|------------------|-------------------------------|--------------|
| <b>Cost:</b>               |                                |                                                                      |             |                  |                               |              |
| At 1 January 2023          | 20.0                           | 4.1                                                                  | 0.3         | 0.7              | 44.2                          | 69.3         |
| Additions                  | 1.0                            | 1.4                                                                  | –           | –                | 0.8                           | 3.2          |
| Disposals                  | (1.9)                          | (0.5)                                                                | –           | –                | (9.2)                         | (11.6)       |
| Foreign exchange effect    | 1.1                            | 0.2                                                                  | –           | (0.1)            | 2.3                           | 3.5          |
| At 31 December 2023        | 20.2                           | 5.2                                                                  | 0.3         | 0.6              | 38.1                          | 64.4         |
| At 1 January 2024          | <b>20.2</b>                    | <b>5.2</b>                                                           | <b>0.3</b>  | <b>0.6</b>       | <b>38.1</b>                   | <b>64.4</b>  |
| Additions                  | <b>0.6</b>                     | <b>0.4</b>                                                           | –           | –                | <b>0.7</b>                    | <b>1.7</b>   |
| Disposals                  | <b>(1.4)</b>                   | –                                                                    | –           | –                | –                             | <b>(1.4)</b> |
| Foreign exchange effect    | <b>(0.4)</b>                   | <b>(0.1)</b>                                                         | –           | –                | <b>(0.7)</b>                  | <b>(1.2)</b> |
| <b>At 31 December 2024</b> | <b>19.0</b>                    | <b>5.5</b>                                                           | <b>0.3</b>  | <b>0.6</b>       | <b>38.1</b>                   | <b>63.5</b>  |
| <b>Depreciation:</b>       |                                |                                                                      |             |                  |                               |              |
| At 1 January 2023          | 10.3                           | 1.4                                                                  | –           | –                | 15.8                          | 27.5         |
| Charge for the year        | 1.7                            | 0.8                                                                  | –           | –                | 3.8                           | 6.3          |
| Impairment                 | 1.1                            | 0.3                                                                  | –           | –                | –                             | 1.4          |
| Disposals                  | (1.9)                          | (0.5)                                                                | –           | –                | (2.9)                         | (5.3)        |
| Foreign exchange effect    | 0.6                            | (0.1)                                                                | –           | –                | 1.2                           | 1.7          |
| At 31 December 2023        | 11.8                           | 1.9                                                                  | –           | –                | 17.9                          | 31.6         |
| At 1 January 2024          | <b>11.8</b>                    | <b>1.9</b>                                                           | –           | –                | <b>17.9</b>                   | <b>31.6</b>  |
| Charge for the year        | <b>1.1</b>                     | <b>0.7</b>                                                           | –           | –                | <b>3.3</b>                    | <b>5.1</b>   |
| Impairment                 | <b>1.5</b>                     | –                                                                    | –           | –                | –                             | <b>1.5</b>   |
| Disposals                  | <b>(1.4)</b>                   | –                                                                    | –           | –                | –                             | <b>(1.4)</b> |
| Foreign exchange effect    | <b>(0.3)</b>                   | –                                                                    | –           | –                | <b>(0.4)</b>                  | <b>(0.7)</b> |
| <b>At 31 December 2024</b> | <b>12.7</b>                    | <b>2.6</b>                                                           | –           | –                | <b>20.8</b>                   | <b>36.1</b>  |
| <b>Carrying amount:</b>    |                                |                                                                      |             |                  |                               |              |
| At 31 December 2023        | <b>8.4</b>                     | <b>3.3</b>                                                           | <b>0.3</b>  | <b>0.6</b>       | <b>20.2</b>                   | <b>32.8</b>  |
| <b>At 31 December 2024</b> | <b>6.3</b>                     | <b>2.9</b>                                                           | <b>0.3</b>  | <b>0.6</b>       | <b>17.3</b>                   | <b>27.4</b>  |

The gross cost of property, plant and equipment fully depreciated but still in use is \$0.8m (2023: \$0.3m). The depreciation charge for the year of \$5.1m (2023: \$6.3m) is included in the 'Acquisition costs', 'Other operating expenses' and 'Profit from discontinued operation, net of tax' lines in the Income Statement. An impairment charge was recognised in 2024 of \$1.5m (2023: \$1.4m). A dilapidations provision of \$2.8m (2023: \$2.5m) has been set up in respect of the refurbishment of rented property.

## 22 Deferred tax

This Note describes the tax that may have to be paid in the future. Deferred tax arises from differences in the way that tax is calculated for accounting purposes and tax purposes.

The rate used in the calculation of the UK deferred tax assets and liabilities as at 31 December 2024 is 25%. At 31 December 2023 the rate used was also 25% for all UK deferred tax assets and liabilities with the exception of the deferred tax liability (DTL) in respect of pension surpluses. For the pension surplus DTL a rate of 35% was used at 31 December 2023 as this was the applicable UK tax rate on pension surpluses before a reduction to 25% under The Authorised Surplus Payments Charge Order 2024 which was substantively enacted on 11 March 2024.

The deferred tax asset (DTA) is attributable to temporary differences arising on the following:

|                                                                                    | Intangible<br>assets<br>\$m | Underwriting<br>\$m | Losses<br>\$m | Other<br>\$m | Total<br>\$m |
|------------------------------------------------------------------------------------|-----------------------------|---------------------|---------------|--------------|--------------|
| <b>At 1 January 2023</b>                                                           | 6.2                         | (4.2)               | 89.6          | 10.8         | 102.4        |
| Movements in the year:                                                             |                             |                     |               |              |              |
| (Charged)/credited to income statement                                             | -                           | (0.1)               | 12.1          | 19.5         | 31.5         |
| Disposal of subsidiaries                                                           | (6.2)                       | 4.3                 | -             | (1.4)        | (3.3)        |
| Foreign exchange effect                                                            | -                           | -                   | -             | 1.9          | 1.9          |
| <b>At 31 December 2023</b>                                                         | -                           | -                   | 101.7         | 30.8         | 132.5        |
| Deferred tax assets presented within deferred tax liabilities<br>(see table below) |                             |                     |               |              | (132.5)      |
| <b>Net deferred tax asset at 31 December 2023</b>                                  |                             |                     |               |              | -            |
| <b>At 1 January 2024</b>                                                           | -                           | -                   | 101.7         | 30.8         | 132.5        |
| Movements in the year:                                                             |                             |                     |               |              |              |
| (Charged)/credited to income statement                                             | -                           | 5.3                 | 12.2          | (13.9)       | 3.6          |
| Disposal of subsidiaries                                                           | -                           | -                   | -             | -            | -            |
| Foreign exchange effect                                                            | -                           | -                   | -             | 1.9          | 1.9          |
| <b>At 31 December 2024</b>                                                         | -                           | 5.3                 | 113.9         | 18.8         | 138.0        |
| Deferred tax assets presented within deferred tax liabilities<br>(see table below) |                             |                     |               |              | (134.4)      |
| <b>Net deferred tax asset at 31 December 2024</b>                                  |                             |                     |               |              | 3.6          |

The net deferred tax asset of \$3.6m (2023: \$nil) relates to deferred tax assets arising in the United States which are not available for offset against the Group's deferred tax liabilities, which arise in the United Kingdom and South Africa.

Deferred tax assets are considered recoverable where it is expected that there will be future taxable profits based on the approved business plans and budgets of the Group, adjusted as appropriate to reflect the latest circumstances and supplemented by scenario modelling. As described in Note 3.3.4, this estimate of future taxable profits is significant to the Group's statement of financial position.

Based on this estimate of future taxable profits:

- Management concluded that \$138.0m (2023: \$132.5m) of deferred tax assets are recoverable, including \$113.9m (2023: \$101.7m) in respect of carried forward losses which arose due to significant catastrophe-related claims incurred in previous years. These carried forward losses can be carried forward indefinitely and have no expiry date.
- A further deferred tax asset of \$30.9m (2023: \$20.6m) relating to carried forward losses of \$123.6m (2023: \$82.4m) has not been recognised as an asset as it is not considered probable that the losses can be utilised in the foreseeable future. These unused losses can also be carried forward indefinitely and have no expiry date.



## notes to the consolidated financial statements

**22 Deferred tax (continued)**

The DTL is attributable to temporary differences arising on the following:

|                                                                                 | Pensions<br>\$m | Intangible<br>assets<br>\$m | Underwriting<br>\$m | Other<br>\$m | Total<br>\$m |
|---------------------------------------------------------------------------------|-----------------|-----------------------------|---------------------|--------------|--------------|
| <b>At 1 January 2023</b>                                                        | (22.3)          | (26.8)                      | (124.5)             | (3.7)        | (177.3)      |
| Movements in the year:                                                          |                 |                             |                     |              |              |
| (Charged)/credited to income statement                                          | 2.0             | (1.1)                       | (10.4)              | 0.7          | (8.8)        |
| Tax relating to components of other comprehensive income (Note 19(b))           | 8.4             | -                           | -                   | -            | 8.4          |
| Disposal of subsidiaries                                                        | -               | 6.2                         | (3.9)               | 1.3          | 3.6          |
| Foreign exchange effect                                                         | (0.6)           | 0.2                         | (0.2)               | -            | (0.6)        |
| <b>At 31 December 2023</b>                                                      | (12.5)          | (21.5)                      | (139.0)             | (1.7)        | (174.7)      |
| Deferred tax assets presented within deferred tax liabilities (see table above) |                 |                             |                     |              | 132.4        |
| <b>Net deferred tax liability at 31 December 2023</b>                           |                 |                             |                     |              | (42.3)       |
| <b>At 1 January 2024</b>                                                        | (12.5)          | (21.5)                      | (139.0)             | (1.7)        | (174.7)      |
| Movements in the year:                                                          |                 |                             |                     |              |              |
| (Charged)/credited to income statement                                          | 9.2             | (0.8)                       | (74.2)              | (9.3)        | (75.1)       |
| Tax relating to components of other comprehensive income (Note 19(b))           | (5.2)           | -                           | -                   | -            | (5.2)        |
| Disposal of subsidiaries                                                        | -               | -                           | -                   | -            | -            |
| Foreign exchange effect                                                         | (0.2)           | -                           | -                   | (0.4)        | (0.6)        |
| <b>At 31 December 2024</b>                                                      | (8.7)           | (22.3)                      | (213.2)             | (11.4)       | (255.6)      |
| Deferred tax assets presented within deferred tax liabilities (see table above) |                 |                             |                     |              | 134.4        |
| <b>Net deferred tax liability at 31 December 2024</b>                           |                 |                             |                     |              | (121.2)      |

## 23 Insurance and reinsurance contracts

This Note presents an analysis of the current and non-current portions of insurance contract and reinsurance contract balances.

This Note also analyses the movement in insurance contract and reinsurance contract balances during the year, splitting them into their component parts. It also examines the in-year movement in insurance and reinsurance contract balances applying the general measurement model (GMM), the impact of GMM contracts recognised during the year, the movement in assets for insurance acquisition cash flows, and the expected recognition of the CSM in future periods. On transition to IFRS 17, the Group measured all insurance contracts issued and reinsurance contracts held using the fully retrospective approach.

The Note also shows how claims have developed over a period (before and after the effects of reinsurance) of time by setting out the cumulative development at the end of each calendar year in respect of claims arising from business written in a particular underwriting year.

### Composition of the consolidated statement of financial position

An analysis of the amounts presented on the consolidated statement of financial position for insurance and reinsurance contracts is included in the table below, along with the presentation of current and non-current portions of the balances:

| \$m                                                                                  | Year ended 31 December 2024 |                     |                | Year ended 31 December 2023 |                     |         |
|--------------------------------------------------------------------------------------|-----------------------------|---------------------|----------------|-----------------------------|---------------------|---------|
|                                                                                      | Current portion             | Non-current portion | Total          | Current portion             | Non-current portion | Total   |
| <b>Reinsurance contract assets<sup>1</sup></b>                                       | <b>599.9</b>                | <b>1,273.5</b>      | <b>1,873.4</b> | 708.3                       | 1,234.5             | 1,942.8 |
| <b>Insurance contract liabilities:</b>                                               |                             |                     |                |                             |                     |         |
| Insurance contract liabilities excluding assets for insurance acquisition cash flows | 1,635.3                     | 4,725.7             | 6,361.0        | 1,554.2                     | 4,336.5             | 5,890.7 |
| Assets for insurance acquisition cash flows                                          | (24.1)                      | –                   | (24.1)         | (21.0)                      | –                   | (21.0)  |
| <b>Insurance contract liabilities<sup>1</sup></b>                                    | <b>1,611.2</b>              | <b>4,725.7</b>      | <b>6,336.9</b> | 1,533.2                     | 4,336.5             | 5,869.7 |

1. The Group does not have other pre-recognition cash flows included in either its insurance contract liabilities or reinsurance contract assets.

## notes to the consolidated financial statements

## 23 Insurance and reinsurance contracts (continued)

## Movement in insurance contract balances

## Insurance contracts

## Analysis by remaining coverage and incurred claims

| Insurance contracts                                  | 31 December 2024                |                         |                                                 |                                        |           |
|------------------------------------------------------|---------------------------------|-------------------------|-------------------------------------------------|----------------------------------------|-----------|
| Analysis by remaining coverage and incurred claims   | Remaining coverage <sup>2</sup> | Incurred claims         |                                                 |                                        | Total     |
|                                                      |                                 | Contracts not under PAA | Contracts under PAA                             |                                        |           |
|                                                      |                                 |                         | Estimates of present value of future cash flows | Risk adjustment for non-financial risk |           |
| \$m                                                  |                                 |                         |                                                 |                                        |           |
| Net opening balance <sup>1</sup>                     | (23.3)                          | (317.0)                 | (5,275.7)                                       | (274.7)                                | (5,890.7) |
| Changes in the consolidated income statement         |                                 |                         |                                                 |                                        |           |
| Insurance revenue                                    | 3,465.5                         | -                       | -                                               | -                                      | 3,465.5   |
| Incurred claims and other insurance service expenses | -                               | (672.2)                 | (1,231.6)                                       | (82.6)                                 | (1,986.4) |
| Amortisation of insurance acquisition cash flows     | (664.8)                         | -                       | -                                               | -                                      | (664.8)   |
| Prior year development                               | -                               | 18.7                    | (19.6)                                          | 73.1                                   | 72.2      |
| Insurance service expenses                           | (664.8)                         | (653.5)                 | (1,251.2)                                       | (9.5)                                  | (2,579.0) |
| Insurance service result <sup>3</sup>                | 2,800.7                         | (653.5)                 | (1,251.2)                                       | (9.5)                                  | 886.5     |
| Net finance expense from insurance contracts         | (6.8)                           | (36.2)                  | (228.6)                                         | -                                      | (271.6)   |
| Effect of movements in exchange rates                | (3.2)                           | 8.9                     | 45.3                                            | 2.3                                    | 53.3      |
| Total changes in the consolidated income statement   | 2,790.7                         | (680.8)                 | (1,434.5)                                       | (7.2)                                  | 668.2     |
| Investment components                                | 18.5                            | -                       | (18.5)                                          | -                                      | -         |
| Cash flows                                           |                                 |                         |                                                 |                                        |           |
| Premiums received                                    | (3,719.7)                       | -                       | -                                               | -                                      | (3,719.7) |
| Claims and other insurance service expenses paid     | -                               | 123.5                   | 1,544.6                                         | -                                      | 1,668.1   |
| Insurance acquisition cash flows                     | 913.1                           | -                       | -                                               | -                                      | 913.1     |
| Total cash flows                                     | (2,806.6)                       | 123.5                   | 1,544.6                                         | -                                      | (1,138.5) |
| Net closing balance <sup>1</sup>                     | (20.7)                          | (874.3)                 | (5,184.1)                                       | (281.9)                                | (6,361.0) |

1. Opening and closing insurance contract balances exclude assets for insurance acquisition cash flows.

2. The Group has no items of loss component included within Remaining coverage.

3. The insurance service result presented in this disclosure note excludes 'net expenses from reinsurance contract' held'.

## 23 Insurance and reinsurance contracts (continued)

### Movement in insurance contract balances (continued)

#### Insurance contracts

#### Analysis by remaining coverage and incurred claims

| Insurance contracts                                  |                                 | 31 December 2023        |                                                 |                                        |           |
|------------------------------------------------------|---------------------------------|-------------------------|-------------------------------------------------|----------------------------------------|-----------|
| Analysis by remaining coverage and incurred claims   | Remaining coverage <sup>2</sup> | Incurred claims         |                                                 |                                        | Total     |
|                                                      |                                 | Contracts not under PAA | Contracts under PAA                             |                                        |           |
|                                                      |                                 |                         | Estimates of present value of future cash flows | Risk adjustment for non-financial risk |           |
| \$m                                                  |                                 |                         |                                                 |                                        |           |
| Net opening balance <sup>1</sup>                     | (76.9)                          | –                       | (5,089.5)                                       | (263.7)                                | (5,430.1) |
| <i>Changes in the consolidated income statement</i>  |                                 |                         |                                                 |                                        |           |
| Insurance revenue                                    | 3,517.1                         | –                       | –                                               | –                                      | 3,517.1   |
| Incurred claims and other insurance service expenses | –                               | (352.5)                 | (1,465.3)                                       | (88.4)                                 | (1,906.2) |
| Amortisation of insurance acquisition cash flows     | (638.0)                         | –                       | –                                               | –                                      | (638.0)   |
| Prior year development                               | –                               | –                       | (131.1)                                         | 79.9                                   | (51.2)    |
| Insurance service expenses <sup>3</sup>              | (638.0)                         | (352.5)                 | (1,596.4)                                       | (8.5)                                  | (2,595.4) |
| Insurance service result <sup>4</sup>                | 2,879.1                         | (352.5)                 | (1,596.4)                                       | (8.5)                                  | 921.7     |
| Net finance expense from insurance contracts         | (8.5)                           | (12.7)                  | (301.5)                                         | –                                      | (322.7)   |
| Effect of movements in exchange rates                | 6.0                             | (2.4)                   | (46.5)                                          | (2.5)                                  | (45.4)    |
| Total changes in the consolidated income statement   | 2,876.6                         | (367.6)                 | (1,944.4)                                       | (11.0)                                 | 553.6     |
| Investment components                                | 10.6                            | –                       | (10.6)                                          | –                                      | –         |
| <i>Cash flows</i>                                    |                                 |                         |                                                 |                                        |           |
| Premiums received                                    | (3,603.1)                       | –                       | –                                               | –                                      | (3,603.1) |
| Claims and other insurance service expenses paid     | –                               | 50.6                    | 1,768.8                                         | –                                      | 1,819.4   |
| Insurance acquisition cash flows                     | 769.5                           | –                       | –                                               | –                                      | 769.5     |
| Total cash flows                                     | (2,833.6)                       | 50.6                    | 1,768.8                                         | –                                      | (1,014.2) |
| Net closing balance <sup>1</sup>                     | (23.3)                          | (317.0)                 | (5,275.7)                                       | (274.7)                                | (5,890.7) |

1. Opening and closing insurance contract balances exclude assets for insurance acquisition cash flows.

2. The Group has no items of loss component included within Remaining coverage.

3. Insurance service expenses include amounts attributed to the discontinued operation (see Note 10).

4. The insurance service result presented in this disclosure note excludes 'net expenses from reinsurance contract' held.

