FIDELIS
INSURANCE GROUP

2023

Solvency and Financial Condition Report

FIDELIS UNDERWRITING LIMITED

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AOF	Ancillary Own Funds
BBNI	Bound But Not Incurred
BEL	Best Estimate of Liabilities
BMA	Bermuda Monetary Authority
BNY Mellon	Bank of New York Mellon
BPS	Basis Points
BSCR	Basic Solvency Capital Requirement
CCOWG	Cross Company Outsourcing Working Group
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CIO	Chief Investment Officer
Combined ratio	The ratio of net losses and net operating expenses (acquisition and administrative costs) to net premiums earned
CoSec	Company Secretary
CSC	Counterparty Security Committee
CRO	Chief Risk Officer
CUO	Chief Underwriting Officer
CV	Curriculum Vitae
DAC	Deferred Acquisition Costs
DPMG	Delegated Performance Management Group
DTA	Deferred Tax Assets
EIOPA	European Insurance and Occupational Pensions Authority
ENID	Events Not In Data
EPIFP	Expected Profit included in Future Premiums
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FEHL	Fidelis European Holdings Limited
FIBL	Fidelis Insurance Bermuda Limited
Fidelis IG	Fidelis Insurance Group
FIHL	Fidelis Insurance Holdings Limited
FIID	Fidelis Insurance Ireland Designated Activity Company
FRS 102	Financial Reporting Standard applicable in the UK and Republic of Ireland
FRS 103	Financial Reporting Standard on Insurance Contracts
FSL	FIHL (UK) Services Limited
FUL	Fidelis Underwriting Limited
GSS	Green, Social, and Sustainable
HIA	Head of Internal Audit
HR	Human Resources
IBNR	Incurred But Not Reported
IGR	Intra-Group Reinsurance
IIA	Institute of Internal Auditors
INED	Independent Non Executive Director
IPO	Initial Public Offering
IT	Information Technology
KPI	Key Performance Indicators
LACDT	Loss Absorbing Capacity of Deferred Taxes
LOC	Letter of Credit
LTIP	Long-term Incentive Plan

MCR	Minimum Capital Requirement
MGA	Managing General Agent
MI	Management Information
Net acquisition cost ratio	The ratio of net acquisition expenses to net premiums earned
Net loss ratio	The ratio of net losses to net premiums earned
Net underwriting contribution	Net premiums earned less net losses, less net acquisition expenses
Non-USD	Any currency that is not United States ("US") dollar denominated
OEP	Occurrence Exceedance Probability
ORSA	Own Risk and Solvency Assessment
Outsourcing Controls	Outsourcing Policy and Outsourcing Procedure
PCF	Pre-Approval Controlled Functions
PML	Probable Maximum Loss
PMO	Project Management Office
PRA	Prudential Regulation Authority
PRA Rulebook	The PRA Rulebook contains provisions made by the PRA that apply to PRA
Premium Leverage	Net premium written as a percentage of equity
QRT	Quantitative Reporting Template
QS	Quota Share
RCC	Risk and Capital Committee, a committee of the FUL Board
RDS	Realistic Disaster Scenarios
Risk and Controls Register	Encompasses all material operational risks and the controls designed to prevent, mitigate or detect risks to the business achieving its strategic objectives
ROE	Return on Equity
RRC	Risk and Return Committee, a management committee
RSR	Regular Supervisory Report
RSU	Restricted Share Unit
SCR	Solvency Capital Requirement
SEC	U.S. Securities and Exchange Commission
SFCR	Solvency and Financial Condition Report
SLA	Service Level Agreement
SMAs	Separately Managed Accounts
SMCR	Senior Managers and Certification Regime
SMF	Senior Management Function
TPs	Technical Provisions
UK GAAP	United Kingdom Generally Accepted Accounting Practice
ULAE	Unallocated Loss Adjustment Expenses
UMCC	Underwriting Marketing Conference Call

EXECUTIVE SUMMARY

Fidelis Underwriting Limited ("FUL" or "the Company") presents its SFCR for the year ended 31 December 2023. The SFCR covers the Company's business and performance, system of governance, risk profile, valuation for solvency purposes, and capital management. The report details FUL's risk profile and its solvency and capital needs and examines how the Company's governance framework and risk management processes support it in identifying, monitoring, and assessing these needs.

A copy of this report is available on the Company's website: https://investors.fidelisinsurance.com/financials/Other-Financial-Results/default.aspx

The administrative body that has ultimate responsibility for all these matters is the Company's Board of Directors, with the assistance of various governance and control functions which are in place to monitor and manage the business.

Throughout this document we have used acronyms and defined these in the glossary, please refer to page 3.

OVERVIEW

As at the year ended 31 December 2023 FUL was a 100% directly owned subsidiary of Fidelis Insurance Holdings Limited ("FIHL"), which is the ultimate parent company of the Fidelis Insurance Group ("the Group"). The Group also includes Fidelis Insurance Bermuda Limited ("FIBL"), Fidelis European Holdings Limited ("FEHL"), Fidelis Insurance Ireland Designated Activity Company ("FIID") and FIHL (UK) Services Limited ("FSL"). FUL is regulated by the PRA and the FCA.

The business written by the Company across eight Solvency II lines of business was a mix of specialty, bespoke and property classes of general insurance and reinsurance business written pursuant to our strategic partnership with The Fidelis Partnership (as defined below).

MATERIAL EVENTS

Fidelis Group Restructuring

On 3 January 2023, a number of separation and reorganization transactions occurred to create two distinct holding companies and businesses: FIHL and Shelf Holdco II Limited, which is the parent company of an external managing general underwriting platform known as "The Fidelis Partnership" (the "Separation Transactions"). As part of the Separation Transactions, the Fidelis Insurance Group and The Fidelis Partnership entered into a number of agreements governing the outsourced relationship from the Fidelis Insurance Group to The Fidelis Partnership, including the "Framework Agreement", a series of "Delegated Underwriting Authority Agreements" and the "Inter-Group Services Agreement". These agreements govern the ongoing relationship between the two groups of companies, including delegating underwriting authority to the operating subsidiaries of The Fidelis Partnership to source and bind contracts for each of the subsidiaries of FIHL.

The impact of the Separation Transactions has been considered as part of the Company's going concern analysis and it has been determined that the Company remains a going concern under the reorganised structure.

Initial Public Offering ("IPO")

On July 3, 2023, FIHL completed an IPO of an aggregate of 15,000,000 common shares, including 7,142,857 common shares sold by FIHL and 7,857,143 common shares sold by certain selling shareholders, at an offering price of $14.00 per common share. The net proceeds of the offering to FIHL were $89.4 million, after deducting underwriting discounts, commissions, and other offering expenses paid by the Group. FIHL's common shares are now listed on the New York Stock Exchange under the symbol "FIHL".

Conflict in Ukraine

Similar to the rest of the insurance and reinsurance industry, we are from time to time subject to litigation and arbitration in the ordinary course of business. We may also be subject to other potential litigation, disputes and regulatory or governmental inquiry from time to time in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings, the directors do not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

Following Russia's invasion of Ukraine on 24 February 2022, government sanctions were introduced prohibiting various commercial and finance activities in Russia, including leasing of aircraft in the aviation industry to any person in Russia, or for use in Russia. Aircraft lessors issued notices to airlines and lessees in Russia purporting to terminate the leasing of aircraft (and other parts such as spare engines) and requiring that the airlines return the assets. Many of the relevant aviation authorities where the aircraft are registered have also since suspended the certificates of airworthiness of such aircraft. Some aircraft are yet to be returned and aircraft lessors filed various insurance claims under their insurance policies for loss of the unreturned aircraft. The insurers have denied the claims and the lessors have instituted proceedings in the U.K., the U.S. and Ireland against upwards of 60 (re)insurers, including certain Fidelis Insurance Group entities. Provision has been made in the Company's reserves for losses and loss adjustment expenses for potential exposures relating to the Ukraine Conflict, a considerable majority of which are reserves reflecting our estimate for potential loss claims relating to leased aircraft within Russia, including the related litigation proceedings.

