

Markel International Insurance Company Limited

Annual Report and Financial Statements
for the year ended 31 December 2024

Registered Number 0966670



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Contents

Directors and Administration	1
Strategic Report	2
Directors' Report	24
Statement of Directors' Responsibilities	27
Independent Auditor's Report	28
Income Statement	35
Statement of Comprehensive Income	37
Statement of Changes in Equity	38
Statement of Financial Position	39
Notes to the Financial Statements	41

Directors and Administration

Board of Directors

John W J Spencer (Chair)
Wai-Fong Au
Andrew J Davies
Alexander W G Finn
Henry G L Gardener
Nicholas J S Line
Kalpana Shah
Simon Wilson

Company Secretary

Lara S Teesdale

Registered office

20 Fenchurch Street
London
EC3M 3AZ

Investment manager

Markel Gayner Asset Management LLC

Bankers

Barclays Bank plc
BMO Global Asset Management
Bank of New York Mellon Corporation
Citibank N.A.
National Westminster Bank plc
Royal Bank of Canada
United Bank of Switzerland
BlackRock, Inc.
The Goldman Sachs Group, Inc.
JPMorgan Chase & Co.

Registered number

The Company's registered number is 0966670 (England and Wales).

Registered Auditor

PKF Littlejohn LLP, London

Lawyers

Norton Rose Fulbright LLP, London

Strategic Report

The Directors present their Strategic Report for Markel International Insurance Company Limited (the "Company") for the year ended 31 December 2024.

Review of the business

The Company is a subsidiary of Markel Capital Holdings Limited ("MCH"). Its ultimate holding company is Markel Group Inc. ("Markel"), which is incorporated in Virginia in the United States and its ultimate United Kingdom ("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 and Ireland, in addition to overseas operations in Dubai. Caunce 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").

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.

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"). We expect to underwrite new business from 2025.

Business profile and units

The Company operates six underwriting units, namely Marine and Energy; Professional & Financial Risk and Cyber; International Specialty; National Markets; Reinsurance; and Markel Specialty.

Marine and Energy

Marine coverage includes primary and excess coverage for cargo, hull and war, terrorism, and specie risks worldwide (excluding sanctioned territories), handling a comprehensive range of risks for multinational companies, national industries and private individuals.

The cargo account covers a wide range of transit and storage risks across many industries. The hull and war account offers a full range of products including marine war, specialist tonnage, builders' risks, and port risks. The terrorism account provides protection against physical damage, business interruption and contingency losses directly caused by acts of war, terrorism and political violence, and losses sustained in the aftermath of an active assailant or hostage event. The specie account includes a range of cover for jewellers' block and cash in transit.

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

Professional and Financial Risks and Cyber

The Professional and Financial Risks team provides cover on a worldwide basis. This team underwrites professional indemnity, entertainment, financial institutions insurance, commercial directors' and officers' liability ("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. Commercial D&O provides cover to protect directors and officers of companies of all types and sizes. Fintech provides cover for a range of fintech companies, including those offering neo banking, payments, investech, wealthtech, insuretech and lendtech services. The modular policies give clients the flexibility to choose the covers that suit them, including financial services and technology 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.

International Specialty

Trade Credit, Political Risk and Surety

The trade credit team provides trade credit and contract frustration insurance coverage to help protect businesses. Coverage includes prepayment cover and insolvency and default. 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.

Marine and Energy Liability

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.

Equine and Livestock

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.

National Markets

The National Markets unit 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.

Reinsurance

This unit includes international general liability treaty, professional liability treaty and specialty treaty business.

The general liability treaty team underwrites a diversified account, including general liability, casualty and motor. Professional liability treaty provides management and professional liability coverage, including cyber, D&O and transaction liability. Specialty treaty reinsurance provides accident and health, agriculture, aviation and space, marine and energy, terrorism, and whole account coverage.

Markel Specialty

Markel Specialty is focused on providing insurance for customers in unique ways for unique needs, providing general liability and professional and management liability coverage for both privately held companies and publicly traded companies.

Results and performance

The results of the Company for the year, as set out on pages 35 to 37 show a profit on ordinary activities before taxation of \$348.8m (2023, profit of \$241.3m). Shareholder's funds as at 31 December 2024 were \$806.8m (2023, \$744.7m).

The Company reported an underlying underwriting profit of \$206.4m for the year (2023, profit of \$105.2m). This represents a combined ratio of 80.2% (2023, 88.9%). The expense ratio of 35.7% is 0.3% lower than the prior year (36.0%).

Gross written premiums of \$1,325.8m for the year represent an increase on prior year (\$1,270.3m) of 4.4%, driven by new business and exposure growth, predominantly in the Reinsurance division.

Included within the underwriting result were releases from prior year reserves of \$140.3m (2023, \$63.5m). This release is a result of more favourable claims development than originally anticipated, including \$17.2m of improvement in losses related to prior year catastrophes, 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 2024.

Financial investments and cash increased by \$278.6m driven by both investment return and underwriting cashflows. Return on investments of \$140.0m (2023, \$137.2m) represented investment income of \$58.2m on fixed income and short-term fixed deposits, net realised gains, primarily on equities, of \$48.1m, and net unrealised gains on the equity portfolio of \$33.7m.

The Company's operating performance and Statement of Financial Position remains strong and this was recognised by AM Best and Standard and Poor's, who both maintained their A ratings.

Key Performance Indicators

Income Statement		2020 \$m	2021 \$m	2022 \$m	2023 \$m	2024 \$m
Gross written premiums		707.9	906.1	1,195.9	1,270.3	1,325.8
Net written premiums		578.6	733.0	958.6	979.4	1,051.0
Retention rate	(1)	81.7%	80.9%	80.2%	77.1%	79.3%
Net earned premiums		511.0	684.2	863.9	945.9	1,040.9
Underwriting result		(72.8)	90.6	82.8	105.2	206.4
Net claims loss ratio	(2)	76.7%	50.5%	57.6%	52.9%	44.5%
Net expense ratio	(3)	37.6%	36.3%	32.8%	36.0%	35.7%
Combined ratio		114.3%	86.8%	90.4%	88.9%	80.2%
Investment return		47.5	96.7	(75.7)	137.2	140.0
Investment yield	(4)	3.7%	6.6%	(4.7)%	7.3%	6.4%
Profit/(loss) on ordinary activities	(5)	(22.7)	182.3	12.0	241.3	348.8
Statement of Financial Position		2020 \$m	2021 \$m	2022 \$m	2023 \$m	2024 \$m
Financial investments and cash	(6)	1,406.2	1,513.3	1,719.5	2,052.3	2,330.9
Reinsurers' share of claims outstanding		523.1	550.7	549.5	694.9	868.8
Gross claims outstanding		1,355.3	1,456.2	1,648.2	2,006.0	2,305.4
Net claims outstanding		832.2	905.5	1,098.7	1,311.1	1,436.6
Shareholder's Equity		536.1	592.7	628.3	744.7	806.8
Solvency II Capital Resources		635.4	725.2	749.5	968.4	1,022.3
Required Capital (SCR)	(7)	254.1	272.5	463.2	542.9	545.4
Coverage over SCR		250%	266%	162%	178%	187%

(1) retention rate is calculated as net written premiums / gross written premiums

(2) net claims loss ratio is calculated as net claims incurred / net earned premiums

(3) net expense ratio is calculated as net operating expenses / net earned premiums

(4) investment yield is calculated as investment return / the average of the opening and closing financial investments and cash

(5) profit/(loss) on ordinary activities is equal to profit before taxation for all years

(6) excluding investments in subsidiaries

(7) 1 year Solvency Capital Requirement ("SCR") under Solvency II

Financial success is measured by growth in shareholder's equity over time subject to the payment of dividends. This reflects the impact of both underwriting and investment performance and is consistent with Markel's key financial goal of building shareholder value. Underwriting performance is measured by underwriting result and combined ratio, whilst investment performance is measured by total investment return.

Business environment and future developments

With disciplined underwriting and its strong financial condition, the Company is in an excellent position to capitalise on opportunities as they arise. The Company will continue to apply Markel's underwriting discipline of underwriting for profit rather than volume and, accordingly, will decline business where the rates are not acceptable. The Company will continue to look to develop new lines of business and markets, within the parameters of the overall underwriting strategy.

Following the opening of the Canada branch at the end of 2024, we expect to write new business through our Specialty offering in 2025. We are also expecting to see new business in 2025 related to the State National partnership. State National is part of the Markel Group, and are partnering with the Company to create a programme services division in the UK to serve managing general agents.

The Company invests in high-quality corporate, government and municipal bonds, as well as a diverse equity portfolio and plans to continue this investment strategy in 2025.

Principal risks and uncertainties

The Company has a risk register detailing the risks to which it is exposed, which includes all business underwritten by the Company. Risks are grouped under the following categories:

- Underwriting Risk
- Reserving Risk
- Asset Risk
- Credit Risk
- Liquidity Risk
- Capital Risk
- Operational Risk

The risk and capital management note (note 4) provides a detailed explanation of the above risk categories.

There are currently 30 risks in the risk register. Each risk has an allocated risk owner, who is required to regularly review the continuing appropriateness of their risks as detailed in the Risk Register. Key controls are identified to mitigate each risk and quarterly confirmation is sought from the control owners of these controls that they are in place and are operating effectively.

The Risk, Capital and Compliance Committee meets quarterly to consider compliance with the Board's risk appetite and Key Risk Indicators and any risk issues that have arisen. These are summarised in the Chief Risk Officer's quarterly report to the Board.

An Own Risk and Solvency Assessment ("ORSA") report is produced, at least annually, which is a forward-looking assessment of the risk profile and adequacy of the Company's capital to meet solvency needs over the business planning time horizon. The Company is in compliance with Solvency II. The Company has approval from the PRA to use an internal model to calculate the Solvency Capital Requirement under Solvency II.

The risk arising from inflation, the impact it has on the economy and the insurance industry's response to it form a key consideration going forward. Inflation risks in the current environment are influenced by both short to mid-term trends (e.g. state of the economy, geopolitical events and cybercriminal activity), as well as by long-term trends (e.g. social/excess inflation, other frequency events such as impact of new technology, safety improvements and other severity effects such as repair cost changes out of line with RPI/CPI). We have considered recent trends in inflation throughout our strategic planning and business management activities. The impacts of inflation on the current underwriting year as well as on subsequent years are continuously assessed and considered, with actions and measures presented to Risk, Capital and

Compliance Committee but equally to key committees regarding Claims, Reserving and Finance.

The risks arising from climate change are covered in the Environmental matters section of the Non-Financial and Sustainability Information Statement below.

Section 172(1) statement

The Directors of the Company have a duty under section 172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so to have regard (amongst other matters) to:

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

The summary below sets out how the Company and its Board have had regard to these matters when making decisions during the year.

The likely consequences of a decision in the long term

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 ensure 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 a clear governance structure, with nine 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, Outsourcing Committee, Nominations Committee, Remuneration Committee, and Responsible Business Committee. Board and Committee meetings are held on a quarterly basis or as deemed necessary by the Committee's terms of references.

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 a decision, having 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 is overall effective. The report provided some recommendations on areas where performance and value to stakeholders could be enhanced, and these recommendations were discussed at Board level. These recommendations were implemented during 2024. In addition, the Board completed an annual internal Board Effectiveness Review in 2024.

In response to the recommendations from the 2023 review, the format of Board meeting agendas and template Board papers have been updated to be more streamlined and focus on key discussions and decisions. The Company Secretary works closely with the Chair of each Board and Committee before each meeting to ensure the agendas for each meeting reflect key matters for consideration, and there is a balance between operational and strategic discussions

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 areas of business.

The Risk Management Framework provides key risk reporting to the Risk, Capital and Compliance Committee 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; the current interest rate environment; economic and social inflation; and other geopolitical considerations. 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.

All Board decisions are made with the long-term success of the business in mind, and with a focus on the impact to customers, shareholders and other stakeholders.

The interests of the Company's employees

Our employees are critical to the Company's success. The Company encourages and fosters a diverse and inclusive environment, enshrined within the 'Markel Style' which is a statement of Markel's core values underpinning how we do business, influence our behaviour, and govern our actions.

The Board receives quarterly updates on matters relating to employees, including employee engagement and wellbeing.

Brand and engagement

Markel is a people powered organisation and encourages its employees to play their part in something special.

The Company undertakes an employee engagement survey every two years, with shorter 'pulse' surveys taken in the intervening years. The survey responses help to identify areas of strength and opportunities. The last full engagement survey was undertaken during 2024. The survey had a 90% response rate across the organisation. 89% of respondents said they feel proud to work at Markel and 88% would recommend Markel as an employer.

The survey highlighted several improvements since the last full survey in 2022, including the way in which the business promotes employee diversity.

91% of respondents understood how they played their part in achieving Markel's business objectives, and 93% of respondents agreed that Markel is a customer-focused organisation, providing high-quality products and services.

The survey also highlighted several areas of opportunity including a greater focus on collaboration across all areas of the business, and continuing to support innovative ways of working.

The Company takes all feedback from the survey into consideration and every team throughout the business creates an action plan with KPIs to address the feedback received from the survey.

In October 2024, Markel International became certified as a 'Great Place to Work in the UK'. The Certification recognises employers who create an outstanding employee experience. Certification is a two-step process requiring a survey of employees and completion of a short questionnaire about the workplace. 87% of Markel's staff agreed that Markel is a great place to work. This certification reflects Markel's collective contributions to our culture.

Markel was also named a Top 30 employer by Working Families during 2024. Working Families is the UK's national charity for working parents and carers.

We strive to communicate clearly and openly with our employees through monthly email newsletters covering matters including strategy, business performance, divisional performance, culture and events in the business. Quarterly town hall briefings are held for all employees to attend. Communications to staff were further enhanced during 2024 to create greater integration across the business via Teams channels. A new employee podcast was also launched, titled 'In Good Company', and has been well-received across the business.

Employee appreciation and benefits

The Company celebrates Employee Appreciation Day each year. This is a day for the business to help employees relate recognition to their behaviour and encourage continued good behaviours and enhanced performance. Various activities are undertaken across Markel offices on this day, and the Company provides a gift to employees in recognition of their hard work. Managers are encouraged to thank their employees personally.

Other events are held for employees and their families during the year, including the staff summer party which is for all staff to celebrate our achievements, strengthen existing relationships, and build new ones; and the Markel family and friends festive evening and carol service at the end of the year.

The Company is always looking for ways to improve. Our pay and benefits offerings form part of our commitment to investing in our people and driving a distinctive talent advantage. We strive to ensure our pay and benefits programs continue to meet the needs of our diverse workforce while also attracting the best talent.

During 2024, several changes were made to employee benefits. These included a switch to a new private medical insurance provider offering enhanced benefits; enhanced employer-funded back-up care entitlements (increased from 6 days per year to 10); and a new pet care entitlement, recognising that care needs differ from person to person.

The introduction of the bank holiday flex benefit at the beginning of 2024 enables employees flexibility to swap two bank holidays per year for other days in the year that might be more meaningful to them. This benefit supports our commitment to creating an inclusive culture for all our employees.

In addition, a thorough remuneration review process is undertaken on an annual basis with a focus on pay for performance.

Employee development

The Company is committed to developing its staff to achieve their full potential. Staff are provided many opportunities to enhance their learning and development.

Our internal learning portal, Markel University, hosts a variety of webinars and learning materials on different topics. Staff are encouraged to access Markel University at any time.

During 2024, the Company offered a number of other learning opportunities for staff, including video learning series on insurance and finance, technology webinars including training on Power BI and Microsoft Co-Pilot, and specific manager training.