## 23 Insurance and reinsurance contracts (continued)

### Movement in reinsurance contract balances

#### Reinsurance contracts

#### Analysis by remaining coverage and incurred claims

| Reinsurance contracts                                              | 31 December 2024                |                         |                                                 |                                        |         |
|--------------------------------------------------------------------|---------------------------------|-------------------------|-------------------------------------------------|----------------------------------------|---------|
| Analysis by remaining coverage and incurred claims                 | Remaining coverage <sup>1</sup> | Incurred claims         |                                                 |                                        | Total   |
|                                                                    |                                 | Contracts not under PAA | Contracts under PAA                             |                                        |         |
|                                                                    |                                 |                         | Estimates of present value of future cash flows | Risk adjustment for non-financial risk |         |
| \$m                                                                |                                 |                         |                                                 |                                        |         |
| Net opening balance                                                | 260.3                           | 36.1                    | 1,548.2                                         | 98.2                                   | 1,942.8 |
| Changes in the consolidated income statement                       |                                 |                         |                                                 |                                        |         |
| Allocation of reinsurance premium                                  | (693.7)                         | -                       | -                                               | -                                      | (693.7) |
| Recoveries on incurred claims and other insurance service expenses | -                               | 96.1                    | 310.7                                           | 24.4                                   | 431.2   |
| Prior year development                                             | -                               | (0.1)                   | 68.9                                            | (18.0)                                 | 50.8    |
| Recoveries from reinsurers                                         | -                               | 96.0                    | 379.6                                           | 6.4                                    | 482.0   |
| Net (expense)/income from reinsurance contracts held               | (693.7)                         | 96.0                    | 379.6                                           | 6.4                                    | (211.7) |
| Net finance (expense)/income from reinsurance contracts held       | (0.8)                           | 0.2                     | 64.9                                            | -                                      | 64.3    |
| Effect of movements in exchange rates                              | -                               | (0.1)                   | (16.1)                                          | (1.0)                                  | (17.2)  |
| Total changes in the consolidated income statement                 | (694.5)                         | 96.1                    | 428.4                                           | 5.4                                    | (164.6) |
| Investment components                                              | (4.7)                           | -                       | 4.7                                             | -                                      | -       |
| Cash flows                                                         |                                 |                         |                                                 |                                        |         |
| Premiums paid                                                      | 559.6                           | -                       | -                                               | -                                      | 559.6   |
| Claims and other insurance service expenses recovered              | -                               | (130.0)                 | (334.4)                                         | -                                      | (464.4) |
| Total cash flows                                                   | 559.6                           | (130.0)                 | (334.4)                                         | -                                      | 95.2    |
| Net closing balance                                                | 120.7                           | 2.2                     | 1,646.9                                         | 103.6                                  | 1,873.4 |

1. The Group has no items of loss-recovery component included within Remaining coverage.

## 23 Insurance and reinsurance contracts (continued)

### Movement in reinsurance contract balances (continued)

#### Reinsurance contracts

#### Analysis by remaining coverage and incurred claims

| Reinsurance contracts                                              | 31 December 2023                |                         |                                                 |                                        |         |
|--------------------------------------------------------------------|---------------------------------|-------------------------|-------------------------------------------------|----------------------------------------|---------|
| Analysis by remaining coverage and incurred claims                 | Remaining coverage <sup>1</sup> | Incurred claims         |                                                 |                                        | Total   |
|                                                                    |                                 | Contracts not under PAA | Contracts under PAA                             |                                        |         |
|                                                                    |                                 |                         | Estimates of present value of future cash flows | Risk adjustment for non-financial risk |         |
| \$m                                                                |                                 |                         |                                                 |                                        |         |
| Net opening balance                                                | 237.7                           | 33.7                    | 1,471.8                                         | 80.9                                   | 1,824.1 |
| <i>Changes in the consolidated income statement</i>                |                                 |                         |                                                 |                                        |         |
| Allocation of reinsurance premium                                  | (785.9)                         | -                       | -                                               | -                                      | (785.9) |
| Recoveries on incurred claims and other insurance service expenses | -                               | 92.6                    | 314.2                                           | 38.3                                   | 445.1   |
| Prior year development                                             | -                               | (0.1)                   | 89.5                                            | (21.9)                                 | 67.5    |
| Recoveries from reinsurers                                         | -                               | 92.5                    | 403.7                                           | 16.4                                   | 512.6   |
| Net (expense)/income from reinsurance contracts held               | (785.9)                         | 92.5                    | 403.7                                           | 16.4                                   | (273.3) |
| Net finance (expense)/income from reinsurance contracts held       | (0.4)                           | 0.1                     | 97.2                                            | -                                      | 96.9    |
| Effect of movements in exchange rates                              | (0.4)                           | 0.1                     | 8.5                                             | 0.9                                    | 9.1     |
| Total changes in the consolidated income statement                 | (786.7)                         | 92.7                    | 509.4                                           | 17.3                                   | (167.3) |
| Investment components                                              | (6.5)                           | -                       | 6.5                                             | -                                      | -       |
| <i>Cash flows</i>                                                  |                                 |                         |                                                 |                                        |         |
| Premiums paid                                                      | 815.8                           | -                       | -                                               | -                                      | 815.8   |
| Claims and other insurance service expenses recovered              | -                               | (90.3)                  | (439.5)                                         | -                                      | (529.8) |
| Total cash flows                                                   | 815.8                           | (90.3)                  | (439.5)                                         | -                                      | 286.0   |
| Net closing balance                                                | 260.3                           | 36.1                    | 1,548.2                                         | 98.2                                   | 1,942.8 |

1. The Group has no items of loss-recovery component included within Remaining coverage.

## 23 Insurance and reinsurance contracts (continued)

### Movement in insurance contract balances applying GMM

#### Insurance contracts

#### Analysis by measurement component

|                                                               | 31 December 2024                                |                                        |                |                |
|---------------------------------------------------------------|-------------------------------------------------|----------------------------------------|----------------|----------------|
| \$m                                                           | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | CSM            | Total          |
| <b>Net opening balance</b>                                    | <b>(264.8)</b>                                  | <b>(33.7)</b>                          | <b>(98.6)</b>  | <b>(397.1)</b> |
| <b>Changes in the consolidated income statement</b>           |                                                 |                                        |                |                |
| <b>Changes that relate to current service</b>                 |                                                 |                                        |                |                |
| CSM recognised for the services provided                      | –                                               | –                                      | 180.1          | 180.1          |
| Changes in the risk adjustment for non-financial risk expired | –                                               | (1.6)                                  | –              | (1.6)          |
| Experience adjustments                                        | 90.5                                            | –                                      | –              | 90.5           |
|                                                               | 90.5                                            | (1.6)                                  | 180.1          | 269.0          |
| <b>Changes that relate to future service</b>                  |                                                 |                                        |                |                |
| Contracts initially recognised in the period                  | 265.9                                           | (32.6)                                 | (233.3)        | –              |
| Changes in estimates that adjust the CSM                      | (56.7)                                          | 0.1                                    | 56.6           | –              |
|                                                               | 209.2                                           | (32.5)                                 | (176.7)        | –              |
| <b>Changes that relate to past service</b>                    |                                                 |                                        |                |                |
| Prior year development                                        | 15.7                                            | 2.8                                    | –              | 18.5           |
| <b>Net income/(expense) from insurance contracts issued</b>   | <b>315.4</b>                                    | <b>(31.3)</b>                          | <b>3.4</b>     | <b>287.5</b>   |
| Finance expense from insurance contracts issued               | (32.2)                                          | –                                      | (10.8)         | (43.0)         |
| Effect of movements in exchange rates                         | 6.2                                             | 0.6                                    | 0.3            | 7.1            |
| <b>Total amounts recognised in comprehensive income</b>       | <b>289.4</b>                                    | <b>(30.7)</b>                          | <b>(7.1)</b>   | <b>251.6</b>   |
| <b>Cash flows</b>                                             |                                                 |                                        |                |                |
| Premiums received                                             | (1,192.5)                                       | –                                      | –              | (1,192.5)      |
| Claims and other insurance service expenses paid              | 123.5                                           | –                                      | –              | 123.5          |
| Insurance acquisition cash flows                              | 273.2                                           | –                                      | –              | 273.2          |
| <b>Total cash flows</b>                                       | <b>(795.8)</b>                                  | <b>–</b>                               | <b>–</b>       | <b>(795.8)</b> |
| <b>Net closing balance</b>                                    | <b>(771.2)</b>                                  | <b>(64.4)</b>                          | <b>(105.7)</b> | <b>(941.3)</b> |



## 23 Insurance and reinsurance contracts (continued)

### Movement in insurance contract balances applying GMM (continued)

The comparative disclosures for 2023 have been adjusted to be consistent with the Group's updated methodology for analysing movements in (re)insurance contract balances. This updated methodology has no impact on the measurement of insurance contracts or on the presentation of related amounts in the income statement and statement of financial position.

#### Insurance contracts

|                                                               | 31 December 2023 (restated)                     |                                        |         |         |
|---------------------------------------------------------------|-------------------------------------------------|----------------------------------------|---------|---------|
| Analysis by measurement component                             | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | CSM     | Total   |
| \$m                                                           |                                                 |                                        |         |         |
| <b>Net opening balance<sup>1</sup></b>                        | -                                               | -                                      | -       | -       |
| <b>Changes in the consolidated income statement</b>           |                                                 |                                        |         |         |
| <b>Changes that relate to current service</b>                 |                                                 |                                        |         |         |
| CSM recognised for the services provided                      | -                                               | -                                      | 103.3   | 103.3   |
| Changes in the risk adjustment for non-financial risk expired | -                                               | 1.6                                    | -       | 1.6     |
| Experience adjustments                                        | 63.2                                            | -                                      | -       | 63.2    |
|                                                               | 63.2                                            | 1.6                                    | 103.3   | 168.1   |
| <b>Changes that relate to future service</b>                  |                                                 |                                        |         |         |
| Contracts initially recognised in the period                  | 249.8                                           | (33.8)                                 | (216.0) | -       |
| Changes in estimates that adjust the CSM                      | (19.9)                                          | (1.3)                                  | 21.2    | -       |
|                                                               | 229.9                                           | (35.1)                                 | (194.8) | -       |
| <b>Net income/(expense) from insurance contracts issued</b>   | 293.1                                           | (33.5)                                 | (91.5)  | 168.1   |
| Finance expense from insurance contracts issued               | (14.3)                                          | -                                      | (6.9)   | (21.2)  |
| Effect of movements in exchange rates                         | (1.1)                                           | (0.2)                                  | (0.2)   | (1.5)   |
| <b>Total amounts recognised in comprehensive income</b>       | 277.7                                           | (33.7)                                 | (98.6)  | 145.4   |
| <b>Cash flows</b>                                             |                                                 |                                        |         |         |
| Premiums received                                             | (773.0)                                         | -                                      | -       | (773.0) |
| Claims and other insurance service expenses paid              | 50.6                                            | -                                      | -       | 50.6    |
| Insurance acquisition cash flows                              | 179.9                                           | -                                      | -       | 179.9   |
| <b>Total cash flows</b>                                       | (542.5)                                         | -                                      | -       | (542.5) |
| <b>Net closing balance</b>                                    | (264.8)                                         | (33.7)                                 | (98.6)  | (397.1) |

1. In 2022, none of the Group's insurance contracts were measured under GMM

**23 Insurance and reinsurance contracts (continued)****Movement in reinsurance contract balances applying GMM****Reinsurance contracts****Analysis by measurement component**

| \$m                                                                                   | 31 December 2024                                |                                        |              |               |
|---------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------|--------------|---------------|
|                                                                                       | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | CSM          | Total         |
| <b>Net opening balance</b>                                                            | <b>316.5</b>                                    | <b>1.2</b>                             | <b>3.7</b>   | <b>321.4</b>  |
| <b>Changes in the consolidated income statement</b>                                   |                                                 |                                        |              |               |
| <b>Changes that relate to current service</b>                                         |                                                 |                                        |              |               |
| CSM recognised for the services received                                              | -                                               | -                                      | (65.8)       | (65.8)        |
| Changes in the risk adjustment for non-financial risk expired                         | -                                               | (2.1)                                  | -            | (2.1)         |
| Experience adjustments                                                                | 37.7                                            | -                                      | -            | 37.7          |
|                                                                                       | 37.7                                            | (2.1)                                  | (65.8)       | (30.2)        |
| <b>Changes that relate to future service</b>                                          |                                                 |                                        |              |               |
| Contracts initially recognised in the period                                          | (64.2)                                          | 1.6                                    | 62.6         | -             |
| Changes in estimates that adjust the CSM                                              | 3.0                                             | -                                      | (3.0)        | -             |
|                                                                                       | (61.2)                                          | 1.6                                    | 59.6         | -             |
| <b>Changes that relate to past service</b>                                            |                                                 |                                        |              |               |
| Prior year development                                                                | 0.1                                             | (0.1)                                  | -            | -             |
| <b>Net (expense)/income from reinsurance contracts held</b>                           | <b>(23.4)</b>                                   | <b>(0.6)</b>                           | <b>(6.2)</b> | <b>(30.2)</b> |
| Finance (expense)/income from reinsurance contracts held                              | (3.4)                                           | -                                      | 2.8          | (0.6)         |
| Effect of movements in exchange rates                                                 | (1.9)                                           | -                                      | -            | (1.9)         |
| <b>Total amounts recognised in comprehensive income</b>                               | <b>(28.7)</b>                                   | <b>(0.6)</b>                           | <b>(3.4)</b> | <b>(32.7)</b> |
| <b>Cash flows</b>                                                                     |                                                 |                                        |              |               |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 102.0                                           | -                                      | -            | 102.0         |
| Recoveries from reinsurance                                                           | (129.4)                                         | -                                      | -            | (129.4)       |
| <b>Total cash flows</b>                                                               | <b>(27.4)</b>                                   | <b>-</b>                               | <b>-</b>     | <b>(27.4)</b> |
| <b>Net closing balance</b>                                                            | <b>260.4</b>                                    | <b>0.6</b>                             | <b>0.3</b>   | <b>261.3</b>  |

## 23 Insurance and reinsurance contracts (continued)

### Movement in reinsurance contract balances applying GMM (continued)

The comparative disclosures for 2023 have been adjusted to be consistent with the Group's updated methodology for analysing movements in (re)insurance contract balances. This updated methodology has no impact on the measurement of reinsurance contracts or on the presentation of related amounts in the income statement and statement of financial position.

#### Reinsurance contracts

|                                                                                       | 31 December 2023 (restated)                     |                                        |        |         |
|---------------------------------------------------------------------------------------|-------------------------------------------------|----------------------------------------|--------|---------|
| Analysis by measurement component                                                     | Estimates of present value of future cash flows | Risk adjustment for non-financial risk | CSM    | Total   |
| \$m                                                                                   |                                                 |                                        |        |         |
| <b>Net opening balance</b>                                                            | 351.4                                           | 17.2                                   | (14.9) | 353.7   |
| <b>Changes in the consolidated income statement</b>                                   |                                                 |                                        |        |         |
| <b>Changes that relate to current service</b>                                         |                                                 |                                        |        |         |
| CSM recognised for the services received                                              | -                                               | -                                      | (51.4) | (51.4)  |
| Changes in the risk adjustment for non-financial risk expired                         | -                                               | (21.9)                                 | -      | (21.9)  |
| Experience adjustments                                                                | (43.5)                                          | -                                      | -      | (43.5)  |
|                                                                                       | (43.5)                                          | (21.9)                                 | (51.4) | (116.8) |
| <b>Changes that relate to future service</b>                                          |                                                 |                                        |        |         |
| Contracts initially recognised in the period                                          | (74.4)                                          | 4.6                                    | 69.8   | -       |
| Changes in estimates that adjust the CSM                                              | 1.6                                             | 0.2                                    | (1.8)  | -       |
|                                                                                       | (72.8)                                          | 4.8                                    | 68.0   | -       |
| <b>Net (expense)/income from reinsurance contracts held</b>                           | (116.3)                                         | (17.1)                                 | 16.6   | (116.8) |
| Finance (expense)/income from reinsurance contracts held                              | (2.3)                                           | -                                      | 2.0    | (0.3)   |
| Effect of movements in exchange rates                                                 | 2.7                                             | 1.0                                    | -      | 3.7     |
| <b>Total amounts recognised in comprehensive income</b>                               | (115.9)                                         | (16.1)                                 | 18.6   | (113.4) |
| <b>Cash flows</b>                                                                     |                                                 |                                        |        |         |
| Premiums paid net of ceding commissions and other directly attributable expenses paid | 139.8                                           | -                                      | -      | 139.8   |
| Recoveries from reinsurance                                                           | (58.7)                                          | -                                      | -      | (58.7)  |
| <b>Total cash flows</b>                                                               | 81.1                                            | -                                      | -      | 81.1    |
| <b>Net closing balance</b>                                                            | 316.6                                           | 1.1                                    | 3.7    | 321.4   |

## notes to the consolidated financial statements

**23 Insurance and reinsurance contracts (continued)****Impact of GMM contracts recognised in the year**

| \$m                                                                                     | 2024           | 2023    |
|-----------------------------------------------------------------------------------------|----------------|---------|
| <b>Insurance contracts (profitable contracts issued<sup>1</sup>)</b>                    |                |         |
| Claims and other insurance service expenses payable                                     | <b>(697.5)</b> | (682.2) |
| Insurance acquisition cash flows                                                        | <b>(276.0)</b> | (266.0) |
| Estimates of present value of cash outflows                                             | <b>(973.5)</b> | (948.2) |
| Estimates of present value of cash inflows                                              | <b>1,239.4</b> | 1,198.0 |
| Risk adjustment for non-financial risk                                                  | <b>(32.6)</b>  | (33.8)  |
| CSM                                                                                     | <b>(233.3)</b> | (216.0) |
| <b>Increase in insurance contract liabilities from contracts recognised in the year</b> | <b>-</b>       | -       |

1. The Group did not acquire any profitable contracts or issue any onerous contracts in either year presented.

| \$m                                                                                         | 2024          | 2023<br>(restated) |
|---------------------------------------------------------------------------------------------|---------------|--------------------|
| <b>Reinsurance contracts held (initiated without a loss-recovery component<sup>1</sup>)</b> |               |                    |
| Estimates of present value of cash outflows                                                 | <b>(81.7)</b> | (125.0)            |
| Estimates of present value of cash inflows                                                  | <b>17.5</b>   | 50.6               |
| Risk adjustment for non-financial risk                                                      | <b>1.6</b>    | 4.6                |
| CSM                                                                                         | <b>62.6</b>   | 69.8               |
| <b>Increase in reinsurance contract assets from contracts recognised in the year</b>        | <b>-</b>      | -                  |

1. The Group did not initiate any reinsurance contracts with loss-recovery components in either year presented.

**Movement in assets for insurance acquisition cash flows**

| \$m                                                                          | 31 December<br>2024 | 31 December<br>2023 |
|------------------------------------------------------------------------------|---------------------|---------------------|
| <b>Opening balance</b>                                                       | <b>21.0</b>         | 18.6                |
| Cash flows recognised as an asset during the year                            | <b>24.1</b>         | 21.0                |
| Amounts derecognised on initial recognition of groups of insurance contracts | <b>(21.0)</b>       | (18.6)              |
| <b>Closing balance</b>                                                       | <b>24.1</b>         | 21.0                |
| Presented in insurance contract liabilities                                  | <b>24.1</b>         | 21.0                |
| <b>Closing balance</b>                                                       | <b>24.1</b>         | 21.0                |

As insurance acquisition cash flows are not allocated to renewals, all assets for insurance acquisition cash flows are expected to be derecognised within one year.

## 23 Insurance and reinsurance contracts (continued)

### Expected recognition of the CSM

| Duration                   | 1 year or less<br>\$m | 1 to 2 years<br>\$m | 2 to 3 years<br>\$m | 3 to 4 years<br>\$m | 4 to 5 years<br>\$m | 5 to 10 years <sup>1</sup><br>\$m | Total <sup>2</sup><br>\$m |
|----------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------------|---------------------------|
| <b>31 December 2024</b>    |                       |                     |                     |                     |                     |                                   |                           |
| Insurance contracts        | 103.0                 | 2.7                 | –                   | –                   | –                   | –                                 | 105.7                     |
| Reinsurance contracts held | (6.3)                 | 1.3                 | 1.1                 | 0.9                 | 0.7                 | 2.0                               | (0.3)                     |
| <b>31 December 2023</b>    |                       |                     |                     |                     |                     |                                   |                           |
| Insurance contracts        | 95.6                  | 3.0                 | –                   | –                   | –                   | –                                 | 98.6                      |
| Reinsurance contracts held | (11.6)                | 1.5                 | 1.5                 | 1.1                 | 1.0                 | 2.8                               | (3.7)                     |

1. The Group does not hold any insurance or reinsurance contracts where the CSM has an expected recognition of more than 10 years.

2. A CSM presented as a positive in this table is expected to release as an income to the consolidated income statement in future periods. A CSM presented as a negative in this table is expected to release as an expense to the consolidated income statement in future periods.

### Insurance and reinsurance contracts – assumptions and changes in assumptions

#### Process used to decide on assumptions required

The risks associated with these insurance liabilities and in particular with casualty insurance liabilities are complex and subject to a number of variables that complicate quantitative analysis.

The Group uses several statistical methods to incorporate the various assumptions made in order to estimate the ultimate costs of claims. It is typical to consider the attritional claims separately from the large claims, separately from the catastrophe losses. The two methods more commonly used are the chain-ladder and the Bornhuetter-Ferguson methods.

Chain-ladder methods may be applied to premiums, paid claims or incurred claims (i.e. paid claims plus case reserve estimates). The basic technique involves the analysis of historical claims development factors and the selection of estimated development factors based on these historical patterns. The selected development factors are then applied to cumulative claims data for each underwriting year, that is not yet fully developed, to produce an estimated ultimate claims cost for each underwriting year.

Chain-ladder techniques are most appropriate for mature classes of business that have a relatively stable development pattern. Chain-ladder techniques are less suitable in cases in which the insurer does not have a developed claims history for a particular class of business or for underwriting years at early stages of development where the outcome is still highly uncertain.

The Bornhuetter-Ferguson method uses a combination of a benchmark or market-based estimate and an estimate based on claims experience. The former is based on a measure of exposure such as premiums; the latter is based on the paid or incurred claims to date. The two estimates are combined using a formula that gives more weight to the experience-based estimate as time passes. This technique is used in situations in which developed claims experience is not available for the projection (recent underwriting years or new classes of business).

The choice of selected results for each year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. In certain instances, this has meant that different techniques or combination of techniques have been selected for the individual underwriting year, or groups of underwriting years within the same class of business.