This is an unprecedented event, which, as of the date of this report, is anticipated to continue for a protracted period of time and presents unique circumstances and coverage issues in respect of both the gross loss and consequent extent of the reinsurance recoveries, which will continue to be unresolved until the multiple courts rule on the merits of the lawsuits. The situation is continuously evolving, including with respect to explorative discussions ongoing between Western leasing firms and Russian airline operators for the sale of some of the unreturned aircraft to the Russian operators. Such discussions, if successful, may lead to a reduction in any potential exposures under the relevant insurance policies

While it is not feasible to predict or determine the ultimate outcome of the above referenced proceedings, the directors of the Company do not believe that the outcome of these proceedings will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

BUSINESS AND PERFORMANCE (SECTION A)

FUL's gross premiums written for the year ended 31 December 2023 were $1,974.0m (2022: $1,703.0m) with a combined ratio of 90.7% (2022: 76.9%) and a net loss ratio of 45.8% (2022: 39.8%). The growth was mainly driven by increased volumes in marine, aviation and transport.

The Fidelis Insurance Group operates independently of The Fidelis Partnership, with different Boards and management teams but with various long-term contractual agreements in place under which various services with regard to underwriting and claims management are outsourced to The Fidelis Partnership.

The net underwriting contribution for 2023 compared to 2022 is shown below:

$ millions	**2023**	**2022**
Gross premiums written	$ 1,974.0	$ 1,703.0
Net premiums written	620.4	547.4
Net premiums earned	526.5	444.0
Net claims incurred	(241.3)	(176.9)
Net acquisition expenses	(187.3)	(91.5)
Net underwriting contribution	**97.9**	**175.6**
Net loss ratio	45.8%	39.8%
Net acquisition cost ratio	35.6%	20.6%
Expenses ratio	9.3%	16.5%
Combined ratio	90.7%	76.9%

The Company has an ongoing intra-group reinsurance agreement with FIBL to maintain its risk profile in line with its approved risk appetite.

SYSTEM OF GOVERNANCE (SECTION B)

The Fidelis Insurance Group has implemented an effective system of corporate governance in a way which ensures that enterprise risk management is maintained at a high standard and that the business is operating in an efficient and effective manner. The FUL Board aligns its system of corporate governance with that of the Group where applicable.

FUL is governed by its Board of Directors and two sub-committees of the Board: the Audit Committee and the RCC. The FUL Board is ultimately responsible for ensuring that the principles of good governance are observed.

FUL has an Internal Control and Risk Management Framework and employs the "Three Lines of Defence" model to manage risk. The integration of the risk management process, business strategy, business planning, and capital management is defined through FUL's approach to its ORSA. Both the management team and the Board are fully engaged with the ORSA process and use it as a tool to help deepen their understanding of the business, better understand the risks and opportunities facing it and to refine and focus FUL's strategic thinking and priorities.

RISK PROFILE (SECTION C)

The Company is exposed to risks from several sources. These include non-life underwriting risk, market risk, counterparty default risk, liquidity risk, operational risk, strategic risk and emerging risk. The primary risk to the Company is underwriting risk. There were no material changes to the Company's key risk areas in 2023. Each of these risk areas is described in more detail in section C.

The level of FUL's capital is adequate for its risk profile under both normal and stressed conditions and as evidenced by the stress and scenario testing under the Company's ORSA, FUL has sufficient capital to withstand a 1-in-200-year aggregate loss event.

VALUATION FOR SOLVENCY PURPOSES (SECTION D)

The assets and liabilities in the Solvency II balance sheet have been valued using Solvency II valuation rules. Solvency II valuation rules are different, in some areas, to those used in the Company's UK GAAP financial statements, with the valuation of TPs being the major area of difference. See section D for more detail on the valuation methods, bases and assumptions of assets and liabilities in the Solvency II balance sheet as well as a comparison to UK GAAP.

CAPITAL MANAGEMENT (SECTION E)

FUL's capital management objective is to ensure that the Company maintains, at all times, an appropriate level of capital, in terms of both quantity and quality in line with its risk appetite and capital requirements, and that it fulfills its obligations to measure, monitor, manage and report its capital position, both required and available, internally and externally as required, in accordance with relevant regulatory requirements.

The following table shows the difference between equity as shown in the financial statements and the Solvency II excess of assets over liabilities:

$ millions	**2023**	**2022**
Total UK GAAP equity	889.7	756.5
Ancillary own funds	75.0	50.0
Valuation adjustments relating to TPs	(10.6)	51.3
Deferred tax effect	2.5	(9.8)
Total basic own funds	**956.6**	**848.0**

The table below shows the SCR, MCR, Solvency II own funds and SCR coverage ratio of Solvency II eligible own funds to SCR as at 31 December 2023:

$ millions	**2023**	**2022**
SCR	496.1	552.1
MCR	124.0	138.0
Solvency II eligible Own Funds	956.6	848.0
SCR Coverage ratio	192.8 %	153.6 %

FUL has an unconditional guarantee from FIHL for all of its financial obligations.

During 2023 the Company received a capital injection of $65 million from FIHL (2022: nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors of Fidelis Underwriting Limited acknowledge their responsibility for ensuring that the SFCR has been prepared in all material respects in accordance with the rules set out under the PRA and Solvency II regulations.

The Directors are satisfied that to the best of their knowledge and belief:

1. Throughout the financial year to 31 December 2023, Fidelis Underwriting Limited has complied in all material respects with the requirements of the PRA rules and Solvency II regulations as applicable; and
2. It is reasonable to believe that in respect of the period from 31 December 2023 to the date of the publication of the SFCR, Fidelis Underwriting Limited has continued so to comply and that they will continue so to comply in the future.

By order of the Board:

H Mckenna
Chief Financial Officer

22 Bishopsgate
43rd Floor
London
EC2N 4BQ

5 April 2024

Report of the external independent auditor to the Directors of Fidelis Underwriting Limited ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

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

Opinion

Except as stated below, we have audited the following documents prepared by Fidelis Underwriting Limited ('the Company') as at 31 December 2023:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Solvency and Financial Condition Report of the Company as at 31 December 2023, ('the Narrative Disclosures subject to audit'); and
- Company templates S02.01.02, S17.01.02, S23.01.01, S25.01.21, S28.01.01 ('the Templates subject to audit').

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

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

- The 'Business and performance', 'System of governance' and 'Risk profile' sections of the Solvency and Financial Condition Report;
- Company templates S05.01.02, S05.02.01, S19.01.21;
- the written acknowledgement by the Directors of their responsibilities, including for the preparation of the Solvency and Financial Condition Report ('the Responsibility Statement').

In our opinion, the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations in effect as at the date of approval of the Solvency and Financial Condition Report.

Basis for opinion

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

Emphasis of Matter – special purpose basis of accounting

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

Going concern

The Directors have prepared the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the Solvency and Financial Condition Report ("the going concern period").

We used our knowledge of the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Company's available financial resources over this period was the valuation of Technical Provisions ('TPs') and calculation of the Solvency Capital Requirement ('SCR') given the estimation and judgement involved .

We also considered less predictable but realistic second order impacts that could affect demand in the Company's markets, such as the failure of counterparties who transact with the company (such as policyholders and reinsurers), the performance of the investment portfolio, solvency and capital adequacy.

We considered whether these risks could plausibly affect the liquidity and solvency in the going concern period by comparing severe, but plausible downside scenarios and the degree of downside assumptions that, individually and collectively, could result in a liquidity and solvency issue (a reverse stress tests), taking into account the Company's current and projected financial resources.

Our conclusions based on this work:

a. we consider that the Directors' use of the going concern basis of accounting in the preparation of the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report is appropriate; and

b. we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included

a. Enquiring of directors and the audit committee, as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.

b. Reading Board, audit committee, Reserving Committee and risk and Capital Committee meeting minutes.

c. Considering remuneration incentive schemes and performance targets for directors and management.

d. Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the Solvency and Financial Condition Report is a balance sheet driven report.

We also identified a fraud risk related to the valuation of technical provisions (gross and net IBNR), and therefore relatedly the Solvency II technical provisions due to the estimation required in setting these liabilities and the abilities for changes in the valuation to be used to impact solvency ratios.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls. In order to address the risk of fraud specifically as it relates to the valuation of technical provisions (gross and net IBNR), and therefore relatedly the Solvency II technical provisions, we involved actuarial specialists to assist in our challenge of management. We challenged the company in relation to the selection of assumptions and the consistency of those assumptions both year on year and across different aspects of the financial reporting process.

To address the pervasive risk as it related to management override, we performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation These included those posted by senior finance management or individuals who do not frequently post journals, those posted with descriptions containing key words or phrases, journal entries posted to seldom used accounts, back posted entries, those posted to unusual accounts including those related to cash and post-closing journals meeting certain criteria

- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations
We identified areas of laws and regulations that could reasonably be expected to have a material effect on the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report from our general commercial and sector experience and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Company's regulatory correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report, for instance through the imposition of fines or litigation or the loss of Company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity, and certain aspects of company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information
The Directors are responsible for the Other Information.