Markel is committed to ensuring its pipeline of young talent is armed with the skills they need to contribute effectively to Markel's long-term ambitions. During 2024, the Company welcomed its largest (to date) summer intern and industrial placement cohort. In addition, the Specialty and International cross-divisional secondment programme enables employees from the Specialty and International businesses to apply for assignments in different geographies, business lines or areas of the business.

During 2024, the Company also launched a partnership with Career Returners, a leading organisation that helps skilled and qualified people who have been out of work for an extended period get back into the workforce. This proved a popular and beneficial programme, with career returners joining the business on a contract basis across five departments – Underwriting, Claims, Internal Audit, Legal, and Change Delivery.

Style in Action programme

The Company's 'Style in Action' programme represents our commitment to bringing the Markel Style to life. The Style in Action programme encompasses the following employee-led networks. The programme aims to address employee feedback, encourage engagement across the business, and enhance employees' wellbeing at work.

- *Community*

The Community network organised various social events for employees during the year including the Strava running and cycling challenge, and a Curry night.

Please see further information in the 'Community and Environment' section below about how the Community network has been instrumental in contributing to our communities.

- *Inclusion*

During 2024, the Inclusion Network promoted events and provided educational resources and events in respect of International Women's Day, International Men's Day, Ramadan, Passover, Diwali, Black History Month and Pride Month, among others.

The Inclusion Network continued its partnerships with Lloyd's networks GIN (Gender Inclusion Network); LINK (LGBTQ+ Insurance Network); IFN (Insurance Families Network); iDAWN (Insurance Disability Network); iCAN (Insurance Cultural Network); and NGIN (Next Generation in Insurance Network). We co-hosted several events and webinars with these networks.

Markel partnered with external providers to offer Inclusive Behaviours, Neurodiversity workshops, and Introduction sessions to Diversity and Inclusion during 2024. These were well attended and well received.

In addition, for the ninth consecutive year, Markel was a sponsor for the annual London Market Dive In festival, which provides in-person and virtual sessions held globally on a wide variety of topics including gender, age, culture, sexual orientation and gender identity, social mobility, faith, parenting, caring, mental health and disability.

- *Wellbeing*

The Wellbeing Network's purpose is to shape a healthy, happy workforce by supporting and promoting wellbeing activities and initiatives.

During 2024, the Wellbeing network ran various campaigns including mental health webinars, a Markel yoga collective, Markel's 'Month of Sleep', and a wellness journal series. A netball league was launched, as was a Toastmasters group and a virtual choir.

Markel continues to provide free access to the Headspace app for its employees. Employees are also offered a flu vaccination voucher each year.

- *Recognition*

Markel considers its people to be its greatest asset, and recognition is important to us. The company wants to foster a culture of recognition where people feel valued for their contribution and for going above and beyond.

This is why, on Employee Appreciation Day 2024, the Company launched its new Global Recognition programme, 'IMPACT'. Impact allows employees to share their appreciation for each other and their hard work at the click of a button.

Markel continues to provide one additional day of annual leave during the year for 5-year and 15-year milestone anniversaries.

Line manager recognition is also provided for 1-year work anniversaries, which included a consistent gift or payroll value awarded across Markel International, and recommended local spend for leaders to recognise the important loyal service milestones.

The need to foster the Company's business relationships with suppliers, customers and others

Customers

Our customers are concerned with receiving quality products and services, and for the Company to deal diligently and effectively with claims. The Company seeks to be a market leader in each of these pursuits and to understand our customers' needs.

The Board is focused on targeting growth opportunities where we can best add value to our customers, and on maintaining adequate solvency to ensure policyholder protection.

The Company has a highly trained and qualified team of claims specialists with in-depth experience across all lines of business, and draws on the expertise of external lawyers, loss adjusters and other professionals where necessary, to ensure we deal diligently and effectively with claims.

In 2024, the Company appointed a new Managing Director – International Claims to head up claims across Markel International. The Company have classified this role as a Senior Manager role under the Senior Manager's and Certification Regime, recognising the importance of claims to our Company and our customers.

During 2024, the Board received regular updates about the progress of the Consumer Duty project. The Consumer Duty introduces a new Consumer Principle which requires firms to act to deliver good outcomes for retail customers. It requires firms to deliver a higher standard of customer care and protection, and to go further to equip consumers to make effective decisions in their best interests. The Board believes the Consumer Duty is critical to delivering good outcomes for customers and is closely following the progress of the project. The Consumer Duty project has been managed by the Markel Strategy team with support from an external consultant. As a result of the project, Markel has strengthened and enhanced its policies, procedures, systems and processes to ensure an enhanced consumer experience.

Suppliers

The Company has a procurement team that monitors entry into key supply contracts. Performance against KPIs is monitored by business leads.

The Company is committed to ensuring that slavery and human trafficking is not taking place in our supply chains or any part of our business. We publish an annual Modern Slavery Statement on our website which sets out our controls in respect of the risk of slavery and human trafficking.

The Outsourcing Committee oversees the Company's adherence to regulatory outsourcing requirements, and oversees the performance of key outsourced services. Key focus areas for the Company's Operations and IT teams in 2024 were Operational Resilience and Business Continuity.

Partners

The Company is committed to maintaining high standards of business conduct. All partnerships are carefully considered before being entered into, and there is regular engagement and assessment of KPIs.

The Company's partners include, among others, Appointed Representatives or Delegated Authorities, which are monitored by our Compliance and Delegated Authorities teams. We also have a Distribution Strategies team that fosters and monitors our relationships with brokers.

The impact of the Company's operations on the community and the environment

The Company has a strong commitment to charities, the local community and the environment.

Community

Employees are encouraged to be directly involved in supporting local community projects and charitable causes, and the Company assists with fund-raising and arranges for matching of donations or sponsorship via the Markel Match Programme.

The Markel Match supports staff who have charities close to their heart by matching their individual donations and fundraising efforts. The scheme matches charitable donations on a 3:1 basis, up to a maximum of £1,000 per employee per calendar year. Any donation a staff member makes up to £1,000 will be trebled and their chosen charities could benefit from a Markel donation of up to £3,000.

All employees are allocated three volunteer days per year and are encouraged to use these. In 2024, several campaigns were run to encourage individuals to give back to their communities. These included the Sam Markel Days of Service during the month of April, a campaign encouraging employees to use their volunteer days during this periods of time, with the Company organising several volunteer activities for individuals to sign up to.

During 2024, the Style in Action Community network led and promoted several community engagement initiatives, including arranging groups of employees to participate in the London Marathon, the JP Morgan Corporate Challenge, and the Walk the World Challenge, all in support of our partnership with an international children's charity. All proceeds raised from these events benefitted from the 3:1 Markel Match programme.

In addition, the Company continued to support several partnerships in 2024. These included:

- A partnership with an international children's charity;
- A partnership with the National Theatre;
- A partnership with the Brokerage, a social mobility charity working with both young people and employers to drive positive change in the workplace;
- Sponsorship of the Magnolia Cup, at the Goodwood Festival. The Magnolia Cup was originally created with the intention to push the boundaries of human capabilities and diversify horseracing, while creating an inclusive community in support of women and their wellbeing. The race consists of 12 amateur female jockeys. The underpinning values of the Magnolia Cup closely align to Markel's commitment to address the diversity and inclusion challenges across our industry (and others) and to have a positive impact on the people we work with and the communities we're a part of; and
- My Sister's House, an organisation that works with women to improve their welfare and wellbeing, reduce their risk of domestic abuse and support their recovery.

Environment

Please see our Non-Financial and Sustainability Information Statement below for more detail on Markel's approach to environmental matters.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Board is committed to maintaining a reputation for high standards of business conduct. The Company's control functions support this commitment. Further explanation of these functions and their role in maintaining the Company's reputation and standards of business conduct is set out below.

The Company has a responsibility to engage with regulators in all jurisdictions where we operate. The Company's Risk Management and Compliance teams lead our relationships with regulators, including the PRA, FCA and Lloyd's, and local regulators in other jurisdictions. The Company maintains regular dialogue with regulators through both formal and informal meetings.

Risk Management

The Risk Management function is responsible for ensuring that an appropriate framework is in place to

ensure that the risks the Company faces are identified, assessed, mitigated, monitored and reported in accordance with our risk strategy and appetite.

The Company's internal controls system has been designed to provide assurance to the Board and senior management that standards are being adhered to and risks managed. This includes the reporting and review processes through which management can detect variances from planned or expected outcomes.

The Company's internal controls cover all aspects of its business. 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 the Company. The effectiveness of these controls is also managed at the local level through the Company's Risk Register which details controls for each risk and also identifies control ownership.

The Company believes that the embedding of a strong risk culture within the business is a tool for success and allows employees to be more creative and productive while simultaneously making good risk based decisions.

Compliance

The Compliance Function is a key function within the Internal Control System. The function's primary responsibility is to assess and oversee management 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 II Directive.
- Assess the possible impact of any changes in the regulatory environment on the operations of the Company 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 firm's policies and procedures for countering the risk that the Company might be used to further financial crime.

The Compliance function comprises a team of compliance professionals led by the Managing Director of Compliance. It has an independent reporting line ensured by a clear Terms of Reference and by oversight of the governing body.

The activities of the Compliance Function may not exclusively be performed by the Compliance team. They may be supported by other departments including first-line management control areas, the office of the Company Secretary, the Legal Department and Internal Audit, Risk, and Actuarial, or external resources.

Internal and External Audit

Internal Audit is an independent, objective assurance and consulting function set up within the Company as a service to the Board and executive management. Internal Audit assists the Company in achieving its objectives by bringing a systematic, disciplined approach to evaluate 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, along with management's responses and remediation plans. Internal Audit reports are presented at an Audit Committee meeting for 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 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 Managing Director of Internal Audit and indirect reporting line to the Chair of the Audit Committee.

The Company also has an external auditor, which audits the Company's annual financial statements and Solvency and Financial Condition Report. Representatives of the auditor attend all quarterly Audit Committee meetings and have a direct line to the Chair of the Audit Committee, Head of Internal Audit, and Chief Finance Officer.

KPMG has historically provided audit services to the Company. However as the Company is a Public Interest Entity, rules prohibit the same auditor providing its services for more than 20 years. Therefore, following an RFP process in 2023, PKF Littlejohn were appointed the Company's auditors from the 2024 financial year.

Human Rights

The Company is committed to respecting and ensuring our employees respect all human rights. Markel International has 1,494 employees and operates in 13 countries.

The Markel Style sets forth our core values and principles, the way we want to do business. Quoting from the Markel Style, "Our creed is honesty and fairness in all our dealings... We respect our relationships with our suppliers and have a commitment to our communities."

We have a Code of Conduct because companies with strong ethical cultures have a strong foundation for success. Vendors, customers and shareholders can rely on them to do the right thing. The Code of Conduct reminds Markel Associates how Markel conducts business and how we work with each other and our partners. A certification of compliance with the Code of Conduct is required from all our employees and directors on an annual basis. All employees sign up to the Code of Conduct and it is a core element in living the Markel Style. A culture of openness within the Markel International Group is encouraged where employees can raise concerns over unethical, illegal or dangerous practices, including slavery or human trafficking, under Markel International's Whistleblowing Policy.

The Company is committed to ensuring that slavery and human trafficking is not taking place in our supply chains or any part of our business. We publish an annual Modern Slavery Statement on our website which sets out our controls in respect of the risk of slavery and human trafficking.

Anti-corruption and anti-bribery

The Company's Compliance team actively monitors, and regularly reports to the Board, on matters including conduct risk, sanctions, fraud, money laundering, bribery and corruption. The Company issues training and policies on these matters to all employees on an annual basis.

Employees can raise concerns about any of the above practices under Markel International's Whistleblowing Policy.

Remuneration

The Company'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. Generally, employees have a variable element to their total reward package,. 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 leader who takes into account personal performance and the overall profitability of the business. Some underwriters, based on career level, receive part of their 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 are not limited to, individual performance, the Markel Modifier, International Modifier and Insurance Operating Income.

All compensation structures are overseen by the Remuneration Committee.

Operational Resilience and Cyber Security

The Board recognises the importance of investing in new technology, data and Artificial Intelligence ("AI") to remain competitive while ensuring the operations remain resilient and secure. Markel is mindful of the risks inherent with any new technology and seeks to mitigate these to avoid disruption to customers, staff and shareholders.

The main areas of investment in technology in 2024 were in underwriting and data. During 2024, Markel also partnered with Microsoft to roll out M365 Co-Pilot to all staff. Co-Pilot is an AI assistant that helps to boost productivity, efficiency and business outcomes and has already proved beneficial for our business.

The Board receive regular updates on Operational Resilience and Cyber Security from the IT and Operations teams. Cyber security in particular is an area of rapidly evolving risk that requires ongoing vigilance. In 2024, the IT Security team promoted Cybersecurity Awareness Month and circulated multiple reminders and training to the business about Cybersecurity, phishing, deepfakes, data privacy, and the use of social media for work matters.

The need to act fairly as between members of the Company

Markel Capital Holdings Limited is the Company's immediate shareholder. MCH is concerned with a broad range of issues including, but not limited to, the financial and operating performance of the Company, strategic execution and capital allocation. The opinions of the MCH Board are taken into account when shaping the Company strategy, operational performance and capital structure.

In addition, the Company enjoys a close working relationship with its ultimate holding company, Markel Group Inc., a company listed on the New York Stock Exchange.

Non-Financial and Sustainability Information Statement

The Directors of the Company have a requirement under Section 414CA of the Companies Act 2006 to include a non-financial and sustainability information statement, including the Company's climate-related financial disclosures, in the Company's Strategic Report.

The explanation below sets out how the Company has had regard to these matters when making decisions during the year. When drafting the below explanation, we have also had regard to the Financial Stability Board's ("FSB") Task Force on Climate-related Financial Disclosures ("TCFD") reporting requirements. The disclosures report on our progress to date on TCFD and outline the actions we are taking to strengthen our strategic response to climate change and our responsible business strategy.

The Company's employees

Please see S 172(1) Statement above for an explanation of matters related to the Company's employees.

Social matters

Please see S 172(1) Statement above for an explanation of social matters, including the Company's approach to the community and charitable giving.

Respect for human rights

Please see S 172(1) Statement above for an explanation of social matters, including the Company's approach to human rights.

Anti-corruption and anti-bribery matters

Please see S 172(1) Statement above for an explanation of anti-corruption and anti-bribery matters in respect of the Company.

Company's business model

Please see the 'Review of the business' and 'Business profile and units' sections of the Strategic Report for a description of the Company's business model.

Policies pursued by the Company in relation to non-financial disclosures, and the outcome of these policies

Markel has a large number of policies, processes and structures in place to address the non-financial matters listed above. The key policies are listed below.

The majority of these policies are administered by Markel's Compliance team, and Markel employees are required to review and attest to these policies on an annual basis. Many of these policies are accompanied by staff training on the specific elements of each policy.

Markel employees are responsible for reading and understanding each policy and raising concerns through the appropriate channels as set out in those policies. Consequences of breach of these policies are set out within each policy and some may result in disciplinary action for non-compliance.

Internal and external community policies

- Code of Conduct
- Conflicts of Interest
- Complaints policy
- Gifts and Hospitality
- Whistleblowing
- Global Anti-Bribery and Anti-Corruption
- Economic and Trade Sanctions
- Conduct Risk
- Vulnerable Customers

- Remuneration
- Modern Slavery Statement
- Various IT policies including GDPR, Malware & Ransomware, Acceptable Use, and Records Management

During 2024, the Company rolled out a new Policy Portal which makes it simpler for employees to access and review all company policies.

Environmental policies

The processes for managing risks associated with climate change and environmental impacts are embedded within business as usual within the respective business areas. We therefore do not currently have any specific policies in place relating to environmental impacts.

However, Markel's impact on the environment, and the impact of environmental changes on our underwriting practices, is regularly reviewed as part of our Responsible Business Programme. Any changes to existing policies, or implementation of new policies, will be made as appropriate.