In addition to the above statistical techniques, alternative approaches are often considered for a number of classes of business (e.g. Casualty Treaty) and particular events (e.g. natural catastrophes), therefore alternative methodologies may be employed to add additional rigour to the process. For example, losses from a catastrophe are typically formed from reviewing potential exposure on a policy by policy basis and taking account of market intelligence to determine Brit's share of the loss. An estimate of the large claims ultimate will typically be formed from estimating the number of unreported large claims, using the standard statistical techniques described above, and multiplying this with the expected severity of such losses.

## 23 Insurance and reinsurance contracts (continued)

### Insurance and reinsurance contracts – assumptions and changes in assumptions (continued)

#### *Changes in assumptions*

The Group did not change its estimation techniques from those disclosed in this Note in 2023.

#### *Claims development tables*

The tables show the estimate of ultimate claim costs, inclusive of catastrophe losses, for each successive underwriting year at the end of each year, together with cumulative paid claims at the end of the current year.

The tables reconcile the cumulative claims to the amount included in the statement of financial position, with balances in foreign currencies converted into US dollars applying the 31 December 2024 exchange rates.

The claims development triangles include 100% of the estimate of ultimate claim costs rather than the estimate of ultimate claim costs that reflect the Group's proportionate share of each syndicate's underwriting capacity during the respective underwriting years. An adjustment to reflect the Group's consolidated share of Syndicate 2988 is included below the claims development triangle in the 'elimination of intercompany' row.

The 2020 and prior years of account are impacted by the loss portfolio reinsurance contracts entered into in 2018 and 2021 with RiverStone Managing Agency Limited (for and on behalf of Lloyd's Syndicate 3500).

## 23 Insurance and reinsurance contracts (continued)

### Ultimate gross claims

| Underwriting year<br>\$m                                         | 2015 and<br>prior years | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022    | 2023    | 2024      |            |
|------------------------------------------------------------------|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|---------|---------|-----------|------------|
| Estimate of ultimate claims costs<br>(gross of reinsurance):     |                         |           |           |           |           |           |           |         |         |           |            |
| At end of underwriting year                                      | 14,105.4                | 1,099.7   | 1,622.3   | 1,489.9   | 1,331.4   | 1,533.7   | 1,945.8   | 2,521.2 | 2,173.5 | 2,262.6   |            |
| One year later                                                   | 14,083.4                | 1,269.7   | 1,797.8   | 1,623.0   | 1,506.1   | 1,588.7   | 2,062.9   | 2,392.6 | 2,018.8 |           |            |
| Two years later                                                  | 14,137.4                | 1,350.1   | 1,830.7   | 1,735.6   | 1,544.4   | 1,633.1   | 2,040.3   | 2,325.8 |         |           |            |
| Three years later                                                | 14,090.7                | 1,340.2   | 1,868.7   | 1,712.8   | 1,553.0   | 1,677.1   | 2,031.7   |         |         |           |            |
| Four years later                                                 | 13,983.6                | 1,363.8   | 1,856.5   | 1,738.8   | 1,626.0   | 1,693.9   |           |         |         |           |            |
| Five years later                                                 | 13,932.4                | 1,400.4   | 1,882.1   | 1,791.9   | 1,616.2   |           |           |         |         |           |            |
| Six years later                                                  | 13,908.9                | 1,439.3   | 1,906.4   | 1,875.3   |           |           |           |         |         |           |            |
| Seven years later                                                | 13,906.6                | 1,472.0   | 1,938.2   |           |           |           |           |         |         |           |            |
| Eight years later                                                | 13,903.7                | 1,495.3   |           |           |           |           |           |         |         |           |            |
| Nine years later                                                 | 13,946.5                |           |           |           |           |           |           |         |         |           |            |
|                                                                  |                         |           |           |           |           |           |           |         |         |           |            |
| \$m                                                              | 2015 and<br>prior years | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022    | 2023    | 2024      | Total      |
| Total ultimate gross claims at<br>31 December 2024               | 13,946.5                | 1,495.3   | 1,938.2   | 1,875.3   | 1,616.2   | 1,693.9   | 2,031.7   | 2,325.8 | 2,018.8 | 2,262.6   | 31,204.3   |
| Less cumulative gross paid claims                                | (13,632.0)              | (1,309.9) | (1,692.5) | (1,490.9) | (1,180.4) | (1,136.8) | (1,077.9) | (994.6) | (343.1) | (88.6)    | (22,946.7) |
| Unearned portion of gross<br>ultimate claims                     | 171.1                   | 0.1       | -         | -         | -         | 0.3       | -         | -       | (56.5)  | (1,091.3) | (976.3)    |
| Elimination of intercompany                                      |                         |           |           |           |           |           |           |         |         |           | (323.0)    |
| Claims handling provision and<br>other corporate adjustments     |                         |           |           |           |           |           |           |         |         |           | 87.1       |
| Impact of reinstatement premiums                                 |                         |           |           |           |           |           |           |         |         |           | (137.2)    |
| Impact of profit commissions                                     |                         |           |           |           |           |           |           |         |         |           | 26.9       |
| Effect of discounting                                            |                         |           |           |           |           |           |           |         |         |           | (1,022.6)  |
| Risk adjustment for<br>non-financial risk                        |                         |           |           |           |           |           |           |         |         |           | 417.3      |
| Other                                                            |                         |           |           |           |           |           |           |         |         |           | 10.5       |
| Total gross liability for incurred<br>claims at 31 December 2024 |                         |           |           |           |           |           |           |         |         |           | 6,340.3    |



## notes to the consolidated financial statements

## 23 Insurance and reinsurance contracts (continued)

## Ultimate net claims

| Underwriting year<br>\$m                                                                    | 2015 and<br>prior years | 2016    | 2017      | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024      |            |
|---------------------------------------------------------------------------------------------|-------------------------|---------|-----------|---------|---------|---------|---------|---------|---------|-----------|------------|
| Estimate of ultimate claims costs<br>(net of reinsurance):                                  |                         |         |           |         |         |         |         |         |         |           |            |
| At end of underwriting year                                                                 | 10,840.9                | 822.2   | 1,084.3   | 1,070.8 | 930.0   | 1,170.9 | 1,531.1 | 1,970.4 | 1,780.9 | 2,008.4   |            |
| One year later                                                                              | 10,859.4                | 916.5   | 1,128.1   | 1,158.3 | 1,077.4 | 1,129.8 | 1,583.2 | 1,881.8 | 1,672.9 |           |            |
| Two years later                                                                             | 10,823.0                | 937.4   | 1,149.4   | 1,234.2 | 1,090.9 | 1,151.8 | 1,555.3 | 1,829.2 |         |           |            |
| Three years later                                                                           | 10,599.3                | 940.6   | 1,184.0   | 1,121.4 | 1,111.6 | 1,179.3 | 1,548.1 |         |         |           |            |
| Four years later                                                                            | 10,530.4                | 950.4   | 1,100.6   | 1,125.4 | 1,159.7 | 1,185.4 |         |         |         |           |            |
| Five years later                                                                            | 10,484.3                | 914.0   | 1,101.1   | 1,145.3 | 1,144.5 |         |         |         |         |           |            |
| Six years later                                                                             | 10,384.3                | 937.8   | 1,114.2   | 1,162.0 |         |         |         |         |         |           |            |
| Seven years later                                                                           | 10,386.6                | 952.9   | 1,122.3   |         |         |         |         |         |         |           |            |
| Eight years later                                                                           | 10,392.0                | 957.3   |           |         |         |         |         |         |         |           |            |
| Nine years later                                                                            | 10,398.8                |         |           |         |         |         |         |         |         |           |            |
| \$m                                                                                         | 2015 and<br>prior years | 2016    | 2017      | 2018    | 2019    | 2020    | 2021    | 2022    | 2023    | 2024      | Total      |
| Total ultimate net claims at<br>31 December 2024                                            | 10,398.8                | 957.3   | 1,122.3   | 1,162.0 | 1,144.5 | 1,185.4 | 1,548.1 | 1,829.2 | 1,672.9 | 2,008.4   | 23,028.9   |
| Less cumulative net paid claims                                                             | (10,075.0)              | (879.4) | (1,015.0) | (959.6) | (824.2) | (820.6) | (830.5) | (783.8) | (286.9) | (87.5)    | (16,562.5) |
| Unearned portion of net ultimate<br>claims                                                  | (28.6)                  | 0.1     | –         | –       | –       | 0.3     | (34.9)  | (78.0)  | (167.8) | (1,043.8) | (1,352.7)  |
| Elimination of intercompany<br>Claims handling provision and<br>other corporate adjustments |                         |         |           |         |         |         |         |         |         |           | (241.7)    |
| Impact of reinstatement premiums                                                            |                         |         |           |         |         |         |         |         |         |           | 98.2       |
| Impact of profit commissions                                                                |                         |         |           |         |         |         |         |         |         |           | (101.7)    |
| Effect of discounting                                                                       |                         |         |           |         |         |         |         |         |         |           | 22.7       |
| Risk adjustment for non-financial<br>risk                                                   |                         |         |           |         |         |         |         |         |         |           | (776.4)    |
| Other                                                                                       |                         |         |           |         |         |         |         |         |         |           | 294.6      |
| Total net liability for incurred<br>claims at 31 December 2024                              |                         |         |           |         |         |         |         |         |         |           | 178.2      |
|                                                                                             |                         |         |           |         |         |         |         |         |         |           | 4,587.6    |

## 24 Employee benefits

This Note explains the pension schemes operated by the Group for its employees. For the Group's defined benefit schemes (in which no further benefits are being accrued), it sets out the amounts carried on the Group statement of financial position, gains and losses incurred during the year, amounts paid into the schemes, together with further information about the schemes. For the Group's defined contribution schemes, it sets out the costs incurred during the year.

### (a) Defined benefit pension schemes

The Group has two funded defined benefit pension schemes providing pensions benefits to its members: the Brit Group Services Limited Retirement Benefits Scheme (the 'Scheme') and the RiverStone Holdings Management Pension and Life Assurance Plan (the 'Plan').

The schemes are subject to UK regulations overseen by the Pensions Regulator, and both schemes are approved by HMRC for tax purposes. The schemes are operated from separate trusts, which have assets that are held separately from the Group. The trusts are managed by Trustees, who are responsible for payment of the benefits and management of the schemes' assets.

The Scheme closed to new entrants on 4 October 2001 and closed to future accrual of benefits on 31 December 2011. The Plan only has deferred members and is closed to new entrants. Following closure to future accrual, benefits now increase broadly in line with inflation. The weighted average duration to payment of the Scheme's expected cash flows is 11 years (2023: 12 years) and 14 years for the Plan (2023: 14 years).

With effect from 18 August 2021 Brit Insurance Holdings Limited and the trustees of the Plan (plus other parties) entered into an agreement where Brit Insurance Holdings Limited became the Principal Company and assumed the full liabilities and assets of the Plan.

The Scheme and the Plan purchased bulk-annuity policies which match the benefits due to members in December 2022 and October 2023 respectively. These 'buy-ins' are reflected in the figures below.

On 28 March 2024, in accordance with the Trust Deed and Rules of the Scheme, Brit Group Services Limited served notice on the Trustee informing it that it intended to cease to pay contributions to the Scheme and that the Scheme would be terminated on 28 June 2024 and subsequently would be wound up. This winding up, during which the bulk annuity contract will be replaced with a separate annuity contract for each member, is expected to complete in 2025. After completion of the wind up, the surplus is expected to be returned to the employer, as per the Scheme rules.

In accordance with the requirements set by the Pensions Regulator, every three years the Group and Trustees are required to agree a funding strategy and contribution schedule for the Plan. A triennial review of the Plan performed during 2024 is, at the time of writing, in the process of being reviewed by the Trustees. The previous triennial review for the Plan was undertaken as at 31 August 2021 and identified a funding surplus of £11.9m.

Following the 2021 valuation of the Plan the Group agreed to no longer pay deficit reduction contributions and pay £75,000 per quarter in respect of administrative expenses. In light of the continued surplus in the Plan, the Group and the Trustee agreed to defer the quarterly expense payments subject to certain trigger events and a new Schedule of Contributions was signed in March 2024. There is a risk that adverse experience could lead to the Group being required to make contributions in future, although this risk is significantly mitigated by the bulk-annuity policy.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. Following a hearing in late June 2024, the UK Court of Appeal issued judgment on 25 July 2024 upholding this ruling. Following this ruling, the Trustees of the Plan have taken legal advice and concluded that no further action is necessary. The Trustees of the Scheme are currently taking legal advice to determine the most appropriate course of action. As any new information emerges management will assess any potential impact of the precedent set by that case on the Group's financial statements.

#### Net amount recognised in the statement of financial position:

|                                             | 31 December<br>2024<br>\$m<br>Scheme | 31 December<br>2024<br>\$m<br>Plan | 31 December<br>2023<br>\$m<br>Scheme | 31 December<br>2023<br>\$m<br>Plan |
|---------------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Present value of defined benefit obligation | (111.4)                              | (99.4)                             | (127.5)                              | (109.4)                            |
| Fair value of scheme assets                 | 136.6                                | 109.2                              | 153.9                                | 120.1                              |
| Net pension asset                           | 25.2                                 | 9.8                                | 26.4                                 | 10.7                               |

## notes to the consolidated financial statements

**24 Employee benefits (continued)****(a) Defined benefit pension schemes (continued)****Changes in the net pension asset recognised in the statement of financial position:**

|                                            | 31 December<br>2024<br>\$m<br>Scheme | 31 December<br>2024<br>\$m<br>Plan | 31 December<br>2023<br>\$m<br>Scheme | 31 December<br>2023<br>\$m<br>Plan |
|--------------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Opening statement of financial position    | 26.4                                 | 10.7                               | 24.8                                 | 37.6                               |
| (Expense)/credit to income statement       | (0.4)                                | (1.5)                              | 1.3                                  | (6.2)                              |
| Foreign exchange effect                    | (0.4)                                | (0.1)                              | 1.5                                  | 1.5                                |
| Amount recognised outside income statement | (0.4)                                | 0.5                                | (1.2)                                | (22.5)                             |
| Contributions paid                         | –                                    | 0.2                                | –                                    | 0.3                                |
| Closing statement of financial position    | 25.2                                 | 9.8                                | 26.4                                 | 10.7                               |

A net pension asset is recognised on the statement of financial position as there is an unconditional right of the Group to be refunded the surplus in the schemes.

**Net (expense)/credit recognised in the income statement comprised:**

|                                           | 31 December<br>2024<br>\$m<br>Scheme | 31 December<br>2024<br>\$m<br>Plan | 31 December<br>2023<br>\$m<br>Scheme | 31 December<br>2023<br>\$m<br>Plan |
|-------------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Net interest on net defined benefit asset | 0.1                                  | 0.5                                | 1.9                                  | 1.8                                |
| Past service cost                         | –                                    | –                                  | (0.3)                                | (7.0)                              |
| Running costs                             | (0.5)                                | (2.0)                              | (0.3)                                | (1.0)                              |
| Net credit/(expense)                      | (0.4)                                | (1.5)                              | 1.3                                  | (6.2)                              |

For the Scheme, there is no past service cost in 2024. The past service cost in 2023 is an estimate for the cost of the Trustee's decision to award a one-off discretionary pension increase of 0.5% in February 2024 (in addition to the 5% increase under the Rules).

For the Plan, there is no past service cost in 2024. The past service cost in 2023 is an estimate for the cost of the Trustee's decision to award a total pension increase on excess pension of 9% in April 2023 and the Trustee decision to augment benefits to provide full RPI pension increases as part of the buy-in of the Plan in October 2023.

This net (expense)/credit has been recognised in the 'Other operating expenses' line in the Income Statement. Contributions to the Group's defined contribution pension arrangements are in addition to those set out in this note and are charged directly to the Income Statement.

**The allocation of the Scheme's and Plan's assets were as follows:**

|                                         | 31 December<br>2024<br>\$m<br>Scheme | 31 December<br>2024<br>\$m<br>Plan | 31 December<br>2023<br>\$m<br>Scheme | 31 December<br>2023<br>\$m<br>Plan |
|-----------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Liability Driven Investment (LDI) funds | 22.7                                 | 8.8                                | 22.3                                 | 10.2                               |
| Cash and net current assets             | 5.1                                  | 0.7                                | 6.8                                  | 0.7                                |
| Annuity policy                          | 108.8                                | 99.7                               | 124.8                                | 109.2                              |
| Fair value of scheme assets             | 136.6                                | 109.2                              | 153.9                                | 120.1                              |

The cash and net current assets of the Scheme at 31 December 2023 included a debtor of \$1.2m, which was an unrecovered amount from a fraud that the Scheme was a victim of in 2022. In 2024 this debtor was derecognised from the Scheme's assets as the Scheme's Trustee concluded that its recovery is unlikely.

## 24 Employee benefits (continued)

### (a) Defined benefit pension schemes (continued)

The schemes' Liability Driven Investment funds have quoted prices in active markets. The schemes do not invest directly in property occupied by the Group or in financial securities issued by the Group.

#### Investment strategy

The Trustee of each scheme determines the scheme's investment strategy after taking appropriate advice from their investment consultants. Both the Scheme and the Plan have now completed full buy-ins meaning the majority of the assets of each scheme are in respect of the buy-in policy. The management of the surplus assets is delegated to the investment managers. The Trustee's investment objectives are to ensure that the scheme has adequate resources to meet the members' entitlements under the Trust Deed and Rules as they fall due, and thereafter to minimise long-term costs of the scheme by maximising the return on the assets. As both schemes have a full buy-in there is very little investment risk.

#### Movements in the present value of the defined benefit obligation were as follows:

|                                        | 31 December<br>2024<br>\$m<br>Scheme | 31 December<br>2024<br>\$m<br>Plan | 31 December<br>2023<br>\$m<br>Scheme | 31 December<br>2023<br>\$m<br>Plan |
|----------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Opening defined benefit obligation     | 127.5                                | 109.4                              | 119.0                                | 102.2                              |
| Interest on defined benefit obligation | 5.6                                  | 4.9                                | 5.8                                  | 5.0                                |
| Past service cost                      | –                                    | –                                  | 0.3                                  | 7.0                                |
| Remeasurements due to:                 |                                      |                                    |                                      |                                    |
| Changes in financial assumptions       | (12.7)                               | (11.8)                             | 2.0                                  | 0.7                                |
| Changes in demographic assumptions     | 0.1                                  | –                                  | (1.9)                                | (1.3)                              |
| Experience on benefit obligations      | 0.4                                  | 3.6                                | 2.0                                  | (6.6)                              |
| Foreign exchange effect                | (1.9)                                | (1.8)                              | 7.1                                  | 6.1                                |
| Benefits paid                          | (7.6)                                | (4.9)                              | (6.8)                                | (3.7)                              |
| Closing defined benefit obligation     | 111.4                                | 99.4                               | 127.5                                | 109.4                              |

#### Movements in the fair value of the schemes' assets were as follows:

|                                         | 31 December<br>2024<br>\$m<br>Scheme | 31 December<br>2024<br>\$m<br>Plan | 31 December<br>2023<br>\$m<br>Scheme | 31 December<br>2023<br>\$m<br>Plan |
|-----------------------------------------|--------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Opening fair value of scheme assets     | 153.9                                | 120.1                              | 143.8                                | 139.8                              |
| Interest income                         | 5.7                                  | 5.4                                | 7.7                                  | 6.8                                |
| Actual return excluding interest income | (12.6)                               | (7.7)                              | 0.9                                  | (29.7)                             |
| Running costs                           | (0.5)                                | (2.0)                              | (0.3)                                | (1.0)                              |
| Foreign exchange effect                 | (2.3)                                | (1.9)                              | 8.6                                  | 7.6                                |
| Contributions by the employer           | –                                    | 0.2                                | –                                    | 0.3                                |
| Benefits paid                           | (7.6)                                | (4.9)                              | (6.8)                                | (3.7)                              |
| Closing fair value of scheme assets     | 136.6                                | 109.2                              | 153.9                                | 120.1                              |

## notes to the consolidated financial statements

**24 Employee benefits (continued)****(a) Defined benefit pension schemes (continued)**

The principal actuarial assumptions at the year-end were:

|                                                                           | 31 December<br>2024<br>Scheme | 31 December<br>2024<br>Plan | 31 December<br>2023<br>Scheme | 31 December<br>2023<br>Plan |
|---------------------------------------------------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|
| Discount rate                                                             | <b>5.46% pa</b>               | <b>5.52% pa</b>             | 4.53% pa                      | 4.55% pa                    |
| Retail Prices Index (RPI) inflation                                       | <b>3.18% pa</b>               | <b>3.15% pa</b>             | 3.08% pa                      | 3.05% pa                    |
| Consumer Prices Index (CPI) inflation                                     | <b>2.42% pa</b>               | <b>2.63% pa</b>             | 2.28% pa                      | 2.54% pa                    |
| Pension increases in payment                                              | <b>3.05% pa</b>               | <b>3.18% pa</b>             | 2.97% pa                      | 3.09% pa                    |
| Mortality assumptions:                                                    |                               |                             |                               |                             |
| Life expectancy of male aged 60 at statement of financial position date   | <b>27.3 years</b>             | <b>27.3 years</b>           | 27.3 years                    | 27.3 years                  |
| Life expectancy of female aged 60 at statement of financial position date | <b>30.2 years</b>             | <b>29.8 years</b>           | 30.1 years                    | 29.7 years                  |
| Life expectancy of male aged 60 retiring in 20 years' time                | <b>28.8 years</b>             | <b>28.8 years</b>           | 28.8 years                    | 28.8 years                  |
| Life expectancy of female aged 60 retiring in 20 years' time              | <b>31.6 years</b>             | <b>31.2 years</b>           | 31.5 years                    | 31.1 years                  |

The assumptions used to determine end-of-year benefit obligations are also used to calculate the following year's cost.