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

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

Responsibilities of Directors for the Solvency and Financial Condition Report

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

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

It is our responsibility to form an independent opinion as to whether the information subject to audit in the Relevant Elements of the Solvency and Financial Condition Report is prepared, in all material respects, with financial reporting provisions of the PRA Rules and Solvency II regulations on which it is based, as modified by relevant supervisory modifications, and as supplemented by supervisory approvals and determinations.

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

A fuller description of our responsibilities is located on the Financial Reporting Council’s website at:
www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company’s statutory financial statements for the year ended 31 December 2023. 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.

This engagement is separate from the audit of the annual financial statements of the Company and the report here relates only to the matters specified and does not extend to the Company's annual financial statements taken as a whole.

As set out in our audit report on those financial statements, that audit 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. The 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 that audit work, for the audit report, or for the opinions we have formed in respect of that audit.

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

This report of the external auditor is made solely to the Company’s Directors, as its governing body, in accordance with the requirement in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and the terms of our engagement. We acknowledge that the Directors are required to submit the report to the PRA, to enable the PRA to verify that an auditor's report has been commissioned by the Company's Directors and issued in accordance with the requirement set out in Rule 4.1 (2) of the External Audit Part of the PRA Rulebook for Solvency II firms and to facilitate the discharge by the PRA of its regulatory functions in respect of the Company, conferred on the PRA by or under the Financial Services and Markets Act 2000.

Our audit has been undertaken so that we might state to the Company's Directors those matters we are required to state to them in an auditor's report issued pursuant to Rule 4.1 (2) 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 through its governing body, for our audit, for this report, or for the opinions we have formed.

Timothy Butchart for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

5 April 2024

SECTION A : BUSINESS AND PERFORMANCE

A1. BUSINESS PROFILE

FUL is a U.K. domiciled company which principally writes specialty and bespoke insurance, as well as reinsurance. FUL is regulated by the PRA and FCA.

A1.1 Information regarding the business of the Company

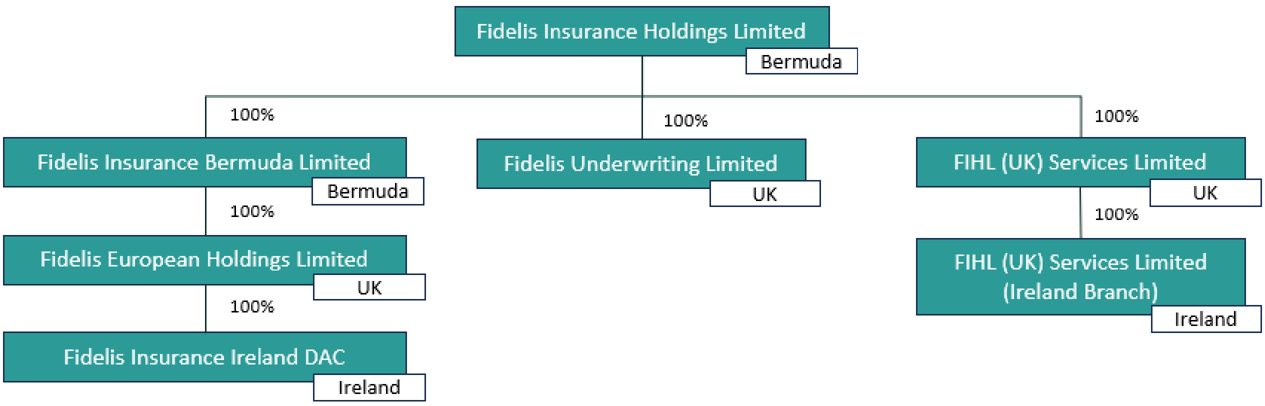
FUL is a 100% directly owned subsidiary of FIHL, a Bermuda exempted holding company, which is the ultimate parent company of the Group. The Group also includes FIBL, FEHL, FIID, and FSL. The BMA acts as group supervisor and has designated FIBL as the 'designated insurer' of the Group.

FUL is regulated by the PRA and the FCA in the United Kingdom. The Company was licensed in the United Kingdom by the PRA on 4 December 2015 and commenced (re)insurance operations on 1 January 2016.

Registered office:	22 Bishopsgate 43rd Floor London EC2N 4BQ
Supervisory authorities:	Prudential Regulation Authority 20 Moorgate London EC3R 6DA
	Financial Conduct Authority 25 The North Colonnade London E14 5HS
External Auditor:	KPMG LLP 15 Canada Square London E14 5GL

A1.2 Position within the legal structure of the Fidelis Insurance Group

The following structure chart shows the position of FUL within the legal structure of the Group as at 31 December 2023:



A1.3 Material lines of business and material geographic areas where the Company carries out business

The principle activity of the Company is the underwriting of specialty, bespoke, and reinsurance business in the United Kingdom.

The Company currently writes eight Solvency II lines of business, which are as follows:

- Marine, aviation and transport insurance,
- Fire and other damage to property insurance,
- General liability,
- Credit and suretyship insurance,
- Miscellaneous financial loss,
- Non-proportional casualty reinsurance,
- Non-proportional marine, and
- Non-proportional property reinsurance.

A1.4 Material events

Fidelis Group Restructuring

On 3 January 2023, a number of separation and reorganization transactions occurred to create two distinct holding companies and businesses: FIHL and Shelf Holdco II Limited, which is the parent company of an external managing general underwriting platform known as The Fidelis Partnership (as defined above), the Separation Transactions. As part of the Separation Transactions, the Fidelis Insurance Group and The Fidelis Partnership entered into a number of agreements governing the outsourced relationship from the Fidelis Insurance Group to The Fidelis Partnership, including the Framework Agreement, a series of Delegated Underwriting Authority Agreements and the Inter-Group Services Agreement. These agreements govern the ongoing relationship between the two groups of companies, including delegating underwriting authority to the operating subsidiaries of The Fidelis Partnership to source and bind contracts for each of the subsidiaries of FIHL.

The impact of the Separation Transactions has been considered as part of the Company's going concern analysis and it has been determined that the Company remains a going concern under the reorganised structure.

Initial Public Offering ("IPO")

On July 3, 2023, FIHL completed an IPO of an aggregate of 15,000,000 common shares, including 7,142,857 common shares sold by FIHL and 7,857,143 common shares sold by certain selling shareholders, at an offering price of $14.00 per common share. The net proceeds of the offering to FIHL were $89.4 million, after deducting underwriting discounts, commissions, and other offering expenses paid by the Group. FIHL's common shares are now listed on the New York Stock Exchange under the symbol "FIHL".

Conflict in Ukraine

Similar to the rest of the insurance and reinsurance industry, we are from time to time subject to litigation and arbitration in the ordinary course of business. We may also be subject to other potential litigation, disputes and regulatory or governmental inquiry from time to time in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings, the directors do not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

Following Russia's invasion of Ukraine on 24 February 2022, government sanctions were introduced prohibiting various commercial and finance activities in Russia, including leasing of aircraft in the aviation industry to any person in Russia, or for use in Russia. Aircraft lessors issued notices to airlines and lessees in Russia purporting to terminate the leasing of aircraft (and other parts such as spare engines) and requiring that the airlines return the assets. Many of the relevant aviation authorities where the aircraft are registered have also since suspended the certificates of airworthiness of such aircraft. Some aircraft are yet to be returned and aircraft lessors filed various insurance claims under their insurance policies for loss of the unreturned aircraft. The insurers have denied the claims and the lessors have instituted proceedings in the U.K., the U.S. and Ireland against upwards of 60 (re)insurers, including certain Fidelis Insurance Group entities. Provision has been made in the Company's reserves for losses and loss adjustment expenses for potential exposures relating to the Ukraine Conflict, a considerable majority of which are reserves reflecting our estimate for potential loss claims relating to leased aircraft within Russia, including the related litigation proceedings.

This is an unprecedented event, which, as of the date of this report, is anticipated to continue for a protracted period of time and presents unique circumstances and coverage issues in respect of both the gross loss and consequent extent of the reinsurance recoveries, which will continue to be unresolved until the multiple courts rule on the merits of the lawsuits. The situation is continuously evolving, including with respect to explorative discussions ongoing between Western leasing firms and Russian airline operators for the sale of some of the unreturned aircraft to the Russian operators. Such discussions, if successful, may lead to a reduction in any potential exposures under the relevant insurance policies

While it is not feasible to predict or determine the ultimate outcome of the above referenced proceedings, the directors of the Company do not believe that the outcome of these proceedings will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

A2. UNDERWRITING PERFORMANCE

A2.1 Overview of underwriting performance

The Company currently writes eight Solvency II lines of business: marine, aviation and transport insurance, fire and other damage to property insurance, general liability, credit and suretyship insurance, miscellaneous financial loss, non-proportional casualty reinsurance, non-proportional marine, aviation and transport reinsurance and non-proportional property reinsurance.