During 2024 the Company released its Responsible Business Approach document to staff. The Approach document sets out the Company's approach to environmental matters, and is discussed in further detail under the 'Environmental Factors' section below.

The Company is considered to be a qualifying entity for the purposes of the Streamlined Energy and Carbon Reporting requirements of the Companies Act 2006 and has applied the exemptions available with respect to disclosing carbon emissions. Disclosure for the Markel International Holdings Limited group are included within the consolidated financial statements. Carbon emissions are discussed in more detail below.

Principal risks relating to non-financial disclosures, and how these risks are managed

General risks to the business

Please see the 'Principal Risks and Uncertainties' section of the Strategic Report for a description of the principal risks relating to the Company, and how these are managed.

A further description of Climate Change risks is set out under the 'Environmental matters' section below.

Non-financial key performance indicators

Key performance indicators ("KPIs") are factors by reference to which the development, performance or position of the company's business, or the impact of the company's activity, can be measured effectively. Our KPIs in respect of non-financial performance matters are listed below.

Employees

The Markel International division aligns with Lloyd's of London's Diversity and Inclusion targets:

- 35% Women in Leadership by December 2024
- Lloyd's aspiration of a 1 in 3 ethnic minority hiring rate

During 2024:

- Women made up 33% of our leaders (defined as Board, ExCo and ExCo direct reports).
- 47% of the employee population were female.
- 9% of leaders were ethnically diverse.
- 18.6% of our employee population were ethnically diverse.
- 22% of our new hires came from an ethnically diverse background.
- 87% of colleagues would recommend Markel International as a good place to work.

We also monitor the Company's gender and ethnicity pay gaps on an annual basis.

Markel International continues to strive to obtain more information from employees so we can build a better picture of Diversity and Inclusion ("D&I") within our workplace. This is assisted by a D&I survey. During 2024 we conducted a permissibility study to understand the cultural and legal implications of collecting diversity

data across the various jurisdictions in which we operate. We will implement the results of that study during 2025.

Social

KPIs with our charitable partners and partner networks are set out within their individual contracts. Our charitable partners and networks are discussed in more detail in the 'Community and Environment' section in the S 172 report.

The Company strongly encourages the use of the Markel 3:1 Match for charitable donations.

Human rights abuses, anti-corruption and bribery are all dealt with in accordance with the relevant policies.

Customers

KPIs are set out within various internal policies and procedures, including turnaround times for claims and complaints. Our Consumer Duty processes also require specific requirements to be met in respect of our approach to customer interactions.

Our commitment to supporting the energy transition requires us to balance support for new alternative solutions with the need for energy security. Markel International is already using measures that we would expect to correlate to ESG performance in our PFR D&O portfolio as part of the underwriting process. We recognise that there are differences in the methodology used by different rating agencies, which are used to summarise ESG factors and calculate ESG scores. We recognise that ESG data will mature and improve over time. We will therefore continue to monitor industry developments and reevaluate our position intermittently as methodologies and data quality improves.

Suppliers and partners

Supplier and partner KPIs are set out in the individual contractual arrangements, as negotiated through the procurement process.

Operationally, our Workplace Resources team continuously analyses our impact on the environment and explores avenues to improve the efficiency of our operations.

From the selection and design of our office locations and their day-to-day running, the Company has taken steps to improve their energy use and efficiency, including switching the energy supply for our London office from Brown Gas (fossil fuel) to Green Gas (renewable and low-carbon alternatives to fossil fuels) in January 2024, gaining Renewable Gas Guarantees of Origin certification.

We have also recently taken steps in our UK regional offices to help ensure water efficiency, improve waste management and promote recycling.

Regulators

Whilst we do not have specific KPIs in respect of our interactions with regulators, we strive to have regular, open, and honest dialogue with our regulators, and respond promptly to any regulatory queries.

Environment

The Company aims to minimise our environmental impact by only using necessary consumables, and recycling where possible. Environmental performance is reviewed periodically.

Whilst the Company has not set a specific date to achieve a net-zero carbon emissions goal, the business has quantified its scope 1 & 2 carbon emissions across all our Markel International offices, and committed to reducing carbon emissions by 8% in the UK, based on 2022 data.

We're also currently exploring measurement tools to assess our scope 3 insurance-associated emissions – an immensely complex undertaking around which there is, as yet, no market consensus. However, our view is that obtaining a baseline view of insurance-associated emissions will allow us to understand our impact on

global warming and climate change.

The Company is considered to be a qualifying entity for the purposes of the Streamlined Energy and Carbon Reporting requirements of the Companies Act 2006 and has applied the exemptions available with respect to disclosing carbon emissions. Disclosure for the Markel International Holdings Limited group are included within the Markel International Holdings Limited consolidated financial statements.

Environmental matters (including climate related financial disclosures)

Introduction

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.

Governance arrangements in relation to assessing and managing climate-related risks and opportunities

MIICL has a strong and established governance structure which helps the Company to assess and manage climate related risks and opportunities.

Board

The MIICL Board is the top governing body for the Company and meets at least quarterly. The MIICL Board has decision-making authority in accordance with its Terms of Reference and makes decisions about the strategic direction of the Company.

In 2023, the Board approved the establishment of a special purpose 'Responsible Business Committee', to report directly to the Board during the 2024 calendar year. The Responsible Business Committee has met on a monthly basis throughout 2024 and considers environmental matters, including the impact of these on MIICL's business, and the impact of MIICL's business on the environment. During 2024 the Responsible Business Committee oversaw the publication of Markel International's Responsible Business Approach document.

The mission set out in that document is to act responsibly to deliver sustainable and lasting outcomes for our stakeholders. As a people-powered organisation, we have a commitment to taking responsible, sustainable actions that support our long-term goal to be a leading global specialty insurer.

The Responsible Business Approach centres around how the Company intends to act responsibly towards our customers, our people, our communities and our shareholders. The Approach will be reviewed on an annual basis, having regard to feedback from our people, customers and regulators.

The Approach considers environmental matters including how to reduce our Company's impact on the environment; as well as ways our underwriting approach can assist with the transition to a lower carbon economy going forward.

The Board receives quarterly updates from the Chair of the Responsible Business Committee. The Board receives regular reports from Management on the Company's performance and key matters impacting the Company, both financial and non-financial. These reports help the Board to shape decisions for the long term.

The Board annually reviews and approves the Company's strategic and business plans and oversees the plans' implementation throughout the year.

Committees

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

These Committees each have Terms of Reference that set out their responsibilities in respect of various

matters impacting the Company, including environmental considerations. Most relevant in respect of environmental risks and opportunities are the Executive Committee, Risk, Capital and Compliance Committee, Finance Committee, Reserving Committee, Audit Committee, and Remuneration Committee. We also have a Management Level Underwriting Committee which reports to the Executive Committee, and plays a key role in understanding environmental risks and exposures from an underwriting perspective.

Senior Management

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 areas of business.

In respect of environmental matters, the following Senior Managers hold the following key roles:

- Chair of the Board - Responsible for leading the development of the firm's culture by the governing body.
- Chief Executive Officer - Responsible for overseeing the adoption of the firm's culture in the day-to-day management of the firm; and responsible for the development and maintenance of the firm's business model by the governing body.
- Chief Underwriting Officer – Overall responsibility for oversight of the management of underwriting risks from climate change.
- Chief Finance Officer - Overall responsibility for oversight of the management of financial risks from climate change.
- Chief Risk Officer - Overall responsibility for the firm's risk department.

All other Senior Managers have prescribed or overall responsibilities included in their Management Responsibilities Maps. Whilst these may not directly reference climate change or environmental matters, these matters are nevertheless considered as relevant in Senior Managers' performance of their day-to-day roles.

Wider business

Our aim is to ensure robust governance such that we have the financial resilience to meet our customers' needs today, and whenever they might need us the most. It means that we embed responsible decision making and accountability across our organisation, so that we continue to make a positive impact on the environment and society for our shareholders, our customers, and our communities.

Development of our Responsible Business Approach is granted high corporate profile through the Responsible Business Committee, which drives the coordination required to deliver upon the Approach.

The responsibility for delivery of our Responsible Business Approach is embedded across our wider business. All our Executive Committees are empowered to share or escalate matters to the Responsible Business Committee and, by extension, the Board, to drive change and embed into business as usual in their respective business areas.

Our employees are empowered and encouraged to contribute to our journey through their ownership of and participation in our employee-led networks and groups.

Specific activities

During 2024, the Company undertook several environmental initiatives. The Community network within our Style in Action programme led 'The Big Clean Up Challenge' in support of Marine Conservation Society who are involved in many projects ranging from rebuilding sea grass habitat to protecting dolphin breeding grounds all across the UK. Four locations across the UK were chosen where employees could volunteer to spend the day with colleagues picking up litter, playing their part in keeping plastic out of our oceans, canals, parks and other green spaces.

A number of environmental initiatives have been implemented in the London office. Sam's Cafe started collecting used cooking oil to recycle and create high-quality biofuels for transport. Between September and November 2024 alone, 120 litres of oil was collected and recycled, resulting in 255.72 in CO2 savings.

During this time, a “green hour” was also implemented which offers free leftover food from the day to help reduce food waste. From 28 October until the end of 2024, we gave away 228 boxes of leftover food to employees, saving an average of 91.2kg of waste.

Many of Markel’s international offices are located in buildings with energy certifications. In 2024 both the Leeds office and Madrid office were relocated to more energy efficient buildings. The Torre de Cristal in Madrid has a Class A certificado energetico, and a Zero Waste to Landfill Certification. City Square House in Leeds is certified as BREEAM Excellent, EPC A rating and is Operational net zero carbon – RIBA 2030 compliant.

How the company identifies, assesses, and manages climate-related risks and opportunities

As part of the Risk Culture at Markel, all employees are responsible for identifying risks in their areas of the business, and escalating them through the appropriate channels. There are various sub-groups and committees within the business which are responsible for considering risk related matters. These include the Insurance Emerging Risks Group, the Exposure Management Working Group, the Political Economic Social Tech Working Group, and the Underwriting Committee. Any material risks identified in such groups, including risks relating to Climate Change, will be escalated to the Risk, Capital and Compliance Committee and the Responsible Business Committee.

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 risk 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 Risk, Capital and Compliance Committee. 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 increases.

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 and transition risk that climate change poses in order to assess the level of exposure faced by MIICL. The ORSA process also includes underwriting scenarios relating to climate change. There were no significant concerns to the potential impact on our financial results.

How processes for identifying, assessing, and managing climate-related risks are integrated into the company’s overall risk management process

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

The Company’s internal controls cover all aspects of its business. 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 the Company. The effectiveness of these controls is also managed at the local level.

The Company’s Risk Register details controls for each risk and identifies control ownership.

Principal climate-related risks and opportunities arising in connection with the company’s operations, and the time periods by reference to which those risks and opportunities are assessed

Risks

Climate risk can be broadly divided into 3 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.

Potential risks are regularly reviewed by the Risk, Capital and Compliance Committee and risks are addressed within the underwriting, risk, finance and audit functions of the Company, although Environmental, Social and Governance activity (including that which is relevant to climate change) is not segregated from the other work of these functions, but rather embedded in their operations.

Opportunities

There are also opportunities for the insurance industry as a result of climate change. The energy transition is poised to spark capital reallocation as businesses will require substantial spending to achieve real economy decarbonisation. The role of the insurance market has always been as a key contributor to the global economic activity, by driving efficiencies in risk-taking and capital allocation. This is a responsibility that we take very seriously.

Our continued growth in renewables exemplifies our commitment to supporting the world's energy transition – renewable energy has made up c.15% of the Markel International Energy portfolio over the past four years. This includes insuring Battery Energy Storage Systems (BESS) and Hydrogen risks, alongside our traditional renewable energy portfolio that focusses on Onshore/Offshore Wind and Solar.

Whilst banks lend money to support activities, they rarely do so without insurance in place. We therefore feel a responsibility to support the world's transition to a lower carbon economy by understanding the risks involved in building windfarms, solar projects and the wide variety of other power generation, storage and transmission assets that the world needs.

We also wish to support the other mitigation and adaptation technologies necessary such as carbon capture storage (CCS) to reduce the amount of greenhouse gases in the atmosphere and the impact of climate change on societies. We have already begun insuring these mitigation technologies and expect these to become more prevalent as the global transition accelerates.

By understanding these risks we can provide advice and the right coverage, fairly priced, to allow business and governments to develop these assets.

Description of the actual and potential impacts of the principal climate-related risks and opportunities on the company's business model and strategy

There are many environmental risks relevant to our business. Changes to the environment also have an impact on our business, and will continue to do so over time. These changes require us to assess risks to our business resulting from climate change and environmental risk, including the type of business we wish to write, which impacts our underwriting policies; as well as the type of investments we wish to make, which impacts our investment policies.

Analysis of the resilience of the company's business model and strategy, taking into consideration different climate-related scenarios

Markel's Risk Management and Capital teams work together to undertake various sensitivity tests, which allow for a better understanding of the key sensitivities for capital requirements.

MIICL carries out stress and scenario testing as part of the ORSA and Internal Model 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, severe reserve deteriorations, severe investment losses, 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 Group 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.

By order of the Board,



Andrew J Davies

Director

London

7 April 2025

Registered number 0966670

Directors' Report

The Directors present the Annual Report and financial statements of the Company for the year ended 31 December 2024.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report beginning on page 2.

Dividends

Dividends of \$199.7m were paid during the year (2023, \$70.0m).

Directors

The Directors of the Company who served during 2024 and up to the date of this report were as follows:

John W J Spencer	(Chair)
Wai-Fong Au	
Andrew J Davies	
Alexander W G Finn	(appointed 11 January 2024)
Henry G L Gardener	
Nicholas J S Line	
Kalpana Shah	
Anne Whitaker	(resigned 30 April 2024)
Simon Wilson	

Markel maintains liability insurance cover on behalf of the Directors and named Officers of the Company and its subsidiaries. None of the Directors had a beneficial interest in the shares or debentures of any of the UK companies in the Markel Group.

Going concern

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Company. The capital and liquidity position is subject to internal stress testing and scenario testing, and the Company has also taken several underwriting actions on its future business.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and is able to meet its financial obligations as they fall due for at least 12 months from the approval of the financial statements. Thus, the Directors have identified no material uncertainties that cast doubt about the ability of the Company to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Financial instruments and risk management

Information on the use of financial instruments by the Company and its management of the associated financial risk is disclosed in note 4 to these financial statements. In particular the Company's exposures to price risk, credit risk and liquidity risk are separately disclosed in that note. The Company's exposure to cash flow risk is addressed under the headings of 'Market risk', 'Credit risk' and 'Liquidity risk'.

Corporate Governance

The Company has considered and applied the Wates Corporate Governance Principles for Large Private Companies (the "Principles") during the 2024 financial year. Evidence of our application of the Principles is set out in the Section 172 report in the Strategic report.

The Company is authorised by the Prudential Regulation Authority ("PRA"). The Board includes four non-executive Directors and meets at least quarterly. Sub-committees of the Board include the Executive Committee, Audit Committee, Risk and Capital Committee, Reserving Committee, Finance Committee, Remuneration Committee, Nominations Committee, Outsourcing Committee and Responsible Business Committee. A number of Management Committees, including Committees with a divisional focus, report to the Executive Committee.

Political donations

No political donations were made in the year (2023, Nil).

Streamlined energy and carbon reporting

In this Directors Report, the Company is not considered to be a qualifying entity for the purposes of the Streamlined Energy and Carbon Reporting requirements of the Companies Act 2006. This is on the basis that the standalone Company has consumed less than 40,000 kilowatt hours of energy in the reporting period. Staff are employed by Markel International Services Limited ("MISL"), which also leases all of the properties, and thus the bulk of carbon emissions are consumed in that entity. MISL is a subsidiary of the Company, and disclosure of their emissions is included in the consolidated financial statements of Markel International Holdings Limited.

