



# Markel International Insurance Company Limited

Solvency and Financial Condition Report  
for the year ended 31 December 2025

**MARKEL**

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## Board of Directors

John W J Spencer (Chair)  
Wai-Fong Au  
Andrew J Davies  
Alexander W Finn  
Henry G L V Gardener  
Thomas J Hillier (appointed 12 December 2025)  
Nicholas J S Line (resigned 31 October 2025)  
Andrew N McMellin (appointed 02 September 2025)  
Kalpana Shah  
Simon Wilson (resigned 02 September 2025)

## Statement of Directors' Responsibilities

We acknowledge our responsibility for preparing the Markel International Insurance Company Limited ("MIICL" or "Company") Solvency and Financial Condition Report ("SFCR") in all material respects in accordance with the Prudential Regulation Authority ("PRA") rules and Solvency UK ("Solvency UK") regulations.

We are satisfied that:

- Throughout the financial year in question, MIICL has complied in all material respects with the requirements of the PRA rules and the Solvency UK regulations as applicable to the Company; and
- The Company reasonably believes that it will continue to comply with the Solvency UK requirements for the foreseeable future.

On behalf of the Board



**Andrew J Davies**

Director  
London

Date: 9 April 2026

# REPORT ON THE AUDIT OF THE RELEVANT ELEMENTS OF THE SOLVENCY AND FINANCIAL CONDITION REPORT

## Opinion

Except as stated below, we have audited the following documents prepared by the Markel International Insurance Company Limited (the Company') as at 31 December 2025:

- The 'Valuation for Solvency Purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2025 (the '**Narrative Disclosures subject to audit**'); and
- Company templates IR.02.01.02, IR.12.01.02, IR.17.01.02, IR.23.01.01 and IR.28.01.01 (the '**Templates subject to audit**').

The Narrative Disclosures subject to audit and the Templates subject to audit are collectively referred to as the '**Relevant Elements of the Solvency and Financial Condition Report**'.

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

- Information contained within the Relevant Elements of the Solvency and Financial Condition Report set out above which is, or derives from, the Solvency Capital Requirement.
- The 'Summary', 'Business and Performance', 'System of Governance' and 'Risk profile' sections of the Solvency and Financial Condition Report.
- Company templates IR.05.02.01, IR.05.03.02, IR.05.04.02, IR19.01.21 and IR25.03.21.
- The written acknowledgement by the Directors of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('**the Responsibility Statement**').

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

In our opinion, the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report of the Company as at 31 December 2025 is prepared, in all material respects, in accordance with the financial reporting provisions of the Prudential Regulation Authority ("PRA") Rules and Solvency UK regulations on which it is based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations in effect as at the date of approval of the Solvency and Financial Condition Report.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 '(Revised) Special Considerations – Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks' and ISA (UK) 805 '(Revised) Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement', and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Relevant Elements of the Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Emphasis of Matter – Special purpose basis of accounting

We draw attention to the 'Valuation for Solvency Purposes' and 'Capital Management' and other relevant disclosures within the information subject to audit in the Relevant Elements of the SFCR section of the Solvency and Financial Condition Report, which describe the basis of accounting of the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report. The Solvency and Financial Condition Report

is prepared in accordance with the financial reporting provisions of the PRA Rules and Solvency UK regulations, and therefore in accordance with a special purpose financial reporting framework. The Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Solvency and Financial Condition Report may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

### **Going concern**

In auditing the relevant elements of the Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Solvency and Financial Condition Report is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The inspection and assessment of the Company's forecasts including an evaluation of the key inputs and assumptions to the forecasts; and
- The assessment of financial solvency under stressed conditions through inspection of the Company's Own Risk and Solvency Assessment.

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

### **Other information**

The Directors are responsible for the Other Information contained within the Solvency and Financial Condition Report.

Our opinion on the Relevant Elements of the Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

### **Emphasis of Matter – Internal Model**

We draw your attention to the "Summary – Capital Management" and "C.7.1 Capital Requirements" disclosures within the Other Information. For the purposes of this SFCR, the SCR and MCR have been calculated using the most recently approved Internal Model, the version approved by the PRA on 23 October 2024. As the May 2025 Major Model Change applications remain subject to PRA approval, the SCR and MCR, are unchanged between 31 December 2024 and 31 December 2025. Consequently, any change in the Company's solvency coverage ratio is driven solely by changes in eligible own funds. Other Information also includes SCR and MCR figures derived using an internal model that has not yet been approved by the PRA and may therefore be subject to change.

Our opinion is not modified in respect of this matter.

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

The Directors are responsible for the preparation of the Solvency and Financial Condition Report in accordance

with the financial reporting provisions of the PRA rules and Solvency UK regulations which have been modified by the modifications, and the permissions and determinations made by the Prudential Regulation Authority under section 138A and section 138BA of the Financial Services and Markets Act 2000 and the PRA Rules.

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

In preparing the Solvency and Financial Condition Report, the Directors are responsible for assessing the Company's ability to continue in operation, disclosing as applicable, matters related to their ability to continue in operation and using the going concern basis of accounting unless the Directors either intend to cease to operate the Company's, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the relevant elements of the Solvency and Financial Condition Report**

It is our responsibility to form an independent opinion as to whether the relevant elements of the Solvency and Financial Condition Report are prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency UK regulations on which they are based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

Our objectives are to obtain reasonable assurance about whether the Relevant Elements of the Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Solvency and Financial Condition Report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

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

- We determined the principal laws and regulations relevant to the Company in this regard to be those that relate to the prudential and supervisory requirements of the Prudential Regulation Authority and the Financial Conduct Authority ("FCA"), and we considered the extent to which non-compliance might have a material effect on the Solvency and Financial Condition Report.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the Company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management and those responsible for legal, risk and compliance matters.
  - Reviewing correspondence between the Company and UK regulatory bodies.
  - Reviewing minutes of the Board, Risk, Compliance and Audit Committees to identify any indicators of non-compliance; and
  - Performing planning and final analytical procedures to identify unusual or unexpected transactions or events.
- We also identified possible risks of material misstatement of the Solvency and Financial Condition Report due to fraud. We considered in addition to the no-rebuttable presumption of a risk of fraud

arising from management override of controls, that there was potential for management bias in the reporting of events and transactions in the Solvency and Financial Condition Report relating to the valuation of the insurance contract provisions. To address this, we involved actuarial specialists to assist us in challenging the assumptions and judgements made by management when auditing this significant accounting estimate.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Solvency and Financial Condition Report or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Solvency and Financial Condition Report, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The same responsibilities apply to the audit of the Solvency and Financial Condition Report.

### **Other Matter – Internal Model**

The Company has authority to calculate its Solvency Capital Requirement using an internal model ("the Model") approved by the Prudential Regulation Authority in accordance with the Solvency UK Regulations. In forming our opinion (and in accordance with PRA Rules), we are not required to audit the inputs to, design of, operating effectiveness of, or outputs from the Model, or whether the Model is being applied in accordance with the Company's application or approval order.

### **Report on other legal and regulatory requirements**

#### **Other Information**

In accordance with Rule 4.1(3) of the External Audit Part of the PRA Rulebook, we have read and considered the other information disclosed in the Solvency and Financial Condition Report that is not a relevant element of the Solvency and Financial Condition Report to identify material inconsistencies with the relevant elements of the Solvency and Financial Condition Report and with knowledge obtained during our engagement. If, based on the work performed, we conclude there is a material misstatement of that other information, we are required to report that fact. We have nothing to report in this regard.

#### **Use of our report**

This report is addresses to the governing body of the undertaking in accordance with Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency UK firms. As required by Rule 3.1(2), this report is submitted to the PRA and disclosed publicly with the SFCR. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the undertaking and its governing body for our work, for this report, or for the opinion we have formed.



**Cheryl Mason (Senior Statutory Auditor)  
For and on behalf of PKF Littlejohn LLP  
Statutory Auditor**

15 Westferry Circus  
Canary Wharf  
London E14 4HD

Date: 9 April 2026

## Appendix

The Relevant Elements of the Solvency and Financial Condition Report that are not subject to audit comprise the Elements of the Narrative Disclosures subject to audit identified as “unaudited” as well as the elements of each template listed below:

<b>Template</b>	<b>Elements of template not subject to audit</b>
<b>IR.02.01.02</b>	Row R0550: Technical provisions - non-life (excluding health) – risk margin. Row R0590: Technical provisions - health (similar to non-life) - risk margin. Row R0640: Technical provisions - health (similar to life) - risk margin. Row R0680: Technical provisions - life (excluding health and index-linked and unit-linked) - risk margin. Row R0720: Technical provisions - Index-linked and unit-linked - risk margin
<b>IR.12.01.02</b>	Row R0100: Technical provisions calculated as a sum of BE and RM - Risk margin. Rows R0110 to R0130 – Amount of transitional measure on technical provisions
<b>IR.17.01.02</b>	Row R0280: Technical provisions calculated as a sum of BE and RM - Risk margin. Rows R0290 to R0310 – Amount of transitional measure on technical provisions
<b>IR.23.01.01</b>	Row R0580: SCR Row R0740: Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds
<b>IR.28.01.01</b>	Row R0010: MCR <sub>NL</sub> Result R0020 – R0170: Lines of business breakdown for proportional and non-proportional insurance and reinsurance Rows R0300: – R0400: MCR and SCR

## Summary

The Solvency II regulatory framework, which governs industry regulation and prudential capital requirements within the European Union, became effective from 1 January 2016. In the UK the final PRA rules for Solvency UK became effective from 31 December 2024, completing the review by the PRA of Solvency II and replacing assimilated law inherited from the European Union. Solvency UK has been referred to in this report in line with the current PRA guidance.

The purpose of the SFCR is to provide information required by the Solvency UK PRA rules as at 31 December 2025 of MIICL.

This report sets out different aspects of the Company's business and performance, system of governance, risk profile, valuation methods used for Solvency UK purposes and its capital management practices.

The Directors present their SFCR for the Company for the year ended 31 December 2025.

### Business and Performance

The Company is a subsidiary of Markel Capital Holdings Limited ("MCH"). Its ultimate holding company is Markel Group Inc. ("Markel" or "Group"), which is incorporated in Virginia, USA and its ultimate UK parent company is Markel International Holdings Limited ("MIHL"). The Company is incorporated in the UK.

The Company's principal activity is the underwriting of general insurance for Markel International (the international insurance operation for Markel) from its offices in London and other UK locations and its branch operations in Switzerland, Ireland and Canada in addition to overseas operations in Dubai. Underwriting of Wholesale and Specialty business in Canada began in 2025. Counce O'Hara & Company Limited and Markel (UK) Limited also underwrite on behalf of the Company through their UK branch network. Markel International also writes business through its Lloyd's platform ("Syndicate 3000") and Markel Insurance SE ("MISE").

Gross written premiums have increased during the year by 3.6% to \$1,373.6m (2024, \$1,325.8m). The Company made a UK GAAP profit before tax of \$363.4m (2024, \$348.8m). This consisted of underwriting profit of \$245.4m (2024, \$206.4m), investment return of \$118.2m (2024, \$140.0m), and net foreign exchanges gains of \$0.2m (2024, \$2.4m). This represents a combined ratio of 77.0% (2024, 80.2%). The increase in underwriting profit is attributable to premium growth due to new business and exposure growth, predominantly in the Professional & Financial Risk and UK divisions.

Included within the underwriting result were releases from prior year reserves of \$97.6m (2024, \$140.3m). This release is a result of more favourable claims development than originally anticipated and the work of our claims department in dealing with claims in an expeditious manner. The current underwriting year also benefited from benign catastrophe activity in 2025.

Section A of this report sets out further details about the Company's key operations and financial performance over the year.

### System of Governance

The Board of Directors' (the "Board") role is to ensure the long-term success of the Company, and with a focus on the impact to customers, shareholders and other stakeholders.

The Board receives regular reports from management on the Company's operating and financial performance which help it to shape decisions for the long term. Management reporting assists the Board to make decisions about the allocation of capital and ensuring adequate reserving for payment of future claims.

The Board annually reviews and approves the Company's business plan and oversees the plan's implementation throughout the year. The business plan is aligned with Markel Group's strategy and vision.

The Company has an established committee structure that enables effective governance for the Company. There are seven Board Committees that meet at least quarterly and report directly to the Board.

The Company has a clear governance structure, with seven Board Committees reporting to the Board. These Committees oversee the Company's governance and include an Executive Committee, Audit Committee, Risk, Capital and Compliance Committee, Reserving Committee, Finance Committee, Nominations Committee and Remuneration Committee. Board and Committee meetings are usually held on a quarterly basis, or as specific circumstances require.

The Board is currently comprised of four Independent Non-Executive Directors and four Executive Directors. The Independent Non-Executive Directors have a broad range of external experience and skills and contribute to balanced decision-making which takes into account long-term horizons and potential future consequences of decisions, with regard to key stakeholders. All appointments to the Board are subject to a rigorous process including consideration by the Nominations Committee of diversity of thought, skills, and experience. The Board is Chaired by an Independent Non-Executive Director who facilitates Board meetings and encourages open debate and discussion in those meetings.

An external Board Effectiveness Review is commissioned every three years. The last external review was completed during 2023, with the reviewer concluding that the Board was overall effective. In 2025, the Board completed its annual internal Board Effectiveness Review and has commenced the process for the commissioning of its next external Board Effectiveness Review which will be carried out in 2026.

The Company falls within the Senior Manager and Certification Regime, with Senior Managers responsible for the performance of key parts of the business. Senior Managers attend quarterly Board meetings to report on progress, and any concerns, in their respective areas of business.

The risk management framework provides key risk reporting to the Risk, Capital and Compliance Committee ("RCCC") on a quarterly basis, having regard to current and future risks.

The Board has been actively engaged in the Company's response to various key risks during the year, including the ongoing impact of the Russia/Ukraine conflict; the Israel/Hamas conflict; natural disasters; the current interest rate environment; economic and social inflation; and other geopolitical considerations, including the more recent 2026 Iran conflict. The Board gives consideration to external factors when making decisions in the best interests of the Company, including competitor behaviour, performance of the financial services sector, and the evolving economic, political and market conditions.

Section B of this report provides further details of the Company's System of Governance.

## **Risk Profile**

Our risk function, risk management systems and framework ensure the Company is able to identify and assess the impact of risks on our objectives, mitigate those risks, including proposing risk appetites, and report on appropriate metrics to measure the success and risks of those objectives.

The Company is exposed to underwriting, reserving, market credit, liquidity, capital and operational risks. The types of risk to which the Company is exposed have not changed significantly over the year.

Feedback loops are in place across the Company's governance committees and operational areas of the business to allow for continued improvements to the assessment process. The current and potential future uses of risk and capital management tools, including the Internal Model, are integrated into management's decision-making process.

The Solvency Capital Requirement ("SCR") and solvency coverage ratio are metrics against which the Company sets Solvency UK capital risk appetites. Section C of this report further describes the risks to which the Company is exposed and how it measures, monitors, manages and mitigates these risks, including any changes in the year to the Company's risk exposures and specific risk mitigation actions taken.

## Valuation for Solvency Purposes

Assets and liabilities are required to be valued on the Company's Solvency UK balance sheet in line with Solvency UK regulation, and the valuation methodology is based on the underlying principle of the amount for which it could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction. The value of technical provisions under Solvency UK is equal to the sum of the best estimate liability and risk margin.

There have been no material changes in the valuation methods, techniques or assumptions used by the Company during the year.

On 31 December 2025, the Company's excess of assets over liabilities was \$1,262.8m on a Solvency UK basis, which is \$178.0m higher than the value under UK GAAP, primarily due to the difference in the valuation of technical provisions.

Section D of this report provides further description of the bases, methods and main assumptions used in the valuation of assets, technical provisions and other liabilities for each material asset or liability class. In addition, it also provides an explanation of the material differences between the UK GAAP and Solvency UK bases of valuation.

## Capital Management

The Company actively manages capital to ensure that it can continually achieve an optimal capital structure, preserve financial strength, and meet its regulatory capital requirements on an ongoing basis. Management monitors the performance of all aspects of the business to ensure profitability is managed against risks, and that the financial and capital position of the Company remains sound.

There have been no material changes to the Company's objectives, policies or processes for managing capital during the year.

Under Solvency UK, an insurer may apply to use an internal model ("IM") in order to calculate the amount of capital it needs to hold, reflecting the specific risk profile of the business. Insurers that do not use an IM have their capital requirements set using the standard formula ("SF").

In line with PRA Statement of Policy 3/24 paragraph 2.42 '*Solvency II internal models: Permissions and ongoing monitoring*', for the purposes of this SFCR, the SCR of \$545.4m has been calculated using the most recently approved IM, being the version approved by the PRA on 23 October 2024.

On 5 December 2015, the PRA granted the Company approval to use a full IM to calculate its capital requirements, effective from the implementation of Solvency II on 1 January 2016. In June 2024, the Company submitted a Major Model Change application to the PRA seeking approval to change the provider of external catastrophe modelling software from RMS to Verisk. This Major Model Change was approved on 23 October 2024. For the purposes of this SFCR, the SCR has been calculated using the most recently approved IM, being the version approved by the PRA on 23 October 2024.

Since this approval, the Company has submitted three further Major Model Changes on 16 May 2025 on a combined submission basis. These changes are:

1. An update to the Internal Model dependency structure, moving from a factor-based to risk driver-based approach.
2. An accumulation of minor model changes as defined by the MIICL Internal Model Change Policy.
3. An update to the MIICL Internal Model Change Policy.

These Major Model Change applications are currently with the PRA for review, and accordingly the SCR presented in this SFCR continues to be calculated on the most recently approved IM basis, which reflects the June 2024 Major Model Change (approved on 23 October 2024). That approved basis was calibrated using the 2023 year-

end balance sheet which is consistent with the financial information used in the SFCR for the year-ended 31 December 2023, and 2024 business plan.

For internal risk management purposes, the Company uses a more recent version of the IM incorporating the updated risk driver-based dependency structure and the accumulated minor model changes (items 1 and 2 of the May 2025 Major Model Change submission identified above). This internal version is calibrated using the 2025 year-end balance sheet which is consistent with the financial information used in this SFCR for the year-ended 31 December 2025, and 2026 business plan, to derive an internal SCR of \$615.1m.

**Please note: As the May 2025 Major Model Change applications remain subject to PRA approval, the SCR — and consequently the MCR — is unchanged between 2024 and 2025. The year-on-year movement in the Company's solvency position is therefore driven entirely by the change in eligible own funds.**

In summary, the SCR of \$545.4m shall continue to be reported and monitored for the purposes of our external regulatory and statutory reporting of the solvency coverage ratio reported in this SFCR, relevant QRTs and the Financial Statements.

Additionally, for the purposes of completeness, in this SFCR (as reported in sections C.7.1 – Capital Requirements, and Section E – Solvency Capital Requirements), we will also disclose the impact of using the SCR of \$615.1m derived from the latest internal model which is pending PRA approval.

On 31 December 2025, the Company held Solvency UK eligible own funds of \$1,222.5m (2024, \$1,022.3) against a SCR of \$545.4m (2024, \$545.4), representing a coverage ratio of 224% (2024, 187%).

Summary of Solvency Coverage	2025* \$'m	2024 \$'m
Solvency UK Eligible Own Funds	1,222.5	1,022.3
Solvency Capital Requirement ("SCR")	545.4	545.4
Minimum Capital Requirement ("MCR")	245.4	245.4
<b>Surplus over SCR</b>	<b>677.1</b>	<b>476.9</b>
Surplus over MCR	977.1	776.9
<b>Coverage over SCR</b>	<b>224%</b>	<b>187%</b>
Coverage over MCR	498%	417%

\*The coverage ratio over the SCR and MCR based on the internal model pending PRA approval is 199% and 442% respectively. Refer to section E.1.5.

Eligible own funds increased in the year due to the strong underwriting and investment result achieved in the year.

Section E of this report further describes the objectives, policies and procedures employed by the Company for managing its Own Funds. The section also covers information on the structure and quality of Own Funds, and the calculation of SCR, including information about the Company's Internal Model.

## **A. Business and Performance**

The Company is a limited company which is incorporated in the UK, and is a wholly owned subsidiary of Markel Group Inc. The Company's registered address is 20 Fenchurch Street, London, EC3M 3AZ. The Company's financial statements are available from the Company Secretary and on Companies House.