FUL's underwriting strategy is to write a mix of specialty, bespoke, and reinsurance business through The Fidelis Partnership and MGAs.

A2.2 Underwriting performance by Solvency II line of business (UK GAAP) for the year ended 31 December 2023

The table below details the underwriting performance by Solvency II line of business for 2023. The values shown in this section are reported on the basis of UK GAAP and are in millions of US Dollars.

	Direct and accepted proportional business					Accepted non-proportional business			
$ millions	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability insurance**	**Credit and suretyship insurance**	**Miscellaneous financial loss**	**Casualty**	**Marine, aviation, and transport**	**Property**	**Total**
Gross premiums written	737.3	749.0	183.9	163.0	66.7	2.1	18.0	54.0	1,974.0
Net premiums written	256.0	214.5	75.6	38.5	19.1	0.3	7.7	8.7	620.4
Net premiums earned	175.2	198.7	69.4	30.8	42.2	0.5	5.9	3.8	526.5
Net claims incurred	(81.6)	(118.2)	(16.3)	(14.8)	(5.2)	(0.2)	(2.1)	(2.9)	(241.3)
Net acquisition expenses	(65.8)	(51.9)	(32.0)	(7.5)	(23.1)	(0.1)	(4.0)	(2.9)	(187.3)
Net underwriting contribution	**27.8**	**28.6**	**21.1**	**8.5**	**13.9**	**0.2**	**(0.2)**	**(2.0)**	**97.9**
Net loss ratio	46.6 %	59.5 %	23.5 %	48.1 %	12.3 %	40.0 %	35.6 %	76.3 %	45.8 %
Net acquisition cost ratio	37.6 %	26.1 %	46.1 %	24.4 %	54.7 %	20.0 %	67.8 %	76.3 %	35.6 %

Gross premiums written were $1,974.0 million in 2023 (2022: $1,703.0 million) as FUL utilised its increased capital base and capitalised on the significant hardening within the specialty markets. The improved rating environment, alongside a bigger balance sheet, allowed FUL to write additional volumes across marine, aviation and transport; notably through continued growth in the marine class, through the Pine Walk marine MGA, Navium.

Fire and other damage to property premiums grew from 2022 with increases in property direct and facultative business due to rating improvements in 2023. Credit and suretyship insurance premiums have increased with the most significant growth in credit classes, through the Pine Walk MGA, Pernix. Property reinsurance volumes reduced from 2022 the as 2023 business renewed into another Group entity. General liability volumes reduced from 2022 with decreases in cyber and warranty lines of business.

Net premiums written were $620.4 million in 2023 (2022: $547.4 million). Increased outwards reinsurance placements on marine to support growth, alongside increases in quota share cessions on credit business have contributed to an increase in the ceded written ratio from 68% in 2022 to 69% in 2023. Net premiums earned for the year were $526.5 million (2022: $444.0 million) driven by higher gross volumes in the year, alongside growth in the prior year earning through.

Net claims incurred in 2023 were $241.3 million (2022: $176.9 million). The net loss ratio for 2023 was 45.8% (2022: 39.8%). Losses were driven by notable catastrophe events including the Hawaii wildfires and Cyclone Gabrielle, as well as prior year deterioration on losses relating to marine, aviation and transport and fire and other damage to property.

Net acquisition expenses were $187.3 million (2022: $91.5 million) and the ratio of net acquisition expenses to net premiums earned was 35.6% (2022: 20.6%). The increase in the ratio across all lines of business being due to the introduction of The Fidelis Partnership commissions in 2023.

The commentary below, by Solvency II line of business, incorporates values reported in the S.05.01 QRT (which is included in the Appendix). The Company's underwriting performance by geographical area is detailed in the S.05.02.01 QRT (Appendix). All business is underwritten in the United Kingdom and risks covered are worldwide.

Marine, aviation and transport

$ millions	**2023**	**2022**
Gross premiums written	737.3	541.5
Net premiums written	256.0	164.0
Net premiums earned	175.2	125.2
Net claims incurred	(81.6)	(50.0)
Net acquisition expenses	(65.8)	(25.0)
Net underwriting contribution	**27.8**	**50.2**
Net loss ratio	46.6%	40.0%
Net acquisition cost ratio	37.6%	20.0%

Marine, aviation, and transport includes the Company's marine and aviation and aerospace lines.

Gross premiums written increased year on year, driven predominantly by marine ($123.5 million) and to a lesser extent aviation ($55.5 million). In marine, an increase in the premium written through the Pine Walk marine MGA, Navium, has contributed significantly to the growth. There was strong growth in aviation as a result of larger line sizes and new business opportunities due to improved market conditions.

Additional outwards reinsurance protects the newly written business, managing FUL's net exposure to the aviation and marine risks. Premiums earned, net of outwards reinsurance protections, are above prior year as continued growth in this class earns through from both prior year and current year volumes.

The net loss ratio has increased primarily due to new large losses in the year and prior year deterioration on aviation and aerospace losses.

Fire and other damage to property

$ millions	**2023**	**2022**
Gross premiums written	749.0	593.6
Net premiums written	214.5	171.7
Net premiums earned	198.7	160.5
Net losses	(118.2)	(66.8)
Net acquisition expenses	(51.9)	(18.6)
Net underwriting contribution	**28.6**	**75.1**
Net loss ratio	59.5%	41.6%
Net acquisition cost ratio	26.1%	11.5%

Fire and other damage to property predominantly comprises the Company's direct and facultative, energy, quota share property catastrophe and political violence business.

Gross premiums written continues to grow significantly within direct and facultative, driven predominantly by a strong rating environment and additional new business, resulting in a year on year growth of $155.4 million. This is partially offset by a reduction in property reinsurance ($51.6 million) which is no longer written by FUL.

The growth within direct and facultative has been protected by non-proportional reinsurance covers with the overall ceded ratio on fire and other damage to property business in line with 2022 at 72%.

Net premiums earned are $38.2 million above the prior year driven by significant growth in premiums written.

Net loss ratio increased during 2023 due to prior year deterioration on direct and facultative losses and energy losses.

General liability

$ millions	**2023**	**2022**
Gross premiums written	183.9	210.8
Net premiums written	75.6	85.0
Net premiums earned	69.4	63.6
Net claims incurred	(16.3)	(23.0)
Net acquisition expenses	(32.0)	(22.1)
Net underwriting contribution	**21.1**	**18.5**
Net loss ratio	23.5%	36.1%
Net acquisition cost ratio	46.1%	34.7%

General liability predominantly consists of the Company's warranty, product recall, energy liability, cyber and professional indemnity and general liability business.

The reduction in gross premiums written is primarily driven by the cyber business due to the timing of business written through a third party MGA. There has also been a reduction in warranty business as the mergers and acquisitions markets have been slower than expected in 2023.

Net premiums earned are $5.7 million above the prior year as higher prior year premium earned through in 2023.

The net loss ratio has decreased in 2023 as the prior year experienced losses relating to product recall.

Credit and suretyship

$ millions	**2023**	**2022**
Gross premiums written	163.0	120.5
Net premiums written	38.5	39.8
Net premiums earned	30.8	32.4
Net claims incurred	(14.8)	(7.3)
Net acquisition expenses	(7.5)	(7.3)
Net underwriting contribution	**8.5**	**17.8**
Net loss ratio	48.1%	22.6%
Net acquisition cost ratio	24.4%	22.6%

Credit and suretyship includes the Company's bespoke, political risk, contract frustration, mortgage and other credit business.

Gross premiums written have increased predominantly through contract frustration and other credit business. This was partially offset by a decrease in bespoke intangibles as a result of prior year of account adjustments during 2023 and the renewal of business into another Group entity.

Net premiums written have reduced from prior year despite the growth in gross premiums written, due to mix of business with increased contract frustration and other credit business having a higher ceded ratio than intangibles business. Net premiums earned decreased in line with the reduction in net premiums written.

Net loss ratio increased during 2023 primarily driven by notable attritional losses relating to contract frustration, political risk, and mortgage lines of business.