Carbon policy

As set out in the 'Markel Style' the Company has a commitment to its communities which we recognise includes environmental responsibilities. Our goal is to minimise our environmental impact whilst still adhering to our other company principles as expressed in the 'Markel Style' and our company profile.

Through the development of best practices in our business, the Company aims to use no more consumables than are necessary and recycle the maximum of those we do use. The Directors also believe that embedding environmental awareness throughout the organisation will be best achieved through a continuous programme of employee education.

Branches outside of the UK

The Company has branch operations in Switzerland, Ireland and Canada.

Events since the reporting date

There have been no material events since the reporting date.

Disclosure of information to the Auditor

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

Auditor

Pursuant to the Company's audit tender process in 2023, KPMG LLP resigned as auditor of the Company during the year and was replaced by PKF Littlejohn LLP. In accordance with Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and PKF Littlejohn LLP will, therefore, continue in office.

By order of the Board,



Andrew J Davies

Director
London

7 April 2025

Registered number 0966670

Statement of Directors' Responsibilities

in respect of the Strategic Report, the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Financial Reporting Standard ("FRS") 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance Contracts.

Under Company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board,



Andrew J Davies

Director

London

7 April 2025

Registered number 0966670



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARKEL INTERNATIONAL INSURANCE COMPANY LIMITED

Opinion

We have audited the financial statements of Markel International Insurance Company Limited (the 'company') for the year ended 31 December 2024 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* and FRS 103 *Insurance Contracts* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Assessing the reasonableness of the going concern analysis performed by management which covered at least a 12 month period ending 31 December 2029 and challenging the company's key inputs and forecast assumptions, which included considering their consistency with other available information and our understanding of the business;
- Performing stress testing on management's assumptions to test that the company has sufficient reserves and cash to continue as a going concern;
- Reviewing of Board, Risk Committee and Audit Committee meeting minutes as well as attendance at the Audit Committee and making enquiries of management and those charged with governance to identify risks or events that may impact the company's ability to continue as a going concern;
- Inspecting the Company's Own Risk and Solvency Assessment (ORSA) to assess its financial solvency under stressed conditions and consistency of stress tests considered in management going concern assessment;
- Considering the latest available Solvency and Financial Condition Report to confirm that the company continues to meet its regulatory capital requirements; and

- Assessing the transparency of management's disclosures in the financial statements by comparing them with management's assessment and our knowledge of the business. 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 financial statements are authorised for issue.

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

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. Materiality is considered the magnitude by which misstatements, including omissions, either individually or in aggregate, could reasonably be expected to influence the economic decisions of users that are taken on the basis of the financial statements. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements. The application of these key considerations gives rise to the following level of materiality, the quantum and purpose of which is tabulated below.

Overall materiality	\$11,269,000
How we determined it	Being 0.85% of gross written premium
Key considerations and rationale for benchmark applied	We determined users of the financial statements would be most interested in the company's ability to settle claims arising in the future and their ability to remain solvent. As the company generates cash mainly through gross written premiums, which also demonstrates the size and growth of the company, gross written premium has been deemed the most suitable benchmark.

We use a different level of materiality ('performance materiality') to scope our audit and determine the extent of our testing for account balances, classes of transactions and disclosures so as to reduce to an acceptable level of risk that the aggregate of uncorrected and undetected misstatements exceeds overall materiality for the financial statements as a whole. Performance materiality was set at 70% of overall materiality which is \$7,888,000, and we selected 70% as we did not identify factors indicating a higher level of risk from our predecessor audit file review and our own risk assessment procedures.

We agreed with the Audit Committee that we would report all audit differences in excess of \$563,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

Our approach to the audit

The assessment of audit risk, evaluation of materiality and allocation of performance materiality determine the audit scope. This enables us to form an opinion on the financial statements. We take into account the account size, risk profile and the organisation of the company and the effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. Following our work to ensure we had a sufficient understanding of the company's operations, including its systems and controls and the risks within the business, we designed our audit approach. This approach was designed so as to place appropriate focus on the most material areas and particularly those which are subject to the greatest amount of estimation uncertainty and involve the use of expert judgement. The most significant area, identified as a result of the high level of complexity and estimation uncertainty, is detailed within the Key audit matters section

of this report. We ensured that our team consisted of individuals with appropriate skills and experience, including the use of experts, to be able to challenge the data, assumptions, models and results in these areas.

Key audit matters

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

Key Audit Matter (\$'000)	How our scope addressed this matter
Valuation of Claims Outstanding – IBNR reserves	
<p>The company maintains claims outstanding - incurred by not reported (IBNR) reserves to cover the estimated ultimate cost of settling all losses arising from events which occurred up to the balance sheet date, regardless of whether those losses have been reported.</p> <p>The gross claims outstanding balance as at 31 December 2024 is \$2,305,426 (2023: \$2,000,845), and the net claims outstanding balance as at 31 December 2024 is \$1,436,627 (2023: \$1,311,149).</p> <p>The valuation of IBNR reserves is the most critical accounting estimate in the financial statements and involves a significant level of judgement. The valuation is highly judgemental because it requires a number of assumptions to be made with high estimation uncertainty such as loss development patterns and expected loss ratios. A change in these assumptions could result in a large change in the estimate for many classes of business.</p> <p>Claims Outstanding reserves are inherently uncertain and subjective by nature and are therefore more susceptible to fraud and error. IBNR reserves are subject to the risk of manipulation and given the magnitude of the balance, a small manipulation could have a material impact on the financial statements.</p> <p>There are certain components of the IBNR estimate which we consider to be higher risk:</p>	<p>Our work in this area included:</p> <ul style="list-style-type: none"> • Testing the design and implementation of controls over setting of actuarial best estimate liabilities, and challenging whether these controls have the level of precision and clarity to detect material valuation misstatements. • Testing the design and implementation of controls over the completeness and accuracy of claims and premium data from the financial underwriting systems underlying the actuarial projections used by the actuaries to set the IBNR reserves. <p>We performed the following tests rather than seeking to rely on the company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below.</p> <p>We involved our own actuaries who assisted us in:</p> <ul style="list-style-type: none"> • Performing diagnostic tests on all material classes and considering the reasonableness of prior changes in ultimate loss ratios in light of current experience using both Q2 and Q3 data to provide more insight. • Calculating our own estimate of the claims outstanding IBNR for 75.4% of the gross IBNR reserves and 68.8% of the net IBNR reserves by determining our own assumptions for material classes, using the company's own data at Q2, and comparing those to the company's actuarial best estimate and booked estimates at Q2. We determined our range using stochastic actuarial methods. We challenged the company's estimate based on our knowledge of the company and our experience of the market to determine whether the booked reserves were within a reasonable range. We then performed a roll forward to Q3 and Q4, using Q3 and Q4 data respectively, to conclude on the year-end actuarial best estimate and booked reserves.

<ul style="list-style-type: none"> • Long tailed reserving classes including general Liability, Terrorism, and Professional Indemnity; • Level of premium irrespective of level of reserve; • Where recent experience, identified through Actual vs Expected, diagnostic testing or other risk assessment procedures noted volatility or material changes; and • Nature of the business, such as classes where assumptions are highly judgemental and can be driven by the lack of available data, type of risk or other factors meaning more judgement is required in the selection of key assumptions and methods adopted to determine the IBNR. These classes included catastrophe ('cat') reserves and specific incurred but not enough reported ('IBNERS') for large claims. <p>An implicit actuarial margin is added to the actuarial best estimate ('ABE') of claims outstanding – IBNR reserves to make allowance for risks and uncertainties that are not specifically allowed for in establishing the ABE and in line with the company's reserving philosophy. The actuaries determine the appropriate margin to be recognised through subjective judgement and estimation, considering the perceived uncertainty and potential volatility in the underlying claims, which are also influenced by inflation.</p> <p>We therefore determined that the valuation of claims outstanding – IBNR reserves, both gross and net, has a high degree of estimation uncertainty with a range of reasonable estimates greater than our materiality for the financial statements as a whole.</p> <p>For further details, please refer to Note 2. Accounting policies, Note 3. Critical accounting estimates and judgements in applying accounting policies and Note 19. Technical provisions.</p>	<ul style="list-style-type: none"> • Evaluating the actuarially derived margins added to the actuarial best estimates, which included consideration of the margin policy, correlation of the level of caution held relative to the level of uncertainty, consistency over time and indicators of bias. • Assessing the company's methods and key assumptions for classes not subject to an independent reprojection totalling 24.6% of gross IBNR reserves and 31.3% of net IBNR reserves. We evaluated and challenged key assumptions by assessing development patterns, prior year development and reinsurance recoveries as part of a methodology and assumptions review. • Performing a qualitative review of the company's approach for setting cat reserves and specific IBNERS for large claims. We performed a walkthrough of management's process for setting these reserves as well as the governance around the process and considered these to be in line with market practice. Additionally, for cat reserves, we quantitatively assessed the reliability of cat event estimates by considering the movement over time in ultimate technical provisions of historic cat events. • Comparing prior year actual versus expected claims experience for each class of business and challenged the company's selected loss ratios. <p>We performed the following procedures in respect of:</p> <ul style="list-style-type: none"> • Data accuracy <p>We compared the relevant financial and non-financial claims paid, case reserves and premiums data recorded in the underwriting systems to the data used in the actuarial reserve calculations at Q2, Q3 and Q4, and tested the accuracy of the data relied on by actuaries on a sample basis. We also reconciled to amounts recorded in the financial statements.</p> • Disclosure <p>We considered the adequacy and transparency of the company's disclosures in respect of the degree of estimation uncertainty and sensitivity to changes in key assumptions in the financial statement note disclosures.</p> <p>Based on the procedures performed above, we are satisfied that the valuation of outstanding claims - IBNR is acceptable.</p>
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Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- We obtained an understanding of the company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the insurance sector, review of Board, Audit Committee, Reserving Committee, Finance Committee and Risk and Capital Committee meeting minutes and performing walkthroughs of the company's controls.
- We determined the principal laws and regulations relevant to the company in this regard to be those arising from the financial reporting framework (FRS 102, FRS 103 and the Companies Act 2006) and the relevant tax compliance regulations, distributable profits legislation and pensions legislation in the UK. Our considerations of other laws and regulations that may have a direct effect on the financial statements included in the prudential and supervisory requirements of the Prudential Regulation Authority and the Financial Conduct Authority.
- 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, Capital, Finance, Reserving, Compliance and Audit Committees to identify any indicators of non-compliance; and
 - Performing planning and final analytical procedures to identify and unusual or unexpected transactions or events.
- The company operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team has the appropriate competence and capabilities to perform the audit.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the reporting of events and transactions in the financial statements relating to the valuation of claims outstanding - IBNR. 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. Please refer to the *Key audit matters* section of our report for further information.
- We have concluded from our risk assessment that we do not consider there is a fraud risk related to revenue recognition as the revenue recognition of gross written premiums is regarded as non-complex, due to the nature of premiums written and the level of judgement and estimation. We did not identify fraud risk factors in relation to revenue recognition and concluded there is minimal opportunity for manipulation of revenue at a transactional level.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to:
 - testing journals based on risk criteria and evaluating the business rationale and obtaining supporting evidence;

- testing all material financial reporting journals posted as part of the preparation of the financial statements;
- incorporating an element of unpredictability in our audit procedures;
- reviewing accounting estimates for evidence of bias which included claims outstanding IBNR and defined benefit pension obligation assumptions; and
- evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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 financial statements 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 financial statements, 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. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board of Directors on 18 July 2023 to audit the financial statements for the period ending 31 December 2024 and subsequent financial periods. This is therefore our first year of uninterrupted period of engagement.

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

Non-audit services provided by PKF Littlejohn to Markel International Insurance Company Limited related to the audit of the Solvency and Financial Condition Report.

Our audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

15 Westferry Circus
Canary Wharf
London E14 4HD

7 April 2025

Income Statement

for the year ended 31 December 2024

Technical Account

		2024		2023	
	Notes	\$'000	\$'000	\$'000	\$'000
Earned premiums, net of reinsurance					
Gross written premiums	5	1,325,823		1,270,270	
Outward reinsurance premiums		(274,849)		(290,892)	
Net written premiums			1,050,974		979,378
Change in the gross provision for unearned premiums	19	(35,238)		(37,328)	
Change in the provision for unearned premiums reinsurers' share	19	25,135		3,817	
			(10,103)		(33,511)
Net Earned Premiums			1,040,871		945,867
Claims incurred, net of reinsurance					
Claims paid					
Gross amount		(444,773)		(440,886)	
Reinsurers' share		123,019		124,304	
Net paid claims		(321,754)		(316,582)	
Change in the provision for claims					
Gross amount	19	(324,702)		(314,901)	
Reinsurers' share	19	183,367		131,189	
Net change in provision		(141,335)		(183,712)	
Net claims incurred			(463,089)		(500,294)
Net operating expenses	7		(371,395)		(340,361)
Balance on the technical account			206,387		105,212

The notes on pages 41 to 73 form part of these financial statements.

Income Statement (cont'd)

for the year ended 31 December 2024

Non-technical account

	Notes	2024 \$'000	2023 \$'000
Balance on the technical account		206,387	105,212
Investment income	8	117,715	60,489
Investment expenses and charges	9	(11,441)	(7,480)
Unrealised gains on investments	10	98,277	118,916
Unrealised losses on investments	10	(64,540)	(34,679)
Net foreign exchange gains/(losses)		2,442	(1,194)
Profit on ordinary activities before taxation		348,840	241,264
Taxation on profit on ordinary activities	11	(84,780)	(55,080)
Profit for the year		264,060	186,184

The notes on pages 41 to 73 form part of these financial statements.

Statement of Comprehensive Income

for the year ended 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Profit for the year		264,060	186,184
Remeasurement of net defined pension asset	23	(3,098)	333
Movement on deferred tax relating to pension scheme	23	775	(83)
Total Comprehensive Income for the year		261,737	186,434

The notes on pages 41 to 73 form part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2024

2024	Called-up Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Comprehensive Income \$'000	Total \$'000
At beginning of year	267,202	199,765	(37,565)	315,335	744,737
Total comprehensive income for the year	-	-	-	261,737	261,737
Dividends paid	-	-	-	(199,691)	(199,691)
At end of year	267,202	199,765	(37,565)	377,381	806,783

2023	Called-up Share Capital \$'000	Share Premium \$'000	Other Reserves \$'000	Comprehensive Income \$'000	Total \$'000
At beginning of year	267,202	199,765	(37,565)	198,901	628,303
Total comprehensive income for the year	-	-	-	186,434	186,434
Dividends paid	-	-	-	(70,000)	(70,000)
At end of year	267,202	199,765	(37,565)	315,335	744,737

The notes on pages 41 to 73 form part of these financial statements.

Statement of Financial Position

as at 31 December 2024

	Notes	2024 \$'000	*Restated 2023 \$'000
Investments			
Investments in group undertakings and participating interests	14	4,352	4,352
Other financial investments	14	2,238,374	1,865,714
		2,242,726	1,870,066
Reinsurers' share of technical provisions			
Provisions for unearned premiums	19	116,420	91,849
Claims outstanding	19	868,799	689,696
		985,219	781,545
Pension surplus	23	63,333	67,235
Debtors			
Debtors arising out of direct insurance operations	15	296,748	261,713
Debtors arising out of reinsurance operations	15	271,509	215,483
Other debtors including taxation	17	10,408	58,488
		578,665	535,684
Cash at bank and in hand	1	92,517	186,606
Prepayments and accrued income			
Accrued interest		14,920	11,054
Deferred acquisition costs	19	84,603	89,004
		99,523	100,058
Total Assets		4,061,983	3,541,194

*Refer to the basis of preparation in Note 1 in respect of the re-presentation of 'Cash at bank and in hand' and 'Other financial investments'.