**Sensitivity analysis:**

| Assumption                        | Change in assumption | Change in defined benefit obligation at end of the year |                    |
|-----------------------------------|----------------------|---------------------------------------------------------|--------------------|
|                                   |                      | Scheme                                                  | Plan               |
| Discount rate                     | Decrease by 0.5% pa  | Increase by \$6.1m                                      | Increase by \$6.4m |
| Future RPI inflation increases    | Increase by 0.5% pa  | Increase by \$4.5m                                      | Increase by \$5.8m |
| Future CPI inflation increases    | Increase by 0.5% pa  | Increase by \$0.6m                                      | Increase by \$0.7m |
| Assumed life expectancy at age 60 | Increase by 1 year   | Increase by \$4.5m                                      | Increase by \$2.4m |

The calculations in this section have been carried out using the same method and data as the Group's pensions and accounting figures with each assumption adjusted as shown above. Each assumption has been varied individually and a combination of changes in assumptions could produce a different result. Note that as both schemes are now insured any change to the liability would result in a materially equal and opposite change in the annuity asset.

**Risks:**

The Group is exposed to a number of risks in relation to its defined benefit schemes, the most significant of which are detailed below:

| Risk                     |                                                                                                                                                 |
|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Counterparty risk</b> | Most of the liabilities are insured, which gives rise to counterparty risk (the risk of the insurer defaulting on its contractual obligations). |
| <b>Regulatory</b>        | In future the schemes may have backdated claims or liabilities arising from future legislation, emerging practice or court judgements.          |

**(b) Brit Group Services Limited – Defined Contribution Personal Pension Plan**

Brit Group Services Limited operates a defined contribution group personal pension plan. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by Brit Group Services Limited to the fund and amounted to \$10.17m (2023: \$9.4m). At 31 December 2024 no contributions were payable to the fund (2023: \$nil).

**(c) BGS Services (Bermuda) Limited – Registered plan**

BGS Services (Bermuda) Limited operates a registered plan for Bermudan employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by BGS Services (Bermuda) Limited to the fund and amounted to \$124.0k (2023: \$93.0k). At 31 December 2024 no contributions were payable to the fund (2023: \$nil).

## 24 Employee benefits (continued)

### (d) BGS Services (Bermuda) Limited – Unregistered plan

BGS Services (Bermuda) Limited operates an unregistered plan for non-Bermudan employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by BGS Services (Bermuda) Limited to the fund and amounted to \$nil (2023: \$nil). At 31 December 2024 no contributions were payable to the fund (2023: \$nil).

### (e) Sussex Capital Management Limited – Unregistered plan

Sussex Capital Management Limited operates a registered plan for non-Bermudan employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by Sussex Capital Management Limited to the fund and amounted to \$17.0k (2023: \$77.0k). At 31 December 2024 no contributions were payable to the fund (2023: \$nil).

### (f) Sussex Capital Management Limited – Registered plan

Sussex Capital Management Limited operates a registered plan for non-Bermudan employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by Sussex Capital Management Limited to the fund and amounted to \$nil (2023: \$37.0k). At 31 December 2024 no contributions were payable to the fund (2023: \$nil).

### (g) Brit Reinsurance (Bermuda) Limited (Brit Re) – Registered plan

Brit Reinsurance (Bermuda) Limited operates a registered plan for Bermudan employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions payable by Brit Reinsurance (Bermuda) Limited to the fund and amounted to \$21.0k (2023: \$30.0k).

At 31 December 2024 no contributions were payable to the fund (2023: \$nil).

### (h) Camargue Underwriting Managers Proprietary Limited – Defined Contribution Personal Pension Plan

Camargue Underwriting Managers Proprietary Limited participates in a defined contribution umbrella pension fund for employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

The pension cost charge represents contributions paid by Camargue Underwriting Managers Proprietary Limited to the fund and amounted to \$132.2k (2023: \$131.5k). At 31 December 2024, no contributions were payable to the fund (2023: \$nil).

## notes to the consolidated financial statements

## 25 Financial assets and liabilities

The Group holds a number of different financial instruments. This Note disaggregates the different classes of the Group's financial assets and liabilities and provides additional information in relation to them, including how financial assets are categorised under three different levels of hierarchy and the valuation methods adopted.

The carrying amounts of the financial assets and liabilities held by the Group are as follows:

|                                                                | Note | Amortised Cost<br>\$m | FVTPL<br>Mandatory<br>\$m | FVTPL<br>Designated<br>\$m | Outside scope<br>of IFRS 9<br>\$m |
|----------------------------------------------------------------|------|-----------------------|---------------------------|----------------------------|-----------------------------------|
| <b>31 December 2024</b>                                        |      |                       |                           |                            |                                   |
| Equity securities                                              |      | -                     | 620.3                     | -                          | -                                 |
| Debt securities                                                |      | -                     | 5,141.9                   | -                          | -                                 |
| Mortgages and loans                                            |      | -                     | 83.0                      | -                          | -                                 |
| Specialised investment funds                                   |      | -                     | 615.6                     | -                          | -                                 |
| <b>Financial investments</b>                                   |      | -                     | 6,460.8                   | -                          | -                                 |
| Trade and other receivables <sup>1</sup>                       |      | 572.4                 | -                         | -                          | -                                 |
| Other assets (Fairfax shares purchased for LTIPs) <sup>1</sup> |      | -                     | 153.8                     | -                          | -                                 |
| Derivative contracts                                           | 26   | -                     | 15.6                      | -                          | -                                 |
| Cash and cash equivalents                                      | 29   | 750.4                 | -                         | -                          | -                                 |
| <b>Other</b>                                                   |      | 1,322.8               | 169.4                     | -                          | -                                 |
| <b>Total financial assets</b>                                  |      | 1,322.8               | 6,630.2                   | -                          | -                                 |
| Derivative contracts                                           | 26   | -                     | 13.8                      | -                          | -                                 |
| Borrowings                                                     |      | 159.0                 | -                         | -                          | -                                 |
| Other financial liabilities                                    |      | -                     | -                         | -                          | -                                 |
| Trade and other payables <sup>2</sup>                          |      | 268.1                 | -                         | -                          | -                                 |
| Lease liabilities <sup>2</sup>                                 |      | -                     | -                         | -                          | 26.1                              |
| <b>Total financial liabilities</b>                             |      | 427.1                 | 13.8                      | -                          | 26.1                              |
| <b>31 December 2023</b>                                        |      |                       |                           |                            |                                   |
| Equity securities                                              |      | -                     | 509.2                     | -                          | -                                 |
| Debt securities                                                |      | -                     | 4,804.4                   | -                          | -                                 |
| Mortgages and loans                                            |      | -                     | 82.2                      | -                          | -                                 |
| Specialised investment funds                                   |      | -                     | 479.6                     | -                          | -                                 |
| <b>Financial investments</b>                                   |      | -                     | 5,875.4                   | -                          | -                                 |
| Trade and other receivables <sup>1</sup>                       |      | 788.8                 | -                         | -                          | -                                 |
| Other assets (Fairfax shares purchased for LTIPs) <sup>1</sup> |      | -                     | 118.7                     | -                          | -                                 |
| Derivative contracts                                           | 26   | -                     | 20.2                      | -                          | -                                 |
| Cash and cash equivalents                                      | 29   | 853.8                 | -                         | -                          | -                                 |
| <b>Other</b>                                                   |      | 1,642.6               | 138.9                     | -                          | -                                 |
| <b>Total financial assets</b>                                  |      | 1,642.6               | 6,014.3                   | -                          | -                                 |
| Derivative contracts                                           | 25   | -                     | 23.7                      | -                          | -                                 |
| Borrowings                                                     |      | 161.9                 | -                         | -                          | -                                 |
| Other financial liabilities                                    |      | -                     | -                         | 104.0                      | -                                 |
| Trade and other payables <sup>2</sup>                          |      | 463.4                 | -                         | -                          | -                                 |
| Lease liabilities <sup>2</sup>                                 |      | -                     | -                         | -                          | 27.8                              |
| <b>Total financial liabilities</b>                             |      | 625.3                 | 23.7                      | 104.0                      | 27.8                              |

1. Reconciliation to the financial statements for 'trade and other receivables' and 'other assets' is performed below.

2. Reconciliation to the financial statements for 'trade and other payables' and 'lease liabilities' is performed below.



## 25 Financial assets and liabilities (continued)

### Reconciliation to the financial statements for Trade and other receivables and Other assets

|                                                             | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-------------------------------------------------------------|----------------------------|----------------------------|
| <b>As presented in the statement of financial position:</b> |                            |                            |
| <b>Assets</b>                                               |                            |                            |
| Insurance and other receivables                             | 743.4                      | 923.6                      |
| Assets classified as held for sale                          | -                          | 15.8                       |
| <b>Less:</b>                                                |                            |                            |
| Investment in associate classified as held for sale         | -                          | (15.8)                     |
| Balances not in scope of IFRS 7                             | (17.2)                     | (16.1)                     |
|                                                             | 726.2                      | 907.5                      |
| <b>As presented earlier in Note 25:</b>                     |                            |                            |
| Trade and other receivables                                 | 572.4                      | 788.8                      |
| Other assets (Fairfax shares purchased for LTIPs)           | 153.8                      | 118.7                      |
|                                                             | 726.2                      | 907.5                      |

### Reconciliation to the financial statements for Trade and other payables and Lease liabilities

|                                                             | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-------------------------------------------------------------|----------------------------|----------------------------|
| <b>As presented in the statement of financial position:</b> |                            |                            |
| <b>Liabilities</b>                                          |                            |                            |
| Insurance and other payables                                | 372.5                      | 539.3                      |
| <b>Less:</b>                                                |                            |                            |
| Balances not in scope of IFRS 7                             | (78.3)                     | (48.1)                     |
|                                                             | 294.2                      | 491.2                      |
| <b>As presented in earlier Note 25:</b>                     |                            |                            |
| Trade and other payables                                    | 268.1                      | 463.4                      |
| Lease liabilities                                           | 26.1                       | 27.8                       |
|                                                             | 294.2                      | 491.2                      |

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

#### Other financial liabilities designated as fair value through profit or loss (FVTPL)

The Group's other financial liabilities at 31 December 2023 entirely related to investments by independent third parties in collateralised reinsurance arrangements that are consolidated by the Group as structured entities.

These financial liabilities have been designated as held at fair value through profit or loss. The amount due to the investors is contractually determined based on the performance of the underlying assets. The effect of this feature is that the fair value of the liability is wholly related to asset-specific performance risk, not credit risk of the liability; accordingly, no amount of fair value gain or loss is required to be allocated to other comprehensive income.

The fair value of these liabilities was determined by reference to the underlying net assets of the vehicles and was therefore categorised as level three in the fair value hierarchy. Further information relating to the Group's approach to fair value measurement is included below.

## notes to the consolidated financial statements

## 25 Financial assets and liabilities (continued)

**Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where Brit Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

No amounts were offset in either financial assets or financial liabilities as at 31 December 2024 and as at 31 December 2023.

**Impact of financial instruments on profit or loss**

|                                                                                          | Note | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|------------------------------------------------------------------------------------------|------|----------------------------|----------------------------|
| Financial investments                                                                    | 7    | 303.2                      | 370.6                      |
| Derivative contracts                                                                     | 9    | 16.5                       | (9.4)                      |
| Other assets                                                                             | 11   | 65.8                       | 44.3                       |
| <b>Net fair value gains on financial assets and liabilities at FVTPL (mandatory)</b>     |      | <b>385.5</b>               | <b>405.5</b>               |
| <b>Net fair value losses on financial liabilities at FVTPL (designated)</b>              | 11   | <b>(4.6)</b>               | <b>(20.8)</b>              |
| Trade and other receivables                                                              |      | 0.3                        | 0.3                        |
| <b>Net gains on financial assets at amortised cost</b>                                   |      | <b>0.3</b>                 | <b>0.3</b>                 |
| Trade and other receivables                                                              | 7    | –                          | 2.1                        |
| Cash and cash equivalents                                                                | 7    | 52.8                       | 46.9                       |
| <b>Interest revenue on financial assets at amortised cost</b>                            |      | <b>52.8</b>                | <b>49.0</b>                |
| Lease liabilities                                                                        | 15   | (0.9)                      | (1.1)                      |
| Borrowings                                                                               | 15   | (6.0)                      | (6.2)                      |
| <b>Interest expense on lease liabilities and financial liabilities at amortised cost</b> |      | <b>(6.9)</b>               | <b>(7.3)</b>               |
| <b>Net gains on financial liabilities at amortised cost</b>                              |      | <b>–</b>                   | <b>2.7</b>                 |

**Fair value measurement – items not measured at fair value**

‘Trade and other receivables’ and ‘trade and other payables’ are short-term in nature where carrying amounts are deemed a reasonable approximation of fair value.

For the fair value of borrowings, please refer to Note 30.

**Fair value measurement – fair value hierarchy for financial investments**

The Group has classified the fair value measurements of its financial investments using a hierarchy that reflects the significance of the inputs used in making those measurements. The fair value hierarchy comprises the following levels:

- Level one – Valuations based on quoted prices (unadjusted) in active markets for identical assets;
- Level two – Valuations based on inputs other than quoted prices included within level one that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level three – Valuations based on inputs for the assets that are not based on observable market data (unobservable inputs).

Assets are categorised as level one where fair values determined in whole directly by reference to an active market relate to prices which are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm’s-length basis, i.e. the market is still active.

For assets and liabilities that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period. Fair values for level two and level three assets include:

- Values provided at the request of the Group by pricing services and which are not publicly available or values provided by external parties which are readily available but relate to assets for which the market is not always active; and
- Assets measured on the basis of valuation techniques including a varying degree of assumptions supported by market transactions and observable data.

## 25 Financial assets and liabilities (continued)

### Fair value measurement – fair value hierarchy for financial investments (continued)

For all assets not quoted in an active market or for which there is no active market, the availability of financial data can vary and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the marketplace, and other characteristics specific to each transaction. To the extent that valuation is based on the models or inputs that are unobservable in the market, the determination of fair value requires more judgement. Accordingly, the degree of judgement exercised is higher for instruments classified in level three and the classification between level two and level three depends highly on the proportion of assumptions used, supported by market transactions and observable data.

#### Valuation techniques

##### *Level one*

Inputs represent unadjusted quoted prices for identical instruments exchanged in active markets (where transactions occur with sufficient frequency and volume). The fair values of securities sold short and the majority of the Group's equities are based on published quotes in active markets. These also include government bonds and treasury bills issued in the US and in the UK.

##### *Level two*

Inputs include directly or indirectly observable inputs (other than level one inputs) such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in inactive markets and other market observable inputs.

Level two securities contain certain investments in US and non-US government agency securities, US and non-US corporate debt securities and specialised investment funds. US government agency securities are priced using valuations from independent pricing vendors who use discounted cash flow models supplemented with market and credit research to gather specific information. Market observable inputs for these investments may include broker-dealer quotes, reported trades, issuer spreads and available bids. Non-US government agency securities are priced with OTC quotes or broker-dealer quotes. Other market observable inputs include benchmark yields and reported trades. Issuer spreads are also available for these types of investments.

Level two common stocks are priced using a combination of independent pricing service providers and internal valuation models that rely on directly or indirectly observable inputs.

##### *Level three*

Level three equities include investments in limited partnerships where the fund's underlying investments are not traded/quoted in an active market. In some instances, limited partnerships are classified as level three because they may require at least three months' notice to liquidate. This requirement results in an adjustment to the reported value for illiquidity which is unobservable.

Level three debt instruments include corporate loans with unobservable inputs used in the measurement of financial instruments. Management is required to use its own assumptions regarding unobservable inputs as there is little, if any, market activity in these instruments or related observable inputs that can be corroborated at the measurement date.

Level three specialised investment funds include securities that are valued using techniques appropriate to each specific investment. The valuation techniques include fair value by reference to net asset values (NAVs) adjusted and issued by fund managers based on their knowledge of underlying investments and credit spreads of counterparties. In some instances, certain investment funds are classified as level three because they may require at least three months' notice to liquidate. This requirement results in an adjustment to the reported value for illiquidity which is unobservable.

**25 Financial assets and liabilities (continued)****Disclosures of fair values in accordance with the fair value hierarchy**

|                              | Level one<br>\$m | Level two<br>\$m | Level three<br>\$m | Total<br>\$m   |
|------------------------------|------------------|------------------|--------------------|----------------|
| <b>31 December 2024</b>      |                  |                  |                    |                |
| Equity securities            | 222.5            | –                | 397.8              | 620.3          |
| Debt securities              | 2,832.0          | 2,296.8          | 13.1               | 5,141.9        |
| Mortgages and loans          | –                | –                | 83.0               | 83.0           |
| Specialised investment funds | –                | 571.5            | 44.1               | 615.6          |
|                              | <b>3,054.5</b>   | <b>2,868.3</b>   | <b>538.0</b>       | <b>6,460.8</b> |
| <b>31 December 2023</b>      |                  |                  |                    |                |
| Equity securities            | 220.8            | –                | 288.4              | 509.2          |
| Debt securities              | 2,709.0          | 2,068.7          | 26.7               | 4,804.4        |
| Mortgages and loans          | –                | –                | 82.2               | 82.2           |
| Specialised investment funds | –                | 423.3            | 56.3               | 479.6          |
|                              | <b>2,929.8</b>   | <b>2,492.0</b>   | <b>453.6</b>       | <b>5,875.4</b> |

**Transfers between fair value levels**

Fair values are classified as level one when the financial instrument or derivative is actively traded and a quoted price is available. In accordance with the Group's policy if an instrument classified as level one subsequently ceases to be actively traded, it is immediately transferred out of level one. In such cases, instruments are classified into level two, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as level three. All fair value measurements above are recurring as they are required to be measured and recognised at the end of each reporting period.

During the year, there were \$0.1m (2023: \$109.6m) of equity transfers from level one to level three. In 2023, Poseidon Acquisition Corp (Poseidon) acquired all outstanding common shares of Atlas Corp (Atlas) which was previously a public company. Accordingly, Brit's investment in Atlas common shares has now been converted to a holding in Poseidon common shares. As a result of the privatisation transaction, Brit's original investment was transferred from level one to level three.

There were no transfers into or out of level two during the period (2023: no transfers).

## 25 Financial assets and liabilities (continued)

### Reconciliation of movements in level three financial investments measured at fair value

|                                                         | Equity securities<br>\$m | Debt securities<br>\$m | Mortgages and loans<br>\$m | Specialised investment funds<br>\$m | Total<br>\$m |
|---------------------------------------------------------|--------------------------|------------------------|----------------------------|-------------------------------------|--------------|
| <b>At 1 January 2023</b>                                | 192.6                    | 32.4                   | 34.6                       | 59.9                                | 319.5        |
| Transfers from level one to level three                 | 109.6                    | –                      | –                          | –                                   | 109.6        |
| Total gains/(losses) recognised in the income statement | 20.3                     | (7.5)                  | 1.5                        | (9.1)                               | 5.2          |
| Purchases                                               | 45.6                     | 118.9                  | 74.7                       | 3.2                                 | 242.4        |
| Sales                                                   | (80.9)                   | (117.8)                | (30.5)                     | –                                   | (229.2)      |
| Foreign exchange gains                                  | 1.2                      | 0.7                    | 1.9                        | 2.3                                 | 6.1          |
| <b>At 31 December 2023</b>                              | 288.4                    | 26.7                   | 82.2                       | 56.3                                | 453.6        |
| Transfers from level one to level three                 | 0.1                      | –                      | –                          | –                                   | 0.1          |
| Total gains/(losses) recognised in the income statement | 32.5                     | (21.8)                 | 1.4                        | (10.6)                              | 1.5          |
| Purchases                                               | 266.7                    | 11.0                   | 0.6                        | –                                   | 278.3        |
| Sales                                                   | (182.0)                  | –                      | –                          | –                                   | (182.0)      |
| Foreign exchange losses                                 | (7.9)                    | (2.8)                  | (1.2)                      | (1.6)                               | (13.5)       |
| <b>At 31 December 2024</b>                              | 397.8                    | 13.1                   | 83.0                       | 44.1                                | 538.0        |

Total net gains recognised in the Income Statement under 'Other investment return' in respect of level three financial investments for the period amounted to \$1.5m (2023: gains of \$5.2m). Included in this balance are \$73.3m of unrealised losses (2023: losses of \$6.9m) attributable to assets still held at the end of the year.