Miscellaneous financial loss

$ millions	2023	2022
Gross premiums written	66.7	102.2
Net premiums written	19.1	49.3
Net premiums earned	42.2	38.6
Net claims incurred	(5.2)	(6.7)
Net acquisition expenses	(23.1)	(16.2)
Net underwriting contribution	**13.9**	**15.7**
Net loss ratio	12.3%	17.2%
Net acquisition cost ratio	54.7%	42.0%

This class consists primarily of the Company's title, contingency and other bespoke business.

Gross premiums written have reduced by $35.5 million compared to prior year. This is driven by a reduction in title business as a result of prior year of account adjustments during 2023, partially offset by increased volumes in contingency business. Net premiums written have reduced from prior year partly due to the reduction in gross volumes as well as mix of business, as the ceded percentage has increased from 54% to 72%.

Despite the decrease in premiums written, net premiums earned are $3.5 million above the prior year as premiums written in prior years earned through in 2023. Title business, the main line of business in this class, has a longer than average earning pattern for this class.

The loss ratio is lower than the prior period due to reserve releases in other bespoke business relating to prior years of account.

Non-proportional reinsurance – marine, aviation and transport

$ millions	2023	2022
Gross premiums written	18.0	0.7
Net premiums written	7.7	(1.3)
Net premiums earned	5.9	0.5
Net claims incurred	(2.1)	(3.5)
Net acquisition expenses	(4.0)	—
Net underwriting contribution	**(0.2)**	**(3.0)**
Net loss ratio	35.6%	647.8%
Net acquisition cost ratio	67.8%	9.1%

Non-proportional reinsurance – marine, aviation and transport predominantly includes the Company's non-proportional marine and aviation business.

Gross and net premiums written increased as a result of increased opportunities in marine war. Net earned premiums have increased from 2022 in line with the increases in premiums written.

Non-proportional reinsurance - property

$ millions	2023	2022
Gross premiums written	54.0	111.9
Net premiums written	8.7	26.4
Net premiums earned	3.8	19.6
Net claims incurred	(2.9)	(19.4)
Net acquisition expenses	(2.9)	(2.3)
Net underwriting contribution	**(2.0)**	**(2.1)**
Net loss ratio	76.3%	99.5%
Net acquisition cost ratio	76.3%	11.6%

Non-proportional reinsurance - property predominantly includes FUL’s property catastrophe reinsurance business.

Gross premiums written reduced year on year by $57.9 million with the most significant reduction in North American catastrophe business as this is no longer being underwritten by FUL as the Company looked to optimise its reinsurance pillar portfolio. Net premiums written and earned have reduced in line with gross premiums written.

Non-proportional reinsurance – casualty

$ millions	2023	2022
Gross premiums written	2.1	21.8
Net premiums written	0.3	12.5
Net premiums earned	0.5	3.6
Net claims incurred	(0.2)	(0.2)
Net acquisition expenses	(0.1)	—
Net underwriting contribution	**0.2**	**3.4**
Net loss ratio	40.0%	6.4%
Net acquisition cost ratio	20.0%	0.1%

Non-proportional reinsurance – casualty includes FUL's non-proportional cyber, mortgage and accident and health treaty business.

Gross premiums written are below the prior year by $19.7 million, the most significant movements were a reduction in financial mortgage business.

A3. INVESTMENT PERFORMANCE

A3.1 Income and expenses from investments by asset class

The Company maintains a high-grade investment portfolio with a primary focus on capital preservation.

The following table presents the components of investment return by asset class during the year-ended 31 December 2023:

$ millions	Investment income	Net realised losses	Change in net unrealised gains	Investment return
Government bonds	2.3	(1.5)	6.8	7.6
Corporate bonds	14.2	(5.7)	21.5	30.0
Collateralised securities	2.2	(0.1)	1.0	3.1
Derivatives	—	—	—	—
Cash and other	11.6	—	—	11.6
Investment fees	(1.1)	—	—	(1.1)
Investment return	**29.2**	**(7.3)**	**29.3**	**51.2**

The following table presents the components of investment return by asset class during the year-ended 31 December 2022:

$ millions	Investment income	Net realised losses	Change in net unrealised losses	Investment loss
Government bonds	3.0	0.3	(6.9)	(3.6)
Corporate bonds	12.3	(2.8)	(24.4)	(14.9)
Collateralised securities	0.9	(0.7)	(2.1)	(1.9)
Derivatives	—	(6.8)	0.1	(6.7)
Cash and other	1.8	—	—	1.8
Investment fees	(1.0)	—	—	(1.0)
Investment return	**17.0**	**(10.0)**	**(33.3)**	**(26.3)**

The higher return in 2023 versus the prior year is due to the downward shift in the yield curve, driving unrealised investment gains as inflationary pressures started to ease and as markets started to anticipate central bank monetary cuts in 2024.

A3.2 Recognition of gains and losses

The Company accounts for all investments at fair value with unrealised gains and losses through the income statement. During the year, unrealised gains or losses were recognised the income statement and no gains or losses were recognised directly in equity.

A3.3 Collateralised securities

The following table presents the components of collateralised securities' investment return by asset type during the year-ended 31 December 2023:

$ millions	Investment Income	Net realised losses	Change in net unrealised losses	Total
Mortgage-backed securities	2.2	(0.1)	1.0	3.1
Investment return	**2.2**	**(0.1)**	**1.0**	**3.1**

The following table presents the components of collateralised securities' investment return by asset type during the year-ended 31 December 2022:

$ millions	Investment Income	Net realised losses	Change in net unrealised losses	Total
Mortgage-backed securities	0.9	(0.7)	(2.1)	(1.9)
Investment return	**0.9**	**(0.7)**	**(2.1)**	**(1.9)**

FUL holds a small proportion of its fixed income portfolio in collateralised securities (mortgage-backed securities) to improve the diversification of the portfolio. Investment limits have been placed on these assets through an advisory agreement with its portfolio manager and FUL maintains a strict review of securities held to ensure the guidelines agreed between the portfolio manager and FUL are followed and that any securities held comply with Solvency II requirements.

A4. PERFORMANCE OF OTHER ACTIVITIES

Other material expenses comprise the following:

$ millions	2023	2022
Employment costs	13.7	38.5
Non-employment costs	29.9	22.4
IT costs	0.7	7.6
Professional and consulting fees	1.2	4.7
Investment expenses	1.1	1.0
Total investment and administrative expenses	**46.6**	**74.2**

The Company does not have any direct employees. All of the UK based staff are employed by FSL. Costs have decreased during the year due to the Group restructuring, giving rise to reduced employment costs. Administrative expenses for FUL are predominantly a result of a recharge from other Group companies for providing physical infrastructure, staff and associated support services.

A5. OTHER INFORMATION REGARDING THE BUSINESS

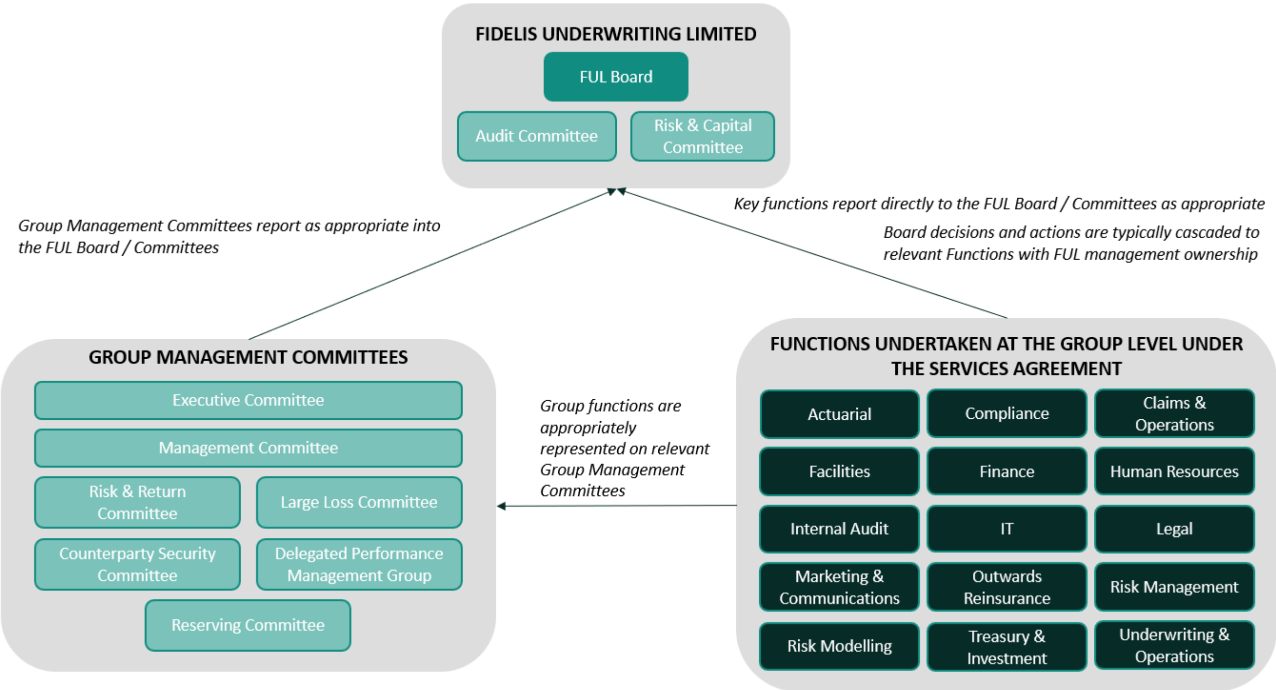
Other than as noted above, no other events occurred during the year which had a material impact on the business or performance of the Company.