The notes on pages 41 to 73 form part of these financial statements.

Statement of Financial Position (cont'd)

as at 31 December 2024

	Notes	2024 \$'000	2023 \$'000
Capital and reserves			
Called up share capital	18	267,202	267,202
Share premium account	18	199,765	199,765
Other reserve	18	(37,565)	(37,565)
Profit and loss account		377,381	315,335
Shareholder's funds attributable to equity interests		806,783	744,737
Technical provisions			
Provisions for unearned premiums	19	551,964	520,850
Claims outstanding	19	2,305,426	2,000,845
		2,857,390	2,521,695
Creditors			
Creditors arising out of direct insurance operations	21	98,915	47,396
Creditors arising out of reinsurance operations	21	196,613	162,099
Deferred taxation liability	16	15,794	16,761
Other creditors including taxation and social security	22	86,488	48,506
		397,810	274,762
Total Liabilities and Shareholder's Funds		4,061,983	3,541,194

The notes on pages 41 to 73 form part of these financial statements.

The financial statements on pages 35 to 73 were approved by the Board of Directors on 7 April 2025 and signed on behalf of the Company by Andrew Davies, Company Director.



Andrew J Davies

Director
London

7 April 2025

Notes to the Financial Statements

1 Statement of compliance and basis of preparation

The financial statements have been prepared in compliance with Financial Reporting Standard ("FRS") 102, being the Financial Reporting Standard applicable in the UK and Republic of Ireland, and FRS 103 'Insurance Contracts', and the Companies Act 2006. The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 20 Fenchurch Street, London, EC3M 3AZ.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements on the grounds that the consolidated financial statements of Markel Group Inc. are publicly available and includes the Company in the consolidation. These financial statements present information about the Company as an individual undertaking and not about its group.

In these financial statements, the Company is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Key Management Personnel compensation; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules.

These financial statements have been prepared on the historical cost basis, except for financial assets classified at fair value through profit or loss that are measured at fair value.

The Company's functional currency and presentational currency is US dollars.

Balance sheet reclassification and presentation of 'Cash at bank and in hand' and 'Other financial investments'

The balance sheet for the year-ended 31 December 2024 reports 'Cash at bank and in hand' as a financial statement line item, which was previously named 'Cash and cash equivalents', to appropriately reflect the requirements of FRS 102 and the Companies Act 2006.

In 2023, the Company presented 'Cash and cash equivalents' (\$238,159k) which included 'Cash at bank and in hand' of \$186,606k (representing Deposits with credit institutions), and 'Money market funds' of \$51,553k.

Money market funds represent cash equivalents since these are short-term, highly liquid investments that are readily convertible, and are subject to insignificant changes in value due to the nature of the investments. Therefore, these have been reclassified to 'Other financial investments'. In the prior year, 'Other financial investments' reported \$1,814,161k, which has been restated on the balance sheet to be \$1,865,714k.

This re-presentation has been made to better reflect the characteristics of the investments which represent cash equivalents, with the corresponding presentation and disclosure being made in Note 14 (Financial Investments). This represents a balance sheet reclassification only and has no impact to total and net asset positions, profit and cash flows made in the year, and KPIs.

Going Concern

The Directors have continued to review the capital position, business plans, liquidity and operational resilience of the Company. The capital position is subject to internal stress testing and the Company has also taken a number of underwriting actions on its future business. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and have identified no material uncertainties that cast doubt about the ability of the Company to continue as a going concern for at least a year from the date of approval of the Financial Statements ("the going concern period").

2 Significant accounting policies

The following significant accounting policies have been applied in the preparation of these financial statements and are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk. The significance of insurance risk is dependent on both the probability of an insured event and the magnitude of its potential effect to the policyholder. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

2.1.1 Underwriting results

The underwriting result is determined using an annual basis of accounting, whereby the incurred cost of claims, commission and expenses are charged against the earned proportion of premiums, net of reinsurance.

2.1.2 Premiums

Premiums written relate to direct and inwards reinsurance business inceptioned during the year, together with any difference between booked premiums for prior years and those previously accrued, and include estimates of premiums not yet due or notified to the Company. Premiums are shown gross of brokerage payable and excludes taxes and duties levied on them. Reinstatement premiums on inwards business are accreted to the technical account on a pro-rata basis over the term of the original policy to which they relate.

2.1.3 Provision for unearned premiums

Unearned premiums represent the proportion of premiums written in the year that relates to unexpired terms of policies in force at the reporting date, calculated on the basis of established earnings patterns or time apportionment as appropriate. The movement in the provision is taken to the technical account in order that the revenue is recognised over the period of the risk. In the opinion of the Directors, the resulting provision is not materially different from one based on the pattern of incidence of risk.

2.1.4 Acquisition costs

Acquisition costs, which represent commission and underwriters' staff costs related to the production of business, are deferred and amortised over the period in which the related premiums are earned. Deferred acquisition costs relate to subsequent financial periods and are deferred to the extent that they are recoverable out of future revenue.

2.1.5 Provision for unexpired risks

A provision for unexpired risks is made where claims, related expenses and deferred acquisition costs are likely to arise after the end of the financial year in respect of contracts concluded before that date are expected to exceed the unearned premiums receivable, less the related deferred acquisition costs, under these contracts. Provision for unexpired risks is calculated separately by class and includes an allowance for investment return. Unexpired risk surpluses and deficits are offset where, in the opinion of the Directors, the business classes concerned are managed together, and in such cases a provision for unexpired risks is made only where there is an aggregate deficit.

2.1.6 Claims

Claims incurred comprises of claims and claims handling expenses paid in the year and the change in provisions for outstanding claims, including provisions for claims incurred but not reported ("IBNR") and related expenses, together with any adjustments to claims from prior years.

Outstanding claims represent the estimated ultimate cost of settling all claims arising from events which have occurred up to the date of the statement of financial position, including IBNR, less any amounts paid in respect of those claims. The Company does not discount its liabilities for unpaid claims, with the exception of period payments orders ("PPOs"). The discount rate used is based upon an investment return expected to be earned by financial assets which are appropriate in value and duration to match the provisions for insurance contract liabilities being discounted during the period expected before the final settlement of such claims.

Claims provisions are established on an individual class of business basis. Management conducts a quarterly review of each class of business. Claims are projected to the ultimate position and a provision is made for known claims and claims IBNR.

While the Directors consider that the estimate of claims outstanding is fairly calculated on the basis of the information currently available to them, there is inherent uncertainty in relation to the ultimate liability which will vary as a result of subsequent information and events. Adjustments to the amounts of the claims provisions established in prior years are reflected in the technical account for the period in which the adjustments are made.

2.1.7 Reinsurance

Reinsurance premiums ceded and reinsurance recoveries on claims incurred are included in the respective expense and income accounts, with a corresponding reinsurance liability and asset being recognised, respectively. Reinsurance outwards premiums are earned according to the nature of the cover. 'Losses occurring during' policies are earned evenly over the policy period. 'Risks attaching' policies are expensed on the same basis as the inwards business being protected.

Reinsurance assets include amounts recoverable from reinsurance companies for paid and unpaid losses and loss adjustment expenses, and ceded unearned premiums. Amounts recoverable from reinsurers are calculated with reference to the claims liability associated with the reinsured risks. Revenues and expenses arising from reinsurance agreements are therefore recognised in accordance with the underlying risk of the business reinsured.

If a reinsurance asset is impaired the Company reduces its carrying amount accordingly, and will immediately recognise the impairment loss in the technical account. A reinsurance asset will be deemed to be impaired if there is objective evidence, as a result of an event that occurred after initial recognition of that asset, that the Company may not receive all amounts due to it under the terms of the contract, and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Reinstatement premiums on outwards business are accreted to the technical account on a pro-rata basis over the term of the original policy to which they relate.

2.1.8 Expenses

Underwriting acquisition costs, general overheads and other expenses are charged as incurred to the technical account, net of the change in deferred acquisition costs.

2.2 Financial assets and liabilities

Classification

The accounting classification of financial assets and liabilities determines the way in which they are measured and changes in those values are presented in the Income Statement. Financial assets and liabilities are classified on their initial recognition. Subsequent reclassifications are permitted only in restricted circumstances.

Financial assets and financial liabilities at fair value through profit and loss comprise financial assets and financial liabilities held for trading and those designated as such on initial recognition. Investments in shares and other variable yield securities are designated as at fair value through

profit or loss on initial recognition, as they are managed on a fair value basis in accordance with the Company's investment strategy. Investments in fixed income securities are designated at amortised cost.

Recognition

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

Regular way purchases and sales of financial assets are recognised and derecognised, as applicable, on the trade date, i.e. the date that the Company commits itself to purchase or sell the asset.

Measurement

A financial asset or financial liability is measured initially at fair value plus, for a financial asset or financial liability not at fair value through profit and loss, transaction costs that are directly attributable to its acquisition or issue. Financial assets at fair value through profit or loss are measured at fair value with fair value changes recognised immediately in profit or loss. Net gains or net losses on financial assets measured at fair value through profit or loss includes foreign exchange gains/losses arising on their translation to the functional currency, but excludes interest and dividend income. Loans and receivables and non-derivative financial liabilities are measured at amortised cost using the effective interest method.

Offsetting

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

Investment Returns

Investment income comprises interest and dividends receivable for the year before investment expenses. Dividends receivable are stated after adding back any withholding taxation deducted at source. Investment expenses are charged to the Income Statement: Non-Technical Account on an incurred basis.

Realised gains or losses represent the difference between net sales proceeds and purchase price. Unrealised gains and losses on investments represent the difference between the current value of investments at the reporting date and their purchase price. The movement in unrealised investment gains/losses includes an adjustment for previously recognised unrealised gains/losses on investments disposed of in the accounting period.

Dividends receivable are accounted for by reference to the date on which the price of the investment is quoted ex-dividend.

The investment return is initially recorded in the Income Statement: Non-Technical Account. A transfer is made from the Income Statement: Non-Technical account to the Income Statement: Technical Account to reflect the investment return on funds supporting underwriting business.

Cash at bank and in hand, and cash equivalents

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. Cash at bank and in hand, and cash equivalents, are carried at cost in the Statement of Financial Position.

Investment in group undertakings

Investments in subsidiaries are stated at the lower of cost and net realisable value. Any impairment losses are recognised in the Statement of Comprehensive Income. An impairment loss is reversed if the subsequent increase in fair value can be related objectively to an event after the impairment loss was recognised. The reversal is recognised in the Statement of Comprehensive Income.

2.3 Financial investments

Debt securities and other fixed income securities are carried at amortised cost. Shares of other variable yield securities and units in unit trusts are stated at market value based on bid price. Short-term investments are comprised of investments with original maturities greater than three months and are carried at market value. Financial investments recorded at market value will fall into one of the three levels in the fair value hierarchy as follows:

- i) Included in the level 1 category are financial assets that are measured by reference to published quotes in an active market. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- ii) Included in the level 2 category are financial assets measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions. For example, assets for which pricing is obtained via pricing services but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Company's own models whereby the significant inputs into the assumptions are market observable.
- iii) Included in the level 3 category, are financial assets measured using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Therefore, significant unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available, which might include the Company's own data.

2.4 Defined benefit pension plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/income on the net defined benefit liability/asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/asset taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the reporting date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability/asset arising from employee service rendered during the period, net interest on net defined benefit liability/asset, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the Income Statement:

Technical Account.

Remeasurement of the net defined benefit liability/asset is recognised in the Statement of Comprehensive Income in the period in which it occurs.

2.5 Foreign currency translation

Transactions denominated in currencies other than the functional currency are recorded in the functional currency at the exchange rate ruling at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the exchange rate ruling on the reporting date.

Non-monetary assets and liabilities denominated in a foreign currency, measured at fair value, are translated into the functional currency at the date when the fair value was determined.

Exchange differences are recorded in the Income Statement: Non-Technical Account.

2.6 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement: Non-Technical Account.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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; and 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. 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.

3 Critical accounting estimates and judgements in applying accounting policies

In preparing these financial statements, the Directors have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Estimation and judgement in relation to the valuation of claims recognised under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the Company's most critical accounting estimate. There are key sources of uncertainty that need to be considered in the estimate of the amounts that the Company will ultimately pay to settle such claims. Significant areas requiring estimation and judgement include:

- Estimates of the amount of any liability in respect of claims notified but not settled and incurred but not reported claims (IBNR) to be included within provisions for inwards insurance and reinsurance contracts;
- The corresponding estimate of the amount of outwards reinsurance recoveries which will become due as a result of the estimated claims on inwards business.

The adequacy of the outstanding claims provisions is assessed by reference to projections of the ultimate development of claims in respect of each underwriting year. Management continually attempts to improve its claims estimation process by refining its ability to analyse claims development patterns, claims payments and other information, but many reasons remain for potential adverse development of estimated ultimate liabilities. The process of estimating claims reserves is a difficult and complex exercise involving many variables and subjective judgements. As part of the reserving process, historical data is reviewed and 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 is considered. Significant delays occur in notifying 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 reserve for claims outstanding is 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 regarding 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 Directors believe the process of evaluating past experience, adjusted for the effects of current developments and anticipated trends, is an appropriate basis for predicting future events. The estimation process has required reviewing risks and events which are expected to trigger future reported claims and assessing the potential financial loss of insureds. This has required underwriter, claims and actuarial experience and management's professional judgement.

Management believes the Company's provision for gross and reinsurers' share of claims outstanding is adequate and represents a reasonable estimate. 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.

Defined benefit pension

The Company recognises the Terra Nova defined benefit pension scheme in the financial statements,

and for the year-ended 31 December 2024 a net pension surplus was recognised (2023, surplus). Details of which are set out in accounting policy 2.4 and in Note 23. The pension scheme liabilities are subject to a higher degree of estimation uncertainty since changes in discount and inflation rates, and mortality assumptions could give rise to a material change in the net pension surplus recognised on the balance sheet. Refer to Note 23 for an analysis of sensitivity performed for each of these material assumptions.

4 Risk and capital management

Financial risk management objectives

The Company is exposed to financial risks primarily through its financial assets, reinsurance assets and policyholder liabilities. The Company's risks are recorded on a Risk Register and managed through the Risk Management Framework. Solvency II principles are used to manage the Company's capital requirements and to ensure that it has the financial strength to support the growth of the business and meet the requirements of policyholders, regulators and rating agencies.

The key financial and insurance risks assessed are Underwriting Risk, Reserving Risk, Asset Risk, Credit Risk, Liquidity Risk, Capital Risk and Operational Risk.

a) Underwriting Risk

Underwriting Risk is 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.

All underwriting at the Company is governed by the "Underwriting Policy" which sets out the imperatives for underwriting. The first core principle within the Underwriting Policy is related to underwriting profitable business and is "The aim of all underwriting decisions is to achieve the target combined ratio for each class in a spirit of honesty and integrity". The Company's fundamental objective is to underwrite profitably on a gross basis and to achieve target combined ratios. A combined ratio is the ultimate loss ratio plus 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.

Risk appetites are agreed annually by the Board to limit underwriting concentration. Adherence to these is monitored at the Risk, Capital and Compliance Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Company sets prudent maximum line-sizes. All underwriters have written underwriting authorities and there are peer reviews/review processes in place to ensure that business underwritten does not exceed authority or is outside the business plan. Risks exceeding 18 months are not permitted to be written without prior, written approval, although certain general exceptions are made. For example, in respect of Marine Construction risks (where matching reinsurance exists) this has been agreed in advance as part of the Company's underwriting strategy. Compliance with line-size and policy duration is monitored.

Technical pricing has been developed for many classes, and rate movements have been monitored since 2002.

There are independent reviews of underwriting.