### Sensitivity of level three financial investments measured at fair value to changes in key assumptions

The following table shows the sensitivity of the fair value of level three financial investments to changes in key assumptions.

|                              | 31 December 2024       |                                                         | 31 December 2023       |                                                         |
|------------------------------|------------------------|---------------------------------------------------------|------------------------|---------------------------------------------------------|
|                              | Carrying amount<br>\$m | Effect of possible alternative assumptions (+/-)<br>\$m | Carrying amount<br>\$m | Effect of possible alternative assumptions (+/-)<br>\$m |
| Equity securities            | 397.8                  | 1.3                                                     | 288.4                  | 6.2                                                     |
| Debt securities              | 13.1                   | 1.2                                                     | 26.7                   | 1.9                                                     |
| Mortgages and loans          | 83.0                   | 0.6                                                     | 82.2                   | 0.6                                                     |
| Specialised investment funds | 44.1                   | 2.1                                                     | 56.3                   | 0.9                                                     |
|                              | 538.0                  |                                                         | 453.6                  |                                                         |

In order to determine reasonably possible alternative assumptions, the Group has monitored the price movements of the securities invested on a month by month basis during 2024, or since acquisition if acquired during the year. This has resulted in an average expected percentage change in the securities pricing, which forms the basis of this analysis.

## notes to the consolidated financial statements

## 26 Derivative contracts

This Note summarises the total value of the derivative contracts of the Group. It also explains how each derivative contract is categorised under three different levels of hierarchy, the valuation methods used to value derivative contracts and amounts transferred between levels. For the current and prior year, the options formed part of the investment management strategy, while the currency forwards formed part of the foreign exchange management strategy.

The disclosure provided in the tables below include derivatives recorded in the Group's statement of financial position.

|                                     | Gross amounts<br>of receivables on<br>derivative<br>contract<br>assets<br>\$m | Gross amounts<br>of payables on<br>derivative<br>contract<br>assets<br>\$m | Derivative<br>contract assets<br>presented in the<br>statement of<br>financial position<br>\$m |
|-------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Derivative contract assets</b>   |                                                                               |                                                                            |                                                                                                |
| <b>31 December 2024</b>             |                                                                               |                                                                            |                                                                                                |
| Currency forwards                   | 580.4                                                                         | (571.8)                                                                    | 8.6                                                                                            |
| Options                             | 2.4                                                                           | –                                                                          | 2.4                                                                                            |
| Contingent consideration receivable | 2.4                                                                           | –                                                                          | 2.4                                                                                            |
| Interest rate swaps                 | 0.3                                                                           | –                                                                          | 0.3                                                                                            |
| Equity warrants                     | 1.9                                                                           | –                                                                          | 1.9                                                                                            |
| <b>Total</b>                        | <b>587.4</b>                                                                  | <b>(571.8)</b>                                                             | <b>15.6</b>                                                                                    |

|                                     |              |                |             |
|-------------------------------------|--------------|----------------|-------------|
| <b>31 December 2023</b>             |              |                |             |
| Currency forwards                   | 392.6        | (379.2)        | 13.4        |
| Options                             | 2.4          | –              | 2.4         |
| Contingent consideration receivable | 2.4          | –              | 2.4         |
| Interest rate swaps                 | 0.3          | –              | 0.3         |
| Equity warrants                     | 1.7          | –              | 1.7         |
| <b>Total</b>                        | <b>399.4</b> | <b>(379.2)</b> | <b>20.2</b> |

|                                        | Gross amounts<br>of payables on<br>derivative<br>contract<br>liabilities<br>\$m | Gross amounts<br>of receivables<br>on derivative<br>contract<br>liabilities<br>\$m | Derivative<br>contract liabilities<br>presented in the<br>statement of<br>financial position<br>\$m |
|----------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| <b>Derivative contract liabilities</b> |                                                                                 |                                                                                    |                                                                                                     |
| <b>31 December 2024</b>                |                                                                                 |                                                                                    |                                                                                                     |
| Currency forwards                      | (435.6)                                                                         | 429.4                                                                              | (6.2)                                                                                               |
| Credit default swaps                   | (7.6)                                                                           | –                                                                                  | (7.6)                                                                                               |
| Interest rate swaps                    | –                                                                               | –                                                                                  | –                                                                                                   |
| <b>Total</b>                           | <b>(443.2)</b>                                                                  | <b>429.4</b>                                                                       | <b>(13.8)</b>                                                                                       |

|                         |                |              |               |
|-------------------------|----------------|--------------|---------------|
| <b>31 December 2023</b> |                |              |               |
| Currency forwards       | (564.6)        | 547.9        | (16.7)        |
| Credit default swaps    | (6.6)          | –            | (6.6)         |
| Interest rate swaps     | (0.4)          | –            | (0.4)         |
| <b>Total</b>            | <b>(571.6)</b> | <b>547.9</b> | <b>(23.7)</b> |

| Disclosures of fair values in accordance with the fair value hierarchy | Level two<br>\$m | Level three<br>\$m | Total<br>\$m |
|------------------------------------------------------------------------|------------------|--------------------|--------------|
| <b>31 December 2024</b>                                                |                  |                    |              |
| Derivative contract assets                                             | 11.3             | 4.3                | 15.6         |
| Derivative contract liabilities                                        | (13.8)           | –                  | (13.8)       |
| <b>31 December 2023</b>                                                |                  |                    |              |
| Derivative contract assets                                             | 16.1             | 4.1                | 20.2         |
| Derivative contract liabilities                                        | (23.7)           | –                  | (23.7)       |

## 26 Derivative contracts (continued)

### Valuation techniques

#### Level two

The fair value of the vast majority of the Group's derivative contracts are based primarily on non-binding third-party broker-dealer quotes that are prepared using level two inputs. Where third-party broker-dealer quotes are used, typically one quote is obtained from a broker-dealer with particular expertise in the instrument being priced.

The valuation technique used to determine the fair value of currency forwards is derived from observable inputs such as active foreign-exchange and interest-rate markets that may require adjustments for certain unobservable inputs.

#### Level three

Consumer price index (CPI)-linked derivatives are classified as level three and valued using broker-dealer quotes which management has determined utilise market observable inputs except for the inflation volatility input which is not market observable. The reasonableness of the fair values of CPI-linked derivative contracts are assessed by comparing the fair values received from third-party broker-dealers to recent market transactions where available and values determined using third-party pricing software based on the Black-Scholes option pricing model for European-style options that incorporates market observable and unobservable inputs such as the current value of the relevant CPI underlying the derivative, the inflation swap rate, nominal swap rate and inflation volatility. The fair values of CPI-linked derivative contracts are sensitive to assumptions such as market expectations of future rates of inflation and related inflation volatilities.

The forward contract that the Group has in respect of its associated undertaking has been classified as level three as the valuation of this derivative is derived from unobservable inputs that are linked to EBITDA calculations.

### Reconciliation of movements in level three derivative contracts measured at fair value

|                                                 | Level three<br>derivatives<br>\$m |
|-------------------------------------------------|-----------------------------------|
| <b>At 1 January 2023</b>                        | <b>4.3</b>                        |
| Purchases                                       | 10.3                              |
| Total losses recognised in the income statement | (5.4)                             |
| Sales                                           | (5.9)                             |
| Foreign exchange gains                          | 0.8                               |
| <b>At 31 December 2023</b>                      | <b>4.1</b>                        |
| Purchases                                       | –                                 |
| Total gains recognised in the income statement  | 1.6                               |
| Sales                                           | –                                 |
| Foreign exchange losses                         | (1.4)                             |
| <b>At 31 December 2024</b>                      | <b>4.3</b>                        |

### Sensitivity of level three derivatives measured at fair value to changes in key assumptions

The following table shows the sensitivity of the fair value of level three derivatives to changes in key assumptions.

|                                     | 31 December 2024       |                                                               | 31 December 2023       |                                                               |
|-------------------------------------|------------------------|---------------------------------------------------------------|------------------------|---------------------------------------------------------------|
|                                     | Carrying amount<br>\$m | Effect of possible<br>alternative<br>assumptions (+/-)<br>\$m | Carrying amount<br>\$m | Effect of possible<br>alternative<br>assumptions (+/-)<br>\$m |
| Equity warrants                     | 1.9                    | 0.3                                                           | 1.7                    | 0.3                                                           |
| Contingent consideration receivable | 2.4                    | –                                                             | 2.4                    | –                                                             |
|                                     | <b>4.3</b>             | <b>0.3</b>                                                    | <b>4.1</b>             | <b>0.3</b>                                                    |

In order to determine reasonably possible alternative assumptions, the Group adjusted key unobservable model inputs, including inflation volatility inputs and credit risk inputs.



## notes to the consolidated financial statements

**27 Insurance and other receivables**

This Note sets out the various categories of amounts which are owed to the Group.

|                                                                       | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-----------------------------------------------------------------------|----------------------------|----------------------------|
| Arising out of direct insurance operations and reinsurance operations | <b>428.8</b>               | 615.7                      |
| Receivables from contracts with customers                             | <b>30.5</b>                | 21.0                       |
| Prepayments                                                           | <b>17.3</b>                | 16.2                       |
| Accrued income                                                        | <b>48.7</b>                | 44.9                       |
| Outstanding settlements on investments                                | <b>1.1</b>                 | 44.4                       |
| Other assets                                                          | <b>153.8</b>               | 118.7                      |
| Other debtors                                                         | <b>63.2</b>                | 62.7                       |
| <b>Total</b>                                                          | <b>743.4</b>               | 923.6                      |

Other assets relate to shares purchased to settle share-based payment awards. For further information, refer to Note 35.

The carrying amounts disclosed above reasonably approximate fair values as all amounts are receivable within one year of the date of the statement of financial position.

**28 Leases where the Group acts as a lessor**

This Note analyses the amounts recorded in respect of leases where the Group acts as a lessor. Additional commentary provides qualitative and quantitative information on such activities. Further analysis reconciles undiscounted annual lease payments to the finance lease receivable balance at year-end.

There were no leases where the Group acted as a lessor in 2024.

On 10 May 2023 the disposal of Ambridge was completed, and a sublease (and related lease) was derecognised. For further information, please refer to Note 28 of the Group's 2023 Annual Report.

**29 Cash and cash equivalents**

This Note analyses the amounts of cash and cash equivalents. Cash equivalents are investment instruments with less than 90 days left to maturity when purchased by the Group. Additional analysis which explains where cash and cash equivalents are held and why they are being held is also provided.

|                             | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-----------------------------|----------------------------|----------------------------|
| Cash at bank and on deposit | <b>298.8</b>               | 194.2                      |
| Cash equivalents            | <b>451.6</b>               | 659.6                      |
| <b>Total</b>                | <b>750.4</b>               | 853.8                      |

The carrying amounts disclosed above reasonably approximate fair values.

The source of these amounts can be further analysed as follows:

| Classification                              | Definition                                                                                               | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|---------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Cash within segregated fund mandates</b> | Short-term investment funds, money market funds, treasury bills or cash held within segregated mandates. | <b>180.3</b>               | 147.0                      |
| <b>Lloyd's trust funds</b>                  | Cash within the Lloyd's Overseas Deposits trust funds held to meet regulatory requirements.              | <b>51.1</b>                | 63.2                       |
| <b>Self-managed cash</b>                    | Highly liquid instruments held to meet ongoing working capital requirements.                             | <b>519.0</b>               | 643.6                      |
| <b>Total</b>                                |                                                                                                          | <b>750.4</b>               | 853.8                      |

## 30 Borrowings

This Note describes the main sources of borrowing available to the Group and the amounts currently borrowed from each of those sources.

|                           |          |                                      | 31 December 2024      |                   | 31 December 2023      |                                               |
|---------------------------|----------|--------------------------------------|-----------------------|-------------------|-----------------------|-----------------------------------------------|
|                           |          | Effective interest rate              | Amortised cost<br>\$m | Fair value<br>\$m | Amortised cost<br>\$m | (Restated <sup>1</sup> )<br>Fair value<br>\$m |
|                           | Maturity |                                      |                       |                   |                       |                                               |
| Non-current               |          |                                      |                       |                   |                       |                                               |
| Subordinated debt         | 2030     | 3.7%                                 | 159.0                 | 135.9             | 161.9                 | 119.4                                         |
| Revolving credit facility | 2027     | Daily non-cumulative RFR rate +1.45% | –                     | –                 | –                     | –                                             |
|                           |          |                                      | 159.0                 | 135.9             | 161.9                 | 119.4                                         |

1. The fair value of the subordinated debt as at 31 December 2023 has been restated to be based on the ask price, consistent with the approach taken in 2024 and going forward. The fair value disclosed in the 2023 financial statement was \$118.3m, which was based on the bid price.

### Subordinated debt

As at 31 December 2024 and 31 December 2023, the fair value of the subordinated debt was determined by reference to trading market values on recognised exchanges and was therefore categorised as a level one measurement in the fair value hierarchy. The fair value of the subordinated debt, which is denominated in GBP and has a fixed coupon, has risen during the reporting period as a result of a fall in credit spreads and the strengthening of the US Dollar against Sterling. For further information relating to the fair value hierarchy, refer to Note 25.

On 14 December 2023 £8.0m (\$10.0m) of the notional value of the subordinated debt was repurchased by the Group for £5.9m (\$7.3m) and was cancelled.

Refer to Note 39 for details of a change to the subordinated debt that took place after 31 December 2024.

### Revolving credit facility

The Group has a \$550.0m (2023: \$550.0m) revolving credit facility which expires on 31 December 2027. In respect of this facility, at 31 December 2024 there was no letter of credit outstanding (2023: \$10.0m utilised and uncollateralised) and there were cash drawings of \$nil (2023: \$nil).

### Other borrowings

As at 31 December 2024, the letter of credit facility to support the business written in Ki Syndicate 1618 was \$230.0m, of which \$150.0m was utilised, and \$63.0m was collateralised (2023: \$180.0m, of which \$150.0m was utilised, and \$63.0m was collateralised). The facility, which is structured to support Ki Syndicate 1618 as Ki grows, is linked to the ESG rating of Ki's 'Funds at Lloyd's' investment portfolios and Ki Syndicate 1618's assets, with its pricing depending on the compliance of Ki's investment portfolios with ESG targets. This builds on the investment guidelines Ki has established for its third-party managers, which incorporate ESG principles and targets, and will help Ki build a sustainable footprint.

As at 31 December 2024, the letter of credit facility to support Brit Reinsurance (Bermuda) Limited was \$25.0m, of which \$17.6m was utilised (2023: credit facility was \$25.0m, of which \$14.1m was utilised). Of this amount, \$18.0m (2023: \$15.2m) was collateralised. This is an ongoing facility with no fixed expiry date.

## notes to the consolidated financial statements

**31 Insurance and other payables**

This Note sets out the various categories of amounts which are owed by the Group.

|                                                                       | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-----------------------------------------------------------------------|----------------------------|----------------------------|
| Arising out of direct insurance operations and reinsurance operations | 150.8                      | 324.4                      |
| Other taxes and social security costs                                 | 8.9                        | 11.1                       |
| Accruals and deferred income                                          | 74.8                       | 82.0                       |
| Lease liabilities                                                     | 26.1                       | 27.8                       |
| Other creditors                                                       | 111.9                      | 94.0                       |
| <b>Total</b>                                                          | <b>372.5</b>               | <b>539.3</b>               |

With the exception of lease liabilities, the carrying amounts disclosed above reasonably approximate fair values as all amounts are payable within one year of the date of the statement of financial position.

Of the total lease liabilities recognised above, \$3.4m is payable within one year (2023: \$1.9m). A maturity analysis of the contractual undiscounted cash flows is shown below:

|                                                                                      | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|--------------------------------------------------------------------------------------|----------------------------|----------------------------|
| <b>Maturity analysis for lease liabilities – contractual undiscounted cash flows</b> |                            |                            |
| Less than one year                                                                   | 4.2                        | 2.7                        |
| One to five years                                                                    | 22.0                       | 20.6                       |
| More than five years                                                                 | 2.2                        | 7.5                        |
| <b>Total undiscounted lease liabilities</b>                                          | <b>28.4</b>                | <b>30.8</b>                |
| <b>Total lease liabilities included in 'Insurance and other payables'</b>            | <b>26.1</b>                | <b>27.8</b>                |
| Current                                                                              | 3.4                        | 1.9                        |
| Non-current                                                                          | 22.7                       | 25.9                       |

**32 Called up share capital**

This Note sets out the number of shares the Company has in issue and their nominal value.

|                                 | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m | 31 December<br>2024<br>1p each<br>Number | 31 December<br>2023<br>1p each<br>Number |
|---------------------------------|----------------------------|----------------------------|------------------------------------------|------------------------------------------|
| Ordinary shares:                |                            |                            |                                          |                                          |
| Allotted, issued and fully paid | 10.0                       | 10.0                       | 669,502,094                              | 669,502,094                              |

At both 31 December 2024 and 31 December 2023, 92,364,532 of the shares are class A shares and the remainder are class B shares. The class A and B shares rank pari passu except that on a distribution of profits by the Company, the class A shareholders are entitled to a cumulative annual dividend which must be settled ahead of any equivalent distribution to class B shareholders.

The number of shares reported is for Brit Limited, the immediate parent of the Brit Group.

During the current year, no share issuances took place.

On 13 December 2024 Fairfax acquired the 13.8% of Brit Limited that was previously owned by OMERS. Following this transaction, as at 31 December 2024 Fairfax owns 100.0% of Brit Limited (2023: 86.2%).

### 33 Dividends

This Note gives details of the amounts paid to shareholders during 2024 and 2023 by way of dividends.

|               | 2024<br>\$/share | 2023<br>\$/share | 2024<br>\$m  | 2023<br>\$m |
|---------------|------------------|------------------|--------------|-------------|
| Dividend paid | <b>0.90</b>      | 0.62             | <b>605.4</b> | 413.6       |

A \$12.9m dividend (2023: \$28.6m) was paid to the class A shareholders on 21 March 2024 in accordance with the Brit Limited shareholders' agreement at an amount equal to \$0.14 per share (2023: \$0.31). A further dividend of \$20.4m (2023: \$12.0m) was paid to the class A shareholders on 11 December 2024 in accordance with the Brit Limited shareholders' agreement at an amount equal to \$0.22 per share (2023: \$0.13).

A \$175.0m dividend (2023: \$275.0m) was paid to the class B shareholders on 21 March 2024 in accordance with the Brit Limited shareholders' agreement at an amount equal to \$0.30 per share (2023: \$0.48). A further dividend of \$397.1m (2023: \$98.0m) was paid to the class B shareholders on 11 December 2024 in accordance with the Brit Limited shareholders' agreement at an amount equal to \$0.69 per share (2023: \$0.17).