SECTION B : SYSTEM OF GOVERNANCE

B1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

B1.1 Role and responsibilities of the administrative, management or supervisory body and key functions

The Group has implemented an effective system of corporate governance in a way which ensures that enterprise risk management is maintained at a high standard and that the business is operating in an efficient and effective manner. The FUL Board aligns its system of corporate governance with that of the Group where applicable. The diagram below presents an overview of FUL's governance structures:



The table below summarises the role of each of the Boards and entity committees that make up FUL's system of governance as at 31 December 2023:

Board / Committee	INEDS	Exec	Role	Links into boards
Board	2 (inc. Chair)	3	Considering and deciding on FUL's strategy and matters affecting FUL, including matters referred for approval by FIHL committees, FUL committees or Group management committees.	Considers, challenges and is the sole point of FUL approval. Matters cascaded from the FIHL Board may be approved, approved with subjectivities, amended or rejected by the FUL Board or referred back to the FIHL Board.
Audit Committee	2 (inc. Chair)	—	Independent review and challenge of financial and regulatory reporting and the internal control environment, oversight of the internal audit function and external auditors.	The Committee Chair reports into the FUL Board on the outcome of the Audit Committee. The Group General Counsel ensures any matters referred by the FIHL Board are also reported to the FUL Board.
Risk and Capital Committee	2 (inc. Chair)	2	To advise the FUL Board in respect of risk and capital management and oversight of risk management and tolerances.	The Committee Chair reports into the FUL Board. The CRO ensures any matters referred by the FIHL Board are also reported to the FUL Board.

In addition, the table below summarises the role of the Group management committees, their role and how they interact with other parts of the system of governance as at 31 December 2023:

Management Committee	Role	Links into Boards/Entity Committees
Executive Committee	Review the Group's strategy, operations and business plan, assess and action any opportunities that are in the best interest of the Fidelis Group and make proposals to the FIHL Board and FIHL Committees relating to the strategy, operations and conduct of the business of the Fidelis Group and ensure the operations of the Group are within the strategy and business plans approved by the FIHL Board.	Matters requiring Board consideration or approval are referred to the FUL Board by the FUL CEO.
Management Committee	Co-ordinate and execute the implementation of the strategy and business plan as decided by Group and subsidiary Boards and the Executive Committee; report on and refer to the Executive Committee all items requiring strategic oversight or opinion.	Matters requiring Board consideration or approval are referred to the FUL Board by the FUL CEO.
Risk and Return Committee	Oversight of risk appetite, tolerances and preferences, risk methodology, capital and solvency appetite, capital methodology, risk return optimisation and risk and capital monitoring.	Matters requiring FUL Board consideration or approval are referred by the FUL CRO to the FUL Risk and Capital Committee.
Counterparty Security Committee	Oversee development and adherence to outwards reinsurer and broker counterparty exposure tolerances.	Matters requiring FUL Board consideration or approval are referred by the FUL CUO to the FUL Board.
Delegated Performance Management Committee	Ongoing monitoring of performance and management of conduct risk concerning delegated authorities, as per the Group Delegated Authority Procedure and the Group Conduct Risk Framework.	Matters requiring FUL Board consideration or approval are referred by the FUL CUO to the FUL Board.
Large Loss Committee	Monitors the developments in relation to large or complex insurance/ reinsurance claims and sets case specific loss reserves exceeding the authorities of the Group Head of Claims.	Matters requiring FUL Board consideration or approval are referred by the Group Chief Actuary (as appropriate) to the FUL Board.
Reserving Committee	Considers and opines on portfolio level reserves and IBNR for recommendation to the relevant Boards.	Matters requiring FUL Board consideration or approval are referred by the Group Chief Actuary to the FUL Board in quarterly Board reporting.

B1.2 Material changes in the system of governance over the reporting period

Following the Separation Transactions on 3 January 2023, the Group became operationally independent of The Fidelis Partnership, operating with separate Boards and management teams but with commercial agreements in place to work closely together. The system of governance exercised by the Group is outlined above.

B1.3 Remuneration policy for the administrative, management or supervisory body and employees

Principles of the remuneration policy

The Compensation Framework is recommended for approval by the Group Compensation Committee to the FIHL Board. After approval by the FIHL Board the relevant details are reported to the subsidiary boards including FUL's Board. The FUL Board does not deem it necessary to establish a separate FUL Compensation committee and believes it appropriate that such matters, on the basis of the proportionate size and risk profile of the Company, be addressed by the Group Board. However, the FUL Board reviews group proposals in relation to entity and individual performance with consideration to risk performance, in order to meet its obligations. Where appropriate, it would recommend adjustments to the Group Compensation Committee.

The Group's compensation philosophy for our senior managers and employees is that total compensation should have the potential to deliver above-market levels of reward for outstanding individual and financial performance, while aligning the interests of our senior managers and employees with those of our shareholders. The Group seeks to maintain base salary and fixed pay for senior managers and employees in line with the market median of our major competitors to fairly and competitively compensate employees for their positions and the scope of their responsibilities. The Group also offers variable compensation in the form of cash bonuses and, where eligible, a long-term incentive plan under which equity awards ("LTIP Awards") are issued. INEDs receive a quarterly directors' fee. They are not eligible for additional non-cash benefits or variable compensation.

In addition to the above, certain senior staff are required to commit, by way of an annual declaration, that they have not and will not enter into any personal hedging strategies in relation to their variable remuneration or to otherwise undermine their risk alignment with FUL/the Fidelis Group in their variable remuneration.

Information on individual and collective performance criteria on which variable components of remuneration is based

Annual Cash Bonus

The purpose of our annual cash bonus program is to reward employees for achievement against key financial and non-financial operational goals that will help drive long-term business strategy and are predicates of shareholder value. Bonuses are generally based on a formulaic calculation, though are entirely discretionary, so that employees can be confident that an even-handed approach has been taken and can readily understand the effect of financial and personal performance on their bonuses. Two core elements are assessed by the Group Compensation Committee when determining the bonuses: (i) the Group's financial performance ("Financial Performance") and (ii) the employee's strategic and personal performance ("Personal Performance"). The weighting of each element is based on pre-determined percentage allocations. For purposes of the annual cash bonus pool calculation, Financial Performance is based on achievement by the Group of the business plan then in force. If the Financial Performance is below the minimum payout level, then payment of an annual cash bonus to any employee will be discretionary. Personal Performance is based upon individual achievement of clearly articulated objectives created and agreed to at the beginning of the year.

The annual cash bonus targets are proposed by the Group CEO and approved by the Group Compensation Committee towards the beginning of each year when the information necessary to compute the bonuses has been obtained. Once approved, the bonuses are paid within the first quarter of each year following the relevant fiscal year in which they were earned.

Share Incentive Plan

In 2023, the Group adopted the 2023 Share Incentive Plan (the "2023 Plan") in connection with the Separation Transactions. Each employee, officer, non-executive director or other individual service provider of the Group is eligible to participate in the 2023 Plan. The purpose of the 2023 Plan is to create a strong and long-term alignment between the Group's employees and its shareholders. The Group Compensation Committee administers the 2023 Plan under delegation from the FIHL Board. The size and form of the LTIP Awards granted under the 2023 Plan is determined by the Group Compensation Committee based upon a participant's prior year performance, role and level of seniority within the Group. The LTIP Awards may be delivered in the form of restricted share units, restricted common shares, share options, share appreciation rights and other awards which may be denominated in common shares or cash. The LTIP Awards relate to FIHL's common shares and generally vest over a three-year period, subject to continued service and the achievement of performance goals.