A key method of monitoring the Company's aggregate exposures is the production of a quarterly "Aggregations pack" which sets out our exposures to various elemental and non elemental perils. For example, for natural catastrophe risk we monitor and report the Company's exposure, both gross and net, to each material region/peril. Units are given aggregate limits for catastrophe business in each zone and adherence to these is monitored within the pack. Natural catastrophe and non-natural catastrophe exposures form part of Risk Management's quarterly assessment of risk to the Risk, Capital and Compliance Committee and to the Board.

b) Reserving Risk

Reserving Risk is 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.

Risk appetites are agreed annually by the Board to reduce the likelihood of the reserves being deficient. Adherence to these is monitored at the Risk, Capital and Compliance Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

Claims handling guidelines set out Markel International's approach to claims, including:

- Claims diaries – claims adjusters must ensure that they diarise relevant dates when necessary. There are rules regarding which types of claims are subject to diary management, and targets set are monitored on a monthly basis.
- Panel of third party advisors – a panel of approved third party advisors (Attorneys and Adjusters) has been established. Third party advisors can only be appointed with sign off from a Claims Manager.
- Claims peer review audits – each underwriting unit is subject to a periodic claims audit of selected claims files for identifying strengths and weaknesses in the handling of claims. Senior independent claims personnel are responsible for the qualitative review of the handling of files.

An Actuarial reserving exercise occurs quarterly for both the reserving basis and the pricing basis. This involves internal review within the Actuarial department and discussions with relevant underwriters and claims staff, including consideration of the impact of factors such as trends in claims frequency and severity as well as inflation. Pricing basis represents the actuarial reserving "best estimate". The reserving basis reflects the Markel reserving philosophy of holding reserves that are more likely to be redundant than deficient. Combined Ratio packs are produced which contain gross and net projections for all classes of business written at Markel International. The packs are discussed in detail at quarterly "Combined Ratio Meetings", which are attended by the Executive Management, the Divisional Managing Director/Branch Managing Director from each unit and the relevant Actuaries.

c) Asset Risk

Asset Risk is the risk of loss resulting from adverse financial market movements including interest rates or exchange rates.

Risk appetites are agreed annually by the Board to limit investment concentration. Adherence to these is monitored at the Risk, Capital and Compliance Committee through Key Risk Indicators. Any exceptions to risk appetite are reported to the Board.

The Company's investment manager, Markel Gayner Asset Management LLC ("MGAM"), produces a quarterly Investment Report which is reviewed quarterly by Markel's investment committee. The Company's Finance Director participates in this meeting. A quarterly investment report is produced for the Company's Board.

The principal market risks and how exposure to these risks is managed are as follows:

Interest rate risk: The Company works to manage the impact of interest rate fluctuations on the fixed maturity portfolio. The effective duration of the fixed maturity profile is managed with consideration given to the estimated duration of policyholder liabilities. As the Company's fixed income securities are measured at amortised cost, the impact of interest rate movements on this portfolio is negligible.

Equity price risk: The Company sets limits on the amount of equities that can be held with any one issuer. The overall equity portfolio is also monitored to ensure that equity risk does not exceed the Company's risk appetite.

The table below sets out the Company's sensitivity to stock market price movements.

Price risk	2024 \$'000	2023 \$'000
Impact on result of 5% increase in stock market prices	30,379	28,950
Impact on result of 5% decrease in stock market prices	(30,379)	(28,950)
Impact on net assets of 5% increase in stock market prices	22,785	22,147
Impact on net assets of 5% decrease in stock market prices	(22,785)	(22,147)

Foreign exchange risk: Foreign exchange risk is managed primarily by matching assets and liabilities in each foreign currency as closely as possible. 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.

The table below details the matching of material currencies on the Statement of Financial Position. The currencies are reported in converted US dollars.

2024	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Investments	493,247	1,612,728	19,362	34,544	13,549	-	69,296	2,242,726
Reinsurers' share of technical provisions	166,170	733,314	20,924	3,155	25,246	1,633	34,777	985,219
Insurance and reinsurance receivables	174,152	380,339	2,759	1,125	2,907	1,965	5,009	568,256
Other assets	172,547	62,054	8,370	2,591	3,732	4,908	11,580	265,782
Total assets	1,006,116	2,788,435	51,415	41,415	45,434	8,506	120,662	4,061,983
Technical provisions	1,002,204	1,662,650	66,430	5,509	42,926	14,613	63,058	2,857,390
Insurance and reinsurance payables	67,169	225,801	(1,380)	211	614	(53)	3,165	295,527
Other creditors	97,950	10,706	(5,652)	267	83	(1)	(1,070)	102,283
Total liabilities	1,167,323	1,899,157	59,398	5,987	43,623	14,559	65,153	3,255,200
*Restated 2023	GBP'000	USD'000	EUR'000	CAD'000	AUD'000	JPY'000	Other'000	Total'000
Investments	460,263	1,353,118	10,608	-	-	-	46,077	1,870,066
Reinsurers' share of technical provisions	125,108	557,851	15,834	2,176	21,647	28,529	30,400	781,545
Insurance and reinsurance receivables	157,546	305,119	678	2,476	2,954	2,044	6,379	477,196
Other assets	257,765	65,577	27,165	2,351	15,136	30,702	13,690	412,386
Total assets	1,000,682	2,281,665	54,285	7,003	39,737	61,275	96,546	3,541,193
Technical provisions	838,713	1,506,840	54,064	2,683	36,019	19,407	63,969	2,521,695
Insurance and reinsurance payables	41,523	153,230	4,486	941	4,893	1,006	3,416	209,495
Other creditors	7,302	39,467	330	18,077	63	-	27	65,266
Total liabilities	887,538	1,699,537	58,880	21,701	40,975	20,413	67,412	2,796,456

*Refer to Note 1 and Note 14 for details of the balance sheet reclassification and presentation of 'Cash at bank and in hand' and 'Other financial investments'.

d) Credit Risk

Credit Risk is the risk of loss arising from the inability of a counterparty to fulfil its payment obligations. Key areas where the Company is exposed to credit risk are:

- Amounts recoverable from reinsurers
- Amounts due from insurance intermediaries and insurance contract holders
- Amounts due from corporate bond issuers

The Company's fixed income securities portfolio is monitored to ensure credit risk does not exceed the Company's risk appetite. In addition, the Company places limits on exposures to a single counterparty or concentrations of exposures to a specific counterparty. The Company does not hold any financial investments that are past due or impaired as at 31 December 2024.

The Board sets risk appetites for the amount of exposure it is prepared to accept in respect of reinsurers and brokers. These are monitored through reports to the Risk, Capital and Compliance Committee and any exceptions are reported to the Board.

The Company takes a proactive approach to the collection of reinsurance recoveries, including the pursuit of commutations. New reinsurers may be required to post collateral depending on their size, rating and potential debt to the Company. If a reinsurer is not willing to post collateral then their line size may be reduced to an acceptable level in accordance with their applicable rating and capital.

The table below provides details of the credit rating by asset class.

2024	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB or less \$'000	Not rated \$'000	Total \$'000
Shares and other variable yield securities and unit trusts	-	-	-	-	-	607,587	607,587
Debt securities	510,374	874,024	15,220	-	-	-	1,399,618
Short term investments	138,219	-	-	-	-	-	138,219
Money market funds	92,950	-	-	-	-	-	92,950
Deposits with credit institutions	-	11,107	59,101	22,309	-	-	92,517
Reinsurers' share of claims outstanding	16,620	464,440	353,803	-	-	33,936	868,799
Reinsurance debtors	5,194	145,143	110,567	-	-	10,605	271,509
Total credit risk	763,357	1,494,714	538,691	22,309	-	652,128	3,471,199
2023	AAA \$'000	AA \$'000	A \$'000	BBB \$'000	BB or less \$'000	Not rated \$'000	Total \$'000
Shares and other variable yield securities and unit trusts	-	-	-	-	-	579,005	579,005
Debt securities	395,106	745,704	9,128	-	-	23,473	1,173,411
Short term investments	61,745	-	-	-	-	-	61,745
Money market funds	51,553	-	-	-	-	-	51,553
Deposits with credit institutions	-	16,670	160,265	9,671	-	-	186,606
Reinsurers' share of claims outstanding	11,208	172,651	490,081	-	-	15,756	689,696
Reinsurance debtors	3,502	53,941	153,117	-	-	4,923	215,483
Total credit risk	523,114	988,966	812,591	9,671	-	623,157	2,957,499

Assets not contained in the above table include: reinsurers' share of unearned premium, debtors arising out of direct insurance operations, deferred acquisition costs and other debtors. These assets have been excluded from the table as credit ratings are not readily ascertainable.

e) Liquidity Risk

Liquidity Risk is the risk that sufficient liquid financial resources are not maintained to meet liabilities as they fall due. The Company monitors the projected settlement of liabilities and, in conjunction with MGAM, sets guidelines on the composition of the portfolio in order to manage this risk.

The average duration of liabilities is 3.2 years (2023, 3.3 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 Risk, Capital and Compliance Committee in order to determine that liquidity risk has been mitigated to a satisfactory level.

The table below provides details of debt securities by effective maturity date.

	1 year or less \$'000	1-5 years \$'000	5-10 years \$'000	10-20 years \$'000	20+ years \$'000	Total \$'000
2024	149,916	679,212	528,560	36,817	5,113	1,399,618
2023	34,319	700,730	386,593	43,183	8,586	1,173,411

f) Capital Risk

Capital risk is the risk of failing to hold sufficient capital to meet regulatory or rating agency requirements, inefficient allocation of capital, or failure to obtain adequate return on capital.

There is a quarterly process whereby the capital team model held capital against the requirements for the Company and report the results to the Risk, Capital and Compliance Committee. There is also a margin of capital which is held in excess of the requirements and regular engagement with the regulators and rating agencies.

Capital management

The Company is a regulated undertaking and subject to supervision by the PRA under the Financial Services and Markets Act 2000 and in accordance with the Solvency II regulations. The Company actively manages capital to ensure that it can continually meet its regulatory capital requirements while also maintaining sufficient capital to retain financial strength.

The Company performs a number of sensitivity tests using risk management tools to understand volatility in earnings, the volatility of capital requirements, and to manage its capital effectively. The Company's capital models are used to quantify risk under the Solvency II regulation on at least a quarterly basis to assess risk and to support the determination of the Solvency Capital Requirement and risk margin under Solvency II. The Solvency Capital Requirement ("SCR") and Solvency Cover Ratio are metrics against which the Company sets Solvency II capital risk appetites. The Company's risk exposure as measured by the SCR has remained relatively stable during the year, albeit reflecting changes in economic and insurance market conditions (e.g. interest rates, reinsurance retention rates). Management reporting assists the Board to make decisions about the allocation of capital, ensuring adequate reserving for payment of future claims, and maintain efficient capital management. Management information is prepared and presented to the RCCC and subsequently to the Board.

Under Solvency II, management use an internal model to calculate the amount of capital it needs to hold, in recognition of the risks it faces. On 31 December 2024, the Company held Solvency II eligible own funds of \$1,022.3m (2023, \$968.4m) against a SCR of \$545.4m (2023, \$542.9m), representing a coverage ratio of 187% (2023, 178%).

g) Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Key controls that mitigate each risk on our risk register have been identified together with an appropriate control owner. Each quarter the control owner is required to confirm that the controls they are responsible for have been in place and operating effectively during the previous quarter. Controls relating to the production of financial information, which is governed by the Sarbanes Oxley Act, applicable to the Company due to being a subsidiary of a US parent company, are tested annually by our Internal Audit team. Senior managers are also required to answer a quarterly questionnaire designed to identify whether there are any changes to processes, or any events which might impact Markel's Financial Statements. Each quarter's confirmation process is summarised by Risk Management in a memo to the President, the Finance Director, the Chief Operating Officer and the Chief Underwriting Officer.

An Incident Log (including Operational Losses and Near Misses) has been compiled. This records and quantifies losses and "near misses" arising from or exacerbated by failure of people, processes and systems as well as those caused by external (non-insurance) events, and assists in identifying Risk Events, Key Risk Indicators and also controls which would mitigate a recurrence of such losses.

The Chief Risk Officer reports on a number of areas of Operational Risk at the quarterly Risk, Capital and Compliance Committee and material issues are summarised to the Board.

Group risk falls under Operational Risk and is the risk that actions or events within one part of Markel adversely affect the Company.

It is considered that being part of a larger, experienced insurance group, with considerable financial resources and sound reputation, is a strength. Markel International has a number of controls, such as internal committees that consider the interests of the Company and other Markel International legal entities and endeavour to communicate the Markel International perspective to Markel, with whom an excellent relationship is enjoyed.

The risk of the Company being part of MIHL is also considered. The policy is always to consider the interests of the Company, and this single risk strategy, risk management approach, operational procedures and standards are effective in ensuring that each entity is treated equitably.

5 Analysis of underwriting result

a) Analysis of business by class

The following table has been presented based on the classes of business prescribed by the Company Act 2006:

	Gross Written Premiums \$'000	Gross Earned Premiums \$'000	Gross Claims Incurred \$'000	Gross Operating Expenses \$'000	Reinsurance Balance \$'000	Total \$'000
2024						
Direct Insurance						
Marine, aviation & transport	207,947	215,879	(186,159)	(57,391)	30,685	3,014
Fire and other damage to property	51,103	49,978	(16,511)	(21,032)	(2,529)	9,906
Third-party liability	438,549	431,109	(289,845)	(164,224)	80,537	57,577
Credit and suretyship	50,832	48,693	(24,965)	(18,367)	1,964	7,325
Legal expenses	50,916	51,629	(4,207)	(21,985)	-	25,437
Miscellaneous	108,836	110,297	(9,704)	(47,437)	(2,882)	50,274
Total Direct	908,183	907,585	(531,391)	(330,436)	107,775	153,533
Reinsurance	417,640	383,000	(238,084)	(99,002)	6,940	52,854
Total	1,325,823	1,290,585	(769,475)	(429,438)	114,715	206,387

	Gross Written Premiums \$'000	Gross Earned Premiums \$'000	Gross Claims Incurred \$'000	Gross Operating Expenses \$'000	Reinsurance Balance \$'000	*Restated Total \$'000
2023						
Direct Insurance						
Marine, aviation & transport	250,492	279,949	(288,234)	(66,522)	56,713	(18,094)
Fire and other damage to property	44,781	43,102	(13,125)	(19,852)	(6,165)	3,960
Third-party liability	427,518	409,624	(198,615)	(135,963)	12,799	87,845
Credit and suretyship*	37,726	34,586	(35,508)	(9,573)	(1,508)	(12,003)
Legal expenses*	51,791	50,814	(22,577)	(16,511)	-	11,726
Miscellaneous*	110,443	110,330	(40,659)	(41,636)	(26,956)	1,079
Total Direct	922,751	928,405	(598,718)	(290,057)	34,883	74,513
Reinsurance	347,519	304,537	(157,069)	(82,014)	(34,755)	30,699
Total	1,270,270	1,232,942	(755,787)	(372,071)	128	105,212

*The 2023 prior year comparatives have been restated to improve the disclosure and aid comparability of additional Companies Act 2006 business classes with the current year 2024 results, given the material increase in business underwritten in 2024. As a result, 'Credit and suretyship' and 'Legal expenses' business classes are newly disclosed, which were previously reported in 'Miscellaneous'.