This SFCR is presented in US dollar and is rounded to the nearest million.

### **Supervisor**

The Company is authorised by the Prudential Regulation Authority ("PRA"). The Company is regulated by the PRA and the Financial Conduct Authority ("FCA") in the UK. The Firm reference number is 202570, and Legal Entity Identifier is 549300HRELQKZ62ZP423. The PRA is part of the Bank of England, and their address is: 20 Moorgate, London, EC2R 6DA.

### **External auditor**

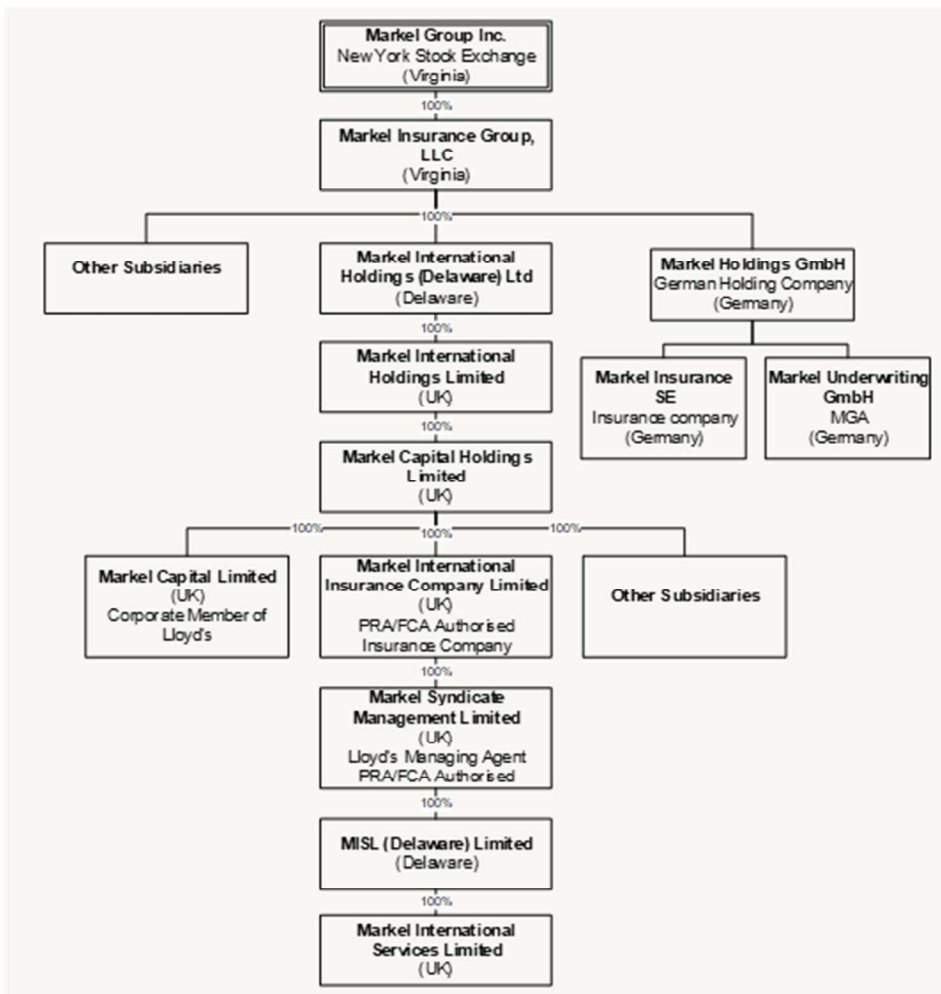
The Company's external auditor is PKF Littlejohn LLP, and their registered address is 15 Westferry Circus, Canary Wharf, London, E14 4HD.

### **Group Structure**

The Company is a subsidiary of Markel Capital Holdings Limited ("MCH"). Its ultimate holding company is Markel Group Inc. ("Markel" or "Group"), which is incorporated in Virginia, USA. The Company's ultimate United Kingdom ("UK") parent company is Markel International Holdings Limited ("MIHL").

The Company's principal activity is the underwriting of general insurance for Markel International (the international insurance operation for Markel) from its offices in London and other UK locations and its branch operations in Switzerland, Ireland and Canada in addition to overseas operations in Dubai. Underwriting of Wholesale and Specialty business in Canada began in 2025. Counce O'Hara & Company Limited and Markel (UK) Limited also underwrite on behalf of the Company through their UK branch network. Markel International also writes business through its Lloyd's platform ("Syndicate 3000") and Markel Insurance SE ("MISE").

Set out below is a simplified extract of the group structure for Markel showing MIICL, MCH, Markel International Holdings Limited ("MIHL") and Markel Group Inc.



## Group Supervision

The PRA is the supervisor of MIICL and Markel Syndicate Management Limited ("MSM") and, under Solvency UK, is the group supervisor of Markel as the United States of the America is not an equivalent country for Solvency UK group supervision purposes. On 17 December 2015, the PRA granted MIICL a waiver modifying Rule 20.1 of the PRA handbook (Group Supervision), allowing it to apply "other methods" in accordance with the Solvency UK Directive. The PRA published a modification by consent to Solvency UK Group Supervision rules 20.1 and 20.2 for firms with US parents. MIICL applied and on 18 September 2018 was granted such a direction, which was renewed on 9 December 2025. Under the terms of the direction, the Company is required to provide a copy of Markel's Own Risk and Solvency Assessment ("ORSA") within 1 month of it being reported to the US supervisor, the Illinois Department of Insurance.

## A.1 Business

The Company holds Surplus Lines Licences and is an accredited reinsurer in most US States. It is also able to write general insurance in a number of other overseas territories.

The Company operates four main underwriting units, namely London Market, Asia Pacific ("APAC"), UK and Canada.

Until August 2025, the Company wrote Global Reinsurance business which included international general liability treaty, professional liability treaty and specialty treaty business. The general liability treaty team underwrote a diversified account, including general liability, casualty and motor. Professional liability treaty provides management and professional liability coverage, including cyber, commercial directors' and officers' liability ("D&O") and transaction liability. Specialty treaty reinsurance provided agriculture, aviation and space, marine and energy, terrorism, and whole account coverage. Effective August 2025, the renewal rights of the Global Reinsurance unit were divested to Ryan Re. For prospective and ongoing business, a fronting arrangement has been established whereby policies will continue to be issued under the Markel brand, with Markel receiving a fronting fee in consideration of these services.

The Company also writes US Wholesale and Specialty, Programs and Solutions business, which provides general liability and professional and management liability coverage for both privately held companies and publicly traded companies.

State National Global is part of the Markel Group, and have partnered with the Company to create a program services division in the UK to serve managing general agents.

### **A.1.1 London Market and APAC**

London Market and APAC write Marine, Energy and Construction; Professional and Financial Risks, Cyber ("PFR and Cyber"); and International Specialty.

#### **A.1.1.1 Marine and Energy update**

Marine coverage includes primary and excess coverage for cargo, hull and war, specie, transport and logistics, and marine, energy and construction risks. The cargo account comprises a broad portfolio of transit and storage risk across many industries on a worldwide basis (excluding sanctioned territories). The hull and war account offers a full range of products on a worldwide basis including marine war, specialist tonnage, builders risks, mortgages interest and port risks. The specie account includes a range of cover for jewellers' block and cash in transit, on a worldwide basis. The transport and logistics account covers a wide range of UK marine professionals, from boat manufacturers, boat dealers and commercial crafts, to marinas, ports, yacht clubs, and sailing schools. The marine and energy liability account offers a range of traditional marine liability cover as well as ports and terminals, marine trades, and energy offshore and onshore coverages.

Energy offers coverage on a worldwide basis for all aspects of upstream, downstream, midstream oil and gas activities, as well as power and construction risks. Coverage includes business interruption or loss of production income, construction of energy related structures, control of wells and physical damage to installations. The team also offers coverage for renewable energy sources including coverage for the full lifecycle of onshore and offshore wind farms and solar photovoltaic installations, from procurement to construction of the completed operations.

In November 2025, Markel International announced its new Construction & Engineering practice, offering global Construction All Risks ("CAR") and Erection All Risks ("EAR") products. CAR provides cover for a wide range of construction projects, while EAR offers specialist cover for energy and industrial installations.

#### **A.1.1.2 PFR and Cyber**

The PFR team provides cover on a worldwide basis. This team underwrites professional indemnity, entertainment, financial institutions insurance, D&O, financial technology ("Fintech") cover, technology and media cover and warranty and indemnity ("W&I").

- The professional indemnity account provides cover for most core, regulated and miscellaneous professions which include architects and engineers, insurance brokers, recruitment agents, accountants and more.
- The entertainment team writes a broad book of film and media insurance, including advertising agents' insurance, commercial producers' insurance and film production insurance. It also offers both employers' and public liability for companies involved in film shoots.

- Financial institutions insurance can provide cover on a stand-alone basis or as a blended package to include bankers blanket bond, professional indemnity and D&O, depending on the client's requirements. The cover is provided on a worldwide basis (excluding sanctioned territories).
- Commercial D&O offer market leading products which provide a wide range of coverage to ensure protection for directors and officers of companies of all types and sizes. It covers companies in the FTSE 100 and the financial services sector along with non-financial industries as well.
- Fintech provides cover for a range of fintech companies, including those offering neo banking, payments, investech, wealthtech, insurtech and lendtech services. The modular 'FintechRisk+' policy gives clients the flexibility to choose the covers that suit them, including professional liability, D&O liability, theft and cyber liability and loss.
- Technology and media specialises in media, film, television, and patent/intellectual property insurance, as well as information technology, telecommunications and cyber/privacy risks.
- Warranty and indemnity provides cover to the buyer in mergers and acquisitions, including both funds and corporations. It covers transactions across most sectors and specialises in professional services, financial institutions, technology, media, consumer and energy.

The Markel Cyber 360 cover is a standalone primary cyber insurance product designed to safeguard businesses before, during and after a cyber-attack. Key coverages include privacy breach notification and mitigation costs, system and data rectification costs, business interruption, extortion costs, regulatory investigations and fines, cyber and privacy liability, E-media and professional and technology services liability.

### **A.1.1.3 International Speciality**

#### *Trade Credit, Political Risk and Surety*

Our trade credit and political risk teams have extensive experience and knowledge of commercial counterparty and country risks across a wide variety of trade sectors and markets. The key benefits we provide for our clients include: security of non-cancellable credit and country limits; balance sheet and cash flow protection; improved terms for bank financing facilities; and bonds and guarantees to assist with working capital management. The political risk team works with clients to manage their cross-border portfolios and overseas investments with tailored, specialist policies. The key clients include financial institutions, corporates, exporters, and traders. The account has a broad range of coverage including insolvency or default by either a public or privately owned entity, licence cancellation, aircraft and vessel repossession, mortgage rights insurance and currency inconvertibility and exchange transfer. The surety account provides a range of bonds and guarantees that support clients with their contractual obligations. They support clients with traditional and bespoke surety solutions. While embedded within construction, surety bonds can be utilised across a wide variety of trade sectors and international markets.

#### *Equine*

The equine account offers a wide portfolio of products including bloodstock and equine liability to suit a broad range of risks, from large stud farms to individual horses. The livestock account provides a wide range of cover including farm combined, mortality, disease, and business interruption across farm, zoo and other animal interests.

#### *Political Violence & Terror*

The terrorism account provides protection on a worldwide basis (excluding sanctioned territories) against physical damage, business interruption and contingency losses directly caused by acts of war, terrorism, and political violence.

### **A.1.2 UK**

Our UK business offers a full range of professional liability products, including professional indemnity, directors' and officers' liability and employment practices liability. In addition, coverage is provided for small to medium-sized commercial property risks on both a stand-alone and package basis. The branch offices provide insureds and brokers with direct access to decision-making underwriters who possess specialised knowledge of their local markets. The unit also underwrites certain niche liability products such as coverages for social welfare organisations. It also sells and underwrites insurance products which provide protection against legal expenses and other professional fees incurred by clients as a result of legal actions and HMRC investigations.

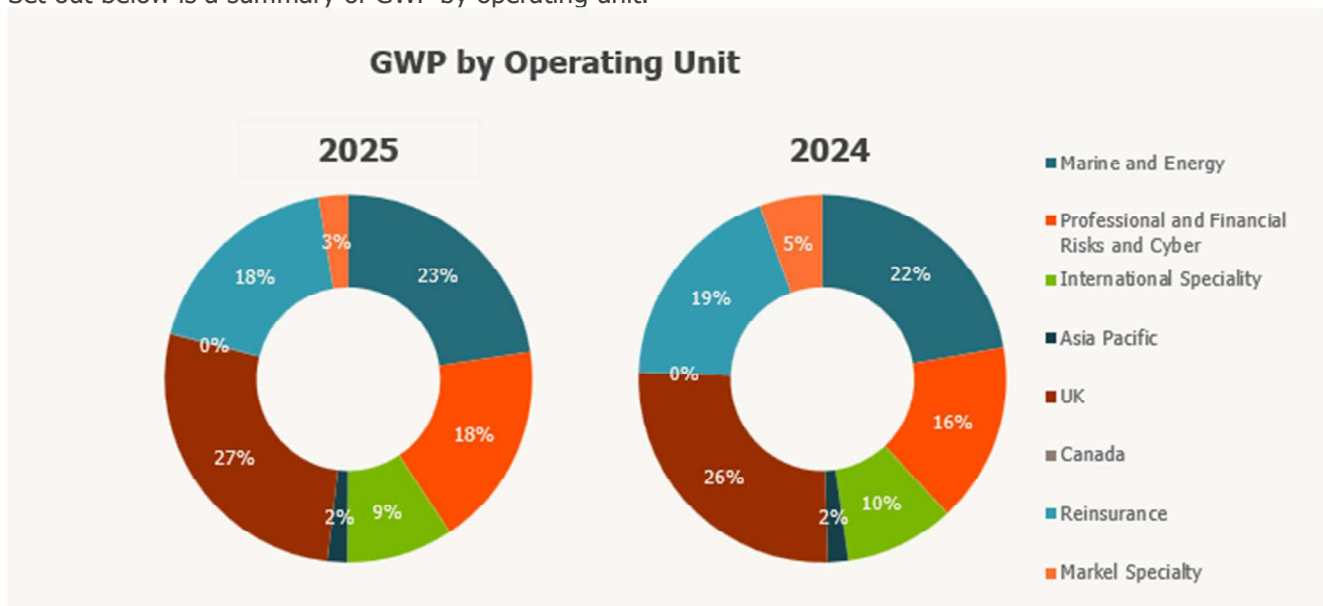
### A.1.3 Canada

At the end of 2024, the Company opened a new branch in Canada following license approval being granted by the Canadian Office of the Superintendent of Financial Institutions ("OSFI"). Following the opening of the branch, the Canadian unit began to write Property liability cover through our Programs and Solutions offering in 2025. In 2026, our Canada business will offer Environmental liability, Domestic liability, Professional and management risks ("PMR"), Excess and Umbrella liability and Surety products.

### A.1.4 Analysis of business by operating segment and Solvency UK line of business

MIICL reported Gross Written Premiums ("GWP") of \$1,373.6m (2024, \$1,325.8m) in its financial statements for the year ended 31 December 2025. Although rate reductions were seen in several classes due to the transitional market conditions, this increase was driven by new business and exposure growth, predominantly in the Professional & Financial Risk and UK divisions. These financial statements were prepared on a Generally Accepted Accounting Practice in the UK ("UKGAAP") basis in accordance with Financial Reporting Standard 102 and 103 ("FRS102" and "FRS103").

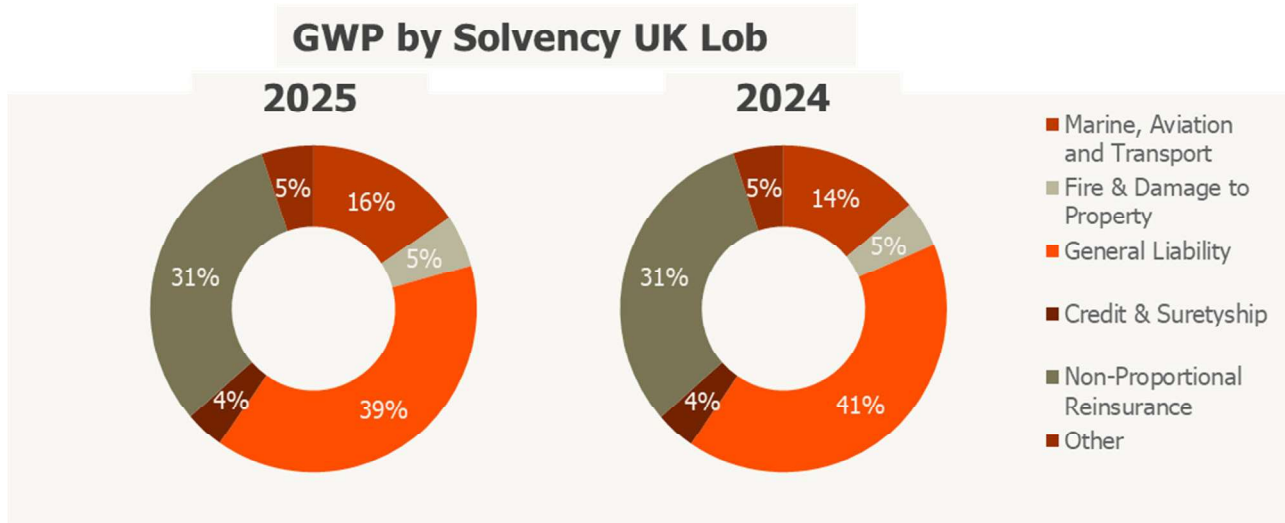
Set out below is a summary of GWP by operating unit.



GWP by Operating Unit	2025 \$m	2024 \$m
Marine and Energy	310.8	295.2
Professional and Financial Risks and Cyber	248.3	209.8
International Speciality	129.2	128.1
UK Markets	371.9	345.1
Asia	23.8	23.9
Reinsurance	253.1	249.5
Markel Specialty	35.9	73.2
Canada	0.6	0.0
<b>Total</b>	<b>1,373.6</b>	<b>1,325.8</b>

Solvency UK requires business to be categorised into 16 standardised lines of business ("LOB"). The management reporting classes within each operating unit represent the homogeneous risk groups and these largely map to Solvency UK LOBs on a 'one to one' or 'many to one' basis.

Set out below is a summary of GWP by Solvency UK LOB (further analysis is provided in Appendix 4). The "Other" LOB primarily comprises Legal Expenses, Miscellaneous Financial Loss and Income Protection business.

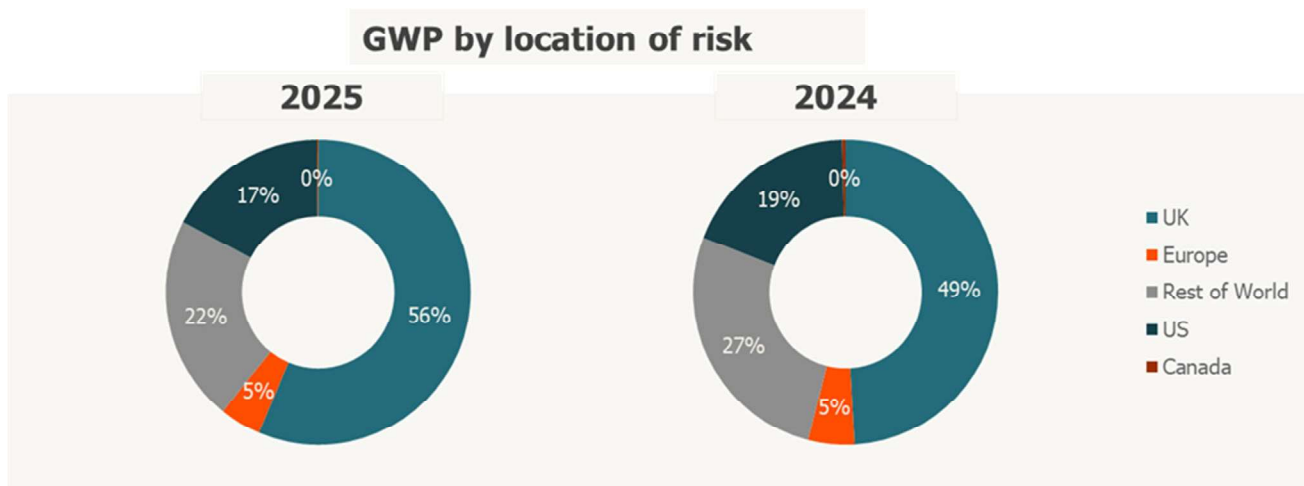


GWP by Solvency UK Line of Business	2025 \$m	2024 \$m
Marine, Aviation and Transport	214.9	186.1
Fire & Damage to Property	70.4	60.8
General Liability	535.4	542.9
Credit & Suretyship	52.7	52.3
Non-Proportional Reinsurance	429.3	417.6
Other	70.9	66.1
<b>Total</b>	<b>1,373.6</b>	<b>1,325.8</b>

#### A.1.5 Analysis by geographic area

The majority of MIICL's business is written in the UK, with additional business written at its branch operation in Switzerland, Ireland and Canada, whilst the location of risks is in various different countries.