### 34 Cash flows provided by operating activities

The tables below show how the profit for the year translates into cash flows generated from operating activities and provide a reconciliation of the liabilities arising from financing activities.

|                                                              | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|--------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Profit before tax</b>                                     | <b>657.9</b>                             | 890.6                                    |
| <b>Adjustments for:</b>                                      |                                          |                                          |
| Realised and unrealised gains on investments                 | <b>(71.7)</b>                            | (185.2)                                  |
| Realised and unrealised (gains)/losses on derivatives        | <b>(16.5)</b>                            | 9.4                                      |
| Amortisation of intangible assets                            | <b>7.6</b>                               | 9.1                                      |
| Depreciation and impairment of property, plant and equipment | <b>6.4</b>                               | 9.5                                      |
| Profit on disposal of property, plant and equipment          | <b>-</b>                                 | (1.2)                                    |
| Foreign exchange losses/(gains) on cash and cash equivalents | <b>5.9</b>                               | (6.9)                                    |
| Share of profit after tax of associated undertakings         | <b>-</b>                                 | (1.4)                                    |
| Profit on disposal of subsidiaries                           | <b>-</b>                                 | (259.1)                                  |
| Profit on disposal of an associate                           | <b>(15.3)</b>                            | -                                        |
| Unrealised gains on shares held for share-based payments     | <b>(65.8)</b>                            | (44.3)                                   |
| Charges in respect of share-based payment schemes            | <b>69.8</b>                              | 43.2                                     |
| Interest income                                              | <b>(274.5)</b>                           | (225.4)                                  |
| Dividend income                                              | <b>(9.8)</b>                             | (9.0)                                    |
| Finance income                                               | <b>-</b>                                 | (2.7)                                    |
| Finance costs on borrowings                                  | <b>14.6</b>                              | 17.5                                     |
| <b>Changes in working capital:</b>                           |                                          |                                          |
| Insurance and other receivables excluding accrued income     | <b>236.2</b>                             | (278.7)                                  |
| Insurance and reinsurance contracts                          | <b>536.6</b>                             | 357.9                                    |
| Financial investments                                        | <b>(474.5)</b>                           | (625.1)                                  |
| Derivative contracts                                         | <b>11.2</b>                              | (5.2)                                    |
| Other financial liabilities                                  | <b>(104.0)</b>                           | 11.3                                     |
| Insurance and other payables                                 | <b>(200.9)</b>                           | 207.2                                    |
| Employee benefits                                            | <b>1.5</b>                               | 28.3                                     |
| Provisions                                                   | <b>(0.3)</b>                             | 0.7                                      |
| <b>Cash provided by/(used in) operations</b>                 | <b>314.4</b>                             | (59.5)                                   |

## notes to the consolidated financial statements

**34 Cash flows provided by operating activities (continued)**

Profit before tax includes profits arising from both continuing and discontinued operations:

|                                    | Continuing operations<br>\$m | Discontinued operation<br>\$m | Total<br>\$m |
|------------------------------------|------------------------------|-------------------------------|--------------|
| <b>Profit before tax</b>           |                              |                               |              |
| <b>Year ended 31 December 2024</b> | <b>661.0</b>                 | <b>(3.1)</b>                  | <b>657.9</b> |
| Year ended 31 December 2023        | 623.9                        | 266.7                         | 890.6        |

**Reconciliation of liabilities arising from financing activities**

|                                                    | 1 January 2024<br>\$m | Cash flows<br>\$m | Non-cash changes                 |                      | 31 December 2024<br>\$m |
|----------------------------------------------------|-----------------------|-------------------|----------------------------------|----------------------|-------------------------|
|                                                    |                       |                   | Foreign exchange movement<br>\$m | Other changes<br>\$m |                         |
| <b>31 December 2024</b>                            |                       |                   |                                  |                      |                         |
| <b>Long-term borrowings</b>                        |                       |                   |                                  |                      |                         |
| Subordinated debt                                  | 161.9                 | (6.0)             | (2.8)                            | 5.9                  | 159.0                   |
| <b>Short-term borrowings</b>                       |                       |                   |                                  |                      |                         |
| Revolving credit facility                          | –                     | (2.9)             | –                                | 2.9                  | –                       |
| <b>Total liabilities from financing activities</b> | <b>161.9</b>          | <b>(8.9)</b>      | <b>(2.8)</b>                     | <b>8.8</b>           | <b>159.0</b>            |

|                                                    | 1 January 2023<br>\$m | Cash flows<br>\$m | Non-cash changes                 |                      | 31 December 2023<br>\$m |
|----------------------------------------------------|-----------------------|-------------------|----------------------------------|----------------------|-------------------------|
|                                                    |                       |                   | Foreign exchange movement<br>\$m | Other changes<br>\$m |                         |
| <b>31 December 2023</b>                            |                       |                   |                                  |                      |                         |
| <b>Long-term borrowings</b>                        |                       |                   |                                  |                      |                         |
| Subordinated debt                                  | 162.4                 | (13.6)            | 9.7                              | 3.4                  | 161.9                   |
| <b>Short-term borrowings</b>                       |                       |                   |                                  |                      |                         |
| Revolving credit facility                          | 10.0                  | (15.4)            | –                                | 5.4                  | –                       |
| <b>Total liabilities from financing activities</b> | <b>172.4</b>          | <b>(29.0)</b>     | <b>9.7</b>                       | <b>8.8</b>           | <b>161.9</b>            |

### 35 Share-based payments

The Group rewards its employees through various share-based incentive schemes. This Note explains the different schemes used to facilitate those share-based payments and the charge recognised in the consolidated income statement in respect of these schemes.

The compensation cost recognised in the income statement under IFRS 2 'Share-based Payments' for the Group's share-based payments arrangements are shown below:

|                               | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-------------------------------|------------------------------------------|------------------------------------------|
| <b>Equity-settled plans</b>   |                                          |                                          |
| Employee Share Ownership Plan | 1.8                                      | 1.6                                      |
| <b>Cash-settled plans</b>     |                                          |                                          |
| Long Term Incentive Plan      | 68.0                                     | 41.6                                     |
| <b>Total</b>                  | <b>69.8</b>                              | <b>43.2</b>                              |

The \$1.8m (2023: \$1.6m) of charges relating to the Employee Share Ownership Plan are equity-settled in nature but physically-settled in cash and so were not recorded in the consolidated statement of changes in equity.

The total liability in respect of cash-settled plans at 31 December 2024 was \$76.1m (2023: \$46.0m). \$10.7m (2023: \$6.3m) is included within 'Other creditors' in respect of national insurance contributions on the share schemes.

#### (a) Long Term Incentive Plan (Performance Share Plan replacement)

On the Fairfax acquisition of Brit Limited, the 65% of performance share plan (PSP) awards that did not immediately vest were converted by Fairfax into awards under this scheme. The cost of the awards was recorded over the vesting period. The options vested in November 2018 and there are a further seven years to exercise the options.

#### Reconciliation of movement in the number of awards

|                            | Year ended<br>31 December<br>2024<br>Number of awards | Year ended<br>31 December<br>2023<br>Number of awards |
|----------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Outstanding at 1 January   | 239                                                   | 340                                                   |
| Exercised                  | (55)                                                  | (101)                                                 |
| Outstanding at 31 December | <b>184</b>                                            | <b>239</b>                                            |

In order to settle share-based payment awards, in 2015 the Group purchased \$10.7m of preference shares in FFHL Share Option 1 Corp. Of the purchase, \$3.9m related to this scheme and was recorded within equity so as to offset the share-based payment charges recorded in equity on exercise of the awards. There were no additional shares purchased for this scheme in 2023 and 2024. The remaining 184 shares were exercisable at the year end.

**35 Share-based payments (continued)****(b) Long Term Incentive Plan**

The Group awards selected employees options to acquire shares in Fairfax at a nil exercise price. Subject to continued service, the options vest between two and ten years after the grant date and there are a further five years to exercise the options.

The fair value of the awards are determined by the market price of the underlying shares at the valuation date. The calculation of the compensation cost recognised in the income statement in respect of these awards assumes forfeitures due to employee turnover of 10% per annum (2023: 10%) prior to vesting, with subsequent adjustments to reflect actual experience.

**Reconciliation of movement in the number of awards**

|                            | Year ended<br>31 December<br>2024<br>Number of awards | Year ended<br>31 December<br>2023<br>Number of awards |
|----------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Outstanding at 1 January   | 126,633                                               | 149,075                                               |
| Granted                    | 10,524                                                | 18,236                                                |
| Transferred out            | –                                                     | (628)                                                 |
| Exercised                  | (25,051)                                              | (28,120)                                              |
| Forfeited                  | (2,041)                                               | (11,930)                                              |
| Outstanding at 31 December | 110,065                                               | 126,633                                               |

The total intrinsic value at the end of the period of liabilities for awards that have been vested, but not exercised, amounted to \$8.3m (2023: \$5.9m). The weighted average share price at the date of exercise for share options exercised during the period was \$1,085.23 (2023: \$791.41). The weighted average fair value at date of grant for awards granted during 2024 was \$1,460.13 (2023: \$905.84).

In order to settle share-based payment awards, in 2024 the Group purchased \$8.6m (2023: \$4.9m) of preference shares in FFHL Share Option 1 Corp and that company has purchased shares in Fairfax. This has been recorded within 'Other Assets' so as to offset the share-based payment recorded as a liability within 'Other creditors' that accrues over the vesting period of the awards.

**(c) Employee Share Ownership Plan (ESOP)**

Under the terms of the ESOP which was established in 2015, eligible employees are given the election to purchase common shares in Fairfax in an amount up to 10% of their annual base salary. The Company purchases, on the employee's behalf, a number of Fairfax's common shares equal in value to 30% of the employee's contribution. In the event that the Company achieves certain performance targets, additional shares are purchased by the Company for the employee's benefit, to an amount equal in value to 20% of the employee's contribution during that year. In respect of both shares purchased by employees and matched by the Company, during the year ended 31 December 2024, the Company purchased a total of 4,145 common shares in Fairfax (2023: 5,419) at an average price of \$1,185.50 (2023: \$778.78).

## 36 Consolidated entities

This Note sets out all the entities which are members of the Brit Limited Group and whose results and financial positions are consolidated to produce the Group result and financial position.

All subsidiaries of the Company are 100% owned apart from:

- Ki Financial Limited, of which the Company holds 20% of the share capital (see Note 18 for further details). Ki Financial Limited owns 100% of the share capital of Ki Digital Services Limited, Risk Technology Solutions Limited, Ki Group Services Limited and Ki Member Limited.
- Certain special purpose vehicles. The Group has consolidated all segregated accounts of Sussex Re Limited and protected cells of Sussex Capital UK PCC Limited apart from those where the investment therein has been made directly by investors that are external to the Brit Group.

As mentioned in Note 2.2, 67.98% of the 2022 year of account result and assets of Syndicate 2988 is included in these consolidated financial statements. 75.86% of the 2023 year of account result and assets of Syndicate 2988 is included in these consolidated financial statements. 51.28% of the 2024 year of account result and assets of Syndicate 2988 is included in these consolidated financial statements.

As at 31 December 2024, the Group holds 20.0% (2023: 20.0%) of the share capital of Ki Financial Limited and 51.0% (2023: 51.0%) of the voting rights. The entity is consolidated in full by the Group.

The following changes to the Group's subsidiaries took place during the year:

- On 21 February 2024, RMSL Pension Trustee Limited was incorporated as a subsidiary.
- On 14 February 2024, voluntary wind up commenced for Brit Investment Holdings Limited.
- On 17 May 2024, BIGCC Services India Private Limited was incorporated as a subsidiary.
- On 7 August 2024, Brit Group Holdings Limited was incorporated as a subsidiary (see below for further details).
- On 13 November 2024, Ki Shelf Company Two Limited changed its name to Risk Technology Solutions Limited.

Additionally, the Group was restructured during 2024 to support the operational separation of Ki (refer to Note 4.9). That restructure organises Ki entities (Ki Digital Services Limited, Ki Member Limited, Ki Group Services Limited and Risk Technology Solutions Limited) under a Ki holding company (Ki Financial Limited) and places the remaining Brit structure under a new Brit holding company (Brit Group Holdings Limited). Both Ki Financial Limited and Brit Group Holdings Limited are direct subsidiaries of Brit Limited. The effect that this restructuring and related transactions are expected to have on the Group's financial reporting in future is described in Note 39.

The following changes to the Group's subsidiaries took place during the prior year:

- On 10 May 2023, the Group sold its entire investment in Ambridge Group ('Ambridge Group' refers to the Ambridge US (Brit Insurance USA Holdings Inc. and its subsidiaries) and Ambridge Europe sub-groups (Ambridge Europe Limited and its subsidiaries)). At this point it was deconsolidated.
- On 13 October 2023, Brit Global Speciality Singapore Pte. Ltd. was dissolved and, as such, it was deconsolidated.
- On 6 November 2023, Ki Shelf Company Two Limited was incorporated as a subsidiary.
- On 20 November 2023, Brit Insurance Holdings B.V. was dissolved and, as such, it has been deconsolidated.
- On 18 December 2023, Ki Group Services Limited was incorporated as a subsidiary.

The subsidiaries of the Company at 31 December 2024, together with their main function, are listed below by country of incorporation. The registered address and principal place of business of each entity is The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB unless otherwise stated.



## notes to the consolidated financial statements

## 36 Consolidated entities (continued)

| Subsidiary                                                                   | Principal activity           | Registered address and principal place of business                                                 |
|------------------------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------|
| <b>United Kingdom</b>                                                        |                              |                                                                                                    |
| Brit Group Holdings Limited<br>(incorporated on 7 August 2024)               | Intermediate holding company | The Leadenhall Building                                                                            |
| Brit Insurance Holdings Limited                                              | Intermediate holding company | The Leadenhall Building                                                                            |
| Brit Syndicates Limited                                                      | Lloyd's managing agent       | The Leadenhall Building                                                                            |
| Brit UW Limited                                                              | Lloyd's corporate member     | The Leadenhall Building                                                                            |
| Brit Insurance Services Limited                                              | Service company              | The Leadenhall Building                                                                            |
| Brit Investment Holdings Limited<br>(in liquidation)                         | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Brit Group Services Limited                                                  | Group services company       | The Leadenhall Building                                                                            |
| Brit Group Finance Limited                                                   | Group services company       | The Leadenhall Building                                                                            |
| BGS Services (Bermuda) Limited                                               | Service company              | The Leadenhall Building                                                                            |
| Brit Pension Trustee Limited                                                 | Corporate trustee (Dormant)  | The Leadenhall Building                                                                            |
| Brit Corporate Services Limited                                              | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Brit Corporate Secretaries Limited                                           | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Sussex Capital UK PCC Limited                                                | Special purpose vehicle      | The Leadenhall Building                                                                            |
| Nameco (No. 1341) Limited                                                    | Lloyd's corporate member     | 5th Floor, 40 Gracechurch Street, London, EC3V 0BT                                                 |
| Ki Member Limited                                                            | Lloyd's corporate member     | The Leadenhall Building                                                                            |
| Ki Financial Limited                                                         | Intermediate holding company | The Leadenhall Building                                                                            |
| Ki Capital Solutions Limited                                                 | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Ki Technology Limited                                                        | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Ki Risk Services Limited                                                     | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Ki Shelf Company Limited                                                     | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Ki Digital Services Limited                                                  | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Ki Group Services Limited                                                    | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Risk Technology Solutions Limited<br>(formerly Ki Shelf Company Two Limited) | Service company (Dormant)    | The Leadenhall Building                                                                            |
| Brit Syndicates Trustee Limited                                              | Lloyd's trustee (Dormant)    | The Leadenhall Building                                                                            |
| RMSL Pension Trustee Limited<br>(incorporated on 21 February 2024)           | Corporate trustee (Dormant)  | The Leadenhall Building                                                                            |
| <b>Bermuda</b>                                                               |                              |                                                                                                    |
| Sussex Capital Management Limited                                            | Service company              | Ground Floor Chesney House, The Waterfront,<br>96 Pitts Bay Road, Pembroke, HM 08                  |
| Sussex Capital Limited                                                       | Special purpose vehicle      | Wessex House, 3rd Floor, 45 Reid Street, Hamilton HM 12                                            |
| Sussex Re Limited                                                            | Special purpose vehicle      | Wessex House, 3rd Floor, 45 Reid Street, Hamilton HM 12                                            |
| Brit Reinsurance (Bermuda) Limited                                           | Insurance company            | Ground Floor Chesney House, The Waterfront,<br>96 Pitts Bay Road, Pembroke, HM 08                  |
| <b>South Africa</b>                                                          |                              |                                                                                                    |
| Camargue Underwriting Managers<br>(Proprietary) Limited                      | Insurance intermediary       | Camargue House, 33 Glenhove Road, Melrose Estate, 2196                                             |
| Synergy XOL (Pty) Ltd.                                                       | Service company              | Camargue House, 33 Glenhove Road, Melrose Estate, 2196                                             |
| Phoenix Underwriting Managers (Pty) Ltd.                                     | Service company (Dormant)    | Camargue House, 33 Glenhove Road, Melrose Estate, 2196                                             |
| <b>India</b>                                                                 |                              |                                                                                                    |
| BIGCC Services India Private Limited                                         | Service company              | J Block, 1 <sup>st</sup> Floor, Outerring Rd, Manyata Embassy,<br>Arabic College, Bangalore-560045 |

### 37 Related party transactions and Ultimate Parent Company

The Group has a number of related parties which includes its principal investors and its Directors. Sometimes it transacts business with these related parties. This Note sets out those transactions.

The Group carries out a number of transactions with related parties which include, paying management fees, carrying out insurance and reinsurance activities with affiliates of the ultimate parent company, Fairfax Financial Holdings Limited, and trading with its associates. All the transactions with related parties are undertaken on an arm's-length basis.

#### (a) Ultimate Parent Company

The ultimate parent company and controlling entity, and the largest group of which the Group is a member, is Fairfax Financial Holdings Limited (Fairfax) which is registered in Canada and listed on the Toronto Stock Exchange. The consolidated financial statements for Fairfax are publicly available and can be obtained from the Corporate Secretary, 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7 or from the website at [www.fairfax.ca](http://www.fairfax.ca).

#### (b) Fairfax Financial Holdings Limited

In June 2015, Hamblin Watsa Investment Counsel Limited (HWIC), an affiliate of Fairfax, was appointed as an investment manager to a number of Group companies. During the year ended 31 December 2024, the Group incurred and paid investment management fees to HWIC of \$13.3m (2023: \$12.7m).

The Group has historically entered into various reinsurance arrangements with affiliates of Fairfax.

In respect of insurance and ceded outwards reinsurance activity, the amounts included in the income statement relating to trading with affiliates of Fairfax were as follows:

|                                                                       | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-----------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| Insurance revenue                                                     | 18.2                                     | 21.7                                     |
| Insurance service expenses (exclusive of commissions costs below)     | (13.4)                                   | (6.9)                                    |
| Allocation of reinsurance premium (gross of ceding commissions below) | (12.5)                                   | (16.7)                                   |
| Reinsurance recoveries                                                | 8.7                                      | 9.5                                      |
| Net finance expenses                                                  | (0.1)                                    | 0.4                                      |
| Commission income                                                     | 0.5                                      | 0.7                                      |
| Commission expense                                                    | (2.1)                                    | (5.5)                                    |

The amounts included in the statement of financial position outstanding with Fairfax and its affiliates as at 31 December 2024 were as follows:

|                                           | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-------------------------------------------|----------------------------|----------------------------|
| <b>Insurance and reinsurance balances</b> |                            |                            |
| Insurance contract liabilities            | (48.9)                     | (43.4)                     |
| Reinsurance contract assets               | 31.2                       | 25.0                       |

**37 Related party transactions and Ultimate Parent Company (continued)****(c) Associated undertaking*****Sutton Special Risk Inc. ('Sutton')***

On 2 January 2019, Brit Insurance Holding Limited, acquired 49% of the issued shares of Sutton and recorded it as an investment in associated undertaking. For more information on Sutton see Note 17.

Trading with Sutton is undertaken on an arm's-length basis and is settled in cash. The net expense in the income statement relating to trading with Sutton for the period up to 8 March 2024 included commission for introducing insurance business of \$1.9m (2023: \$6.2m).

Amounts recorded in the statement of financial position in respect of premium net of commissions due from, and fees payable to, Sutton as at 31 December 2023 were not material.

**(d) Bryte Insurance Limited agreement**

Prior to the acquisition of Camargue Underwriting Managers Proprietary Limited (Camargue) on 4 October 2021, the entity had already entered into an agreement with Bryte Insurance Limited (Bryte), another subsidiary of the Fairfax group. Camargue acts as an underwriting managing agent for Bryte, administering insurance policies on their behalf and providing risk management services over the lifetime of those policies.

The amounts in the income statement for the year ended 31 December 2024 related to trading with Bryte were \$0.7m (2023: \$0.6m) in respect of administration fees and risk management fees. \$0.2m was outstanding at year end (2023: \$0.2m).

**(e) Key management compensation**

The amount of the emoluments granted in respect of the financial year to the members of the administrative, managerial and supervisory bodies by reason of their responsibilities, and any commitments arising or entered into in respect of retirement pension for former members of those bodies, are broken down as follows:

|                                                 | Year ended<br>31 December<br>2024<br>\$m | Year ended<br>31 December<br>2023<br>\$m |
|-------------------------------------------------|------------------------------------------|------------------------------------------|
| Salaries and other short-term employee benefits | 16.0                                     | 11.9                                     |
| Post-employment benefits                        | 1.1                                      | 0.9                                      |
| Share-based payments                            | 65.8                                     | 16.2                                     |
| Total compensation                              | 82.9                                     | 29.0                                     |

For the purposes of IAS 24, 'Related Party Disclosures', key managers are defined as the Board of Directors and members of the Executive Committee which is the primary vehicle for implementing Board decisions in respect of UK-managed operations.

As at 31 December 2024, \$0.4m (2023: \$0.4m) was recorded in the statement of financial position in respect of unsecured loans to key management personnel. These loans inception in 2020, are expected to be settled in cash, carry an annual interest charge of 2.25%, and have no fixed maturity date.

## 38 Guarantees and contingent liabilities

This Note explains guarantees issued by Group companies and any contingent liabilities they may be exposed to.

### (a) Lloyd's

Assets have been pledged, as Funds at Lloyd's, by way of deposits and fixed and floating charges for corporate member companies within the Group that participate on Lloyd's syndicates. The funds are held in trust and can be used to meet claims liabilities should syndicates fail to meet their claim liabilities. Each corporate member has its own funds and can only use its funds to meet its own claim liabilities.

As at 31 December 2024, the Group's total Funds at Lloyd's balance amounted to \$1,114.2m (2023: \$1,253.8m), of which \$150.0m (2023: \$160.0m) was attributable to letters of credit placed as Funds at Lloyd's.

### (b) Credit facilities

The Group has in place a revolving credit facility and letters of credit. Refer to Note 30 for details of these facilities.

### (c) Taxation

The Group operates in a wide variety of jurisdictions around the world through its Lloyd's syndicate and uncertainties therefore exist with respect to the interpretation of complex tax laws and practices of those territories. The Group establishes provisions for taxes other than current and deferred income tax if there is a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. This assessment is made based upon various factors which are continually evaluated.

Income taxes are provided for as set out in accounting policy (Note 2.4.8).

## 39 Events occurring after the reporting date

This Note sets out how events occurring after the reporting date relate to the financial position and performance of the Group in the reporting period.

### Change to the issuer of the Group's subordinated debt (Subordinated Notes due 2030 ('the notes'))

With effect on and from 22 January 2025, Brit Group Holdings Limited was substituted in place of Brit Limited as issuer and principal debtor under the notes. The notes continue to be guaranteed by Brit Insurance Holdings Limited. The substitution reflects changes to the Brit Group structure during 2024 – see Note 36.