For more information on the Group's compensation framework, please refer to FIHL's Annual Report in respect of the year ended December 31, 2023, filed on Form 20-F with the SEC on March 15, 2024 (the "2023 Annual Report"), available electronically at www.sec.gov.

Supplementary pension or early retirement schemes for the members of the administrative, management or supervisory body and other key function holders

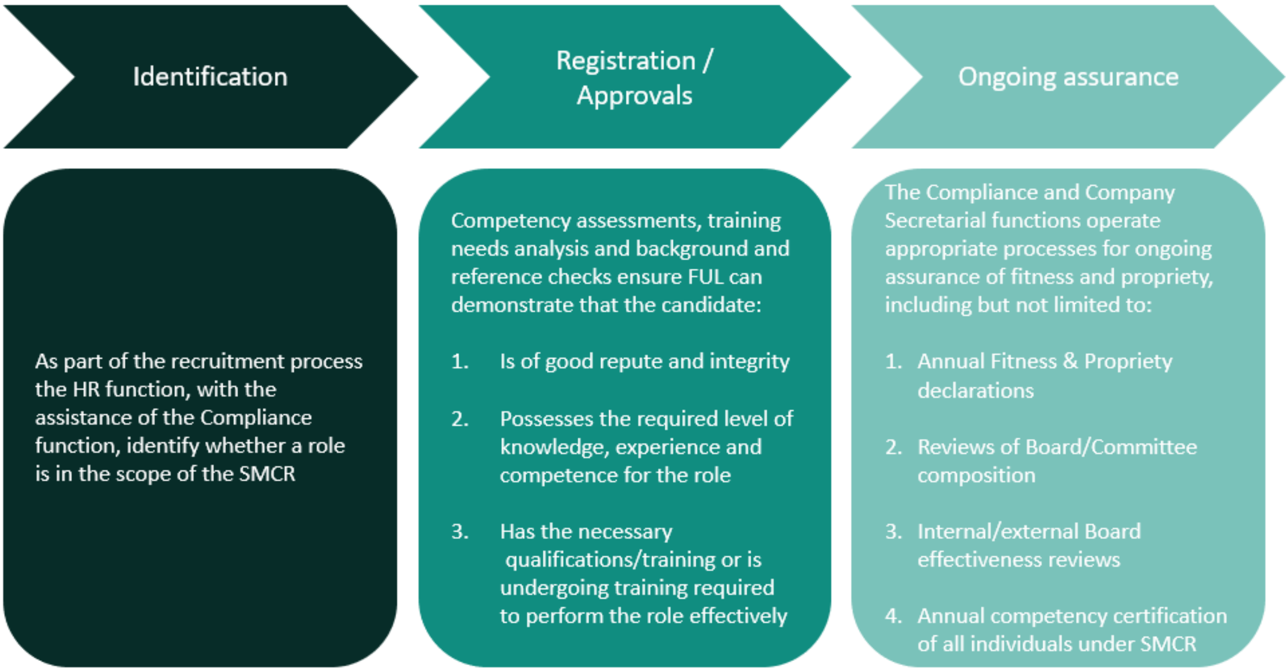
The Group offers eligible staff the choice of making contributions into the Group's relevant retirement plans, subject to applicable pension rules. To the extent permitted by the applicable rules in the relevant jurisdiction in which the Group has participating employees, eligible participants receive a Company pension contribution of either 10% or 12% of annual base salary (subject to the salary threshold of the employee) by the relevant operating subsidiary of the Group, subject to the limitations of the laws of the relevant jurisdiction.

B1.4 Material transactions with the shareholder, with persons who exercise a significant influence on the undertaking, and with members of the administrative, management or supervisory body

During 2023 the Company received a capital injection of $65 million from FIHL (2022: nil).

B2. FIT AND PROPER REQUIREMENTS

FUL operates within a Group Regulated Personnel Procedure which governs the recruitment, appointment, approvals, induction, training and ongoing assessment of the Fitness and Propriety of those who effectively run FUL.



As per the SMCR requirements, individuals who are performing either an SMF, a certification role or are notified non-executive directors are required to be assessed for their fitness and propriety at appointment and on an on-going basis by FUL.

Assessing a person's fitness and propriety includes an assessment of their:

- honesty, integrity and reputation;
- competence and capability, including whether the person satisfies any relevant FCA training and competence requirements; and
- his/her financial soundness.

The FUL Board identifies the skills and experience that are required at Board level, including the appointment of executive directors or independent non-executive directors, so as to ensure the relevant diversity, experience, skills and knowledge required for effective oversight and challenge.

Fitness and propriety assessment on appointment

A fit and proper assessment on appointment is undertaken for all candidates being hired to SMF roles. The fit and proper assessment is completed prior to the individual commencing their duties as a regulated individual. The fit and proper assessment made at initial appointment will normally include (but may not be limited to):

- Interview with appropriately qualified manager(s) and relevant senior experienced individuals
- Collection of satisfactory references from previous employers for the previous six years
- Background checks, verifying key information provided including:
    - Criminal disclosure
    - CV
    - Education and qualifications
    - Directorship search

- FCA register search
- and other legal, regulatory, and financial checks as appropriate.

In addition, members of the FUL Board complete an annual evaluation of board effectiveness.

Annual fitness and propriety assessment
For all individuals who are certificated staff or SMF holders an annual fit and proper assessment will be undertaken. This assessment includes, but is not limited to:

- The completion of annual director and officers questionnaire (incorporating an fit and proper questionnaire);
- Annual performance review by an appropriately qualified line manager
- Annual Board effectiveness review

B3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

B3.1 Risk management system

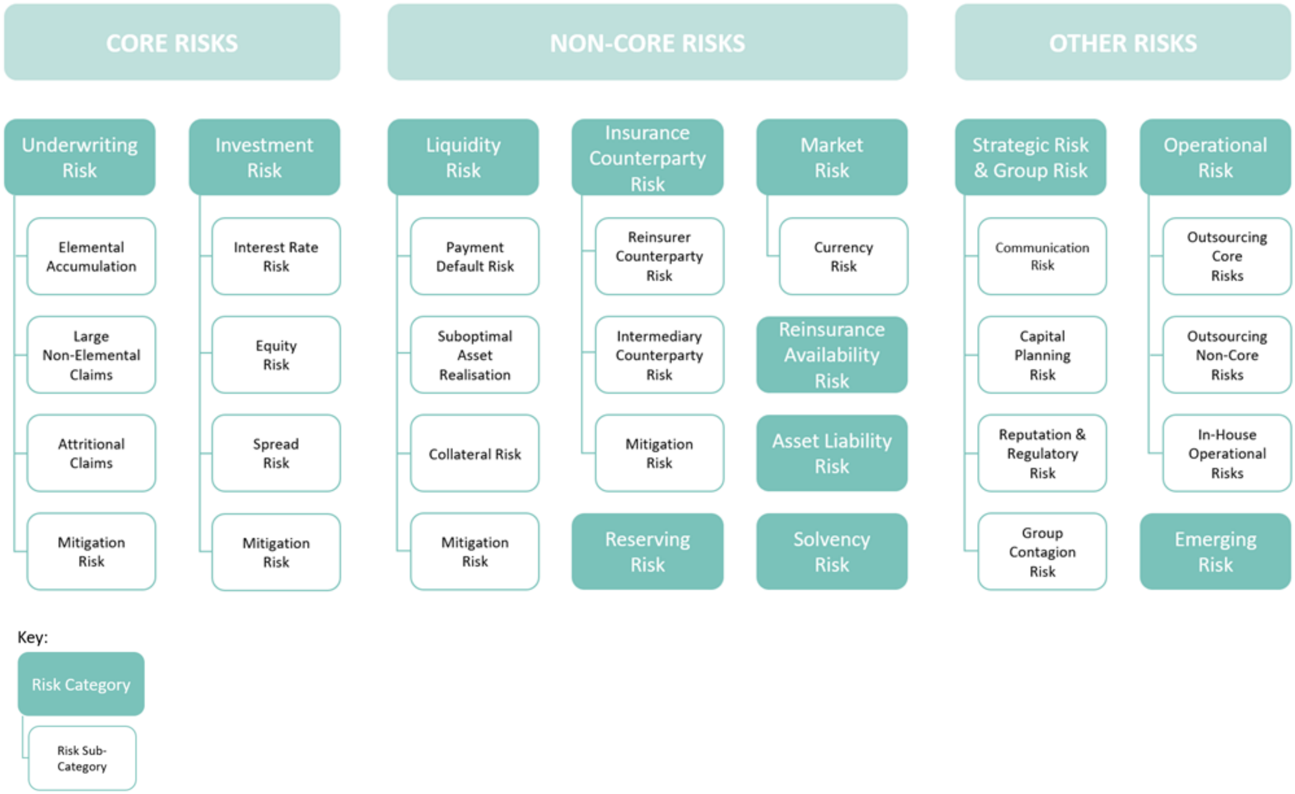
FUL operates the Group Risk, Capital and Solvency Management Framework (referred to as "the framework" throughout section B) leveraging Group capabilities and governance structures whilst maintaining full local accountability with the FUL Board.