Set out below is a summary geographic analysis of the location of risk for MIICL's GWP:



<b>GWP by location of risk</b>	<b>2025</b>	<b>2024</b>
	<b>\$m</b>	<b>\$m</b>
UK	770.2	650.4
Europe	60.3	65.2
Rest of World	303.3	356.7
US	237.7	248.6
Canada	2.1	4.9
<b>Total</b>	<b>1,373.6</b>	<b>1,325.8</b>

### **A.1.6 Classes of Business**

In 2025, Markel International transformed its business to create five new underwriting units:

- London Market
- UK
- Asia Pacific
- Canada
- Europe

The creation of these new businesses has enabled Markel International to introduce stronger focus and presence in each respective area. This has helped to further develop its service offerings and support to customers and to build teams locally of individuals that have expert knowledge and understanding of the respective regions and markets.

Until August 2025, the Company wrote Global Reinsurance business. Effective August 2025, the renewal rights of the Global Reinsurance unit were divested to Ryan Re Underwriting Managers. For prospective and ongoing business, a fronting arrangement has been established whereby policies will continue to be issued by the Company, with the Company receiving a fronting fee in consideration of these services.

### **A.1.7 International Development**

MIICL continues to seek to grow and develop its business and international presence where there are perceived opportunities for profitable development.

There continues to be a focus on operational scalability to support MIICL's growth plans over the next 5 years.

## **A.2 Underwriting Performance**

### **A.2.1 Analysis by Solvency UK Line of Business for the year ended 31 December 2025**

The Quantitative Reporting Template ("QRT") IR.05.04.02 (Appendix 4) provides a detailed analysis of the UKGAAP underwriting result for the year ended 31 December 2025 by Solvency UK LOB. Set out below is a summary of the key classes.

As discussed in MIICL's Financial Statements, the results of the Company for the year show a profit on ordinary activities before taxation of \$363.4m (2024, profit of \$348.8m). Shareholder's funds as at 31 December 2025 were \$1,084.8m (2024, \$806.8m).

The Company reported an underlying underwriting profit of \$245.4m for the year (2024, profit of \$206.4m). This represents a combined ratio of 77.0% (2024, 80.2%).

Gross written premiums of \$1,373.6m for the year represent an increase on prior year (\$1,325.8m) of 3.6%, driven by new business and exposure growth, predominantly in the Professional & Financial Risk and UK divisions.

Included within the underwriting result were releases from prior year reserves of \$97.6m (2024, \$140.3m). This release is a result of more favourable claims development than originally anticipated and the work of our claims department in dealing with claims in an expeditious manner. The current year also benefited from benign catastrophe activity in 2025.

Financial investments increased by \$191.9m driven by both investment return and underwriting cashflows. Return on investments of \$118.2m (2024, \$140.0m) represented investment income of \$60.3m (2024, \$58.2m) on fixed income and short-term fixed deposits, net realised gains primarily on equities of \$11.8m (2024, \$48.1m), and net unrealised gains on the equity portfolio of \$46.0m (2024, \$33.7m).

2025	Marine, Aviation, Transport \$'m	Fire & Damage to Property \$'m	General Liability \$'m	Proportional Non RI \$'m	Other \$'m	Total \$'m
Gross written premiums	214.9	70.3	535.5	429.3	123.6	1,373.6
Net written premiums	131.5	63.2	471.1	328.5	103.7	1,098.0
Net earned premiums	122.7	60.0	444.7	330.8	108.1	1,066.3
Underwriting result before expenses	64.9	24.8	265.7	220.6	79.1	655.1
Expenses						(409.7)
<b>Underwriting result</b>						<b>245.4</b>
Loss and LAE ratio	49.5%	60.1%	41.7%	34.1%	30.2%	40.1%
Expense ratio						36.9%
<b>Combined ratio</b>						<b>77.0%</b>

2024	Marine, Aviation, Transport \$'m	Fire & Damage to Property \$'m	General Liability \$'m	Proportional Non RI \$'m	Other \$'m	Total \$'m
Gross written premiums	186.1	60.8	542.9	417.6	118.4	1,325.8
Net written premiums	132.2	45.1	451.6	323.8	98.3	1,051.0
Net earned premiums	156.0	44.2	433.0	309.7	98.0	1,040.9
Underwriting result before expenses	40.9	37.6	287.9	133.5	78.0	577.9
Expenses						(371.4)
<b>Underwriting result</b>						<b>206.4</b>
Loss and LAE ratio	73.8%	14.9%	33.5%	56.9%	20.4%	44.5%
Expense ratio						35.7%
<b>Combined ratio</b>						<b>80.2%</b>

## A.2.2 Analysis by Geographic Area

Underwriting performance within MIICL's geographical areas for non-life business are shown on the QRT IR.05.02 'Premiums, claims and expenses by country' presented in Appendix 2 which requires the information to be reported by a mix of risk location and location from which premium is written.

## A.3 Investment Performance

### A.3.1 Investment Return

The Company's business strategy recognises the importance of both consistent underwriting and operating profits and superior investment returns to build shareholder value. The Company relies on sound underwriting practices to produce investable funds while managing Underwriting Risk. The majority of investable assets come from premiums paid by policyholders. Policyholder funds are invested in high-quality corporate and municipal bonds with relatively short durations which are matched against our liability durations. The balance, comprising shareholder funds, is available to be invested in equity securities, which, over the long run, have produced higher returns relative to fixed maturity investments. When purchasing equities, the Company seeks to invest in profitable companies, with honest and talented management that exhibit reinvestment opportunities and capital discipline at reasonable prices. The intention is to hold such investments over the long term.

Investment performance is measured by analysing net investment income, net realised investment gains and the movement in net unrealised gains on investments. The quality of the investment portfolio is not lowered in order

to enhance or maintain yields. The Company focuses on long term total investment return, understanding that the level of realised and unrealised gains or losses may vary from one period to the next.

The Company's bonds are stated at amortised cost in the financial statements, whereas equities are recognised and measured at fair value through profit and loss. No investment gains or losses are recognised directly in equity.

Solvency UK requires investments to be measured at fair value. Set out below is a summary of the investment return including market value movements on equities. Investment returns are stated net of investment expenses of \$11.4m (2024, \$10.3m). Investment return percentages are based on income divided by the average market value of assets held.

2025	MV \$m	Return \$m	Return %
Cash/Short Term	244.1	8.9	4.2%
Equities	701.3	61.8	9.4%
Bonds	1,578.4	47.5	3.1%
<b>Total</b>	<b>2,523.8</b>	<b>118.2</b>	<b>4.9%</b>

2024	MV \$m	Return \$m	Return %
Cash/Short Term	185.0	11.3	5.4%
Equities	611.9	90.5	15.2%
Bonds	1,503.9	39.0	2.9%
<b>Total</b>	<b>2,300.8</b>	<b>140.8</b>	<b>6.4%</b>

Set out below is an analysis of the key drivers of the investment return.

	2025 \$m	2024 \$m
Net investment income	60.3	58.2
Net realised gains	11.9	48.1
Net unrealised gains	46.0	33.7
<b>Total investment return</b>	<b>118.2</b>	<b>140.0</b>

The total investment return of 4.9% for the year ended 31 December 2025 (2024, 6.4%) was driven by increased cash and investment holdings, strong interest rates and realised and unrealised gains on the equity portfolio. Investment returns were lower than prior year due to lower realised gains and weaker equity markets compared to the prior year.

### A.3.2 Solvency UK Investment Categorisation and Disclosures

Solvency UK regulation sets out required investment categorisation (these are discussed in more detail in Section D.2.4) and requires investments to be disclosed at their market value plus accrued interest. Set out below is a summary of the investment categorisations reported on the Solvency UK Balance Sheet (Appendix 1).

2025	MV \$m	Accrued Interest \$m	SUK Value \$m
Equities	701.2	0.3	701.5
Government Bonds	1,093.3	11.8	1,105.1
Corporate Bonds	323.6	4.3	327.9
Collateralised Securities	161.1	0.4	161.5
Collective Investment Undertakings*	173.7	0.5	174.2
Cash and cash equivalents	70.9	0.0	70.9
<b>Total</b>	<b>2,523.8</b>	<b>17.3</b>	<b>2,541.1</b>

2024	MV \$m	Accrued Interest \$m	SUK Value \$m
Equities	611.9	0.3	612.2
Government Bonds	1,031.6	9.3	1,040.9
Corporate Bonds	315.3	4.4	319.7
Collateralised Securities	156.5	0.5	157.0
Collective Investment Undertakings*	93.0	0.4	93.4
Cash and cash equivalents	92.5	0.0	92.5
<b>Total</b>	<b>2,300.8</b>	<b>14.9</b>	<b>2,315.7</b>

\*Investments in Collective Investments Undertakings comprise Money Market Funds.

### A.3.3 Investment Securitisation

As at 31 December 2025, the Company held \$161.6m in securitised assets (2024, \$157.0m), comprising:

- \$77.5m (2024, \$64.8m) of Residential Mortgage Backed Securities ("RMBS") issued by US Government Sponsored Enterprises ("US GSEs") (Federal Home Loan Mortgage Association ("Freddie Mac") and Federal National Mortgage Association ("Fannie Mae") and US Agencies (Government National Mortgage Association ("Ginnie Mae"))).
- \$81.1m (2024, \$89.3m) of Commercial Mortgage Backed Securities ("CMBS") issued by Freddie Mac, Fannie Mae and Ginnie Mae.
- \$3.0m (2024, \$2.9m) of CMBS from corporate issuers.

## A.4 Performance of other activities

None.

## A.5 Any other information

The Board is monitoring developments in the Middle East. Given the ongoing nature of the situation, there is, uncertainty regarding the ultimate impact; however, based on information currently available at the date of approval, the Board does not consider these events to have a material impact on the Company's financial position or its ability to meet its financial or regulatory requirements.

## B. System of Governance

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

#### B.1.1 The Board

On 1 January 2025, the MIICL Board consisted of eight Board Directors, including four Non-Executive Directors one of whom is the Chair of the Board. Simon Wilson and Nicholas J S Line resigned as Directors of the Board on the 2 September 2025 and 31 October 2025 respectively. Andrew N McMellin and Thomas J Hillier were appointed as Directors of the Board on the 2 September 2025 and the 12 December 2025 respectively, bringing the total number of Directors to eight as at 31 December 2025.

The main purposes of the Board include:

- Ensuring the Company has an effective and appropriate governance structure and risk management framework;
- Ensuring the culture of Markel, as required by the 'Markel Style' and in Markel's 'Code of Conduct', is reflected in the activities of the Company at all levels and in all locations;
- Setting the strategy and monitor the performance of the Company;
- Taking reasonable care to maintain a clear and appropriate apportionment of significant responsibilities among its Directors and senior managers in such a way that (1) it is clear who has which of those responsibilities and (2) the business and affairs of the firm can be adequately monitored and controlled by the Directors, relevant senior managers and governing body of the firm; and
- Meeting the standards required for Solvency UK Firms by the PRA Handbook, including the 'Fundamental Rules', and the FCA handbook, including the 'Principles for Business'.

The Chief Executive Officer of MIICL (Andrew McMellin) has responsibility for the apportionment of significant responsibilities to Directors and senior managers for overseeing the establishment and maintenance of systems and controls appropriate to the business and the company's performance of its obligations under the Senior Manager and Certification Regime.

The Board has identified the officers who hold each relevant Senior Manager Function (details are held in the Financial Services Register) and has approved the allocation of PRA and FCA Prescribed Responsibilities.

#### B.1.2 Board Reporting Committees

The Company's governance arrangements include the following key committees:-

**Risk, Capital and Compliance Committee** - The purpose of the Risk, Capital and Compliance Committee ("RCCC") is to assist the Board in its oversight of the Company's Risk Management Strategy and Risk Management Framework, and the process by which the Company's SCR is assessed and communicated to its regulator and other stakeholders. Its terms of reference include the following key duties:

- Approve the Enterprise-wide Risk Management ("ERM") framework established by management and monitor its effectiveness, on a continuous basis, on behalf of the Board.
- Approve the Compliance Framework and the annual Compliance Plan. Oversee the execution of the Compliance Plan and monitor business progress in addressing any issues raised.
- Monitor the effectiveness of Data Protection arrangements.
- Monitor performance of internal controls including identification of control issues and weaknesses.
- Oversee and monitor the performance and effectiveness of material outsourcing partners and monitor compliance with outsourcing policies and procedures.
- Make recommendations to the Board in relation to the Company's appetite for, and tolerance of, risk.
- Ensure that the Risk Register and its components are maintained and updated.
- Oversee the governance and operation of the Internal Capital Model.

- Review and challenge the ORSA reports.
- Oversee and challenge the design and execution of an agreed set of stress and scenario tests.
- Consider emerging risks perceived to be potentially significant.
- Oversee the effectiveness of, and the adequacy of resources available to, the Company's Risk Management, Compliance and Capital functions.

**Audit Committee** - The purpose of the Audit Committee is to assist the Board by overseeing the Internal Audit function and the relationship with the external auditors. Its terms of reference state that the Committee shall:

- Discuss the nature and scope of the annual external audit prior to work commencing, including fees, and review the auditor's management letter and management's response.
- Review the Company's financial statements.
- Monitor, review and assess the effectiveness of the Internal Audit function in the context of MIICL's overall risk management system.
- Consider and approve the remit of the Internal Audit function, ensuring that it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- Ensure the Internal Audit function has adequate standing and is free from management or other restrictions.
- Receive and review Internal Audit reports, including the findings and actions.
- Consider and approve the annual Internal Audit Plan.
- Review and approve changes to the Internal Audit Policy.

**Reserving Committee** - The main purpose of the Reserving Committee is to consider matters in relation to key reserving judgments and assumptions prior to recommendation to the Finance Committee and Board. Its remit includes:

- Consider and challenge both the actuarially calculated claims reserves and the proposed booked claims reserves.
- Recommend claims reserves to the Finance Committee and/or Board for approval.
- Review reports and relevant findings from internal and external auditors.

**Finance Committee** - The purpose of the Finance Committee is to assist the Board in its review and approval of certain Company statutory and regulatory returns. The Committee also monitors the performance of MIICL's investment portfolio.

**Remuneration Committee** - The main purpose of the Remuneration Committee is to ensure that remuneration policy and practices are established, implemented and maintained in accordance with applicable regulation, strategy, objectives, risk management practices, and the interests of the Company.

**Nominations Committee** - The main purpose of the Nominations Committee is to provide governance and oversight of succession planning and recruitment of directors and Senior Managers for MIICL. The Committee's terms of reference include oversight of Board composition, director succession planning and recruitment and Board performance.

**Executive Committee** - The purpose of the Executive Committee is to manage the day-to-day activities of Markel International division and to undertake tasks delegated from the MIICL Board. The Committee's remit includes (among other things) making decisions and recommendations on projects and strategic initiatives, oversight and execution of business performance and operations, oversight and implementation of people, culture and communications initiatives, ensuring control, coordination and monitoring of risk and controls, review and oversight of legal, regulatory, compliance and governance matters, business development, and crisis management. The Executive Committee is not authorised to make or ratify decisions on matters reserved for the MIICL Board.

### **B.1.3 Key Functions**

The Company has identified the roles which it considers to be a Key Function performed by a Key Function Holder. This includes people heading the Internal Audit, Compliance function, Risk and Actuarial functions, some of whom are also Senior Managers under the Senior Managers & Certification Regime.

**Internal Audit Function** - The primary focus of the Internal Audit Function is to provide the Audit Committee and management with an independent assessment of the effectiveness and efficiency of risk management, control and governance processes within MIICL's business operations. The Internal Audit function may also assist management by performing other audit activities and participating, where required, in discussions on the design of internal controls, provided these other activities do not conflict with the primary focus.

**Compliance Function** - The responsibilities of the Compliance Function include advising the Board on compliance with the laws, regulations and administrative provisions adopted pursuant to the Solvency UK Directive and other relevant regulatory requirements, to assess the possible impact of any significant changes in the legal environment on the operations of MIICL and the adequacy of the measures adopted to prevent non-compliance, and to deliver the annual Compliance Plan.

**Risk Function** - The responsibilities of the Risk Function in regards to Risk are to put in place and maintain effective Enterprise Risk Management comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which the Company is or could be exposed, and their interdependencies.

**Actuarial Function** - The responsibilities of the Actuarial Function include pricing and reserving and contributing to the effective implementation of the risk management of the business, including contributing to the ORSA.

### **B.1.4 Remuneration Policy and Practices**

#### **Principles**

MIICL's remuneration policy and practice is consistent with its business and risk strategy, risk profile, objectives, values, risk management practices, and long-term interests and performance and does not reward individuals for excessive risk taking.

Where there are country specific remuneration practices, they are consistent with laws and regulations applicable in those jurisdictions.

There is generally no fixed (guaranteed) element in bonus arrangements. In exceptional circumstances, primarily relating to recruitment, a bonus may be fixed (guaranteed) for a short period after joining to compensate for a foregone bonus from prior employment.

Underwriting cash bonuses are based on a profit pool for the division, distributed at the discretion of the Divisional Managing Director based on personal performance and profitability. Some underwriters, based on career level, receive part of their cash bonus in restricted stock awards, which vest between two and three years depending on level.

Directors and employees have written contracts of employment and bonus rules are agreed by senior management and communicated on an annual basis.

The variable remuneration of certain Board Directors is linked to modifiers which can include, but not limited to, individual performance, the Market Modifier, International Modifier and Group/Insurance Operating Income.

### **B.1.5 Performance Criteria**

Restricted stock in Market may be awarded to certain senior executives, based on career level, which vests with a 3-year cliff vesting period.

Cash bonuses are paid on a discretionary basis based upon specific performance objectives including International Division profitability as assessed independently by the President of International and senior executives of Market Group. Fairness, transparency and consistency of application of our cash bonus plans are reviewed annually by the International Remuneration Committee.

**Directors** – Unless treated as an underwriter, cash bonuses of Executive Directors are aligned to International and Market’s business strategy, with a focus on International’s profitability. There is no fixed component to a Director’s cash bonus. The remuneration of Non-Executive Directors does not include any cash bonus arrangement. Directors in Control Functions who are subject to Solvency UK are aligned to the wider Market business performance rather than International.

**Underwriters** - Underwriter cash bonuses are aligned to Market’s business strategy, with an emphasis on sustainable underwriting profitability explicitly linked to annual combined ratio targets of their division and International performance

**Non-underwriting employees** - The remuneration package for non-underwriting employees includes a cash bonus potential expressed as a percentage of their annual salary which they can earn as a cash bonus for any calendar year. The majority of their cash bonus potential depends on the extent to which they fulfil their job role and goals, and how they display Market competencies. The cash bonus is then modified by Market or divisional performance. For those in support or entry level professional roles, employees are eligible to participate in the profit share plan which either aligns to the performance of either Market Group or their division depending on business unit.

**Supplementary pension and early retirement schemes** - There are no supplementary pension schemes for Board members; Board members participate in the same pension schemes and in the same way as if they were an employee. Similarly, there are no early retirement schemes or arrangements for Board members which are not also available for employees, such as early retirement on grounds of ill-health.