As Brit Group Holdings Limited is part of the Brit Limited Group this change has no direct effect on the Group's consolidated financial statements. However, because of this change Brit Limited no longer has securities in issue that are listed on the London Stock Exchange and therefore is no longer required to produce consolidated financial statements. Therefore, the expectation is that Brit Limited will not produce consolidated financial statements in future.

As Brit Group Holdings Limited is now the issuer of the subordinated debt notes it is required to produce consolidated financial statements going forward. Brit Limited's other subsidiary, Ki Financial Limited, will also produce consolidated financial statements going forward.

### California wildfires (January 2025)

The Group has potential exposures to claims resulting from the California wildfires of January 2025, which will be accounted for in the period ending 31 December 2025. After taking into account potential reinsurance recoveries and reinstatement premiums, the Brit Limited Group's initial estimate, based on information available at the date of this report, is a net cost before tax of between \$130m and \$160m.



**BRIT**

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## Introduction to the Parent Company Financial Statements

### **Statement of Financial Position**

The statement of financial position is a summary of assets and how the assets have been funded through liabilities and equity investment by shareholders.

### **Statement of Changes in Equity**

The statement of changes in equity shows how the various lines in the equity section of the Company's statement of financial position have moved during the year.

# statement of financial position

At 31 December 2024

|                                                         | Note | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|---------------------------------------------------------|------|----------------------------|----------------------------|
| <b>Fixed assets</b>                                     |      |                            |                            |
| Investments:                                            |      |                            |                            |
| Shares in Group undertakings                            | 3    | 1,156.3                    | 1,155.5                    |
| Loans to Group undertakings                             | 4    | 159.0                      | 131.4                      |
|                                                         |      | <b>1,315.3</b>             | 1,286.9                    |
| <b>Current assets</b>                                   |      |                            |                            |
| Debtors: Amounts falling due within one year            | 5    | 8.5                        | 499.5                      |
| Cash at bank and in hand                                |      | 6.0                        | 0.3                        |
|                                                         |      | <b>14.5</b>                | 499.8                      |
| <b>Current liabilities</b>                              |      |                            |                            |
| Creditors: Amounts falling due within one year          | 6    | (7.6)                      | (0.9)                      |
| <b>Net current assets</b>                               |      | <b>6.9</b>                 | 498.9                      |
| <b>Total assets less current liabilities</b>            |      | <b>1,322.2</b>             | 1,785.8                    |
| Creditors: Amounts falling due after more than one year | 7    | (159.0)                    | (161.9)                    |
| <b>Net assets</b>                                       |      | <b>1,163.2</b>             | 1,623.9                    |
| <b>Capital and reserves</b>                             |      |                            |                            |
| Called up share capital                                 | 8    | 10.0                       | 10.0                       |
| Share premium                                           |      | 932.6                      | 932.6                      |
| Capital redemption reserve                              |      | 1.0                        | 1.0                        |
| Capital contribution reserve                            |      | 32.2                       | 32.2                       |
| Retained earnings                                       |      | 187.4                      | 648.1                      |
| <b>Total equity</b>                                     |      | <b>1,163.2</b>             | 1,623.9                    |

No individual income statement is presented for the Company, as permitted by Section 408 of the Act. The comprehensive income in the financial statements of the Company was a \$144.7m profit (2023: \$394.8m profit).

The accompanying Notes on pages 184 to 189 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 27 February 2025 and were signed on its behalf by:

**Martin Thompson**  
Group Chief Executive Officer

**Gavin Wilkinson**  
Group Chief Financial Officer



## statement of changes in equity

|                                                       | Note | Called up<br>share<br>capital<br>\$m | Share<br>premium<br>\$m | Capital<br>redemption<br>reserve<br>\$m | Capital<br>contribution<br>reserve<br>\$m | Retained<br>earnings<br>\$m | Total<br>equity<br>\$m |
|-------------------------------------------------------|------|--------------------------------------|-------------------------|-----------------------------------------|-------------------------------------------|-----------------------------|------------------------|
| At 1 January 2023                                     |      | 10.0                                 | 1,432.6                 | 1.0                                     | 32.2                                      | 166.9                       | 1,642.7                |
| Profit and total comprehensive<br>income for the year |      | -                                    | -                       | -                                       | -                                         | 394.8                       | 394.8                  |
| Dividends                                             | 11   | -                                    | -                       | -                                       | -                                         | (413.6)                     | (413.6)                |
| Capital reduction <sup>1</sup>                        |      | -                                    | (500.0)                 | -                                       | -                                         | 500.0                       | -                      |
| <b>At 31 December 2023</b>                            |      | <b>10.0</b>                          | <b>932.6</b>            | <b>1.0</b>                              | <b>32.2</b>                               | <b>648.1</b>                | <b>1,623.9</b>         |
| Profit and total comprehensive<br>income for the year |      | -                                    | -                       | -                                       | -                                         | <b>144.7</b>                | <b>144.7</b>           |
| Dividends                                             | 11   | -                                    | -                       | -                                       | -                                         | <b>(605.4)</b>              | <b>(605.4)</b>         |
| <b>At 31 December 2024</b>                            |      | <b>10.0</b>                          | <b>932.6</b>            | <b>1.0</b>                              | <b>32.2</b>                               | <b>187.4</b>                | <b>1,163.2</b>         |

1. On 1 November 2023, Brit Limited effected a capital reduction, without the cancellation of any shares, which resulted in a \$500.0m reduction to share premium and a corresponding increase in retained earnings. Accordingly, there was no impact on total equity.

The accompanying Notes on pages 184 to 189 are an integral part of these financial statements.



# notes to the parent company financial statements

## 1 Accounting policies and basis of preparation

This Note provides details of the basis of preparation and accounting policies applied in producing these parent company financial statements.

### 1.1 Basis of preparation

The Company financial statements present the information about the Company as a separate entity. The Company is incorporated and registered in England and Wales with registration number 08821629. The registered office of the Company at the date of this report is The Leadenhall Building, 122 Leadenhall Street, London, EC3V 4AB.

The Company has prepared its financial statements in accordance with Financial Reporting Standard 'FRS 102', the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and provisions of Section 396 of the Companies Act 2006. The Company has applied accounting policies consistently to all the years presented, other than where new policies have been adopted.

The financial statements have been compiled on a going concern basis and prepared on a historical cost basis, except for financial investments and financial liabilities which have been measured initially at fair value. The Company financial statements are presented in US dollars, which is also the functional currency of the Company, and all values are rounded to the nearest \$0.1m except where otherwise indicated.

### 1.2 Accounting policies

#### (a) Investments

Investments in subsidiary undertakings are stated at cost less provisions for any impairment.

#### (b) Income from fixed asset investments

Dividend income is recognised when the shareholders' right to receive the payment is established.

#### (c) Long-term debt

Long-term debt is recognised initially at transaction price which is the fair value. It is subsequently measured at amortised cost using the effective interest rate method, in accordance with section 11 of FRS 102 (Basic Financial Instruments).

Interest payable is recognised using the effective interest rate method.

Interest income is recognised on the de-recognition of sub-debt, arising from the difference between cash settled and the notional amount derecognised.

#### (d) Loans to Group undertakings

Loans to Group undertakings are recognised initially at transaction price which is the fair value, (including transaction costs incurred except in the initial measurement of financial liabilities that are measured at fair value through profit or loss) and subsequently measured at amortised cost using effective interest rate method, in accordance with section 11 of FRS 102 (Basic Financial Instruments).

Interest receivable is recognised using the effective interest rate method.

#### (e) Expenses

All expenses are accounted for on an accruals basis.

#### (f) Foreign currencies

Items included in the financial statements of the Company are measured using the functional currency which is the primary economic environment in which the entity operates. The functional currency of the Company is US dollars.

Transactions in foreign currencies other than US dollars are converted at the rate of exchange ruling at the date the transaction is processed. Unless otherwise stated, transactions are converted at the average exchange rates for the period. Assets and liabilities in currencies other than Sterling are converted at the rate of exchange ruling at 31 December of each year. Exchange differences arising on conversion are dealt with in the income statement.

## 1 Accounting policies and basis of preparation (continued)

### (g) Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the statement of financial position date, dividends have been accrued as receivable;
- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax asset/liability shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and
- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the Directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

## 2 Auditors' remuneration

This Note sets out the fees paid in respect of the annual audit performed on the Company.

Audit fees charged to the Company amounted to \$18,044 (2023: \$17,350).

## 3 Shares in Group undertakings

This Note explains the direct shareholdings of the Company in other Group entities.

|                                               | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-----------------------------------------------|----------------------------|----------------------------|
| Investment in Brit Insurance Holdings Limited | -                          | 1,055.0                    |
| Investment in Brit Group Holdings Limited     | 1,055.2                    | -                          |
| Investment in Ki Financial Limited            | 101.1                      | 100.0                      |
| Investment in Ki Member Limited               | -                          | 0.5                        |
|                                               | <b>1,156.3</b>             | <b>1,155.5</b>             |

During 2024:

- On 7 August 2024 Brit Group Holdings Limited was incorporated as a subsidiary. Subsequently on 12 December 2024 the Company's investment in Brit Insurance Holdings Limited was transferred to Brit Group Holdings Limited. This transfer reduced the carrying value of the Company's investment in Brit Insurance Holdings Limited to nil, with a corresponding increase in the carrying value of the Company's investment in Brit Group Holdings Limited.
- On 20 November 2024 the Company's investment in Ki Member Limited was transferred to Ki Financial Limited for consideration of £1. This transfer reduced the carrying value of the Company's investment in Ki Member Limited to nil, with a corresponding increase (\$0.5m) in the carrying value of the Company's investment in Ki Financial Limited.
- On 5 November 2024 Ki Group Services Limited (a subsidiary of Brit Insurance Holdings Limited) was transferred to Ki Financial Limited. This transfer increased the carrying value of the Company's investment in Ki Financial Limited by \$0.6m, with the Company recognising a corresponding amount as dividend income (a distribution in specie from Brit Insurance Holdings Limited).

During 2023, the Company invested a total of \$0.3m into Brit Insurance Holdings Limited (31 March 2023: \$0.1m, 30 June 2023: \$0.1m, and 30 September 2023: \$0.1m).

The subsidiaries of the Company as at 31 December 2024, and their principal activities, are disclosed in the Brit Limited consolidated financial statements.

## notes to the parent company financial statements

#### 4 Loans to Group undertakings

This Note sets out moneys lent by the Company to other Group companies.

|                             | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|-----------------------------|----------------------------|----------------------------|
| Loans to Group undertakings | 159.0                      | 131.4                      |

On 8 September 2014, a long-term loan to another Group company was novated to Brit Limited at fair value. The loan carried an annual interest rate of 7.05%, was unsecured, had no fixed date of repayment, and was repayable on demand. The loan was fully repaid on 22 November 2024.

On 25 November 2024, the Company made a long-term loan to Brit Insurance Holdings Limited, a subsidiary of the Company. The loan carries an annual interest rate of 3.7%, is unsecured, and is due to be repaid on 9 December 2030. On 22 January 2025 the Company assigned this loan to another Group Company. Refer to Note 15 for further details.

#### 5 Debtors: Amounts falling due within one year

This Note sets out moneys owed to the Company that are due within 12 months of the reporting date.

|                                                    | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|----------------------------------------------------|----------------------------|----------------------------|
| Interest receivable on loans to Group undertakings | 0.5                        | 15.7                       |
| Amounts owed by Group undertakings                 | 7.0                        | 481.6                      |
| Prepayments                                        | 1.0                        | 0.9                        |
| Other debtors                                      | –                          | 1.3                        |
| <b>Total</b>                                       | <b>8.5</b>                 | <b>499.5</b>               |

'Amounts owed by Group undertakings' are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

#### 6 Creditors: Amounts falling due within one year

This Note sets out moneys owed by the Company that are due within 12 months of the reporting date.

|                                    | 31 December<br>2024<br>\$m | 31 December<br>2023<br>\$m |
|------------------------------------|----------------------------|----------------------------|
| Accruals and deferred income       | 0.9                        | 0.9                        |
| Amounts owed to Group undertakings | 6.7                        | –                          |
| <b>Total</b>                       | <b>7.6</b>                 | <b>0.9</b>                 |

'Amounts owed to Group undertakings' are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

## 7 Creditors: Amounts falling due after more than one year

This Note sets out moneys owed by the Company that are due more than 12 months after the reporting date.

|                   |          |                         | 31 December 2024   |                | 31 December 2023   |                |
|-------------------|----------|-------------------------|--------------------|----------------|--------------------|----------------|
|                   | Maturity | Effective interest rate | Amortised cost \$m | Fair value \$m | Amortised cost \$m | Fair value \$m |
| Subordinated debt | 2030     | 3.7%                    | 159.0              | 135.9          | 161.9              | 118.3          |

The fair value of the subordinated debt has been determined by reference to trading market values on recognised exchanges and is categorised as level one in the fair value hierarchy.

The subordinated debt was novated to the Company from another Group company on 8 September 2014 at fair value. The subordinated debt is listed and carries an interest rate of 3.7%.

On 14 December 2023 £8.0m (\$10.0m) of the notional value of the subordinated debt was repurchased by the Group for £5.9m (\$7.3m) and was cancelled.

On 22 January 2025 another Group company was substituted in place of the Company as issuer and principal debtor in relation to the subordinated debt. Refer to Note 15 for further details.

## 8 Called up share capital

This Note sets out the number of shares in issue and their nominal value.

|                                 | 31 December 2024 \$m | 31 December 2023 \$m | 31 December 2024 1p each Number | 31 December 2023 1p each Number |
|---------------------------------|----------------------|----------------------|---------------------------------|---------------------------------|
| Ordinary shares:                |                      |                      |                                 |                                 |
| Allotted, issued and fully paid | 10.0                 | 10.0                 | 669,502,094                     | 669,502,094                     |

For further information in respect of shares currently in issue and related movements in called up share capital during the current and prior period, please refer to Note 32 accompanying the Brit Limited Group financial statements.

## 9 Directors' emoluments

This Note gives a breakdown of emoluments paid to Directors both in total and in respect of the highest paid Director.

|                                                           | 31 December 2024 \$m | 31 December 2023 \$m |
|-----------------------------------------------------------|----------------------|----------------------|
| Aggregate remuneration                                    | 6.5                  | 3.8                  |
| Aggregate contributions to money purchase pension schemes | 0.2                  | 0.2                  |
| <b>Total</b>                                              | <b>6.7</b>           | <b>4.0</b>           |

The Directors' remuneration disclosed above includes the following amounts paid to the highest paid Director:

|                                                                                                                                   | 31 December 2024 \$m | 31 December 2023 \$m |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Aggregate remuneration                                                                                                            | 3.2                  | 1.5                  |
|                                                                                                                                   | Number               | Number               |
| Number of Directors with benefits accruing under money purchase pension schemes                                                   | 2                    | 2                    |
| Number of Directors who exercised share options                                                                                   | 1                    | 1                    |
| Number of Directors in respect of whose qualifying services, shares were received or receivable under long-term incentive schemes | 3                    | 2                    |

Shares were received or receivable by the highest paid Director in respect of qualifying services under a long-term incentive scheme during 2024 and 2023. There were no shares exercised by the highest paid Director in 2024. Shares were exercised by the highest paid Director in 2023.

notes to the parent company financial statements

## 10 Guarantees and contingent liabilities

This Note explains guarantees issued by the Company. The Company has no contingent liabilities.

As at 31 December 2023 the Company had access to a \$550.0m revolving credit facility which was due to expire on 31 December 2027. At this date a \$10.0m uncollateralised letter of credit had been utilised by the Company in respect of this facility, and there was cash drawings of \$nil.

During 2024 the Company was replaced as borrower and guarantor under this revolving credit facility by Brit Group Holdings Limited, a subsidiary of the Company.

## 11 Dividends

This Note gives details of the amounts paid to shareholders during 2024 and 2023 by way of dividends.

Details of dividends paid by the Company to shareholders during 2024 and 2023 are included in Note 33 of the notes accompanying the Brit Limited Group consolidated Financial Statements.

## 12 Share-based payments

The Company rewards its employees through various share-based incentive schemes. This Note explains the different schemes used to facilitate those share-based payments.

Further detail in respect of the Group's share-based incentive schemes can be found in Note 35 of the notes accompanying the Brit Limited Group consolidated Financial Statements.

## 13 Disclosure exemptions

This Note explains the Company's approach to qualifying exemptions available in FRS 102.

The Company has taken advantage of the disclosure exemptions provided by paragraph 1.12 of FRS 102. Accordingly, these financial statements do not include the following:

- Statement of cash flows;
- A reconciliation of shares outstanding at the beginning and end of the period;
- Specific information relating to financial instruments that is included within equivalent disclosures for the Group;
- Specific information relating to share-based payments that is included within equivalent disclosures for the Group; and
- Disclosure of key management personnel compensation (included in Note 37 of the Group financial statements).

The Brit Limited consolidated financial statements and accompanying notes provide further detail in respect of these areas.

## 14 Ultimate parent company and other related undertakings

The ultimate parent company and controlling entity, and the largest group of which the Group is a member, is Fairfax Financial Holdings Limited (Fairfax) which is registered in Canada and listed on the Toronto Stock Exchange. The consolidated financial statements for Fairfax are publicly available and can be obtained from the Corporate Secretary, 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7 or from the website at [www.fairfax.ca](http://www.fairfax.ca).

A subsidiary of the Company held a significant investment in Sutton Special Risk Inc ('Sutton'), an associated undertaking, until 8 March 2024 and was reported within 'Assets classified as held for sale' on the consolidated statement of financial position at 31 December 2023. Sutton is registered in Canada with offices at 3 Yonge Street, Suite 400, P.O. Box 311, Toronto, Ontario, Canada, M5E 1G4.

Further information on other related undertakings of the Company can be found in Note 36 Consolidated Entities of the notes to the consolidated financial statements.

## 15 Post balance sheet events

### **Change to the issuer of the Company's subordinated debt (Subordinated Notes due 2030 ('the notes')) and assignment of loan**

With effect on and from 22 January 2025, Brit Group Holdings Limited (another Group company) was substituted in place of the Company as issuer and principal debtor under the notes. The notes continue to be guaranteed by Brit Insurance Holdings Limited (another Group company). The substitution reflects changes to the Brit Group structure during 2024 – see Note 36. For further details refer to Note 7 of these financial statements and Note 39 to the Brit Limited Group consolidated financial statements.

As consideration for this change, on 22 January the Company assigned the benefit of the Company's loan to Brit Insurance Holdings Limited (another Group company) to Brit Group Holdings Limited (another Group company). Refer to Note 4 of these financial statements for further details.

The transactions described above had no net impact on the Company's total equity.

## key performance indicators and alternative performance measures

### Return on net tangible assets (RoNTA)

Return on net tangible assets (RoNTA) shows the return being generated by our operations compared to the adjusted net tangible assets deployed in our business.