	Gross Written Premiums \$'000	Gross Earned Premiums \$'000	Gross Claims Incurred \$'000	Gross Operating Expenses \$'000	Reinsurance Balance \$'000	Total \$'000
previously reported in 2023						
Direct Insurance						
Miscellaneous	199,960	195,730	(98,744)	(67,720)	(28,464)	802

b) **Analysis of premium by geographic area by destination:**

	Gross Written Premiums	
	2024	2023
	\$'000	\$'000
United States	248,598	231,473
United Kingdom	650,428	672,177
Europe (excluding UK)	65,131	51,943
Rest of the world	356,720	310,814
Canada	4,946	3,863
Total	1,325,823	1,270,270

Analysis of premium by geographic area by origin:

	Gross Written Premiums		Profit Before Taxation	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
United Kingdom				
Direct	818,701	811,944	203,705	131,278
United States				
Direct	3,623	36,607	(46,073)	(41,315)
Rest of World				
Direct	7,067	3,199	(16)	(1,540)
Europe (excluding UK)				
Direct	78,792	71,001	(4,083)	(13,910)
	908,183	922,751	153,533	74,513
Reinsurance			52,854	30,699
Investment return			140,011	137,246
Foreign exchange gains/(losses)			2,442	(1,194)
Profit on ordinary activities before taxation			348,840	241,264

Direct insurance written in the United States comprises of Excess and Surplus Lines business written in those states where the Company is an authorised insurer.

6 Movement in prior year's provision for claims outstanding

The Company experienced a net favourable loss development in the year of \$140.3m (2023, \$63.5m). This release is a result of more favourable claims development than originally anticipated, including \$17.2m of improvement in losses related to prior year catastrophes, and the work of our claims department in dealing with claims in an expeditious manner.

7 Net operating expenses

	2024	2023
	\$'000	\$'000
Acquisition costs	229,007	219,710
Change in deferred acquisition costs	3,677	(2,954)
Administrative expenses	196,755	155,315
Gross operating expenses	429,439	372,071
Reinsurance commissions and profit participation	(58,044)	(31,710)
Net operating expenses	371,395	340,361

Included in administrative expenses is auditors remuneration of \$638k (2023, \$686k).

	2024 \$'000	2023 \$'000
Audit of the Financial Statements	513	534
Audit related assurance services	125	152
Total	638	686

Audit services provided by PKF during the year totalled \$638k, of which audit related assurance services of \$125k were in relation to the audit of the Solvency and Financial Condition Report ("SFCR"). In 2023 audit services of \$686k were provided by KPMG, of which audit related assurance services of \$152k were in relation to the audit of the SFCR, and regulatory returns for Brazil, Argentina, Switzerland and Dubai.

Total commissions for direct insurance accounted for during the year amounted to \$166.2m (2023, \$166.3m).

8 Investment income

	2024 \$'000	2023 \$'000
Income from investments	62,036	47,794
Gains on the realisation of investments	55,679	12,695
Total	117,715	60,489

9 Investment expenses and charges

	2024 \$'000	2023 \$'000
Investment management expenses, including interest	10,304	7,430
Amortisation of fixed interest securities	(6,490)	(1,226)
Losses on the realisation of investments	7,627	1,276
Total	11,441	7,480

10 Investment return

	2024 \$'000	2023 \$'000
Investment income	117,715	60,489
Investment expenses and charges	(11,441)	(7,480)
Unrealised gains on investments	98,277	118,916
Unrealised losses on investments	(64,540)	(34,679)
Return on investments	140,011	137,246

11 Taxation

a) Analysis of charge for the year

Total taxation charge in the Income Statement: Non-Technical Account.

	2024 \$'000	2023 \$'000
Current Taxation		
Current tax charge on profit for the period - UK corporation tax	84,907	53,845
Current tax (credit)/ charge on profit for the period - US corporation tax	(6,606)	11,852
Current tax charge/ (credit) on profit for the period - US corporation tax settled by Markel Group under the tax sharing agreement	6,606	(11,852)
Adjustment in respect of prior periods	65	302
Total current tax charge	84,972	54,147
Deferred Taxation		
Origination and reversal of timing differences	(193)	932
Adjustment in respect of prior periods	1	1
Rate change	-	-
Deferred tax credit on profit for the period - US corporation tax	(8,116)	(8,656)
Deferred tax charge on profit for the period - US corporation tax settled by Markel Group under the tax sharing agreement	8,116	8,656
Total deferred tax (credit)/ charge	(192)	933
Taxation charge on profit on ordinary activities	84,780	55,080

b) Factors affecting the taxation charge for the year

The taxation charge assessed for the year is lower (2023, lower) than the standard rate of corporation taxation in the UK of 25.00% (2023, 23.50%). The differences are explained below:

	2024 \$'000	2023 \$'000
Profit on ordinary activities before taxation	348,840	241,264
Profit on ordinary activities multiplied by standard effective rate of corporation taxation in the UK of 25.00% (2023, 23.50%)	87,210	56,697
Effects of		
Dividend income not taxable	(2,556)	(1,986)
US corporation tax	(6,606)	11,852
US corporation tax settled by Markel Group under the tax sharing agreement	6,606	(11,852)
Other permanent differences	60	10
Prior year adjustment	66	303
Tax rate differential	-	56
Rate change	-	-
Impairment expenses not taxable	-	-
Other	-	-
Total tax charge for the year	84,780	55,080

The Company has made an election in accordance with IRS code §953(d) to be treated as a US company for US tax purposes effective as of 1 January 2018. The current statutory tax rate for US corporate income tax purposes is 21%. The Company has entered into a tax sharing agreement with Markel, under which Markel has agreed to bear the net US tax expense generated by the Company, effective as of 1 January 2018.

The Organization for Economic Co-operation and Development ("OECD") introduced rules, commonly referred to as Pillar Two, to establish a 15% global corporate minimum tax on large, multi-national enterprises. Certain countries in which the Markel group have operations, including the United Kingdom, have enacted legislation consistent with Pillar Two, which generally became effective on January 1, 2024. Pillar Two did not have a material impact on our results of operations, financial condition or cash flows in 2024, and we do not expect it to have a material impact on the results of our operations, financial condition or cash flows in future periods, however, we will continue to evaluate these tax law changes as additional guidance is issued by the OECD and relevant tax authorities.

12 Directors' remuneration

The Directors' remuneration is paid by Markel International Services Limited ("MISL") to Directors for their services to the Company. The following remuneration was their calculated apportionment to the Company:

	2024 \$'000	*Restated 2023 \$'000	*Previously reported 2023 £'000
Aggregate remuneration receivable by directors in respect of qualifying services	2,567	1,781	1,593
Aggregate amounts receivable under long-term incentive schemes in respect of qualifying services	468	341	-
Company contributions to money purchase pension plans	25	20	-
Total remuneration	3,060	2,142	1,593

*The 2023 prior year comparatives have been restated to accurately reflect the total remuneration for the period and is reported in USD (2023, previously GBP).

Post-employment benefits are accruing for two directors (2023, two) under a defined benefit scheme.

Four directors received shares under a long-term incentive scheme (2023, four).

Two directors (2023, two) were members of a defined contribution scheme.

Highest paid Director

The highest paid director's remuneration was as follows:

	2024 \$'000	*Restated 2023 \$'000	*Previously Reported 2023 £'000
Aggregate remuneration receivable, and amounts receivable under long-term incentive schemes	1,060	659	476
Company contributions to money purchase pension plans	5	4	-
Total remuneration	1,065	663	476

The highest paid director did not participate in the defined benefit scheme.

The highest paid Director is accruing benefits under a long-term incentive scheme in 2024 and 2023.

The highest paid Director received shares under a long-term incentive scheme (2023, shares received).

13 Staff numbers and costs

Staff are employed by Markel International Services Limited ("MISL"). For a full breakdown of employment costs, please refer to the Annual Report and Financial Statements of MISL.

14 Investments

Investments in subsidiaries and participating interests

	Carrying Value		Cost	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Shares in subsidiaries at beginning of year	4,352	3,112	9,778	8,538
Capital contribution	-	1,240	-	1,240
Shares in subsidiaries at end of year	4,352	4,352	9,778	9,778

Management has performed an impairment assessment and do not consider there to be an impairment in the year.

Set out below are the Company's interests in other group companies as at 31 December 2024.

Name of Company	Country of Registration	Holding	Nature of Business
Markel Syndicate Management Limited	England and Wales	100% Ordinary Shares	Underwriting Agent
Markel International Services (Delaware) Limited	United States of America	100% Ordinary Shares(1)	Holding Company
Markel Services India Private Limited	India	0.0007% Ordinary Shares (1)	Insurance Agent Service Company
Markel International Services Limited	England and Wales	100% Ordinary Shares(2)	Expense Services

(1) held by Markel Syndicate Management Limited

(2) held by Markel International Services (Delaware) Limited

The registered office for Markel Syndicate Management Limited and Markel International Services Limited is 20 Fenchurch Street, London, EC3M 3AZ. The registered office for Markel Services India Private Limited is Level 6, 4th North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (East) Mumbai, Mumbai City 400051. The registered office for Markel International Services (Delaware) Limited is 1209 Orange Street, Wilmington, Delaware 19801.

Other listed financial investments

	Carrying Value		Cost	
	2024 \$'000	*Restated 2023 \$'000	2024 \$'000	*Restated 2023 \$'000
Shares and other variable yield securities and units in unit trusts	607,587	579,005	333,864	338,880
Debt securities and other fixed income securities	1,399,618	1,173,411	1,413,974	1,191,150
Short term investments (debt securities and commercial paper)	138,219	61,745	138,219	61,745
Money market funds	92,950	51,553	92,950	51,553
Total	2,238,374	1,865,714	1,979,007	1,643,328

2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Shares and other variable yield securities and units in unit trusts	607,587	-	-	607,587
Short term investments	138,219	-	-	138,219
Money market funds	92,950	-	-	92,950
Total	838,756	-	-	838,756

*Restated 2023	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Shares and other variable yield securities and units in unit trusts	579,005	-	-	579,005
Short term investments	61,745	-	-	61,745
Money market funds	51,553	-	-	51,553
Total	692,303	-	-	692,303

***Balance sheet reclassification and presentation of 'Cash at bank and in hand' and 'Other financial investments'**

The balance sheet for the year-ended 31 December 2024 reports 'Cash at bank and in hand' as a financial statement line item, which was previously named 'Cash and cash equivalents', to appropriately reflect the requirements of FRS 102 and the Companies Act 2006.

In 2023, the Company presented 'Cash and cash equivalents' (\$238,159k) which included 'Cash at bank and in hand' of \$186,606k (representing Deposits with credit institutions), and 'Money market funds' of \$51,553k.

Money market funds represent cash equivalents since these are short-term, highly liquid investments that are readily convertible, and are subject to insignificant changes in value due to the nature of the investments. Therefore, these have been reclassified to 'Other financial investments'. In the prior year, 'Other financial investments' reported \$1,814,161k, which has been restated on the balance sheet to be \$1,865,714k.

This re-presentation has been made to better reflect the characteristics of the investments which represent cash equivalents, with the corresponding presentation and disclosure being. This represents a balance sheet reclassification only and has no impact to total and net asset positions, profit and cash flows made in the year, and KPIs.

The debt and other fixed income securities which are shown at amortised cost are analysed below:

	2024 \$'000	2023 \$'000
Cost	1,413,974	1,191,150
Cumulative amortisation	(14,356)	(17,739)
Amortised cost	1,399,618	1,173,411
Market Value	1,365,172	1,152,079

The redemption value of investments held at the year end was \$0.3m lower (2023, \$3.6m lower) than the amortised cost.

Included within Other listed financial investments are restricted assets of \$415.3m (2023, \$343.8m).

15 Debtors arising out of direct insurance operations and reinsurance operations

	Direct Insurance Operations		Reinsurance Operations	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Amounts owed by fellow Markel subsidiaries	-	-	6,742	5,758
Amounts owed by intermediaries	296,748	261,713	264,767	209,725
Total	296,748	261,713	271,509	215,483

Amounts are receivable within one year of the reporting date.

16 Deferred taxation

The provision for deferred taxation has been made on a full provision basis. The deferred taxation asset comprises amounts arising on:

	2024 \$'000	2023 \$'000
Difference between accumulated depreciation and capital allowances	40	48
Total asset	40	48

The movement in the deferred taxation liability during the year is as follows:

	Deferred Tax Asset 2024 \$'000	Pension Tax Liability 2024 \$'000	Total 2024 \$'000	Total 2023 \$'000
At beginning of year	48	(16,809)	(16,761)	(15,745)
Income Statement (credit)/ debit - current	(8)	201	193	(932)
Income Statement (credit) - prior and rate change	-	(1)	(1)	(1)
Movement in Statement of Comprehensive Income	-	775	775	(83)
At end of year	40	(15,834)	(15,794)	(16,761)

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. Following the substantive enactment of this new law on 24 May 2021, deferred taxation in respect of timing differences expected to reverse in 2023 and subsequent years has been calculated at a deferred tax rate of 25% (2023, 25%), which is consistent with the deferred tax rate applied in the consolidated accounts of Markel.

No deferred tax asset is recognised in respect of aggregate cumulative unrelieved tax losses of \$6.1m (2023, \$12.8m) in the Company's overseas branches due to the uncertainty of sufficient taxable income being generated in the branches in the foreseeable future, primarily as a result of the establishment of MISE and its branch network. MISE was established as a regulated insurance carrier in Munich, Germany in response to the UK's decision to leave the European Union. On 29 March 2019 the UK High Court approved the transfer of the Company's legacy EEA exposures, claims and policies to MISE to provide certainty for the Company's policyholders if the Company were to be prevented from paying claims and administering policies post Brexit. Since this date the Company has ceased writing business through its branch operations in Spain, Netherlands and Germany.

17 Other debtors

	2024 \$'000	2023 \$'000
Amounts owed by fellow Markel subsidiaries	-	55,977
Current taxation	6,342	-
Other debtors	4,066	2,511
Total	10,408	58,488

Amounts are receivable within one year of the reporting date.

18 Share capital and reserves

The share capital of the Company is as follows:

	2024 \$'000	2023 \$'000
26,720,259 called up, allocated and fully paid ordinary shares of \$10.00, at end of year	267,202	267,202
Share premium account	199,765	199,765

The Other Reserve is in relation to the merger of Markel Europe plc that was effective on 1 July 2015.

19 Technical provisions

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 established adequate provisions for such claims, although the ultimate liability may be more or less than the reserves actually held by the Company, and considers that were future losses associated with those claims to arise, they would not have a material adverse impact on the financial position of the Company.

	2024			2023		
Provision for claims outstanding	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
At 1 January	2,000,845	(689,696)	1,311,149	1,648,212	(549,454)	1,098,758
Movement in provision	324,702	(183,367)	141,335	314,901	(131,189)	183,712
Movement due to foreign exchange	(20,121)	4,264	(15,857)	37,732	(9,053)	28,679
Total movement in reserves	304,581	(179,103)	125,478	352,633	(140,242)	212,391
At 31 December	2,305,426	(868,799)	1,436,627	2,000,845	(689,696)	1,311,149

	2024			2023		
Provision for unearned premiums	Gross \$'000	Reinsurance \$'000	Net \$'000	Gross \$'000	Reinsurance \$'000	Net \$'000
At 1 January	520,850	(91,849)	429,001	470,514	(86,535)	383,979
Movement in provision	35,238	(25,135)	10,103	37,328	(3,817)	33,511
Movement due to foreign exchange	(4,124)	564	(3,560)	13,008	(1,497)	11,511
Total movement in reserves	31,114	(24,571)	6,543	50,336	(5,314)	45,022
At 31 December	551,964	(116,420)	435,544	520,850	(91,849)	429,001

Deferred acquisition costs	2024 \$'000	2023 \$'000
At 1 January	89,004	83,787
Change in deferred acquisition costs	(3,677)	2,954
Movement due to foreign exchange	(724)	2,263
At 31 December	84,603	89,004

The following gross and net loss tables have been revalued to reflect the current year end rates of exchange.