### **B.1.6 Material Transactions with Related Parties**

There were no material transactions with related parties during the reporting period with the shareholder, with persons who exercise a significant influence on the undertaking, or with members of the Company’s Board.

### **B.1.7 Assessment of adequacy of system of governance**

The Company’s governance structure is established to:

- Ensure Enterprise Risk Management is maintained at high standards;
- Ensure the business is operating in an efficient and effective manner; and
- Align control procedures for units within the organisation based on the risks they carry.

As MIICL continues to develop over time, the Board reviews its governance systems to ensure that they remain appropriate for the nature, scale and complexity of risks to which MIICL is exposed.

A Board Effectiveness Review for MIICL was undertaken by an external party during 2023. This consisted of a survey for directors, interviews, attendance at various Committee and Board meetings and a Board meeting to discuss the report’s conclusions and recommendations. The review found that MIICL’s Board and governance structure is overall effective but made some recommendations for further enhancement. The Board met in September 2023 to discuss those recommendations, and the agreed recommendations were implemented during

2025. The next external review is due to take place in 2026. In the interim years, the Board conducts an internal Board Effectiveness Review on an annual basis.

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

All Directors and all employees, whether or not they perform a key function, are recruited on the basis that their professional qualifications, knowledge, experience, management and/or technical competences and experience are adequate to enable sound and prudent management and that they are of good repute and integrity.

### **B.2.1 Fit and Proper Assessment**

**At Recruitment** - Markel International Services Limited ("MISL") is the service company that pays all costs on behalf of the Company and is the employer of all staff. Due diligence checks are performed at recruitment for all individuals that are due to come onto MISL's payroll and additional checks are performed for Solvency UK Staff; as defined by the PRA's "Conditions Governing Business" (previously Article 275(2) of the Commission Delegated Regulation (EU) 2015/35 ('the Solvency UK Regulation')).

**Reassessment** – In certain circumstances the Chief People Officer, International, in conjunction with the Senior Managing Director of Legal, and Chief Risk Officer have authority to instigate a formal review and to investigate whether a Director or other Solvency UK Staff continues to meet the required standards to pass a Fit and Proper assessment.

**Annual Reassessment** - Relevant due diligence checks are re-performed each year for all Solvency UK Staff, including people in a Certification Function (Key Function Holders and Material Risk Takers who are not a Senior Managers). As part of the annual certification process, we formally reassess whether people in Certification Functions remain Fit & Proper.

## **B.3 Risk management system including the Own Risk and Solvency Assessment**

The Risk Management function is responsible for supporting the business in identifying the risks associated with achieving its objectives, assessing the impact of those risks on our objectives, acting where necessary to mitigate those risks, including proposing risk appetites, and reporting on appropriate metrics to measure the success and risks of their objectives. The Risk Management function achieves this through the application of an enterprise risk management framework, of which the key elements are summarised below:

### **B.3.1 Risk Culture**

Markel is a culture driven organisation. Its culture towards risk is embodied by the "Markel Style" and is a strategic priority of the MIICL Board. An effective culture is vital to empowering people to take appropriate decisions in an informed manner; ensuring that emerging risks and excessive risk-taking activities are identified, assessed, escalated and mitigated in a timely manner.

The Board of MIICL is responsible for defining the desired organisational culture and cultivating it through the actions of its leadership, including setting objectives and strategies that prioritise culture-building, and designing the organisation and its operational processes to support and advance the Company's purpose and core values.

### **B.3.2 Risk Appetites**

Risk appetites are defined risk tolerances that are set by the MIICL Board to detail how much risk it is prepared to accept in order to achieve the Company's strategic objectives. These risk tolerances include quantitative limits where this is both practical and meaningful. The Company strives to remain within risk tolerance limits at all times during normal operations.

### **B.3.3 Risk Register**

The Risk Register details the risks to which MIICL may be exposed to. Each risk has an identified Risk Owner. Risks are defined, reviewed and scored by the Risk Owner.

### B.3.4 Risk Incident Process

A log of operational incidents is maintained by the Risk Management team. These events are defined as a “loss or reputational damage events caused by inadequate or failed internal processes, people and systems”.

The Risk Management team allocates a severity rating to the operational incident based on defined thresholds. Depending on the threshold level of an incident, it will be escalated to the RCCC, the Remuneration Committee, and the Board.

### B.3.5 ORSA Process

The ORSA is the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the short and long term risks we face or may face, and to determine the own funds necessary to ensure that our overall regulatory and economic capital requirements are met at all times.

An ORSA report is produced at least annually to summarise these processes.

The report is owned by the Risk Management function, with the Risk Management team responsible for co-ordinating its production. The report is approved by the Board. The ORSA sets out the relationship between regulatory capital requirements and economic capital. Stress and scenario tests in the ORSA report test the risk profile against economic capital under a variety of plausible but extreme circumstances.

Each quarter the RCCC and the Board are presented with an assessment by Risk Management of MIICL’s current risk profile and solvency position. The Board may determine at any time (for example, due to a change in MIICL’s risk profile) that a formal ORSA reassessment is required and may determine the type and content of the report that this reassessment should take.

### B.3.6 Internal Model

The Internal Model (“IM”) serves as a critical tool for evaluating the risk profile of MIICL and understanding the potential impact of various events or decisions. It is integral to capital and business planning, ensuring that robust risk management practices are incorporated into both capital assessments and business strategies.

The Board of MIICL is responsible for ensuring (on an ongoing basis) that the IM reflects our risk profile, is appropriate in design, and operates effectively. The two predominant mechanisms through which this is performed are IM Governance and Validation. An overview of these two areas follows below.

#### Internal Model Governance

There are several groups within the MIICL Governance structure which have responsibilities over the IM.

Group / Committee	Role Description
Board of MIICL	<ul style="list-style-type: none"><li>• Ultimate owner of the IM and responsible for approving Major Model Changes and the quarterly model change report.</li><li>• Responsible for ensuring adequate model governance (and effective operation), including the appropriateness of the design and operational details of the IM.</li><li>• Responsible for ensuring they have confidence in the structure, and reliability of the IM.</li><li>• Responsible for ensuring the model appropriately reflects MIICL’s risk profile, and is used by the business.</li></ul>
RCCC	Responsible for: <ul style="list-style-type: none"><li>• Oversight of the Risk Management function.</li><li>• Using the IM for managing risk within MIICL.</li><li>• Considers selected IM issues if escalated.</li></ul>
Model Governance and Validation Group (“MGVG”)	Responsible for: <ul style="list-style-type: none"><li>• Ensuring the model is adequately designed.</li></ul>

	<ul style="list-style-type: none"> <li>• Reviewing and approving (non-major changes) design decisions and model Improvements.</li> <li>• Overseeing the validation process, prior to the Board receiving the Validation Report.</li> </ul>
Model Owners Group ("MOG")	<ul style="list-style-type: none"> <li>• Detailed review and challenge by Subject Matter Experts of model output.</li> </ul>

These committees and groups are supported by key individuals and teams within MIICL in respect of the day to day roles and responsibilities over the IM. In particular, the Director of Legal and Chief Risk Officer is responsible for ensuring that issues are escalated appropriately according to the materiality of the issue. Each group/committee can decide whether to escalate the matter to a higher body.

There were no material changes to IM Governance during 2025.

### **Internal Model Validation**

Independent validation of the Internal Model is undertaken to confirm that it appropriately reflects MIICL's risk profile and is suitable for calculating the SCR for regulatory purposes.

The validation process is governed by the MGVG, RCCC and the Board, which retains ultimate responsibility, with coordination support provided by the Risk Management team to preserve independence.

The objective of validation is to provide sufficient assurance that the Internal Model is fit for purpose, reliable, and capable of supporting sound decision-making and effective risk management. This includes confirming that the model meets SUK requirements for policyholder protection and is not materially deficient for SCR determination.

Our IM Validation Process can be divided into two broad categories:

#### **Annual testing**

Certain tests are performed each year, with the depth of testing being proportional to the materiality of the area being tested. These tests are set out in detail in the Validation Test plan. Each annual exercise will consider materiality in its scope, i.e. that certain components have greater influence on our SCR and ultimate SCR ("uSCR") than others.

#### **Risk Based testing**

In addition we undertake focused validation on particular areas using a risk based approach.

Together these processes constitute our "Validation Process". In order to be effective, the complete process requires a series of regular interactions between the build, validate, and review phases; therefore the Validation Process is not necessarily a linear one, but rather enables feedback across all levels in order that a culture of continuous improvement can be maintained.

An independent validation exercise that was completed in Q3 2024 determined that the current approved internal model reflects the risk to MIICL and is therefore appropriate to use as a base to determine the final SCR of MIICL.

For internal risk management purposes, the Company uses a more recent version of the IM incorporating an updated risk driver-based dependency structure and an accumulation of minor model changes. This internal version is calibrated using the 2025 year-end balance sheet which is consistent with the financial information used in this SFCR for the year-ended 31 December 2025, and 2026 business plan. An independent validation exercise was undertaken on the unapproved model in Q3 2025 confirming that the model reliably reflects the risks to MIICL.

For further details regarding the latest PRA-approved Internal Model used to determine the SCR for regulatory reporting, and the SCR applied for internal management reporting—which is based on the Internal Model

currently pending PRA approval—please refer to Section E.2, 'Solvency Capital Requirement and Minimum Capital Requirement'.

## **B.4 Internal control system**

Across Markel, management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. Management does not expect that its internal control over financial reporting will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

MIICL applies a "Three Lines" model as part of risk governance and oversight, as detailed below:

- **First Line:** The First Line is responsible for identifying and managing risk. These individuals are responsible for managing the risk that is associated to any process or activity.
- **Second Line:** The Second Line is responsible for the oversight and provision of the Risk Management and Compliance Frameworks in which the First Line operates in. The Second Line will provide independent review and challenge and provide assurance to the MIICL Board of effective implementation and governance.
- **Third Line:** The Third Line is the Internal Audit function. The Third Line has oversight of the First and Second Lines and provides the MIICL Board with independent and objective assurance that they are operating effectively.

At MIICL, key controls over financial reporting have been identified and the owners of each control are asked to confirm that the control is in place, adequately designed and operating effectively on a quarterly basis. Internal Audit tests these key controls annually and reports its findings to the Audit Committee.

MIICL's internal controls system has been designed to provide assurance to the MIICL Board and senior management that standards are being adhered to and risks managed.

The Company's internal controls cover all aspects of its business. Naturally, there are aspects to internal control in addition to those surrounding financial reporting. Alongside each major area of risk, the controls that are used to mitigate the risk are also identified and monitored. Risk controls can be tools or techniques to proactively identify, manage or reduce risk and may involve the policies, standards, procedures and operations of MIICL. The effectiveness of these controls is also monitored on a quarterly basis. The MIICL Risk Register details controls for each risk and identifies control ownership.

### **B.4.1 The Compliance Function**

The Compliance Function is a Key Function within the Internal Control System and operates as second line oversight function. The function's primary responsibility is to assess and oversee the adequacy of first line management's control and mitigation of compliance risk exposure. Its key responsibilities are:

- To oversee and monitor the effectiveness of compliance and conduct management controls and to report to the Board/ Governing body on this responsibility and the Company's compliance risk profile.
- To advise senior management, committees and the Board on compliance with laws, regulations and administrative provisions adopted pursuant to the Solvency UK Directive.
- Assess the possible impact of any changes in the regulatory environment on the operations of MIICL and the identification and assessment of compliance risk.
- Promote staff awareness of regulatory requirements and expectations, e.g. licensing, sanctions and other financial crime, conduct, competition and the regulatory environment.

- Monitor actions and assess the adequacy of measures taken by management to address any problems in the Company's compliance with its obligations.
- Responsibility for the firms' policies and procedures for countering the risk that the Company's might be used to further financial crime.

The Compliance function comprises a team of compliance professionals led by the Chief Compliance Officer. It has an independent reporting line and its mandate is approved by the governing body via a documented compliance framework.

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

Internal Audit is an independent, objective assurance and consulting function set up within MIICL as a service to the MIICL Board, Audit Committee and executive management. Internal Audit assists MIICL in achieving its objectives by bringing a systematic, disciplined approach to evaluating the effectiveness of risk management, control and governance processes. Internal Audit will make recommendations to management to improve the effectiveness of these processes.

For each audit a report is produced which includes an overall audit opinion and executive summary, findings and management's responses and remediation plans. Internal Audit reports are shared with the MIICL Audit Committee members and Board members for review and discussion.

Summaries of all audit work undertaken, key findings and an assessment of management's remediation plans, highlighting areas where there are significant delays, are presented to the Audit Committee and Board each quarter.

At least annually Internal Audit provides an assessment of the overall effectiveness of the governance, and risk and control framework, together with an analysis of any themes emerging from Internal Audit work.

The Internal Audit function is implemented through a team of full-time staff, supported by subject matter experts as required. Internal Audit's independence is safeguarded by the Head of Internal Audit's direct reporting line to the Markel Group Head of Internal Audit and indirect reporting line to the Chair of the MIICL Audit Committee.

## **B.6 Actuarial function**

The role of the Actuarial Department is to analyse, investigate and explain the Company's technical liabilities to management, underwriters, various other departments and external parties.

MIICL's Actuarial Function carries out a number of tasks including the following:

- Coordinating the calculation of Solvency UK Technical Provisions ("TPs"), ensuring appropriate assumptions, methodologies and models are used;
- Informing the Finance Committee of the reliability and adequacy of the calculation of Solvency UK TPs;
- Comparing best estimates against experience;
- Producing an annual Actuarial Function Report ("AFR"), as well as a report expressing an opinion on the overall underwriting policy, and another report on the adequacy of reinsurance arrangements; and
- Contributing to the risk-management system, in particular with respect to parameterising insurance risk volatility within the IM.

## **B.7 Outsourcing**

MIICL has an Outsourcing Policy which sets a framework for the management of outsourcing. The policy is aligned to the relevant PRA Supervisory Statement and other relevant requirements.

Compliance with the policy is managed by relevant functions within Markel, including Operations, Procurement, Delegated Underwriting and Claims.

Suppliers are subject to due diligence and risk assessed before being taken on and again throughout the lifecycle, in accordance with the policy. Material outsourcing, including for critical or important functions where applicable, is managed closely. An individual is appointed to have responsibility for monitoring and oversight of that function taking account of the nature of the arrangement.

A function or activity is to be viewed as 'critical' or 'important' as defined in the policy, which is reviewed at least annually to ensure it meets all relevant requirements. MIICL technically outsources the following key functions of Actuarial, Compliance and Internal Audit as defined by the PRA's Conditions Governing Business. These functions are charged to MIICL as management services by Markel Corporation in the US and MISL in the UK. The approved persons and teams are deployed to MIICL.

The table below sets out the other critical or important functions, and the jurisdiction in which the providers are located.

Outsourced function or activity	Jurisdiction
Cyber Security (GSS)	UK
Investments	USA
IT	UK
Finance	UK
Actuarial	UK
Capital	UK
Compliance	UK
Internal Audit	UK

## B.8 Any other information

None.

## C. Risk Profile

Markel is committed to a structured and disciplined approach to risk management which considers strategy, process, people and technology. The aim of this approach is ensuring the perpetuation of the organisation by continually evaluating and managing risks to support achievement of our business objectives. As part of this commitment, Markel aims to maintain a positive and open culture towards risk management, throughout all levels of the organisation.

Markel considers the direction from executive management, or 'tone at the top', to be a critical element of its effective internal control and risk management programme. In particular, the ongoing involvement of the Board in performing its oversight function and executive management's involvement in key aspects of the Risk Management Framework forms the foundation for an effective 'risk aware' culture among employees.

The Risk Management Framework within Markel is purposefully linked to the values of the organisation through the "Markel Style". This includes the long-standing objectives of building the financial value of the organisation over the long term within an environment where employees are able to challenge management.

The Company, with oversight from the Risk Management function, is responsible for ensuring that the risks the Company faces are identified, assessed, mitigated, monitored and reported in accordance with the risk strategy and appetite, which includes climate change related matters.

### C.1 Underwriting and Reserving Risk

#### C.1.1 Underwriting Risk Description

Underwriting Risk is defined as "the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the acceptance of business." Underwriting Risk is divided into the following sources:

- Pricing - Inadequate pricing, pricing transparency and portfolio management practices.
- Risk Selection - Ineffective risk selection
- Contract terms - Inadequate insurance contract terms.
- Risk Transfer - Inadequate design, execution, communication, or management of reinsurance arrangements (intra-group and third-party).
- Risk Aggregation - Aggregation of underwriting risk outside risk appetite or materially above management's expectations.
- Governance - Failure to comply with all underwriting standards.

The Company's fundamental objective is to underwrite profitably on a gross basis and to achieve target combined ratios. For this purpose, a combined ratio is the ultimate loss ratio plus the expense ratio. This measure of underwriting performance excludes any benefit from investment return and focuses attention on premium charged, coverage granted, commissions and other deductions and all direct and indirect expenses.

The Board of MIICL sets underwriting risk appetite limits in order to avoid excessive losses even in remote scenarios. The expectation is that remaining within these limits will allow MIICL to achieve its long-term target over a five-year period. MIICL aims to earn an underwriting profit over the long-term for all continuing product lines and will exit product lines that does not meet this expectation.

The Underwriting Committee has oversight of Underwriting Risk.

#### C.1.2 Underwriting Risk Monitoring and Measurement

MIICL monitors and measures the level of underwriting risk that it is exposed to through the use of:

- Underwriting authorities and underwriting standards.
- The regular monitoring key risk indicators across a broad range of risk sources.
- Premium rate movement and rate adequacy monitoring on a regular basis at a class of business level.

- Third party aggregation tools in respect of natural catastrophe and cyber exposures.
- In-house developed aggregation tools.
- Regular reporting of underwriting performance by class of business through Combined Ratio packs.
- Quarterly business review meetings between underwriters and actuarial functions to review pricing adequacy and underwriting performance against plan.
- Quarterly reporting of aggregate underwriting exposures to the Underwriting Committee, the RCCC, and Board.
- Regular stress and scenario testing covering plausible but extreme scenarios.
- Various performance and volatility analysis based on outputs and from the Company's internal capital model.

### **C.1.3 Underwriting Risk Mitigation**

MIICL has established a suite of controls to mitigate underwriting risk, detailed below are examples of some of them:

- The writing of a diversified portfolio of business (for example, by geography, industry, class of business, size of client).
- The use of quota share and excess of loss reinsurance in order to reduce its exposure to large losses and/or catastrophe loss events.
- The implementation of a series of Board approved underwriting risk appetite statement and metrics.
- Technical pricing models which have been developed for many classes of business.
- An independent reviewer performs a qualitative review of underwriting.

### **C.1.4 Reserving Risk Description**

Reserving Risk is defined as "the risk of loss arising from the inherent uncertainties as to the occurrence, amount and timing of insurance liabilities, focusing on risks that arise from the quantification of those liabilities." Reserving Risk is divided into the following sources:

- Case reserves - Inadequate case reserves
- Reserve adequacy – Insufficient insurance reserves

The Reserving Committee has oversight of Reserving Risk.

#### Risk Monitoring and Measurement

MIICL monitors and measures the level of reserving risk that it is exposed to through the use of:

- Regular monitoring of large claim movements and actual v expected claims experience.
- Quarterly business review meetings between underwriters and actuarial functions to review pricing adequacy and underwriting performance against plan.
- Volatility analysis based on outputs from the Company's internal capital model.

### **C.1.5 Reserving Risk Mitigation**

MIICL has established a suite of controls to mitigate reserving risk, detailed below are examples of some of them:

- The implementation of a series of Board approved reserving risk appetite statement and metrics.
- Reviews of actuarial judgements and key assumptions.
- Peer reviews of the accuracy of the setting of case reserves.
- Validation of the reserving data.

## C.2 Market Risk

### Risk Description

Market Risk refers to “the risk of loss resulting from adverse financial market movements including interest rates or exchange rates.” The principal market risks and how exposure to these risks is managed are as follows:

- Inadequate exposure management to financial investments counterparties
- Investment returns below long-term rate of returns
- Inadequate management of foreign exchange exposure

MIICL is aware of the obligations under the prudent person principle to only invest only in instruments with the objectives of capital preservation and return on investment, in the best interest of its policyholders.

The Finance Committee has oversight of Market Risk.