#### (i) RoNTA from all operations

|                                                                        | Comment/financial statements reference                                                        | 2024<br>\$m    | 2023<br>\$m    |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------|----------------|
| Profit for the year after tax attributable to the owners of the parent | Consolidated income statement                                                                 | 506.8          | 836.2          |
| Add back: Tax adjusted amortisation                                    | Amortisation of intangibles, adjusted by the tax rate                                         | 7.8            | 7.0            |
| Add back: Tax adjusted pension charge in income statement              | Defined benefits schemes' impact on income statement                                          | 1.4            | 3.7            |
| Add back: Tax adjusted FX                                              | FX effect for the year, adjusted by the tax rate                                              | 25.0           | 74.9           |
| <b>Return, as adjusted for RoNTA calculation</b>                       |                                                                                               | <b>541.0</b>   | <b>921.8</b>   |
| Adjusted NTA at start of year                                          | See '(iii) Adjusted net tangible assets' section below                                        | 2,516.0        | 2,025.1        |
| Less: Pension asset net of deferred tax at start of year               | 'Employee benefits' per Consolidated Statement of Financial Position less deferred tax        | (24.6)         | (40.1)         |
| External distributions, share issuances and capital contributions      | Weighted adjustment to reflect distributions and shares issued during the year                | (171.3)        | (210.5)        |
| <b>NTA, as adjusted for RoNTA calculation</b>                          |                                                                                               | <b>2,320.1</b> | <b>1,774.5</b> |
| <b>RoNTA</b>                                                           | Return, as adjusted for RoNTA calculation, divided by NTA, as adjusted for RoNTA calculation. | <b>23.3%</b>   | <b>51.9%</b>   |

#### (ii) RoNTA from continuing operations

|                                                                                                          | Comment/financial statements reference                                                        | 2024<br>\$m    | 2023<br>\$m    |
|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------|----------------|
| Profit for the year after tax attributable to the owners of the parent, excluding discontinued operation | Consolidated income statement                                                                 | 509.9          | 570.0          |
| Add back: Tax adjusted amortisation                                                                      | Amortisation of intangibles, adjusted by the tax rate                                         | 7.8            | 7.0            |
| Add back: Tax adjusted pension charge in income statement                                                | Defined benefits schemes' impact on income statement                                          | 1.4            | 3.7            |
| Add back: Tax adjusted FX                                                                                | FX effect for the year, adjusted by the tax rate                                              | 25.0           | 74.9           |
| <b>Return, as adjusted for RoNTA calculation</b>                                                         |                                                                                               | <b>544.1</b>   | <b>655.6</b>   |
| Adjusted NTA at start of year                                                                            | See '(iii) Adjusted net tangible assets' section below                                        | 2,516.0        | 2,025.1        |
| Less: NTA relating to discontinued operations                                                            |                                                                                               | -              | (203.7)        |
| Less: Pension asset net of deferred tax at start of year                                                 | 'Employee benefits' per Consolidated Statement of Financial Position less deferred tax        | (24.6)         | (40.1)         |
| External distributions, share issuances and capital contributions                                        | Weighted adjustment to reflect distributions and shares issued during the year                | (171.3)        | (210.5)        |
| <b>NTA, as adjusted for RoNTA calculation</b>                                                            |                                                                                               | <b>2,320.1</b> | <b>1,570.8</b> |
| <b>RoNTA</b>                                                                                             | Return, as adjusted for RoNTA calculation, divided by NTA, as adjusted for RoNTA calculation. | <b>23.5%</b>   | <b>41.7%</b>   |

**Return on net tangible assets (RoNTA) (continued)****(iii) Adjusted net tangible assets**

Adjusted net tangible assets at the end of each year are calculated as follows:

|                                                      | Comment/financial statements reference       | 2024<br>\$m    | 2023<br>\$m |
|------------------------------------------------------|----------------------------------------------|----------------|-------------|
| Total equity attributable to owners of the parent    | Consolidated statement of financial position | <b>2,510.8</b> | 2,617.2     |
| Less: Intangible assets                              | Consolidated statement of financial position | <b>(138.8)</b> | (122.7)     |
| Net tangible assets                                  |                                              | <b>2,372.0</b> | 2,494.5     |
| Add back deferred tax liability on intangible assets | Note 22: Deferred taxation                   | <b>22.3</b>    | 21.5        |
| <b>Adjusted net tangible assets</b>                  |                                              | <b>2,394.3</b> | 2,516.0     |



## key performance indicators and alternative performance measures

## Combined ratio, claims ratio and expense ratio

The combined ratio is our key underwriting metric and measures the profitability of our underwriting. It shows how much of every \$1 of premium is spent in the total costs of sourcing and underwriting the business and settling claims. A combined ratio under 100% indicates underwriting profitability.

The component parts of the combined ratio are the claims ratio and the expense ratio. The calculations of each of the ratios are set out below:

|                                      | Comment/financial statements reference                                                 | 2024<br>\$m    | 2023<br>\$m |
|--------------------------------------|----------------------------------------------------------------------------------------|----------------|-------------|
| Insurance revenue                    | Note 23: insurance and reinsurance contracts                                           | 3,465.5        | 3,517.1     |
| Allocation of reinsurance premium    | Note 23: insurance and reinsurance contracts                                           | (693.7)        | (785.9)     |
| <b>Net insurance revenue</b>         |                                                                                        | <b>2,771.8</b> | 2,731.2     |
| Insurance service expense            | Note 23: insurance and reinsurance contracts                                           | 2,579.0        | 2,594.3     |
| Less directly attributable expenses  | Includes insurance acquisition cash flows and all other directly attributable expenses | (775.2)        | (744.2)     |
| Amounts recoverable from reinsurers  | Note 23: insurance and reinsurance contracts                                           | (482.0)        | (512.6)     |
| <b>Net claims</b>                    |                                                                                        | <b>1,321.8</b> | 1,337.5     |
| <b>Claim ratio</b>                   | Net claims divided by net insurance revenue                                            | <b>47.7%</b>   | 49.0%       |
| Directly attributable expenses       | Includes insurance acquisition cash flows and all other directly attributable expenses | 775.2          | 744.2       |
| <b>Expense ratio</b>                 | Directly attributable expenses divided by net insurance revenue                        | <b>28.0%</b>   | 27.2%       |
| <b>Combined ratio</b>                | Claim ratio plus expense ratio                                                         | <b>75.7%</b>   | 76.2%       |
| Effect of discounting                | Initial discounting impact recognised in the insurance service result                  | 10.2%          | 9.1%        |
| <b>Combined ratio (undiscounted)</b> | Combined ratio minus effect of discounting                                             | <b>85.9%</b>   | 85.3%       |

### Insurance revenue and insurance premium written

Insurance revenue and insurance premium written are used by the Group to measure and monitor levels of incoming business. Insurance revenue is a required measure of revenue under IFRS 17, while insurance premium written is equivalent to gross written premium under the old insurance accounting standard, IFRS 4.

|                                                          | Comment/financial statements reference                                                                                                                    | 2024<br>\$m    | 2023<br>\$m |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------|
| <b>Insurance revenue</b>                                 | Consolidated income statement                                                                                                                             | <b>3,465.5</b> | 3,517.1     |
| Commission expense                                       | Reclassification of commissions expense on assumed business to net off against insurance revenue                                                          | <b>274.8</b>   | 307.5       |
| Profit commissions and reinstatement premiums            | Reclassification of profit commissions in relation to assumed business and reinstatement premiums between insurance revenue and insurance service expense | <b>8.9</b>     | 20.8        |
| Non-distinct investment components and other adjustments | Net down of non-distinct investment components; and other GAAP adjustments                                                                                | <b>(11.0)</b>  | (37.0)      |
| Gross earned premium                                     |                                                                                                                                                           | <b>3,738.2</b> | 3,808.4     |
| Change in gross unearned premiums                        | Movement in the gross unearned premium reserve                                                                                                            | <b>41.3</b>    | (54.9)      |
| <b>Insurance premium written</b>                         |                                                                                                                                                           | <b>3,779.5</b> | 3,753.5     |

### Investment return

We assess the performance of our investment portfolio by comparing the return generated by our invested assets, net of external investment related expenses, against the value of those invested assets.

|                                                               | Comment/financial statements reference                       | 2024<br>\$m    | 2023<br>\$m |
|---------------------------------------------------------------|--------------------------------------------------------------|----------------|-------------|
| Share of net profit of associates                             | Consolidated income statement                                | -              | 1.6         |
| Return on financial investments and cash and cash equivalents | Note 7: Investment return                                    | <b>338.9</b>   | 400.0       |
| Return on investment-related derivatives                      | Note 9: Return on derivative contracts                       | <b>(6.4)</b>   | (7.2)       |
| Profit on disposal of associates                              | Note 17: Investment in associated undertaking                | <b>15.2</b>    | -           |
| <b>Return on invested assets</b>                              |                                                              | <b>347.7</b>   | 394.4       |
| Investment in associated undertaking                          | Note 17: Investment in associated undertaking                | -              | 15.8        |
| Financial investments                                         | Note 25: Financial assets and liabilities                    | <b>6,460.8</b> | 5,875.4     |
| Derivative contracts (investment related)                     | Note 26: Derivative contracts                                | <b>(0.6)</b>   | (0.2)       |
| Cash and cash equivalents                                     | Note 29: Cash and cash equivalents                           | <b>750.4</b>   | 853.8       |
| <b>Invested assets</b>                                        |                                                              | <b>7,210.6</b> | 6,744.8     |
| Opening invested assets                                       |                                                              | <b>6,744.8</b> | 6,011.3     |
| Closing invested assets                                       |                                                              | <b>7,210.6</b> | 6,744.8     |
| Average invested assets                                       |                                                              | <b>6,977.7</b> | 6,378.1     |
| <b>Investment return (%)</b>                                  | Return on invested assets divided by average invested assets | <b>5.0%</b>    | 6.2%        |

## key performance indicators and alternative performance measures

## Capital ratio

The capital ratio measures the strength of our statement of financial position by comparing our available capital resources to the capital we need to hold to meet our management entity capital requirements.

|                                                                 | Comment/financial statements reference                                                                                                                    | 2024<br>\$m   | 2023<br>\$m |
|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------|
| Adjusted net tangible assets                                    | Calculated earlier in this section                                                                                                                        | 2,394.3       | 2,516.0     |
| Subordinated debt                                               | Note 30: Borrowings                                                                                                                                       | 159.0         | 161.9       |
| Letters of credit/contingent funding                            | Under our capital policy we have identified a maximum of \$300.0m (2023: \$300.0m) of our revolving credit facility to form part of our capital resources | 300.0         | 300.0       |
| Total available capital resources                               |                                                                                                                                                           | 2,853.3       | 2,977.9     |
| Management entity capital requirements                          | The capital required by an entity for business strategy and regulatory requirements                                                                       | (1,865.4)     | (1,927.4)   |
| Excess of resources over management entity capital requirements |                                                                                                                                                           | 987.5         | 1,050.5     |
| <b>Capital ratio</b>                                            | Total available capital resources divided by management entity capital requirements                                                                       | <b>153.0%</b> | 154.5%      |

## Risk adjusted rate change

The risk adjusted rate change (RARC) shows whether premium rates are increasing, reflecting a hardening market, or decreasing, reflecting a softening market. A hardening market is one indicator of increasing profitability.

The data reflects internal estimates by Brit's underwriters, based on available year-on-year underlying renewal data after allowing for changes to terms and conditions. Generally, no adjustment is made to the figures to reflect the impact of inflation beyond the level of inflation in the underlying exposure measure used in pricing.

By its nature, this metric cannot be reconciled to the financial statements.

## company information

### Directors

**Mr Gordon Campbell** – Chair

**Mr Martin Thompson** – Group Chief Executive Officer

**Mr Gavin Wilkinson** – Group Chief Financial Officer

**Mr Mark Allan** – Executive Director

**Mr Aviral Goel** – Non-executive Director (appointed 1 January 2024, resigned 8 January 2025)

**Mr Simon Lee** – Non-executive Director

**Mr Michael Wallace** – Non-executive Director

**Ms Andrea Welsch** – Non-executive Director

**Mr Ken Miner** – Non-executive Director (resigned 1 January 2024)

### Company Secretary

**Mr Joe Marinelli**

### Registered Office

The Leadenhall Building

122 Leadenhall Street

London

England

EC3V 4AB

UK

Telephone: +44 (0) 20 3857 0000

### Website

**[www.britinsurance.com](http://www.britinsurance.com)**

The Company website provides information about Brit Limited including information on the business, annual reports, half yearly reports and announcements to the London Stock Exchange.

### Registered Number

08821629

### Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London

SE1 2RT

# glossary

## A

**Adjusted net tangible assets** or **adjusted NTA**: Total equity, less intangible assets net of the deferred tax liability on those intangible assets, less non-controlling interest.

**Amortised cost**: Other than cash and cash equivalents, financial assets measured at amortised cost.

**Aggregate exposure**: The expected maximum total of claims that could be incurred by an insurer in respect of any event or series of similar events. Also see 'realistic disaster scenarios'.

**Asset allocation**: The allocation of our investments across different kinds of asset classes, such as equities, bonds, and cash, in order to achieve a balance between return and risk.

**Attritional claims or attritional losses**: Common claims/losses, as opposed to major or catastrophe losses, incurred from ordinary insurance and/or reinsurance operations.

**Available capital resources**: Adjusted net tangible assets, subordinated debt and letters of credit/contingent funding.

## B

**Business model (when referring to financial assets)**: Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics.

**Brit View of Risk**: An inhouse natural catastrophe specific load used by Brit to overlap its view of natural catastrophe risk over vendor models, with adjustment made to reflect expectations for example increasing the US hurricane frequency or incorporating a load for perils where vendor models are not licensed (e.g. due to Brit considering these models to still be in their infancy).

## C

**Capital ratio**: Total available capital resources divided by management entity capital requirements.

**Capital resources**: Total equity attributable to owners of the parent, less intangible assets net of related plus subordinated debt, plus deferred tax, plus a proportion (as agreed from time to time) of our revolving credit facilities.

**Captive**: An entity that provides risk-mitigation services for other entities within the same Group only.

**Catastrophe** or **Cat**: Perils including earthquakes, hurricanes, hailstorms, severe winter weather, floods, fires, tornadoes, explosions and other natural or man-made disasters. Catastrophe losses may also arise from acts of war, acts of terrorism and political instability.

**Claims reserves**: Outstanding claims and claims incurred but not reported.

**Combined ratio**: Insurance service expenses net of recoveries from reinsurers, divided by insurance revenue net of allocation of reinsurance premium.

**Constant FX rates**: An increase or decrease in figures between two years after eliminating the effect of foreign exchange rate movements.

**Corporate member**: A company providing the capital to support the underwriting activity of a syndicate at Lloyd's. Brit's corporate members are Brit UW Limited, Nameco (No. 1341) Limited and Ki Member Limited.

**Coverholder**: An entity authorised by an insurer to enter into a contract of insurance on its behalf.

## D

**Delegated authority or binding authority**: An authority granted by an underwriter to an agent (known as a coverholder) whereby that agent is entitled to accept, within certain limits, insurance business on behalf of the underwriter. The coverholder has full power to commit the underwriter within the terms of the authority.

## E

**Events not in data (ENID)**: A loading in the claims and premium provisions intended to cover the difference between a best estimate of all possible outcomes and whatever the Group has a best estimate on an accounting or other basis.

**Energy Savings Opportunity Scheme (ESOS)**: A mandatory government initiative to promote energy efficiency in large businesses.

**Excess and Surplus (E&S)**: A generic US regulatory classification referring to insurance coverage not ordinarily written by insurers fully admitted in various states. The E&S lines of business is largely unregulated as to rate and form but insurers must be authorised to write such business in a state by the local regulator.

**Excess of loss (XL)**: A type of reinsurance that covers specified losses incurred by the reinsured party in excess of a stated amount (the excess) up to a higher amount of limit, for example \$5m excess of \$1m. Such coverage can operate on a per loss basis or an aggregate basis.

**Expected credit loss (ECL)**: The weighted average of credit losses with the respective risks of a default occurring as the weights.

## F

**Fair value through other comprehensive income (FVOCI)**: For financial assets and liabilities measured at fair value through other comprehensive income, some changes in fair value are recognised in other comprehensive income.

**Fair value through profit or loss (FVTPL)**: For financial assets and liabilities measured at fair value through profit or loss, changes in fair value are recognised in profit or loss as part of net investment result.

**Funds at Lloyd's (FAL)**: Funds held in trust at Lloyd's to support a Lloyd's underwriter's underwriting activities.

**G**

**Gearing ratio:** Calculated as total borrowings (subordinated debt, revolving credit facility cash drawdowns and uncollateralised drawn letters of credit) divided by adjusted net tangible assets and subordinated debt.

**H**

**Hardening or hard market:** An insurance market where prevalent prices are high, with more restrictive terms and conditions offered by insurers.

**I**

**Insurance-linked securities (ILS):** ILSs are essentially financial instruments which are sold to investors whose value is affected by an insured loss event.

**Incurred but not reported (IBNR):** Claims incurred but not reported, including claims which are incurred but not enough reported (i.e. where the amount of the notification is insufficient).

**Insurance premium written:** A measure used by the Group to measure and monitor levels of incoming business. It is equivalent to gross written premium under the old insurance accounting standard, IFRS 4.

**Invested assets:** Financial investments, investment in associated undertaking, cash and cash equivalents and investment related derivatives.

**Investment related derivatives:** Includes options and interest rate swaps. Excludes currency forwards.

**Investment return percentage:** Investment return expressed as a percentage of average invested assets.

**L**

**Letter of credit (LoC):** A written undertaking by a financial institution to provide funding if required.

**Line size:** The proportion of an insurance or reinsurance risk that is accepted by an underwriter or which an underwriter is willing to accept.

**Lloyd's of London:** The Society of Lloyd's and Corporation of Lloyd's created and governed by the Lloyd's Acts 1871-1982, including the Council of Lloyd's (and its delegates and other persons through whom the Council may act), as the context may require.

**Long-tail:** The term used to describe business where the difference between the timing of the average premium receipt and the timing of the average claim payment is over three years.

**Loss portfolio transfer (LPT):** A financial reinsurance transaction in which loss obligations that are already incurred and will ultimately be paid are ceded to a reinsurer.

**M**

**Major claims or Major losses:** Major claims are defined as claims which are initially assessed as having the potential to exceed \$15.0m (net of reinsurance and allowing for reinstatements), incurred from natural or man-made catastrophes, or from large single risk loss events.

**Management entity capital requirement:** The capital required by an entity for business strategy and regulatory requirements.

**N**

**Net tangible assets (NTA):** The total assets of a company, minus any intangible assets, less all liabilities.

**Net financial result:** The Group's total investment return less net finance income or expenses from insurance contracts issued and reinsurance contracts held.

**O**

**Outstanding claims:** Claims which have been notified at the reporting date but not settled.

**Own risk and solvency assessment (ORSA):** The name given to the entirety of the processes and procedures employed by an insurer to identify, assess, monitor, manage and report the short and long-term risks it faces or may face and to determine the capital necessary to ensure that the insurer's overall solvency needs are met at all times.

**P**

**Protected cell company (PCC):** A company that has been separated into legally distinct portions or cells. The revenue streams, assets and liabilities of each cell are kept separate from all other cells. Each cell has its own separate portion of the PCC's overall share capital, allowing shareholders to maintain sole ownership of an entire cell.

**Q**

**Quota share (QS):** A type of reinsurance which provides that the reassured shall cede to the reinsurer a specified percentage of all the premiums that it receives in respect of a given section or of all of its underwriting account for a given period in return for which the reinsurer is obliged to pay the same percentage of any claims and specified expenses arising on the reinsured business.

**R**

**Realistic Disaster Scenarios (RDS):** Specific scenarios which the Group uses to test its ability to settle claims arising from certain types of disaster.

**Reinsurance to close (RITC):** A reinsurance which closes a year of account by transferring the responsibility for discharging all the liabilities that attach to that year of account (and any year of account closed into that year) plus the right to any income due to the closing year of account into an open year of account of the same or a different syndicate in return for a premium.

## glossary of terms

**Risk adjusted rate change:** Change in premium rates during the year expressed as a percentage of opening premium rates. The data reflects internal estimates by Brit's underwriters, based on available year-on-year underlying renewal data after allowing for changes to terms and conditions. Generally, no adjustment is made to the figures to reflect the impact of inflation beyond the level of inflation in the underlying exposure measure used in pricing.

**Risk free rate (RFR):** Theoretical rate of return on an investment with zero risk.

**Risk Management Framework (RMF):** The Group's own internal framework for risk management.

**Return on net tangible assets (RoNTA):** Profit/(loss) for the year after tax attributable to the owners of Brit Limited (adjusted for amortisation net of tax, defined benefit pension scheme's charges/credits net of tax, and foreign exchange movements net of tax), divided by total equity attributable to the owners of Brit Limited at start of year (less intangible assets net of deferred tax, and pension asset net of deferred tax), adjusted on a time weighted basis for any distributions and shares issued during the year.

**Running yield:** The income return, expressed either as a percentage or a monetary amount, on invested assets.

## S

**Service companies:** Subsidiary companies set up to operate a binding authority on behalf of the Syndicate to write business from non-Lloyd's brokers or direct from policymakers.

**Short-tail:** The term used to describe business where the difference between the timing of the average premium receipt and the timing of the average claim payment is under three years.

**Softening or soft market:** An insurance market where prevalent prices are low, and terms and conditions offered by insurers are less restrictive.

**Solvency capital requirement (SCR):** The higher of the two capital levels required by Solvency II. The SCR is the prudent amount of assets to be held in excess of liabilities and functions as an early warning mechanism if it is breached. The SCR is calculated using either the standard formula or an approved internal model.

**Solvency matched:** The matching of the currencies of the Group's liabilities and management entity capital requirements with the currencies of the assets held by the Group.

**Solvency II:** A combination of several EU Directives that codify and harmonise EU insurance regulation, primarily concerning the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. Principal components are Directive 2009/138/EC on the taking-up and pursuit of the business of insurance and reinsurance and Directive 2012/23/EU on the financial position of insurance undertakings. Solvency II came into force in all EU member states on 1 January 2016.

**Strategic asset allocation (SAA):** The Group's strategic asset allocation defines the overall Group investment strategy and reflects entity-level considerations and governance matters. See 'asset allocation'.

**Syndicate:** A group of underwriting members of Lloyd's or a single corporate member managed as a unit to underwrite insurance business at Lloyd's to which a particular syndicate number is assigned by or with the authority of Lloyd's of London.

## T

**Technical price:** The price for the risk which is expected to produce the long-term required return on capital for the Group.

**Total operating expenses:** These represent all expenses incurred by the Group, excluding commission costs.

**Treaty:** A reinsurance contract pursuant to which the reinsurer is obliged to accept, within agreed limits, all risks underwritten by the reinsured within specified classes of business in a given time period.

## U

**Ultimate claims:** The total forecast claims expected to arise from a policy or class of business. Ultimate claims include those losses paid, those notified and IBNR.

**Underwriting capacity:** The maximum premium income which a Lloyd's syndicate is permitted to underwrite. A capacity figure is assigned to each underwriting year and the relevant premium income is defined as gross written premiums less commission payable.







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