Gross outstanding claims provision as at 31 December 2024

Underwriting year	Prior years \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	Total \$'000
Estimate of cumulative claims incurred												
At end of underwriting year		138,558	137,727	320,097	239,198	221,800	236,999	299,626	377,621	338,271	361,515	
One year later		290,967	251,429	492,592	328,898	512,983	413,046	586,856	773,534	595,076		
Two years later		275,864	229,142	408,696	324,971	415,019	405,562	621,656	809,021			
Three years later		266,734	196,052	428,059	311,638	385,103	396,885	588,296				
Four years later		246,262	198,180	430,307	326,411	382,960	406,695					
Five years later		248,652	207,772	425,166	335,417	409,606						
Six years later		242,242	211,482	429,911	384,089							
Seven years later		236,015	209,018	448,853								
Eight years later		254,045	184,163									
Nine years later		260,859										
Cumulative paid claims												
At end of underwriting year		(8,846)	(12,186)	(44,241)	(11,341)	(23,582)	(27,369)	(22,707)	(29,148)	(12,974)	(18,932)	
One year later		(44,088)	(41,044)	(173,941)	(87,142)	(117,828)	(145,407)	(111,264)	(159,676)	(98,781)		
Two years later		(92,748)	(79,291)	(246,948)	(146,083)	(209,863)	(218,057)	(185,428)	(263,878)			
Three years later		(123,035)	(101,656)	(309,215)	(174,338)	(262,921)	(273,438)	(267,437)				
Four years later		(145,757)	(110,065)	(330,168)	(212,898)	(285,039)	(307,635)					
Five years later		(179,431)	(118,786)	(346,930)	(272,881)	(314,605)						
Six years later		(187,503)	(140,996)	(365,645)	(294,829)							
Seven years later		(195,088)	(151,232)	(392,120)								
Eight years later		(196,847)	(153,726)									
Nine years later		(204,332)										
Total outstanding claims provision per the Statement of Financial Position	173,550	56,537	30,437	56,732	89,260	95,001	99,060	320,830	545,142	496,295	342,582	2,305,426

Net outstanding claims provision as at 31 December 2024

Underwriting year	Prior years \$'000	2015 \$'000	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000	2022 \$'000	2023 \$'000	2024 \$'000	Total \$'000
Estimate of cumulative claims incurred												
At end of underwriting year		105,165	107,729	264,239	160,508	161,535	166,736	217,163	285,211	265,257	268,287	
One year later		201,062	185,991	400,571	217,350	385,509	282,391	456,888	557,561	451,382		
Two years later		173,794	134,212	308,487	210,894	284,035	265,412	467,644	564,529			
Three years later		157,352	119,007	310,929	203,826	265,528	262,848	411,529				
Four years later		143,193	118,994	308,832	195,458	264,526	252,726					
Five years later		147,751	132,991	303,778	199,623	300,499						
Six years later		142,758	132,356	297,662	244,124							
Seven years later		140,117	130,409	300,597								
Eight years later		144,055	116,722									
Nine years later		139,035										
Cumulative paid claims												
At end of underwriting year		(7,999)	(12,174)	(43,084)	(11,048)	(13,369)	(19,578)	(21,699)	(26,922)	(12,389)	(18,578)	
One year later		(42,015)	(24,034)	(160,748)	(63,019)	(96,181)	(78,525)	(84,050)	(114,489)	(90,251)		
Two years later		(85,336)	(59,044)	(214,291)	(108,924)	(162,691)	(127,258)	(144,835)	(195,434)			
Three years later		(105,738)	(73,449)	(252,745)	(132,369)	(200,769)	(166,364)	(200,566)				
Four years later		(114,855)	(79,010)	(269,832)	(149,030)	(224,696)	(194,267)					
Five years later		(122,058)	(87,565)	(274,518)	(177,022)	(244,910)						
Six years later		(128,465)	(97,022)	(290,846)	(185,857)							
Seven years later		(131,578)	(104,211)	(299,450)								
Eight years later		(133,506)	(104,604)									
Nine years later		(136,285)										
Total outstanding claims provision per the Statement of Financial Position		76,399	2,750	12,118	1,147	58,267	55,589	58,459	210,963	350,096	361,130	249,709 1,436,627

20 Discounted claims

The claims relating to Periodical Payment Orders ("PPOs") have been discounted as follows:

Class of business	Discount rates		Mean term of liabilities	
	2024	2023	2024	2023
Motor	3.0%	3.0%	33.9 years	27.6 years

The period that will elapse before claims are settled is determined using adjusted mortality tables.

In March 2023 the Company entered into a deal with Marco Capital Ltd for the LPT in relation to its UK Motor PPO portfolio. As a result the UK Motor PPO portfolio is now fully reinsured, resulting in no remaining net claims provisions for the Company.

The claims provisions relating to PPOs before discounting are as follows:

	2024 \$'000	2023 \$'000
Total claims provisions before discounting	27,634	25,906
Reinsurers' share of total claims provisions before discounting	(27,634)	(25,906)
Net claims provisions before discounting	-	-
Discount credit	(17,565)	(17,004)
Reinsurers' share of discount credit	17,565	17,004
Net claims provisions post discounting	-	-

21 Creditors arising out of direct insurance operations and reinsurance operations

	Direct Insurance Operations		Reinsurance Operations	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Amounts owed to other Markel subsidiaries	1,342	1,342	14,338	18,405
Amounts owed to intermediaries	97,573	46,054	182,275	143,694
Total	98,915	47,396	196,613	162,099

22 Other creditors, including taxation and social security

	2024 \$'000	2023 \$'000
Amounts owed to fellow Markel subsidiaries	60,848	-
Current taxation	-	14,554
Other creditors	25,640	33,952
Total	86,488	48,506

Amounts due are payable within one year of the reporting date.

23 Pension Scheme

The Company contributes to a pension scheme (the "Terra Nova Insurance Company Limited Pension and Life Assurance Scheme") providing benefits based on final pensionable pay. On 11 November 2008 an agreement was signed resulting in a bulk transfer of assets and liabilities (amounting to £11.5m) from the Lloyd's Superannuation Fund ("LSF") into the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme ("the Scheme"). With effect from that date, the Scheme was divided into two legally segregated sections: the "TN Fund" and the new "LSF Fund".

The contributions to this defined benefit scheme are determined by the Company with agreement of the Trustee and in conjunction with an independent qualified actuary.

There were no contributions to the Scheme for the period (2023, nil). The assets of the Scheme are held separately from those of the Company, being invested in listed United Kingdom and overseas equities, fixed interest securities and cash deposits. An escrow agreement has been put in place which requires the Company to make additional contributions to the LSF Fund should the Company's AM Best credit rating fall below A-.

A full actuarial valuation was carried out at 30 September 2021, which showed that the market value of the Scheme's assets was £177.3m. This actuarial valuation determined that the assets of the scheme at the valuation date represented 113% of the accrued liabilities based on the projected final pensionable salaries. This was equivalent to a surplus of £23.9m.

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.

On 1 April 2012, the Company closed the Scheme to future service accrual. Those employees affected were invited to join the Markel International Pension Scheme. In accordance with paragraph 28.22 of FRS102, the Company is of the view that it is able to recognise a Scheme surplus as a defined benefit plan asset as it believes it will be able to recover the surplus in line with paragraphs 11(b) and 12 of IFRIC 14, via a gradual settlement of liabilities. At 31 December 2024 there was a gross surplus of \$63.3m (\$47.5m net of deferred tax liability) on the Scheme that has been recognised in the accounts.

An independent actuarial FRS102 valuation of both the TN Fund and the LSF Fund was carried out as at 31 December 2024 using the projected unit method.

The principal assumptions used by the actuary were:

	2024	2023	2022
Discount rate	5.60%	4.80%	5.00%
Inflation assumption (RPI)	3.20%	3.10%	3.20%
Deferred pension revaluation (CPI)	2.70%	2.50%	2.50%
Salary increase assumption	3.45%	3.25%	3.25%
Main pension increase assumption (RPI max 5% p.a.)	3.00%	2.90%	3.00%

The assumed life expectancies on retirement at age 65 are:

	LSF Fund 2024	TN Fund 2024	LSF Fund 2023	TN Fund 2023
Current pensioners:				
Men	24.3	24.8	24.2	24.7
Women	26.1	26.8	26.1	26.7
Future pensioners:				
Men	25.1	25.6	25.1	25.6
Women	26.9	27.3	26.8	27.2

The assets in the Scheme were:

	LSF Fund 2024 \$'000	TN Fund 2024 \$'000	LSF Fund 2023 \$'000	TN Fund 2023 \$'000
Debt securities	34,094	125,082	36,810	140,893
Cash	183	9,401	227	6,622
Total market value of assets	34,277	134,483	37,037	147,515
Actuarial value of liability	(22,561)	(82,867)	(24,776)	(92,541)
Surplus in the Scheme	11,716	51,616	12,261	54,974
Related deferred tax liability	(2,929)	(12,904)	(3,065)	(13,744)
Net Pension Asset	8,787	38,712	9,196	41,230

Debt securities investments which are held in Scheme assets are quoted and are valued at the current bid price.

Reconciliation of present value of Scheme liabilities	Total 2024 \$'000	LSF Fund 2024 \$'000	TN Fund 2024 \$'000	Total 2023 \$'000	LSF Fund 2023 \$'000	TN Fund 2023 \$'000
At beginning of year	117,317	24,776	92,541	108,518	22,443	86,075
Movement due to foreign exchange	(1,401)	(296)	(1,105)	6,329	1,309	5,020
Revalued opening position	115,916	24,480	91,436	114,847	23,752	91,095
Current service cost	-	-	-	-	-	-
Interest cost	5,420	1,156	4,264	5,609	1,170	4,439
Benefits paid	(6,005)	(819)	(5,186)	(5,376)	(719)	(4,657)
Actuarial (loss)/gain	(9,903)	(2,256)	(7,647)	2,237	573	1,664
At end of year	105,428	22,561	82,867	117,317	24,776	92,541

Reconciliation of fair value of Scheme assets	Total 2024 \$'000	LSF Fund 2024 \$'000	TN Fund 2024 \$'000	Total 2023 \$'000	LSF Fund 2023 \$'000	TN Fund 2023 \$'000
At beginning of year	184,552	37,037	147,515	171,732	34,388	137,344
Movement due to foreign exchange	(2,204)	(442)	(1,762)	10,018	2,006	8,012
Revalued opening position	182,348	36,595	145,753	181,750	36,394	145,356
Income on plan assets	8,594	1,734	6,860	8,938	1,798	7,140
Employer contributions	-	-	-	-	-	-
Benefits paid	(6,005)	(819)	(5,186)	(5,376)	(719)	(4,657)
Actuarial loss	(16,176)	(3,232)	(12,944)	(760)	(436)	(324)
At end of year	168,761	34,278	134,483	184,552	37,037	147,515

Scheme assets do not include any of the Company's own financial instruments or any property occupied by the Company.

The income on plan assets is determined by considering returns available on the assets underlying the current investment policy. Yields on fixed interest investments are based on discount rate. Return on equities reflect the long term real rates of return experienced in the market. The actual return on Scheme assets in the year was a loss of \$7.6m (2023, gain of \$8.2m).

Movement in surplus during the year	Total 2024 \$'000	LSF Fund 2024 \$'000	TN Fund 2024 \$'000	Total 2023 \$'000	LSF Fund 2023 \$'000	TN Fund 2023 \$'000
Surplus in the Scheme at the beginning of the year	67,235	12,261	54,974	63,214	11,945	51,269
Movement due to foreign exchange	(803)	(146)	(657)	3,689	697	2,992
Revalued opening position	66,432	12,115	54,317	66,903	12,642	54,261
Movement in the year:						
Employer contributions	-	-	-	-	-	-
Current service costs	-	-	-	-	-	-
Net return on assets	3,174	578	2,596	3,329	628	2,701
Actuarial loss	(6,273)	(976)	(5,297)	(2,997)	(1,009)	(1,988)
Surplus in the Scheme at the end of year	63,333	11,717	51,616	67,235	12,261	54,974
Related deferred tax liability	(15,833)	(2,929)	(12,904)	(16,809)	(3,065)	(13,744)
Net Pension Asset	47,500	8,788	38,712	50,426	9,196	41,230

The actuarial gain recognised on the pension scheme is \$6.3m (2023, gain of \$3.0m). The movement on deferred tax relating to the pension asset is a credit of \$0.8m (2023, credit of \$0.1m).

Analysis of amount recognised in Statement of Comprehensive Income	Total 2024 \$'000	LSF Fund 2024 \$'000	TN Fund 2024 \$'000	Total 2023 \$'000	LSF Fund 2023 \$'000	TN Fund 2023 \$'000
Return on plan assets excluding interest income	(16,176)	(3,232)	(12,944)	(760)	(436)	(324)
Changes in assumptions underlying the Scheme liabilities	13,077	2,834	10,243	1,093	55	1,038
Gain recognised in Statement of Comprehensive Income	(3,098)	(398)	(2,700)	333	(381)	714

The cumulative amount of gain recognised in the Statement of Comprehensive Income is \$25.0m (2023, gain of \$28.1m).

Analysis of net return on Pension Scheme	2024 \$'000	2023 \$'000
Income on plan assets	8,594	8,938
Interest on pension liabilities	(5,420)	(5,609)
Net return	3,174	3,329

The movement in the deferred taxation liability on the Pension Scheme during the year is as follows:

	2024 \$'000	2023 \$'000
At beginning of year	(16,809)	(15,803)
Income Statement tax credit/ (charge) - current	201	(922)
Income statement tax charge - prior rate and change	(1)	(1)
Tax credit taken to Statement of Comprehensive Income	775	(83)
At end of year	(15,834)	(16,809)

An indication of the sensitivity of the pension asset to changes in the most material assumptions is included in the table below. The sensitivity is based on one item changing while all other items are held constant.

	2024 Total \$'000	2024 LSF Fund \$'000	2024 TN Fund \$'000	2023 Total \$'000	2023 LSF Fund \$'000	2023 TN Fund \$'000
Surplus in the scheme at the end of the year	63,333	11,717	51,616	67,235	12,261	54,974
minus 0.25% discount rate	59,801	10,940	48,861	62,896	11,316	51,580
plus 0.25% discount rate	66,684	12,453	54,231	71,333	13,152	58,181
minus 0.25% inflation rate	65,713	12,228	53,485	70,132	12,897	57,235
plus 0.25% inflation rate	60,874	11,188	49,686	64,231	11,605	52,626
Mortality - 1 year age rating	60,879	11,283	49,596	64,255	11,735	52,520

24 Contingencies and capital commitments

The Company has outstanding liabilities, covered by certain invested assets, in respect of outstanding letters of credit amounting to \$20.0m (2023, \$10.4m).

Certain investments are deposited in the UK and overseas, in accordance with local laws and regulations, as security for policyholders.

An escrow agreement was put in place in connection with the LSF Fund section of the Terra Nova Insurance Company Limited Pension and Life Assurance Scheme, whereby the Company is required to make additional contributions to the LSF Fund Section should the AM best credit rating of the Company fall below A-.

25 Related party information

As a qualifying entity, the Company has taken advantage of the exemption not to disclose transactions with other wholly owned subsidiaries of Markel.

J. Spencer is a Director of Accelerant Insurance UK Limited (Accelerant). The Company has a 100% line on a £5m policy in respect of Accelerant, which is consistent with prior year, and there are no outstanding balances between the Company and Accelerant at the reporting date.

26 Ultimate holding company

The Company's immediate parent company is Markel Capital Holdings Limited. The Company's ultimate holding company is Markel Group Inc., which is incorporated in the USA. Copies of the ultimate holding company's consolidated Financial Statements may be obtained from 4521 Highwoods Parkway, Glen Allen, Virginia 23060, USA. The website address is www.markelcorp.com.

27 Events since the reporting date

There have been no material events since the reporting date.