### Risk Monitoring and Measurement

MIICL monitors and measures the level of market risk that it is exposed to through:

- Regular monitoring of the performance of the investment portfolio
- Regular monitoring of the duration of the assets held against duration of liabilities.
- Regular monitoring of the currency mismatch between assets and liabilities.
- Regular monitoring of concentration risk within the investment portfolio.
- Regular stress and scenario testing covering plausible but extreme scenarios.
- Regular monitoring key risk indicators.
- Volatility analysis based on outputs and from the Company’s internal capital model.

### Risk Mitigation

MIICL has established a suite of controls to mitigate market risk, detailed below are examples of some of them:

- The implementation of a series of Board approved market risk appetite statements and metrics which includes limits on:
  - The amount of shareholders’ funds that can be held in equity.
  - The percentage of total investments that can be held in equity from any one issuer.
  - The credit quality of fixed maturity bonds that can be held.
- Approved investment guidelines.
- The holding of a diversified portfolio of assets
- The high quality of the assets held in the Company’s investment portfolio.
- The undertaking of currency matching of assets and liabilities.
- The undertaking of asset/liability duration matching

To assist in the matching of assets and liabilities in foreign currencies the Company may purchase foreign exchange forward contracts or buy and sell foreign currencies in the open market. No foreign exchange forward contracts have been entered into during the year, or exist at the Balance Sheet date.

## C.3 Credit Risk

### C.3.1 Risk Description

This risk relates to "the risk of loss arising from the inability of a counterparty to fulfil its payment obligations." Credit Risk is divided into the following sources:

- Inappropriate exposure to Reinsurance Counterparties
- Inappropriate Exposure to Insurance Intermediaries

The Finance Committee has oversight of Credit Risk.

### C.3.2 Risk Monitoring and Measurement

MIICL monitors and measures the level of credit risk that it is exposed to through the use of:

- The quarterly monitoring of reinsurance recoveries by counterparty.
- The quarterly monitoring of outstanding debt levels by broker.
- Regular stress and scenario testing covering plausible but extreme scenarios.
- Various volatility and concentration analysis based on outputs and from the Company's internal capital model.

### C.3.3 Risk Mitigation

MIICL has established a suite of controls to mitigate credit risk, detailed below are examples of some of them:

- The utilisation of approved reinsurers.
- Utilising a diversified portfolio of reinsurers.
- The implementation of a Board approved reinsurer credit risk appetite statement and metrics that are based on security rating, capitalisation and aggregate concentration limits.
- Requiring reinsurers to post collateral depending on their size, rating and potential debt to the Company.
- The implementation of a Board approved broker credit risk appetite statement and metrics that are based on outstanding debt levels and concentration limits.

## C.4 Liquidity Risk

### C.4.1 Risk Description

Liquidity risk is defined as "the risk that sufficient liquid financial resources are not maintained to meet liabilities as they fall due".

The Company manages liquidity risk in accordance with the "prudent person principle", where it can properly identify, measure, monitor, manage, control and report, and appropriately take liquidity risk into account in the assessment of its overall solvency needs. The aim is to maintain sufficient liquidity for MIICL to be able to meet payment obligations under severe catastrophe loss scenarios. Markel aims to support its liquidity position through the production of positive cashflow from operations.

The Finance Committee has oversight of Liquidity Risk.

### C.4.2 Risk Monitoring and Measurement

MIICL monitors and measures the level of liquidity risk that it is exposed to through the use of:

- Quarterly Cash-flow monitoring.
- Quarterly monitoring of the duration of the assets held against duration of liabilities.
- Quarterly monitoring of the currency mismatch between assets and liabilities.
- Quarterly stress and scenario testing covering plausible but extreme scenarios.

### C.4.3 Risk Mitigation

MIICL has established a suite of controls to mitigate liquidity risk, detailed below are examples of some of them:

- The setting of investment guidelines on the composition and quality of the asset portfolio in order to manage this risk.
- The holding of a significant level of cash and cash equivalents to meet short-term financial obligations.
- The undertaking of currency matching between assets and liabilities.
- The undertaking of asset/liability duration matching.
- The implementation of a series of Board approved liquidity risk appetite statement and metrics.

The average net duration of liabilities is 3.0 years (2024, 3.2 years). The duration of the Company's investment portfolio is managed to match the expected cash outflows on liabilities.

The liquidity position is monitored quarterly against the risk appetite, and each year liquidity stress tests are undertaken to consider possible liquidity pressures which could arise following a significant natural catastrophe, including trust fund requirements. These tests are considered by the RCCC in order to determine that liquidity risk has been mitigated to a satisfactory level.

## C.5 Operational Risk

### C.5.1 Risk Description

Operational Risk is defined as “the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events”. Operational Risk is divided into the following sources of risk:

- Failure to develop and maintain a robust long-term strategy.
- Failure to execute annual business plan.
- Cultural shortcomings leading to improper business conduct and reputational damage.
- Failure to consider external changes on business strategy.
- Failure of change initiatives to deliver expected business outcomes and benefits.
- Failure of cover holders or delegated claim administrators to perform delegated responsibilities at the level expected.
- Failure of third party or intra-group functions to deliver services in line with the agreed SLAs.
- Operating model not aligned to business strategy.
- Poor data quality.
- Unauthorised system and data access.
- Failure to resume business functions following a disruption event.
- Inadequate systems and controls for countering the risk that firm might be used to further financial crime.
- Failure to identify, understand and adequately address applicable regulatory requirements.
- Inadequate talent management.
- Inaccurate or untimely internal/ external reporting.
- Poor handling of claims.
- Inadequate conduct and product governance practices.

The Company recognises the importance of Operational Risk across all other risk areas: as losses in other risk groups can be magnified by operational issues, for example poor data quality may also affect reserving risk.

The risk related to MIICL being part of Markel Group is captured within the risk framework. Our policy is always to consider the interests of each legal entity, and our single risk strategy, risk management approach, operational procedures and standards are effective in ensuring that each entity is treated equitably. Overall the MIICL Board considers it to be a strength that MIICL is part of a larger group that has insurance experience and significant capital resources. This assists in mitigating the risks to which MIICL is exposed.

The RCCC has oversight of Operational Risk.

## C.5.2 Risk Monitoring and Measurement

MIICL monitors and measures the level of operational risk that it is exposed to through the use of:

- The quarterly attestation of the design and effectiveness of controls related to operational risks within the Company's risk register by the Control Owner. Each quarter's attestation process is summarised by Risk Management in a memo to the Markel International President, the Chief Finance Officer, Chief Operations Officer, Chief Underwriting Officer and the Chief Risk Officer.
- Senior managers are required to answer a quarterly questionnaire designed to identify whether there are any material changes to processes, or any events which might increase Operational Risk.
- An Incident Log (which records and quantifies operational loss events and near misses) is maintained and is regularly updated. This assists in identifying additional improvements which would mitigate a recurrence of such losses.
- The development and quantification of potential operational loss scenarios with subject matter experts across the Operational Risk universe.
- The regular monitoring of key risk indicators.
- Regular stress and scenario testing covering plausible but extreme scenarios.
- Volatility analysis based on outputs and from the Company's internal capital model.

## C.5.3 Risk Mitigation

MIICL has established a suite of controls to mitigate operational risk, detailed below are examples of some of them:

- The implementation of a series of Board approved operational risk appetite statements and metrics.
- The maintenance of succession plans for key staff.
- The establishment of physical and electronic data security protections.
- Due diligence and monitoring of outsourcing partners and delegated authorities.
- The undertaking of operational resilience and business continuity testing to ensure that IT systems and business processes are able to resume following an unforeseen disruption event.
- The claims handling authorities and peer review processes.
- Projects being subject to a change management methodology.
- Enforcement of a payment authority matrix.
- Sanctions checking.

## C.6 Other material risks

### C.6.1 Pension Risk

MIICL is the sponsoring employer of the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme, Markel's defined benefits pension schemes. These have been closed to new entrants for more than ten years and closed to future accruals on April 1, 2012. Nevertheless, defined benefit pensions could generate future liabilities for MIICL and therefore it is appropriate to consider risk arising from this scheme.

An actuarial valuation was carried out at 31 December 2025, which showed that the market value of the Scheme's assets was \$183.0m (£135.8m). This actuarial valuation showed that the pension schemes are in a surplus of assets over liabilities at the valuation date. This is equivalent to a Net Defined Asset at the end of the year of \$72.4m (£53.8m).

The Company will meet the cost of any augmentations to members' benefits as they fall due and the Company will meet the administrative expenses of operating the Scheme and the Pension Protection Fund Levy. The Scheme is closed to new members.

We have performed stress tests around the discount rate, inflation rates and salary increase rates to assess the level of risk to make a capital provision for our pension liabilities.

See section D.1.13 for more information on MIICL's pension asset.

### **C.6.2 Climate change**

The Company is committed to recognising, understanding and managing climate related risks and opportunities.

The risks arising from climate change, and society's response to it, are multifaceted, occur over an extended time horizon and are dependent on the severity of the changes in the climate. These risks continue to develop and the relative impact will be dependent on a number of aspects such as industry changes, policy changes and the speed with which those changes are implemented.

Climate risk can be broadly divided into three categories: physical, transition and liability. Physical risk relates to the change in climate and weather events which have the potential to directly affect the economy. This includes the risk of higher claims as a result of more frequent and more intense natural catastrophes. Scenario analysis of differing levels of claims are included within our standard underwriting risk assessment. Transition risk can occur when moving towards a lower carbon economy and how the speed of the transition may affect certain sectors and affect financial stability. Liability risk refers to potential increased litigation against policyholders from individuals or businesses who have experienced losses because of physical or transition risk.

Markel International has also developed a plan for managing the financial risks arising from climate change in line with PRA requirements. This plan will continue to develop over time as understanding of climate change and its potential impacts evolves.

The Board has ultimate responsibility for the Company's approach to responsible business which includes consideration of climate risks.

Potential climate change related risks are regularly reviewed by the RCCC and are also addressed within the underwriting, finance, risk and audit functions, although responsible business activity is not segregated from the other work of these functions, but rather embedded into their operations.

The internal Underwriting Risk Group is a cross departmental Committee that is tasked with identifying events and scenarios (including the financial impacts from climate change) that could give rise to unexpected and/or outsized losses to the Company as well as estimating the potential impact of such losses. This group reviews and discusses quantitative and qualitative climate change analysis on physical, transition, and liability risks. This is a combination of external and internal scenarios, and where available, risk modelling.

The findings of the Underwriting Risk Group on climate change and its associated potential risks are regularly reported to and reviewed by both the Underwriting Committee and the RCCC.

The Company's investment portfolio is reviewed regularly in respect of its Environmental, Social and Governance score.

As part of the Own Risk and Solvency Assessment ("ORSA") process we have performed stress and scenario tests in relation to the physical risk, liability risk, financial and transition risk that climate change poses in order to assess the level of exposure faced by MIICL. Climate-related risk is treated as a structurally significant factor within the firm's broader stress-testing and business-planning framework. Resilience is assessed through a suite of forward-looking, severe-but-plausible scenarios designed to capture a range of climate and ESG-driven pathways. These scenarios apply calibrated stresses across liability, market, underwriting and geopolitical risk channels, using regulatory return-period benchmarks to ensure consistency and comparability.

At the lower end of the severity spectrum (greater than a 1-in-50 return period), the assessment introduces a multi-year stress in which elevated climate-related liability emergence coincides with persistent environmental and societal pressure, resulting in adverse movements in underwriting exposure, reserve development, and asset valuations. A higher-severity scenario (greater than a 1-in-200 return period) combines clustered physical climate events with secondary socio-political stresses, illustrating how concentrated natural catastrophe losses can coincide with broader macro-economic and civil disruption; impacts are assumed to crystallise early in the planning horizon with limited mitigating market responses. At the extreme tail (approximately a 1-in-1000 return period), the scenario tests long-term climate pathways under conditions of minimal mitigation, incorporating both acute physical shocks and wider systemic effects consistent with a high-warming trajectory, while maintaining a shock-and-recovery operational profile beyond the initial impact period. There were no significant concerns to the potential impact of climate change on our financial results from these tests.

MIICL is committed to maintaining an up-to-date and industry-aligned understanding of climate-related financial risks. As part of this work, the PRA/FCA CFRF Online Climate Scenario Analysis Narrative tool has been applied and configured to reflect MIICL's specialty insurance and reinsurance exposures.

Comparison of the tool's sector-specific narratives with MIICL's existing climate risk framework confirms that climate risks are not materially misstated and that current practices for risk identification, scenario design, and governance align with CFRF and PRA expectations.

## **C.7 Any other information**

### **C.7.1 Capital Requirements**

The Company's risk management continues to evolve, informed by internal processes and reviews linked to risk and capital management throughout the Markel organisation.

Feedback loops are in place across the Company's governance committees and operational areas of the business to allow for continued improvements to the assessment process. The current and potential future uses of the risk and capital management tools including the Internal Model, include:

- Calculation of the capital requirements, subject to the necessary regulatory approvals.
- Reinsurance purchasing and reinsurer credit analysis.
- To provide useful information to senior and executive management in making ongoing business decisions, and business development such as mergers and acquisitions.
- To be an integrated part of Markel International's Risk Management Framework and systems of governance.
- Assessment of risk exposure and capital requirements in the context of strategy expectations and planning.
- Reviewing risk appetite and tolerances.
- Other management decisions including the evaluation of new business opportunities.

On a regular basis, a mapping exercise between the Risk Framework and the risks included within the capital modelling process is undertaken. This process ensures that the IM provides an assessment of MIICL's risk profile and that the Risk Framework continues to provide an appropriate representation of the risks faced by the business. The risk management processes are used to support parameterisation of inputs into the IM across the risk categories with examples including underwriting inputs (also used as part of the Business Planning Process) and the creation of Operational Risk Scenarios across a range of frequencies and severity levels.

MIICL calculates the capital requirements for its specific risk profile using an IM for which it first received regulatory approval to use in December 2015.

MIICL submitted a Major Model Change to the PRA in June 2024 for approval to change the provider of external catastrophe modelling software from RMS to Verisk. This Major Model Change was approved in October 2024. Since this approval, the Company has submitted three further Major Model Changes on 16 May 2025 on a combined submission basis. These changes are:

1. An update to the Internal Model dependency structure, moving from a factor-based to risk driver-based approach.
2. An accumulation of minor model changes as defined by the MIICL Internal Model Change Policy.
3. An update to the MIICL Internal Model Change Policy.

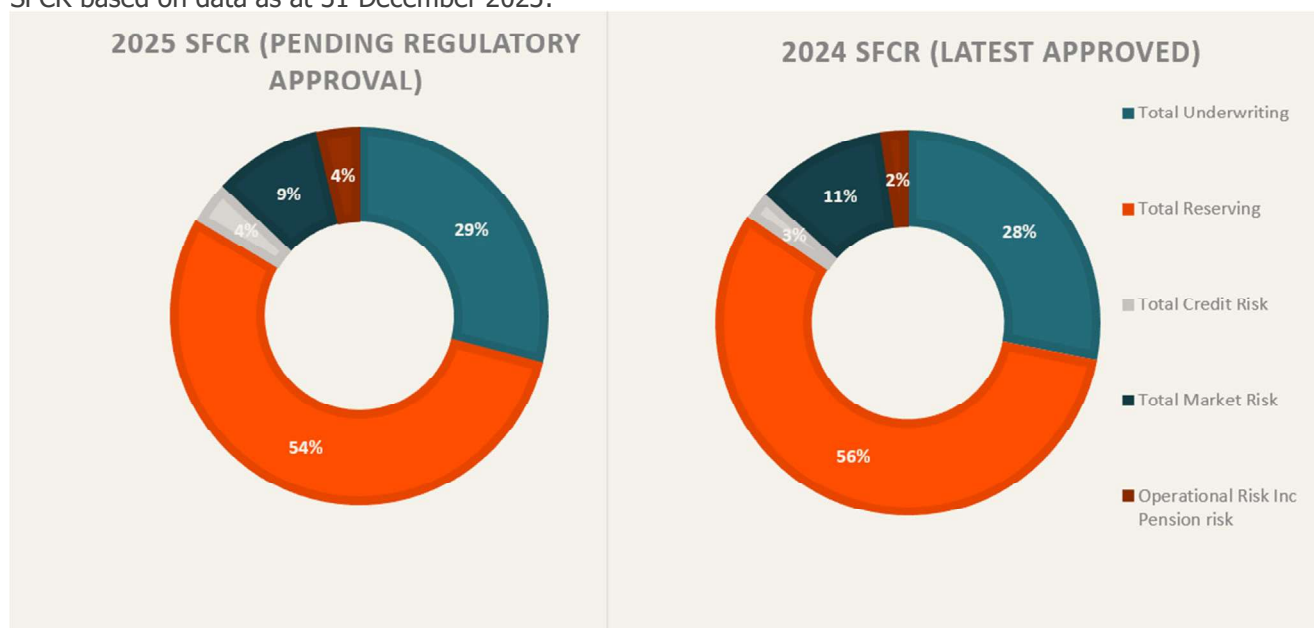
These Major Model Change applications are currently with the PRA for review, and accordingly the SCR presented in this SFCR continues to be calculated on the most recently approved IM basis, which reflects the June 2024 Major Model Change (approved on 23 October 2024). That approved basis was calibrated using the 2023 year-end balance sheet which is consistent with the financial information used in the SFCR for the year-ended 31 December 2023, and 2024 business plan.

For internal risk management purposes, the Company uses a more recent version of the IM incorporating the updated risk driver-based dependency structure and the accumulated minor model changes (items (1) and (2) of the May 2025 Major Model Change submission identified above). This internal version is calibrated using the 2025 year-end balance sheet which is consistent with the financial information used in this SFCR for the year-ended 31 December 2025, and 2026 business plan, to derive an internal SCR of \$615.1m.

These two SCR views are summarised in the table below:

	<b>Regulatory SCR</b>	<b>SCR Pending Regulatory Approval</b>
Amount	\$545.4m	\$615.1m
Model Basis	PRA-approved IM (approved 23 October 2024)	IM incorporating pending Major Model Changes (submitted 16 May 2025)
Calibration data	2023 year-end balance sheet; 2024 business plan	2025 year-end balance sheet; 2026 business plan
Status	Used for regulatory reporting and compliance	Used for internal risk management purposes
SCR coverage ratio	224%	199%
MCR coverage ratio	498%	442%

The SCR risk profile for MIICL is set out below for the driver-based dependency model pending regulatory approval as at 31 December 2025, and the last approved model, which is the same as that used in the 2024 SFCR based on data as at 31 December 2023:



Insurance Risk, made up of Underwriting Risk and Reserving Risk, is the main contributor to MIICL's Risk Profile.

Please note that the Risk Profile above shows the spread value at risk approach which considers a band of simulations around the 1-in-200 capital level aligned to the Spread VaR methodology and the contribution of each of the risk types, for both the 2025 and 2024 SFCR. This approach aligns to that stipulated by Lloyd's for our Syndicate 3000 model.

### **C.7.2 Risk Mitigation**

The Company's Risk Register details the risks to which it is, or may be, exposed. For each risk there are a number of controls in place that are used to mitigate the risk and these are monitored regularly over time. These controls can be tools or techniques to proactively identify, manage or reduce risk and may involve the policies, standards, procedures and operations of MIICL. The Risk Register describes controls for each risk and identifies control ownership. The controls include those that are key controls in relation to financial reporting in compliance with the Sarbanes Oxley Act (given that MIICL is a wholly owned subsidiary of Markel, a United States domiciled company).

Risk Management meet regularly with the Risk Owners individually and present information to them regarding the risk(s) that they own and facilitate discussion regarding risk exposure and the effectiveness of risk mitigation.

Information on each of our major or "ultimate" risk areas is presented quarterly to the RCCC, which consists of Executive and Non-Executive Directors as well as other senior managers.

### **C.7.3 Stress & Sensitivity Tests**

Various sensitivity tests are conducted for MIICL, which allow for a better understanding of the key sensitivities for capital requirements.

MIICL carries out Stress and Scenario Testing ("SST") as part of the ORSA and IM Validation processes. These tests relate to all the material risk areas to which the Company has exposure. As part of its stress and scenario testing analysis, MIICL also sets out to identify and assess the scenarios most likely to render its business model unviable, a process known as Reverse Stress Testing ("RST"). The process starts from an outcome of business failure of MIICL and identifies circumstances under which this might occur. In order for this to occur, MIICL would have to experience extremely remote catastrophe underwriting losses, collapse of one or more key counterparties or reinsurers, severe reserve deteriorations, material deterioration of investment asset value through shocks in the financial markets, or a combination of various remote and extreme events.

In the context of this analysis, management concludes that the capital held by MIICL is more than adequate to meet solvency needs and maintain ratings at current levels with an acceptable degree of confidence. In addition, the capital and liquidity requirements that arise from a range of Stress and Scenario Tests suggest that MIICL holds sufficient capital resources to achieve its business goals.

## D. Valuation for solvency purposes

### General valuation principles required under Solvency UK Framework

MIICL's Solvency UK Balance Sheet as at 31 December 2025 is reported in QRT IR.02.01.02, which is attached at Appendix 1.

In accordance with PRA Rulebook, Rule 2.1. assets and liabilities other than TPs have been measured in accordance with the principles of an arms-length transaction between knowledgeable, willing parties using market consistent valuation methods.

The table below sets out the reconciliation from MIICL's UKGAAP financial statements to the Solvency UK Balance Sheet at Appendix 1. Sections D.1 to D.3 set out the valuation methodology for each material class of assets and liabilities, including a summary of the key valuation differences between the Solvency UK Balance Sheet and MIICL's Financial Statements, prepared on a UKGAAP basis.

### Comparison of UKGAAP Financial Statements and Solvency UK Balance Sheet

Balance Sheet Item	SFCR Section Ref	UKGAAP	Reclassification Adjustments	SUK Valuation Adjustments	SUK
		\$m	\$m	\$m	\$m
Investments in related undertakings	D.1.2	4.4	0.0	0.0	4.4
Equities	D.1.3	696.9	0.3	0.0	697.2
Bonds	D.1.4	1,545.0	52.9	(3.4)	1,594.5
Collective Investment Undertakings	D.1.5	173.7	0.4	0.0	174.2
Short term investments	D.1.4	36.3	(36.3)	(0.0)	0.0
Deposits other than cash and cash equivalents	D.1.6	-	0.0	0.0	0.0
Reinsurance recoverable from TPs	D.1.7	813.2	0.0	(153.4)	659.8
Reinsurers' share of unearned premiums	D.1.12	112.4	0.0	(112.4)	0.0
Deferred acquisition costs	D.1.12	92.2	0.0	(92.2)	0.0
Insurance and intermediaries receivables	D.1.9	269.7	(269.7)	0.0	0.0
Reinsurance receivables	D.1.9	351.0	(122.9)	0.0	228.1
Receivables (trade not insurance)	D.1.10	20.1	0.0	0.0	20.1
Cash and cash equivalents	D.1.11	70.9	(0.0)	0.0	70.9
Accrued interest	D.2.3/D.2.4	17.3	(17.3)	0.0	0.0
Fixed assets	D.1.1	-	0.0	0.0	0.0
Deposits with ceding undertakings	D.1.8	-	0.0	0.0	0.0
Pension benefit surplus	D.1.13	72.4	0.0	0.0	72.4
<b>Total Assets</b>		<b>4,275.7</b>	<b>(392.6)</b>	<b>(361.5)</b>	<b>3,521.6</b>
Best Estimate TPs - non-life	D.2.3	2,272.1	(386.9)	(98.6)	1,786.6
Best Estimate TPs - life	D.2.3	-	0.0	10.9	10.9
Risk Margin	D.2.3	-	0.0	87.6	87.6
Gross unearned premiums	D.3.6	598.8	0.0	(598.8)	0.0
Pension benefit obligations	D.3.1	-	0.0	0.0	0.0
Deposits from reinsurers	D.3.2	-	1.4	0.0	1.4
Deferred tax liabilities	D.3.3	18.1	0.0	59.3	77.4
Insurance and intermediaries payables	D.3.4	56.6	27.2	0.0	83.8
Reinsurance payables	D.3.4	173.9	(34.3)	0.0	139.6
Payables (trade not insurance)	D.3.5	71.5	(0.0)	0.0	71.5
<b>Total Liabilities</b>		<b>3,190.9</b>	<b>(392.6)</b>	<b>(539.5)</b>	<b>2,258.8</b>
<b>Excess of Assets over Liabilities</b>		<b>1,084.8</b>	<b>0.0</b>	<b>178.0</b>	<b>1,262.8</b>

The table above allows for rounding differences

### D.1 Assets

#### D.1.1 Fixed assets

As at 31 December 2025 MIICL held no fixed assets (2024, nil).

#### D.1.2 Investments in Related Undertakings

MIICL's only subsidiary as at 31 December 2025 was MSM. MSM has one wholly owned subsidiary, MISL (Delaware) Limited ("MISL-D"), and MISL-D also has one wholly owned subsidiary, MISL.

Under Article 13.1(b) of the Delegated Regulation, investments in subsidiaries must be valued using the "adjusted equity method" where there is no quoted market price available. MIICL's investment in MSM has been valued using the adjusted equity method. Effectively, this requires the underlying assets and liabilities within each

subsidiary to be valued in accordance with Solvency UK and for MIICL to value its investment based on its share of its subsidiary's net assets on a Solvency UK basis.

MIICL reports its investment in subsidiaries at the lower of cost and net realisable value in its Financial Statements.

Although different valuation bases were used for MIICL's Solvency UK Balance Sheet and its UKGAAP Financial Statements, the value as at 31 December 2025 was \$4.4m (2024, \$4.4m) under both bases.

### D.1.3 Equities

Excluding its investment in subsidiaries, MIICL's equity portfolio comprises securities listed on recognised stock exchanges (primarily the New York Stock Exchange). Equities were stated at fair value under Solvency UK, based on market prices at the reporting date. As these are publicly traded securities, the market prices are readily available and are actively traded. MIICL's equities are reported at market value in its financial statements, so the valuation is the same as under Solvency UK.

Solvency UK requires accrued income to be disclosed as part of the overall value of investments compared to UKGAAP where accrued income is disclosed separately. Accordingly, for Solvency UK purposes, accrued income is reclassified to the appropriate investment categories as shown in the reconciliation table in Section D.

MIICL's equities were valued at \$697.2m (2024, \$607.9m) in its Solvency UK Balance Sheet (Appendix 1). The value in MIICL's Financial Statements was \$696.9m (2024, \$607.6m), and the Solvency UK value of equities included \$0.3m (2024, \$0.3m) of accrued dividends.

### D.1.4 Bonds

MIICL's bonds are stated at amortised cost in its UKGAAP financial statements. MIICL's bonds are reported at fair value under Solvency UK, based on market prices at the reporting date.

Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy are defined as follows:

- **Level 1.** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets.
- **Level 2.** Inputs to the valuation methodology are adjusted quoted prices for similar assets or liabilities in active markets.
- **Level 3.** Inputs to the valuation methodology include quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs and unobservable inputs for the asset or liability that are significant to the fair value measurement.

MIICL's bonds were valued at \$1,594.5m (2024, \$1,517.5m) in its Solvency UK Balance Sheet (Appendix 1), compared to \$1,545.0m (2024, \$1,399.6m) in its financial statements (including investments in short term debt securities). MIICL's bonds are categorised as a combination of level 1 and level 2 (2024, level 1 and level 2). As part of the assessment for the valuation of bonds the Company considers; the condition or location of the asset, the extent to which inputs relate to items that are comparable to the asset, and the volume or level of activity in the markets within which the inputs are observable.

In accordance Solvency UK requirements, bonds have been categorised between Government Bonds, Corporate Bonds and Collateralised Securities. The categorisations differ from the presentation in the financial statements. Solvency UK classifications are:

- **Government Bonds.** The criteria for recognition as government bonds is set out in the Delegated Regulation and represent bonds issued by central governments, supranational government institutions, regional governments or local authorities. Notably it excludes most government guaranteed bonds.
- **Collateralised Securities** are securities whose value and payments are derived from a portfolio of underlying assets. Includes Asset Backed Securities, ("ABS"), Mortgage-Backed securities ("MBS"), CMBS, Collateralised Debt Obligations ("CDO"), Collateralised Loan Obligations ("CLO") and Collateralised Mortgage Obligations ("CMO").
- **Corporate Bonds** represent bonds issued by corporations and bonds that are not eligible for classification under other categories (for example government guarantee bonds).

As at 31 December 2025, MIICL held:

- Government Bonds of \$1,105.1m (2024, \$1,040.9m) (Appendix 1).
- Corporate Bonds of \$327.9m (2024, \$319.7m) (Appendix 1).
- Collateralised Securities of \$161.6m (2024, \$157.0m) (Appendix 1).

#### **D.1.5 Collective Investment Undertakings**

MIICL held \$174.2m as at 31 December 2025 (2024, \$93.4m) in collective investment undertakings (Appendix 1). This comprises its investment in Money Market Funds. These investments are classified as cash and cash equivalents in its Financial Statements and are valued at cost. This represents the net realisable cash value, and is the alternative valuation method permitted under Solvency UK.

#### **D.1.6 Deposits other than cash and cash Equivalents**

MIICL held no deposits other than cash equivalents (Appendix 1) as at 31 December 2025 (2024, nil), which represent cash deposits with original maturities of more than three months. This represents the net realisable cash value, and is the alternative valuation method permitted under Solvency UK. The impact of time value of money is immaterial to the valuation.

#### **D.1.7 Reinsurance Recoverable**

MIICL reported reinsurance recoveries of \$659.8m as at 31 December 2025 (2024, \$600.7m) (Appendix 1), being the reinsurers' share of TPs valued on a Solvency UK basis. The Solvency UK valuation methodology is discussed in more detail in Section D.2 below.

#### **D.1.8 Deposits with Ceding Undertakings**

MIICL held no deposits with ceding undertakings (Appendix 1) at 31 December 2025 (2024, nil).

#### **D.1.9 Insurance and Reinsurance Receivables**

MIICL reported debtors (Appendix 1) of \$269.7m (2024, \$243.9m) and \$351.0m (2024, \$271.5m) arising out of insurance and reinsurance operations respectively in its Financial Statements.

Debtors as reported in the Financial Statements comprise premiums receivable, reinsurance recoveries on paid claims, net accrued premiums and claims float balances. They are measured at initial recognition value less any provision for bad debt on reinsurance recoveries on paid claims.

Net accrued premiums constitute future premium cashflows under Solvency UK and as such form part of Solvency UK technical provisions. Accordingly, \$392.6m (2024, \$321.1m) of net accrued premium (comprising \$269.7m (2024, \$242.7m) in respect of direct and \$122.9m (2024, \$78.4m) in respect of reinsurance operations) were reclassified to Solvency UK technical provisions. The remaining debtor balances of nil (2024, \$1.2m) of insurance receivables and \$228.1m (2024, \$193.1m) of reinsurance receivables represent the net realisable value of these debtors and is the alternative valuation method permitted under Solvency UK.

### **D.1.10 Trade Receivables**

Trade receivables (Appendix 1) of \$20.1m (2024, \$10.4m) primarily consist of intercompany balances due from other Markel subsidiaries. They are measured at initial recognition value in the Financial Statements and, as these represent the net realisable cash value this is the alternative valuation method permitted under Solvency UK.

### **D.1.11 Cash and Cash Equivalents**

Cash and cash equivalents (Appendix 1) of \$70.9m (2024, \$92.5m). The Company considers all financial investments with original maturities of three months or less to be either cash at bank and in hand, or cash equivalents. Cash at bank and in hand represents deposits with credit institutions, certificates of deposit and call deposits. Money market funds are cash equivalents as they are subject to an insignificant risk of changes in fair value and are used by the Company in management of its short-term commitments. They are stated at the realisable cash value of the assets in accordance with Solvency UK.

### **D.1.12 Deferred Acquisition Costs and Reinsurers' Share of Unearned Premiums**

Deferred acquisition costs ("DAC") (Appendix 1) and reinsurers' share of unearned premiums are assets which are recognised in MIICL's Financial Statements. However, these assets are not recognised under Solvency UK due to the valuation basis required for TPs. Accordingly, these assets are valued at nil for Solvency UK.

### **D.1.13 Pension benefit surplus**

As set out in the UKGAAP Financial Statements and section C.6.1., the Company recognises the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme on the balance sheet. On November 11, 2008 an agreement was signed resulting in a bulk transfer of assets and liabilities from the Lloyd's Superannuation Fund ("LSF") into the Terra Nova Life and Pension Scheme. With effect from that date the scheme was divided into 2 legally separate sections: the LSF Fund and the Terra Nova ("TN") Fund. On April 1, 2012, the scheme was closed for future service accrual.

An independent actuarial FRS102 valuation of both the TN Fund and the LSF Fund was carried out as at 31 December 2022 using the projected unit method. In accordance with paragraph 28.22 of FRS102, the Company is of the view that it can recognise a pension benefit surplus (Appendix 1) as a defined benefit plan asset as it believes it will be able to recover the surplus. At 31 December 2025 there was a gross surplus of \$72.4m (\$54.3m net of deferred tax Liability) on the Scheme that has been recognised in the accounts (2024, \$63.3m and \$47.5m net). A breakdown of the pension scheme assets are presented in the audited financial statements for the year-ended 31 December 2025 in Note 23 'Pension Scheme'.

In accordance with Article 9 of the Delegated Regulation, International Accounting Standard 19: Employee Benefits ("IAS19") was followed in order to value the Pension Benefit Surplus for Solvency UK purpose. The value under this basis is the same as recognised in the Company's Financial Statements.

## **D.2 Technical Provisions**

### **D.2.1 Required Valuation Methodology under Solvency UK Framework**

Article 76 of the Solvency UK Directive defines the value of Solvency UK TPs as the "current amount insurance and reinsurance undertakings would have to pay if they were to transfer their insurance and reinsurance obligations immediately to another insurance or reinsurance undertaking".

Article 77 defines this as the sum of a "Best Estimate Provision" and a "Risk Margin".

#### **Best Estimate Provision**

The Best Estimate Provision is further clarified as:

“The probability weighted average of future cashflows, taking account of the time value of money (expected value of future cashflows) using the relevant risk free interest rate term structure. The cashflow projection used in the calculation of the Best Estimate shall be based upon up to date and credible information and realistic assumptions and be performed using adequate, applicable and relevant actuarial and statistical methods. The cashflow projection used in the calculation of the Best Estimate shall take account of all the cash inflows and outflows required to settle the insurance and reinsurance obligations over the lifetime thereof.

The Best Estimate shall be calculated gross, without deduction of the amounts recoverable from reinsurance contracts and special purpose vehicles. These amounts shall be calculated separately, in accordance with Article 81.” (Article 77.2 Solvency UK Directive).

### **Risk Margin**

The Risk Margin is intended to represent the premium over the Best Estimate TPs that insurance or reinsurance undertakings would require in order to assume liability for the TPs transferred.

Under Article 77.5 of the Solvency UK Directive the Risk Margin is defined as “the provision calculated by determining the cost of providing an amount of eligible own funds to the SCR necessary to support the insurance and reinsurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of eligible own funds (Cost of Capital rate) shall be the same for all insurance and reinsurance undertakings and shall be reviewed periodically.”

The key implications of the above requirements are:

- Solvency UK TPs are valued at their Best Estimate (mean of the full range of possible outcomes). Accordingly, any explicit or implicit margins over the best estimate should be excluded.
- The full range of possible future outcomes should include low probability extreme events, including latent claims (“Events Not In Data”).
- TPs valuations include future premium cash inflows and outflows. Under UKGAAP, future premiums are reflected as accrued premiums within insurance debtors and creditors.
- The change to a cashflow basis compared to earning basis of recognition of TPs removes the requirement for the non-monetary items under UKGAAP of DAC and Unearned Premium Reserves (“UPR”).
- The cashflow projections are required to take account of all expenses incurred in servicing the insurance obligations, which introduces the requirement to recognise additional expense provisions as part of overall TPs.
- The introduction of discounting represents a major change from current reporting bases. Under Solvency UK valuation requirements, future TP cashflows are discounted to their net present value using risk free rate yield curves prescribed by the PRA.
- The Risk Margin replaces existing explicit or implicit margins over best estimate provisions and is required to be calculated using a standardised approach.
- In addition, Solvency UK requires contracts to be recognised on a legal obligation basis as opposed to an inception date basis. Accordingly, TPs recognised at 31 December 2025 may include values for business not incepting until the following year. Under the legal obligation basis, Solvency UK recognises that firms will have already committed to a contract in advance of the inception date.

### **D.2.2 Uncertainties with Valuations of Technical Provisions**

The adequacy of the Best Estimate TPs is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its loss estimation process by refining its ability to analyse loss development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities.

The process of estimating loss reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, the Company reviews historical data and considers the impact of

various factors such as trends in claim frequency and severity, changes in operations, emerging economic and social trends, inflation and changes in regulatory and litigation environments. Significant delays occur in receiving notification of certain claims and a large measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty at the reporting date. The Best Estimate TPs are determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent development.

The two most critical assumptions as regards these claims provisions are that the past is a reasonable predictor of the likely level of claims development and that the models used for current business are fair reflections of the likely level of ultimate claims to be incurred. However, the Company believes the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. There is no precise method, however, for evaluating the impact of any significant factor on the adequacy of reserves, and actual results are likely to differ from original estimates.

The Company has considered long-tail claims, including environmental and latent injury claims, in establishing the liability for claims outstanding. The Company believes it has made reasonable provisions for claims, although the ultimate liability may be more or less than held reserves. Still, there is no assurance that such losses will not materially affect the Company's results of operations for any period. Management is not able to estimate the additional loss, or range of loss, that is reasonably possible.

### D.2.3 Value of Technical Provisions as at 31 December 2025 and Analysis by LOB

MIICL's Solvency UK net TPs were valued at \$1,225.3m (2024, \$1,205.6m) comprising Best Estimate TPs of \$1,137.7m (2024, \$1,084.2m) plus a Risk Margin of \$87.6m (2024, \$121.4m).

Gross Best Estimate TPs comprise \$1,786.6m (2024, \$1,674.1m) in respect of Non-Life TPs and Life TPs of \$10.9m (2024, \$10.9m). The Life TPs relate to potential Non-Life Annuities Motor Periodic Payment Order Claims.

Net Best Estimate TPs comprise \$1,136.2m (2024, \$1,081.7m) in respect of Non-Life TPs and \$1.5m (2024, \$2.5m) in respect of Life TPs. These are analysed by line of business below, and can also be found in QRT IR.17.01.02 (Appendix 2; Non-Life TPs) and QRT IR.12.01.02 (Appendix 3; Life TPs).

	SUK Net Technical Provisions		Statutory Accounts	
	Best Estimate	Risk Margin	Value (UKGAAP)	Difference
	\$m	\$m	\$m	\$m
<b>Direct Business and Accepted Proportional Reinsurance</b>				
Income Protection	0.0	0.0	0.3	0.3
Other Motor	0.7	0.0	7.1	6.3
Marine, Aviation and Transport	332.2	20.8	368.7	15.7
Fire and Other Damage to Property	22.3	1.4	24.5	0.8
General Liability	586.4	36.7	700.2	77.1
Credit and Suretyship	66.8	4.2	89.7	18.6
Legal Expenses	(129.4)	8.1	(28.6)	92.7
Miscellaneous Financial Loss	0.1	0.0	0.1	(0.0)
<b>Accepted Non-Proportional Reinsurance</b>				
Non-Proportional Health	(0.9)	0.1	0.1	0.9
Non-Proportional Casualty	103.4	6.5	110.5	0.7
Non-Proportional Marine, Aviation and Transport	149.8	9.4	175.6	16.4
Non-Proportional Property	4.6	0.3	7.9	3.1
<b>Life and Health</b>	<b>1.5</b>	<b>0.1</b>	<b>2.7</b>	<b>1.1</b>
<b>Total</b>	<b>1,137.7</b>	<b>87.6</b>	<b>1,458.9</b>	<b>233.6</b>

The table above allows for rounding differences

\* The Statutory Account Value represents the net claims reserves held under UKGAAP.

## D.3 Other liabilities

### D.3.1 Pension Benefit Obligations

MIICL does not have a pension benefit obligation for either 2025 or 2024. MIICL's pension benefit is recognised as a surplus and is referenced in D.1.13.

### D.3.2 Deposits from Reinsurers

Deposits from reinsurers of \$1.4m (2024, \$1.6m) form part of the balance for Creditors Arising Out Of Reinsurance Operations in MIICL's Financial Statements, where they are valued at cost. This equates to the net amount at which these liabilities are expected to be settled and, accordingly, the fair value under Solvency UK is the same.

### D.3.3 Deferred Tax Liabilities

#### Financial Statements

MIICL reported a deferred tax liability of \$18.1m (2024, \$15.8m) in its financial statements. This was valued as follows:

- Deferred tax is provided on timing differences which 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.
- The following timing differences are not provided for:
  - differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met;
  - differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference; and
  - deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.
- Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the reporting date. Deferred tax balances are not discounted.
- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Solvency UK Valuation

Article 15 of the Delegated Regulation states that, firms should "recognise and value deferred taxes in relation to all assets and liabilities, including TPs that are recognised under the Solvency UK framework".

The provision for deferred tax in MIICL's Solvency UK Balance Sheet of \$77.4m (2024, \$86.9m) was valued as follows:

- The deferred tax liability in the Financial Statements was adjusted for the provision of deferred tax on differences between the valuation of assets and liabilities in the Financial Statements and the Solvency UK Balance Sheet.
- The additional deferred tax was measured at the tax rate applicable as at 31 December 2025.

### D.3.4 Insurance and Reinsurance Payables

Creditors arising out of insurance and reinsurance operations as reported in the Financial Statements comprise claims payable, reinsurance premiums payable, accrued reinsurance premiums. They are measured at initial recognition value.

Reclassifications relate to accrued reinsurance premiums reclassified to TPs as they constitute future premium cashflows under Solvency UK, and intercompany balances. The remaining creditor balances of \$83.8m (2024, \$98.9m) insurance payables and \$139.6m (2024, \$134.7m) reinsurance payables represent the net amount expected to be settled and therefore represents the fair value under a Solvency UK basis.

#### **D.3.5 Trade Payables**

Trade payables have been measured at initial recognition value in the Financial Statements and, as these represent the amount at which they are expected to be settled, no adjustment has been made to reflect these at fair value under Solvency UK.

#### **D.3.6 Gross Unearned Premiums**

The provision for gross UPR is a liability recognised in MIICL's Financial Statements. However, this is not a liability which is recognised under Solvency UK due to the valuation basis required for TPs. Accordingly, it is valued at nil for Solvency UK.

### **D.4 Alternative methods for valuation**

Where it is not possible to value assets and liabilities using active market prices, alternative valuation methods has been used. The Company has applied alternative valuation methods for the following assets and liabilities (all stated at net realisable value, as discussed in sections D.1, D.2 and D.3):

- Insurance and reinsurance receivables
- Insurance and reinsurance payables
- Trade receivables
- Trade payables
- Deposits with ceding undertakings
- Deposits from reinsurers
- Collective investment undertakings
- Deposits other than Cash Equivalents

There is a degree of valuation uncertainty with these assets and liabilities as they are not quoted on active markets, and it is not certain whether they could be traded with an independent third party at the modelled price. The Company performs regular reviews of the valuation methods to ensure they are appropriate.

### **D.5 Any other information**

None.

## E. Capital Management

### E.1 Own Funds

#### E.1.1 Objectives, Policies and Processes for Managing Own Funds

The Company's available own funds, eligible own funds and ratio of eligible own funds over SCR and minimum capital requirement ("MCR") are disclosed in QRT IR.23.01.01 (Appendix 8).

The objective of the business is to maintain sufficient own funds to cover the SCR, MCR and Economic Capital (based on the ultimate Solvency Capital Requirement ("uSCR") with an appropriate buffer). Own funds should be of sufficient quality to meet the eligibility requirements in Article 82 of the Delegated Regulation.

The Company holds regular meetings of senior management, which are at least quarterly, at which the ratio of eligible own funds over SCR is reviewed. These committees are discussed in more detail in Section 3.1 on the governance processes.

As discussed in Section B.3.5, the Company prepares an ORSA report on at least an annual basis, which contains a five year projection of economic capital and own funds.

There were no material changes in the objectives, policies or processes during the reporting period.

#### E.1.2 Own Funds Classified by Tiers

All of the Company's own funds qualify as Tier 1 capital (2024, all Tier 1). The components are:

##### *Ordinary Share Capital*

There was \$267.2m called up, issued and fully paid ordinary share capital as at 31 December 2025 (2024, \$267.2m). This is a high quality, available own fund item that has been classified as unrestricted Tier 1 on the basis that it is an eligible unrestricted Tier 1 item under Article 69 and meets the criteria set out under Article 71 of the Delegated Regulation.

##### *Share Premium*

There was \$199.8m share premium as at 31 December 2025 (2024, \$199.8m). This is a high quality, available own fund item that has been classified as unrestricted Tier 1 on the basis that it is an eligible Tier 1 item under Article 69 and meets the criteria set out under Article 71 of the Delegated Regulation.

##### *Reconciliation Reserve*

The reconciliation reserve represents Solvency UK excess assets over liabilities, less ring-fenced fund adjustments.

As at 31 December 2025, the value of the reconciliation reserve was \$755.5m (2024, \$555.4m). This is represented by:

- Solvency UK net assets of \$1,262.8m (excess of assets over liabilities)
- Less: Basic own fund items of \$467.0m (2024, \$467.0m) which represents ordinary share capital and share premium.
- Less: Defined Benefit Pension Scheme surplus adjustment for ring-fenced funds of \$40.3m (2024, nil).

There were no foreseeable dividends and no own shares held (2024, nil). A dividend is foreseeable when the payment becomes likely considering the dividend payment history of the Company, the business development throughout the year, the reference date of the assessment and, where appropriate, other relevant circumstances.

### E.1.3 Transitional Arrangements

The Company does not hold any own fund items subject to transitional arrangements under Articles 308b(9) and 308b(10) of the Delegated Regulation and the Company does not hold any ancillary own funds.

### E.1.4 Difference between Shareholder's Equity as shown in the Financial Statements and the Solvency UK Value of Excess Assets over Liabilities

Shareholder's equity of \$1,084.8m (2024, \$806.8m) was reported in the Financial Statements as at 31 December 2025, whilst the Solvency UK value of excess assets over liabilities was \$1,262.8m (2024, \$1,022.3m) (S.02.01.02.R1000.C0010) (Appendix 1).

A reconciliation of the key valuation differences is set out in Section D.

### E.1.5 Eligible amount of Own Funds to meet the SCR and MCR

The amount of own funds available and eligible to cover the SCR and the MCR is summarised in the table below. As described in section C.2 'Capital Requirements' we have presented the coverage ratio to meet the SCR and MCR based on the approved internal model, and the internal model which is subject to PRA approval.

As at 31 December 2025	Based on PRA Approved Model (\$m)	Based on Model pending PRA Approval (\$m)
Total available and eligible own funds to meet the SCR/MCR	1,222.5	1,223.5
SCR (unaudited)	545.4	615.1
MCR (unaudited)	245.4	276.8
SCR coverage ratio	224%	199%
MCR coverage ratio	498%	442%

### E.1.6 A description of any item deducted from Own Funds and a brief description of any significant restriction affecting the availability and transferability of Own Funds within the undertaking

Solvency UK ("SUK") requires insurers to identify whether any own-fund items have a reduced capacity to fully absorb losses on a going-concern basis due to their lack of transferability within the undertaking, assess if those assets and associated liabilities constitute a ring-fenced fund ("RFF") and calculate whether any adjustment is required to the amount of eligible SUK own funds available to meet the SCR.

Where the Company holds own funds in excess of the local regulatory requirement, management have examined whether there are any restrictions on its ability to receive those excess own funds.

Management have completed its RFF procedures and have identified the following adjustment to own funds which has been included within the reconciliation reserve:

As at 31 December 2025	Adjustment (\$m)
Defined Benefit Pension Scheme Surplus	72.4
Less: Deferred tax liability associated with the pension scheme	(18.1)
Less: Notional SCR	(14.0)
<b>Adjustment</b>	<b>40.3</b>

The Company is the sponsoring employer of the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme, which is a defined benefit pension scheme. The scheme has been closed to new entrants for more than ten years and closed to future accruals on April 1, 2012. As at 31 December 2025, the defined benefit pension scheme is in surplus.

In respect of the defined benefit pension scheme surplus, there is a greater level of uncertainty related to the timing of receipt of the surplus back to the Company. As a result, in 2025 management have determined it is prudent to recognise an adjustment to eligible own funds for the surplus.

## E.2 Solvency Capital Requirement and Minimum Capital Requirement (unaudited)

### E.2.1 IM SCR

The Solvency Capital Requirement is the amount of funds that the Company is required to hold in line with the Solvency UK Directive. The SCR can be calculated using the Standard Formula or an IM. On 5 December 2015 the PRA granted MIICL approval to use a full IM to calculate its capital requirements and this approval was effective from the start of the Solvency UK Directive on January 1, 2016. MIICL uses the approved IM (most recent approval by PRA, dated 23<sup>rd</sup> of October 2024) to calculate the SCR.

Since this approval, the Company has submitted three further Major Model Changes on 16 May 2025 on a combined submission basis. These changes are:

1. An update to the Internal Model dependency structure, moving from a factor-based to risk driver-based approach.
2. An accumulation of minor model changes as defined by the MIICL Internal Model Change Policy.
3. An update to the MIICL Internal Model Change Policy.

These Major Model Change applications are currently with the PRA for review, and accordingly the SCR presented in this SFCR continues to be calculated on the most recently approved IM basis, which reflects the June 2024 Major Model Change (approved on 23 October 2024). That approved basis was calibrated using the 2023 year-end balance sheet which is consistent with the financial information used in the SFCR for the year-ended 31 December 2023, and 2024 business plan.

For internal risk management purposes, the Company uses a more recent version of the IM incorporating the updated risk driver-based dependency structure and the accumulated minor model changes (items 1 and 2 of the May 2025 Major Model Change submission identified above). This internal version is calibrated using the 2025 year-end balance sheet which is consistent with the financial information used in this SFCR for the year-ended 31 December 2025, and 2026 business plan, to derive an internal SCR of \$615.1m.

We therefore provide both the latest approved model and the latest internal view still pending regulatory approval here.

These two SCR views are summarised in the table below:

	Regulatory SCR	SCR Pending Regulatory Approval
Amount	\$545.4m	\$615.1m
Model Basis	PRA-approved IM (approved 23 October 2024)	IM incorporating pending Major Model Changes (submitted 16 May 2025)
Calibration data	2023 year-end balance sheet; 2024 business plan	2025 year-end balance sheet; 2026 business plan
Status	Used for regulatory reporting and compliance	Used for internal risk management purposes
SCR coverage ratio	224%	199%
MCR coverage ratio	498%	442%

The scope of MIICL's IM is defined as:

1. Igloo Capital Model, which forms the "calculation kernel" of the IM
2. External models (Economic Scenario Generator ("ESG") and Natural Catastrophe Model)

Data inputs include the business plan, underwriting and reserving data, investments, balance sheets, credit risk and operational risk data.

The latest approved SCR for MIICL as at 31 December 2025 is \$545.4m, which is held constant from 31 December 2024. The latest internal view of the SCR based on the driver dependency model currently pending regulatory approval as at 31 December 2025 is \$615.1m. The tables below show the split by risk type for both the latest approved and the version pending regulatory approval:

2024 (Latest Approved)	Undiversified (\$m)	% Undiversified	% Diversified
Total Insurance Risk	569	59%	84%
Total Underwriting	129	13%	28%
Total Reserving	589	61%	56%
Total Credit Risk	106	11%	2%
Total Market Risk	201	21%	11%
Operational Risk	79	8%	2%
Pension Risk	14	1%	0%
<b>Total Undiversified</b>	<b>970</b>	<b>100%</b>	<b>100%</b>
Diversification	(424.3)	-44%	
<b>Total SCR</b>	<b>545</b>		

2025 (Pending Approval)	Undiversified (\$m)	% Undiversified	% Diversified
Total Insurance Risk	624	55%	83%
Total Underwriting	188	17%	29%
Total Reserving	577	51%	54%
Total Credit Risk	148	13%	4%
Total Market Risk	242	21%	9%
Operational Risk	104	9%	4%
Pension Risk	15	1%	0%
<b>Total Undiversified</b>	<b>1,134</b>	<b>100%</b>	<b>100%</b>
Diversification	(518.7)	-46%	
<b>Total SCR</b>	<b>615</b>		

*The table above allows for rounding differences*

The difference in SCR from \$545.4m to \$615.1m is driven by:

- The Major Model Changes for accumulation of minor changes and the change in dependency structure.
- Data updates to bring the model from a 2023 year-end opening position with 2024 business plan to a 2025 year-end opening position with 2026 business plan.
- The results of the annual parameterisation exercise covering volatilities of premium and reserve risks, operational event driven loss parameterisation, and credit transition matrix updates.
- Updating the ESG calibration, including FX rates and yield curves, from the 2023 year-end position to the 2025 year-end position.
- Other immaterial minor updates to methodology, data and parameterisation.

The risk types below are ranked by materiality, using the diversified capital allocation.

1. Reserve Risk (56% latest approved/54% pending approval) represents the largest risk category and captures the risk of adverse development in prior year business.
2. Underwriting Risk (28%/29%) captures the risk relating to business to be written over the following 12 months or business unearned at the IM start date. The parameterisation of Underwriting Risk looks at the Attritional, Large Loss and Catastrophe Losses for each class of business. The parameterisation of the IM determines the expected loss ratio and sets an associated volatility for each of these risk categories within each business class.
3. Market Risk (11%/9%) includes equity risk, interest rate risk, spread risk and foreign exchange risk. Data inputs include the investment portfolio and economic data parameters modelled by the Economic Scenario Generator.
4. Credit Risk (2%/4%) captures counterparty and reinsurer default risk.
5. Operational Risk (2%/4%) uses a series of parameterised scenarios to generate the frequency and severity of losses.
6. Pension Risk (0%/0%) relates to MIICL's defined benefit pension scheme, which was closed to future service accruals with effect from April 1, 2012. Pension Risk is not modelled within the Calculation Kernel, but is generated as a separate addition to the IM SCR from capital stress tests on the pension scheme.

## E.2.2 Minimum Capital Requirement

The Company calculates the MCR based on the linear function set out within Solvency UK rules. Inputs comprise the net best estimate Solvency UK TPs split by Solvency UK LOB, together with net written premiums for the previous 12 months split by Solvency UK LOB. Net written premiums are on a Solvency UK basis and include movements on unincurred premiums.

A detailed calculation of the MCR is included in QRT IR.28.01.01 at Appendix 10. The MIICL MCR calculated as at 31 December 2025 is \$245.4m. The MIICL MCR calculated as at 31 December 2024 was also \$245.4m. Set out below is a summary of the MCR calculation based on (a) the PRA approved model, and (b) the model pending PRA approval, with the MCR calculated based on the Regulatory SCR and Internal SCR (for the Cap and Floor) included for reference.

MCR	
Latest PRA Approved Model SCR	(\$m)
Linear MCR	281.2
SCR	545.4
MCR Cap	245.4
MCR Floor	136.3
Combined MCR	245.4
Absolute Floor	4.7
<b>MCR</b>	<b>245.4</b>

MCR	
Model Pending PRA approval SCR	(\$m)
Linear MCR	281.2
SCR	615.1
MCR Cap	276.8
MCR Floor	153.8
Combined MCR	276.8
Absolute Floor	4.7
<b>MCR</b>	<b>276.8</b>

The charges for premiums and provisions are summed to give the Linear MCR, which is then subjected to a cap of 45% of the SCR and a floor of 25% of the SCR. There is also an absolute floor of £3.5m (adjusted for foreign

exchange) applied to the final MCR. In both 2025 and 2024 the MCR was subject to the cap of 45%. A detailed calculation of the MCR is included in QRT IR.28.01.01 at Appendix 10.

### **E.2.3 Underwriting Specific Parameters Pursuant to Article 104 of the Solvency UK Directive**

Not applicable as MIICL calculates its SCR using a full IM.

### **E.2.4 Application of Options under Article 51 of the Solvency UK Directive**

Not applicable.

## **E.3 Differences between the Standard Formula and the Internal Model (unaudited)**

### **E.3.1 Uses of IM**

The MIICL IM uses bespoke lines of business aligned to the type of business written by MIICL. These lines of business are aligned to the way MIICL reserves and prices business, as well as purchases reinsurance. The Standard Formula puts over half of the net written premium into the General Liability Solvency UK LoB, which prevents the recognition of diversification and the appropriate risk profile of this business.

MIICL has a number of areas where the IM may be used. These include, but are not limited to:

1. Capital Assessments (including SCR, uSCR and as a basis for the assessment of Economic Capital)
2. Allocation of capital (at least to Risk Areas and Underwriting and Reserving Risk split to Divisions)
3. Business planning
4. Risk Appetite Monitoring and Consumption
5. Reinsurance programme design
6. Acquisitions and new classes of business
7. Output for the ORSA and other Risk Management Analysis

The IM will be used for other areas where it is sensible to do so. There may also be exceptions where it is not reasonable or relevant to use the IM, for example, where there is insufficient data to employ stochastic modelling.

### **E.3.2 Data for the IM**

Data within the IM includes: information captured in finance and underwriting systems, aggregated outputs for specific purposes such as reserving and catastrophe modelling and expert judgement for example in setting coefficients of variation.

It is ensured that the data used in the IM is appropriate through a number of measures. These include, but are not limited to:

- the formulation of a Data Directory that sets out the source, characteristics and usage of data within the IM; and
- an "Internal Model and Technical Provisions Data Policy", approved by the Board, and sign off by Data owners that the data sets they have provided are materially complete, accurate, and appropriate prior to the approval of capital assessments by the Board.

Refer to Section E.2.1 for details in respect of the data used for determine the 'Regulatory SCR' and the 'SCR Pending Regulatory Approval'.

### **E.3.3 IM SCR – methodology and time horizon**

The IM models risk over both a one-year and ultimate time horizon. The model assumes that MIICL will continue as a going concern, and covers prior year business and business to be written over the next 12 months. The

SCR is modelled under the Solvency UK requirements and is the basis for the Company's Economic Capital assessments.

The IM is a stochastic simulation model. It simulates a range of outcomes over a one-year and ultimate time horizon, with each providing a view of MIICL's financial position. These outcomes are then ranked, and the value at the 99.5<sup>th</sup> percentile for risks emerging over a one-year time horizon forms the One Year SCR consistent with the requirements of Solvency UK. The structure of the IM includes bespoke elements, such as: lines of business, asset groupings, operational risks and dependencies. This structure differs from the SF, which is designed on a deterministic shock-based approach (e.g. shocks to Technical Provisions, asset values etc.) to calculate a 99.5<sup>th</sup> percentile and has been calibrated to work for the insurance industry as a whole. The SF does not capture the intricacies of the risk profile and nature of the type of business undertaken by MIICL.

#### **E.3.4 Key differences in methodologies between the IM and SF**

Both the IM and SF cover the material risks to which MIICL is exposed, but the Company applied to use a full IM on the basis that it more appropriately reflects MIICL's risk profile. Key differences between the SF and IM SCR methodologies and assumptions are set out below:

1. Premium and Reserve Risk is calculated in aggregate under the SF, applying market average risk charges to Premium and Reserve volumes categorised by Solvency UK LOB. The IM considers Premium and Reserve Risk separately and at a more granular class level, better reflecting MIICL's risk profile and loss experience. For example, under the SF, General Liability is a large single class whereas in the IM this comprises of several classes of business with varying risk profiles as mentioned in E.3.1.
2. Catastrophe Risk under the SF is largely based on standardised factors multiplied by exposure measures as opposed to scenario based analyses. The IM SCR is based on actual exposures and modelled scenarios from an Event Loss Table by region and perils, allowing for the reinsurance programme to be applied for each of these catastrophe losses. The SF also allows an additional loading for Liability Man-made Catastrophe Risk, whereas this is covered by the attritional, large and ENID loss calculations in the IM.
3. The IM uses the Economic Scenario Generator to generate returns by asset class compared to the SF which applies a capital charge to the value of asset classes.
4. Diversification in the Standard Formula is based on a high-level structure designed for the insurance industry as a whole, whereas the MIICL IM uses a level of diversification aligned to its risk profile.
5. Mean profitability in the business plan: the IM takes credit for business plan profit, but the SF does not.
6. The SF calculates Operational Risk from percentage factors applied to TPs and Earned premiums split by Solvency UK Lob. The IM derives Operational Risk from a series of parameterised MIICL-specific events collated in consultation with the business, using internal and external loss information to assist in the parameterisation. The SF assumes full correlation between the Basic SCR and Operational Risk whereas the IM allows for diversification between these risk types.
7. Credit Risk from the IM is mostly driven by credit risk on reinsurer default. The SF applies risk charges to the best estimate reinsurance recoveries from the Solvency UK Balance Sheet, and also to cash balances. The IM uses a transition matrix sourced from the ESG to model the rating of each reinsurer and the potential risk of default. The IM looks at each reinsurer separately and diversification will also reflect large concentrations with any one reinsurer.
8. Pension Risk: the IM makes allowance for risks to the defined benefit pension scheme in its calculation of the SCR, whereas the Standard Formula does not.

### **E.4 Non-compliance with the MCR and non-compliance with the SCR (unaudited)**

The Company complied with the MCR and SCR requirements during the reporting period.

## **E.5 Any other information (unaudited)**

None.

## Glossary

AAL	Average Annual Loss
ABS	Asset Backed Securities
ACH	Alterra Capital Holdings Limited
AEP	Aggregate Exceedance Probability
A&H	Accident and Health
The Board	The Board of Directors of MIICL
CDO	Collateralised Debt Obligations
CLO	Collateralised Loan Obligations
CMBS	Commercial Mortgage Backed Securities
CMO	Collateralised Mortgage Obligations
CRM	Combined Ratio Meeting
DAC	Deferred Acquisition Costs
D&O	Directors' and Officers' Liability
DMD	Divisional Managing Director
ECICL	EC Insurance Company Limited
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
EPL	Employers Practices Liability
EQS	Entity Quota Share
ERM	Enterprise-Wide Risk Management
ESG	Economic Scenario Generator
Fannie Mae	Federal National Mortgage Association
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
Freddie Mac	Federal Home Loan Mortgage Association
FRS 102	Financial Reporting Standard 102
FRS 103	Financial Reporting Standard 103
Ginnie Mae	Government National Mortgage Association
GTS	Global Technology Services
GWP	Gross Written Premiums
IAS19	International Accounting Standard 19
IAS39	International Accounting Standard 39
IM	Internal Model
IMGV	Internal Model Governance and Validation Group
IT	Information Technology
LLP	Limited Liability Partnership
LOB	Line(s) of Business
LSF	Lloyd's Superannuation Fund
Markel	Markel Corporation
MBL	Markel Bermuda Limited
MBS	Mortgage Backed Securities

MCAP	Markel Capital Limited
MCH	Markel Capital Holdings Limited
MCR	Minimum Capital Requirement
MEL	Markel Europe Limited
MGAM	Markel Gaynor Asset Management
MGVG	Model Governance and Validation Group
MICE	Markel Internal Capital Engine
MIHDL	Markel International Holdings Delaware Limited
MIHL	Markel International Holdings Limited
MIICL or The Company	Markel International Insurance Company Limited
MISE	Markel Insurance SE
MISL	Markel International Services Limited
MISL –D	Markel International Services (Delaware) Limited
MOG	Model Owners Group
MPL	Markel Protection Limited
MSM	Markel Syndicate Management Limited
MUG	Markel Underwriting GmbH
OEP	Occurrence Exceedance Probability
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
QRT	Quantitative Reporting Template
RCCC	Risk, Capital and Compliance Committee
RMBS	Residential Mortgage Backed Securities
RMS	Risk Management Solutions
RSR	Regular Supervisory Report
RST	Reverse Stress Testing
SAO	Statement of Actuarial Opinion
SCR	Solvency Capital Requirement
SF	Standard Formula
SFCR	Solvency and Financial Condition Report
The Syndicate	Markel Syndicate 3000
TPs	Technical Provisions
TN Fund	Terra Nova Fund
UKGAAP	Generally Accepted Accounting Practice in the UK
uSCR	ultimate Solvency Capital Requirement
USGAAP	Generally Accepted Accounting Practice in the US
USGSE's	US Government Sponsored Enterprises
UPR	Unearned Premium Reserves

# Appendices

# Markel International Insurance Company Limited

## Solvency and Financial Condition Report

### Disclosures

31 December

**2025**

(Monetary amounts in USD thousands)

## General information

Entity name	Markel International Insurance Company Limited
Entity identification code and type of code	LEI/549300HRELQKZ62ZP423
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Full internal model
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

## List of reported templates

-

IR.02.01.02 - Balance sheet

IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations

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

IR.05.03.02 - Life income and expenditure

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

IR.12.01.02 - Life technical provisions

IR.17.01.02 - Non-Life Technical Provisions

IR.19.01.21 - Non-Life insurance claims

IR.23.01.01 - Own Funds

IR.25.04.21 - Solvency Capital Requirement

IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

		Solvency II value
		C0010
<b>Assets</b>		
R0030	Intangible assets	0
R0040	Deferred tax assets	0
R0050	Pension benefit surplus	72,443
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	2,470,269
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	4,352
R0100	<i>Equities</i>	697,243
R0110	<i>Equities - listed</i>	697,243
R0120	<i>Equities - unlisted</i>	0
R0130	<i>Bonds</i>	1,594,518
R0140	<i>Government Bonds</i>	1,105,088
R0150	<i>Corporate Bonds</i>	327,856
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	161,575
R0180	<i>Collective Investments Undertakings</i>	174,156
R0190	<i>Derivatives</i>	0
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	0
R0260	<i>Other loans and mortgages</i>	0
R0270	Reinsurance recoverables from:	659,791
R0280	<i>Non-life and health similar to non-life</i>	650,372
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	9,419
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	0
R0370	Reinsurance receivables	228,116
R0380	Receivables (trade, not insurance)	20,114
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	70,876
R0420	Any other assets, not elsewhere shown	0
R0500	<b>Total assets</b>	<b>3,521,609</b>

		<b>Solvency II value</b>
		C0010
<b>Liabilities</b>		
R0505	Technical provisions - total	1,885,075
R0510	<i>Technical provisions - non-life</i>	1,874,040
R0515	<i>Technical provisions - life</i>	11,035
R0542	Best estimate - total	1,797,474
R0544	<i>Best estimate - non-life</i>	1,786,554
R0546	<i>Best estimate - life</i>	10,919
R0552	Risk margin - total	87,602
R0554	<i>Risk margin - non-life</i>	87,486
R0556	<i>Risk margin - life</i>	115
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	1,425
R0780	Deferred tax liabilities	77,404
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	83,817
R0830	Reinsurance payables	139,615
R0840	Payables (trade, not insurance)	71,470
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	0
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	0
R0900	<b>Total liabilities</b>	<b>2,258,807</b>
R1000	<b>Excess of assets over liabilities</b>	<b>1,262,803</b>

IR.05.02.01

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

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
R0010	US						
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
<b>Premiums written</b>							
R0110	Gross - Direct Business	645,422	175,505				820,927
R0120	Gross - Proportional reinsurance accepted	0	0				0
R0130	Gross - Non-proportional reinsurance accepted	168,982	104,406				273,388
R0140	Reinsurers' share	95,069	83,564				178,633
R0200	Net	719,335	196,347				915,682
<b>Premiums earned</b>							
R0210	Gross - Direct Business	626,393	173,141				799,535
R0220	Gross - Proportional reinsurance accepted	0	0				0
R0230	Gross - Non-proportional reinsurance accepted	159,842	103,059				262,900
R0240	Reinsurers' share	91,873	89,007				180,880
R0300	Net	694,362	187,193				881,555
<b>Claims incurred</b>							
R0310	Gross - Direct Business	192,502	96,150				288,652
R0320	Gross - Proportional reinsurance accepted	1,873	1,741				3,614
R0330	Gross - Non-proportional reinsurance accepted	67,097	36,896				103,993
R0340	Reinsurers' share	28,917	60,945				89,862
R0400	Net	232,555	73,841				306,396
R0550	<b>Net expenses incurred</b>	128,700	34,696				163,396

IR.05.02.01

Premiums, claims and expenses by country: Life obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
		Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country
			C0220	C0230	C0240	C0250	C0260	
R1400								
	<b>Premiums written</b>							
R1410	Gross	0						0
R1420	Reinsurers' share	0						0
R1500	Net	0						0
	<b>Premiums earned</b>							
R1510	Gross	0						0
R1520	Reinsurers' share	0						0
R1600	Net	0						0
	<b>Claims incurred</b>							
R1610	Gross	138						138
R1620	Reinsurers' share	0						0
R1700	Net	138						138
R1900	<b>Net expenses incurred</b>	66						66

IR.05.03.02

Life income and expenditure

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
<b>Premiums written</b>							
R0010	Gross direct business			0			0
R0020	Gross reinsurance accepted			0			0
R0030	Gross	0	0	0	0	0	0
R0040	Reinsurers' share			0			0
R0050	Net	0	0	0	0	0	0
<b>Claims incurred</b>							
R0110	Gross direct business			0			0
R0120	Gross reinsurance accepted			138			138
R0130	Gross	0	0	138	0	0	138
R0140	Reinsurers' share			0			0
R0150	Net	0	0	138	0	0	138
<b>Expenses incurred</b>							
R0160	Gross direct business			0			0
R0170	Gross reinsurance accepted			0			0
R0180	Gross	0	0	0	0	0	0
R0190	Reinsurers' share			0			0
R0200	Net	0	0	0	0	0	0
R0300	Other expenses						66
<b>Transfers and dividends</b>							
R0440	Dividends paid						





IR.12.01.02  
Life technical provisions

**Best estimate**

R0025 Gross Best Estimate (direct business)  
R0026 Gross Best Estimate (reinsurance accepted)  
R0030 **Gross Best Estimate**

R0080 Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default  
R0090 Best estimate minus recoverables from reinsurance/SPV and Finite Re

R0100 **Risk margin**

**Amount of the transitional on Technical Provisions**

R0140 TMTP - risk margin  
R0150 TMTP - best estimate dynamic component  
R0160 TMTP - best estimate non-dynamic component  
R0170 TMTP - amortisation adjustment  
R0180 **Transitional Measure on Technical Provisions**

R0200 **Technical provisions - total**

Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
C0010	C0020	C0030	C0040	C0050	C0060	C0070
			0			0
			10,919			10,919
0	0	0	10,919	0	0	10,919
			9,419			9,419
0	0	0	1,500	0	0	1,500
			115			115
						0
						0
						0
0	0	0	0	0	0	0
0	0	0	11,035	0	0	11,035

Non-Life Technical Provisions

Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation		
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance			
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180		
<b>Best estimate</b>																		
<b>Premium provisions</b>																		
R0060	Gross	0	2	0	0	0	-60,225	623	-43,344	-14,739	-103,101	0	0	-2	5,404	3,520	19	-211,843
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0	0	0	0	-29,176	-5,129	-13,806	-6,412	-9	0	0	965	-4,073	22,926	-51	-34,765
R0150	<b>Net Best Estimate of Premium Provisions</b>	0	2	0	0	0	-31,049	5,752	-29,537	-8,327	-103,091	0	0	-967	9,476	-19,407	70	-177,079
<b>Claims provisions</b>																		
R0160	Gross	0	36	0	0	3,208	541,199	18,901	980,108	99,019	-9,794	0	149	64	104,309	253,761	7,437	1,998,398
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default		0	0	0	2,492	177,966	2,318	364,190	23,860	16,474	0	0	0	10,379	84,528	2,929	685,136
R0250	<b>Net Best Estimate of Claims Provisions</b>	0	36	0	0	715	363,233	16,583	615,919	75,159	-26,269	0	149	64	93,929	169,233	4,509	1,313,261
R0260	<b>Total best estimate - gross</b>		38	0	0	3,208	480,974	19,524	936,765	84,280	-112,895	0	149	63	109,712	257,281	7,457	1,786,554
R0270	<b>Total best estimate - net</b>	0	38	0	0	715	332,183	22,335	586,381	66,832	-129,360	0	149	-903	103,405	149,827	4,579	1,136,183
R0280	<b>Risk margin</b>		2	0	0	45	20,807	1,399	36,729	4,186	8,103	0	9	57	6,477	9,385	287	87,486
R0320	<b>Technical provisions - total</b>	0	40	0	0	3,252	501,781	20,923	973,494	88,466	-104,792	0	159	119	116,189	266,666	7,744	1,874,040
R0330	<b>Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total</b>	0	0	0	0	2,492	148,790	-2,811	350,383	17,447	16,465	0	0	965	6,307	107,454	2,878	650,372
R0340	<b>Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total</b>	0	40	0	0	760	352,990	23,734	623,111	71,018	-121,257	0	159	-846	109,882	159,212	4,866	1,223,669

IR.19.01.21

**Non-Life insurance claims**

**Total Non-life business**

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)															
(absolute amount)															
Year	C0010	C0020	C0030	C0040	C0050		C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180	
	Development year											In Current year	Sum of years (cumulative)		
	0	1	2	3	4	5	6	7	8	9	10 € +				
R0100	Prior											26,344	26,344	26,344	
R0160	-9	12,927	31,244	39,707	23,819	8,784	17,634	22,791	10,755	1,803	2,427		2,427	171,890	
R0170	-8	45,305	133,388	75,067	65,952	22,192	16,200	19,098	26,205	36,319			36,319	439,724	
R0180	-7	12,255	79,984	60,650	29,468	39,070	56,247	11,097	13,970				13,970	302,740	
R0190	-6	25,117	98,857	95,054	54,364	21,962	26,790	30,809					30,809	352,952	
R0200	-5	28,155	120,537	74,543	56,465	32,689	40,325						40,325	352,713	
R0210	-4	24,315	91,097	76,782	84,150	110,853							110,853	387,197	
R0220	-3	29,836	133,205	107,083	156,546								156,546	426,669	
R0230	-2	13,811	89,731	116,441									116,441	219,983	
R0240	-1	20,095	92,461										92,461	112,556	
R0250	0	27,365											27,365	27,365	
R0260													<b>Total</b>	653,859	2,820,133

Gross Undiscounted Best Estimate Claims Provisions														
(absolute amount)														
Year	C0200	C0210	C0220	C0230	C0240		C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year											Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 € +			
R0100	Prior											174,006	158,661	
R0160	-9	7,563,692	16,036,763	141,373	102,076	80,658	78,126	56,621	45,704	28,595	27,485		24,380	
R0170	-8	5,615,271	261,857	166,480	118,182	102,795	95,294	111,284	100,778	69,839			61,989	
R0180	-7	188,555	221,735	189,436	143,076	138,119	93,276	61,524	69,307				60,885	
R0190	-6	231,779	351,934	231,549	164,138	137,695	86,750	85,800					74,244	
R0200	-5	177,507	234,566	202,539	140,314	119,137	111,707						101,029	
R0210	-4	243,516	436,184	376,876	295,026	189,132							174,639	
R0220	-3	313,644	545,240	486,154	363,402								332,655	
R0230	-2	300,801	461,195	332,137									300,283	
R0240	-1	333,718	466,304										426,253	
R0250	0	311,854											283,379	
R0260													<b>Total</b>	1,998,398

Gross premium			
	C0570	C0580	
	Gross earned premium at reporting reference date	Estimate of future gross earned premium	
R0160	N-9	101	0
R0170	N-8	3,402	20
R0180	N-7	9,585	0
R0190	N-6	2,765	1,181
R0200	N-5	2,600	688
R0210	N-4	2,845	0
R0220	N-3	-378	148
R0230	N-2	72,610	3,030
R0240	N-1	596,499	67,364
R0250	N	657,102	526,224

IR.23.01.01

Own Funds

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	<b>Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds</b>
R0290	<b>Total basic own funds</b>
	<b>Ancillary own funds</b>
R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	<b>Total ancillary own funds</b>
	<b>Available and eligible own funds</b>
R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR
R0580	<b>SCR</b>
R0600	<b>MCR</b>
R0620	<b>Ratio of Eligible own funds to SCR</b>
R0640	<b>Ratio of Eligible own funds to MCR</b>
	<b>Reconciliation reserve</b>
R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	<b>Reconciliation reserve</b>

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
267,202	267,202		0	
199,765	199,765		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
755,504	755,504			
0		0	0	0
0				0
0	0	0	0	0
0				
1,222,471	1,222,471	0	0	0
0				
0				
0				
0				
0				
0				
0				
0			0	0
1,222,471	1,222,471	0	0	0
1,222,471	1,222,471	0	0	
1,222,471	1,222,471	0	0	0
1,222,471	1,222,471	0	0	
545,394				
245,427				
224.14%				
498.10%				
C0060				
1,262,803				
0				
466,967				
40,332				
755,504				

IR.25.04.21

## Solvency Capital Requirement

### Net of loss absorbing capacity of technical provisions

	C0010
<b>Market risk</b>	
R0070 Interest rate risk	0
R0080 Equity risk	0
R0090 Property risk	0
R0100 Spread risk	0
R0110 Concentration risk	0
R0120 Currency risk	0
R0125 Other market risk	201,003
R0130 Diversification within market risk	0
R0140 <b>Total Market risk</b>	201,003
<b>Counterparty default risk</b>	
R0150 Type 1 exposures	0
R0160 Type 2 exposures	0
R0165 Other counterparty risk	106,490
R0170 Diversification within counterparty default risk	0
R0180 <b>Total Counterparty default risk</b>	106,490
<b>Life underwriting risk</b>	
R0190 Mortality risk	0
R0200 Longevity risk	0
R0210 Disability-Morbidity risk	0
R0220 Life-expense risk	0
R0230 Revision risk	0
R0240 Lapse risk	0
R0250 Life catastrophe risk	0
R0255 Other life underwriting risk	0
R0260 Diversification within life underwriting risk	0
R0270 <b>Total Life underwriting risk</b>	0
<b>Health underwriting risk</b>	
R0280 Health SLT risk	0
R0290 Health non SLT risk	0
R0300 Health catastrophe risk	0
R0305 Other health underwriting risk	0
R0310 Diversification within health underwriting risk	0
R0320 <b>Total Health underwriting risk</b>	0
<b>Non-life underwriting risk</b>	
R0330 Non-life premium and reserve risk (ex catastrophe risk)	0
R0340 Non-life catastrophe risk	0
R0350 Lapse risk	0
R0355 Other non-life underwriting risk	569,197
R0360 Diversification within non-life underwriting risk	0
R0370 <b>Non-life underwriting risk</b>	569,197
R0400 <b>Intangible asset risk</b>	0
<b>Operational and other risks</b>	
R0422 Operational risk	78,966
R0424 Other risks	14,000
R0430 <b>Total Operational and other risks</b>	92,966
R0432 <b>Total before all diversification</b>	969,657
R0434 Total before diversification between risk modules	969,657
R0436 Diversification between risk modules	-424,263
R0438 <b>Total after diversification</b>	545,394
R0440 Loss absorbing capacity of technical provisions	0
R0450 Loss absorbing capacity of deferred tax	0
R0455 Other adjustments	0
R0460 <b>Solvency capital requirement including undisclosed capital add-on</b>	545,394
R0472 Disclosed capital add-on - excluding residual model limitation	0
R0474 Disclosed capital add-on - residual model limitation	0
R0480 <b>Solvency capital requirement including capital add-on</b>	545,394
R0490 Biting interest rate scenario	0
R0495 Biting life lapse scenario	0

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR<sub>NL</sub> Result

C0010

281,206
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
---	---

C0020

C0030

C0020	C0030
0	0
38	2
0	0
0	0
715	66
332,183	104,504
22,335	65,427
586,381	474,463
66,832	41,809
0	77,908
0	0
149	6
0	0
103,405	22,277
149,827	164,164
4,579	21,494

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

Linear formula component for life insurance and reinsurance obligations

R0200 MCR<sub>L</sub> Result

C0040

31
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Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
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C0050

C0060

C0050	C0060
1,500	

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

Overall MCR calculation

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

C0070

281,238
545,394
245,427
136,349
245,427
4,725
245,427