The approved risk management framework is designed to identify, measure, manage and report on the exposures that FUL faces.

1. **Identification** – the risk exposures that could materially impact FUL in achieving its objectives are identified through the quarterly risk review process with each of the risk owners and the emerging risk process.
2. **Measurement** – these risks are quantified and ranked in the operational risk register in terms of the impact that they would have on FUL if the risk were to materialise. With respect to the aggregation of the underwriting exposures, these are monitored on at least a quarterly basis to ensure that they remain within the FUL Board's approved risk appetite levels.
3. **Management** - where a risk exposure has exceeded the FUL Board's risk appetite or the risk levels are more generally considered to be higher than desirable, management identifies suitable actions to either transfer, avoid or mitigate the risk level.
4. **Reporting** – a summary of all key material risk exposures is reported to the FUL Board on a quarterly basis. Where there has been an exceedance in the FUL Board's risk appetite, the report details management's plans to transfer, avoid or mitigate the risk, where appropriate.

The framework is founded upon a clear understanding and articulation of the risk universe to which FUL is, or could be, exposed. This universe encompasses those intrinsic risks that are fundamental to FUL's business (such as underwriting and market risk), operational risks (that may crystallise either independently of, or be correlated with intrinsic risk) and those more subjective yet nevertheless important sources of risk such as strategic and emerging risk.

The universe spans the following overall risk categories and subcategories:



The classification of subcategories of risk is reflected throughout the framework. These subcategories of risk are:

- "core" risks, which encompasses those intrinsic risks that are fundamental to our business and that are actively pursued to optimise FUL's risk adjusted return;
- "non-core" risks which are intrinsic risks that are a necessary consequence of the business but have little or no potential to generate a reward; and
- "other" risks that arise from the failure of people, processes or systems upon which we rely (that may crystallise either independently of, or be correlated with intrinsic risk) and those more subjective yet nevertheless important sources of risk such as strategic and emerging risks.

For each category of risk, the FUL Board has an established risk appetite comprising qualitative statements supported by specific tolerances (expressed in quantitative terms where appropriate) against which risk exposures are monitored and managed. This appetite is adjusted over the business cycle in response to market conditions and the strategic and tactical drivers over the horizon of the business plan.

Monitoring and reporting of the risk, capital and solvency position is performed on both an actual and, where meaningful, prospective basis with a frequency that is proportionate to the materiality and volatility of risk presented by each category of risk defined in the universe, and reported quarterly as part of the CRO report.

FUL has embedded the principles of effective risk management and the ORSA in its core business processes - the forward-looking assessment of risk, capital and solvency adequacy being integrated into the strategic decision making and continuous monitoring processes.

The significant quantifiable risks that FUL faces in the current business plan are set out below:

Risk Category	Risk Description
Non-life underwriting risk	This risk arises from two sources – adverse claims development (reserve risk) and underwriting (premium risk)
Market risk	The risk that the value of the Company's assets falls or that there are adverse currency swings
Counterparty default risk	The risk of default of one of FUL's reinsurers or intermediaries
Operational risk	The risk of losses resulting from inadequate or failed people, processes, systems or from external events

Each of these risks has been captured in the overall solvency needs of FUL through the calculation of the SCR using the Solvency II Standard Formula, the setting and monitoring of risk appetite tolerances for each of the risks, and consideration of how the risk exposures are likely to change over the planning period in both normal and stressed environments.

Other than liquidity risk, which is not explicitly captured by the standard formula SCR, there are no identified quantifiable material risks faced by FUL that are not currently considered to be included in the SCR as calculated by the Standard Formula. The details as to how the Company monitors and mitigates against liquidity risk are detailed in section C1.4.

i. Governance and structure

The FUL Board retains sole authority for setting the risk and capital appetite for the Company within the context of the overall Group and taking into account any recommendations from FUL Board committees and management.

The Board receives comprehensive risk and capital reporting on at least a quarterly basis and at such other times as required due to an actual or projected change in the Company's risk, capital or solvency profile. The RCC, a committee of the Board, supports the Board in ensuring the continued effectiveness and appropriateness of the framework – reviewing, challenging and making recommendations upon its outputs.

The RCC and Board are supported by management's RRC in the day-to-day maintenance of the framework and its underlying components. A summary of the RRC work in the period and any issues and recommendations for Board attention are reported within the CRO report to the RCC.

The Board and committees are supported by the risk management, actuarial, compliance, legal and audit functions.

ii. Core processes

The framework is delivered through a series of business processes operated with a frequency designed to provide ongoing management of the Company's changing risk profile, capital and solvency position on both a current and projected basis that is proportionate, whilst addressing stated regulatory reporting requirements.

The core elements of the process include:

Strategic Planning

The annual strategic planning process provides projections based on a range of potential economic and market scenarios.

The review revisits and restates the Company's strategic risk and return aims to evaluate the prospective performance of the business model.

The strategy is reviewed annually by the Board.

Business Planning

The business planning process incorporates a forward-looking projection of the risk, capital and solvency profile of the Company and associated strategies.

It includes the assessment of a range of potential business scenarios supported by the use of stress testing, to test forecast capital adequacy, volatility and viability and inform capital and liquidity management strategies and associated contingency plans.

The proposed plan is subject to Board challenge and approval and formalises the risk / return objectives, risk and capital appetite, underwriting, and investment and capital management plans for the coming year against which performance is assessed.

The process involves extensive input from risk management, the actuarial function, and the RRC, with a key output being the CRO's review of the business plan covering a series of summary assertions relating to risk, capital and solvency matters noting any exceptions or recommending changes to the risk, capital and solvency appetite.

The plan is reviewed and approved by the Board in the fourth quarter and updated in the first quarter of the following year with the benefit of the year-end and key January renewals and forms the core of the annual ORSA process.

iii. Quarterly risk, capital and solvency review

The risk function provides the RCC with a full review of the risks facing the Company at least quarterly and at any other time as required in the interim in response to a material actual or proposed change in its risk, capital and solvency profile.

The review provides an analysis of the risk, liquidity, capital and solvency profile of the Company against the Board approved risk appetites as well as considering a forward-looking view of the risks that it faces. It therefore addresses the core elements of the ORSA on a quarterly basis.

B3.2 Own risk and solvency assessment

The ORSA is the forward-looking process by which the Board can monitor the risks to the business and assess the impact of those risks on the capital adequacy of the business. The Board uses the ORSA to inform its future business decisions and to ensure that any risk remaining after controls have been applied is within the parameters of FUL's risk appetite.

The ORSA process is undertaken on a formal basis at least annually as a part of FUL's annual business planning process. A full or partial ad hoc ORSA process is undertaken if there has been a material change in FUL's risk profile.

FUL has embedded relevant ORSA processes into the quarterly business as usual internal reporting. This information includes monitoring the level of risk faced against the Board approved risk appetite, as well as strategic developments and their potential impact on the required level of capital. This all forms a key part of the ORSA related internal documentation and the quarterly reporting to the FUL RCC and the FUL Board.

Following the completion of each ORSA process, the results are documented and reported to the FUL Board for review and approval. In line with regulatory guidance, a supervisory report of the results of this assessment is then provided to the PRA within two weeks of the Board approval.

Through the performance of the ORSA process and based on the business strategy and plan, FUL determines its overall solvency needs by taking into account its current and projected risk profile, regulatory capital requirements, and risk appetite tolerance limits.

The results of the ORSA process are considered on an on-going basis in decision-making in respect of the Company's capital management activities and risk framework development.

The latest formal ORSA process was conducted as part of FUL's annual business planning process in the first quarter of 2023. It was approved by the FUL Board during Q1 2023 and subsequently submitted to the PRA within two weeks of the Board approval.

B4. INTERNAL CONTROL SYSTEM

B4.1 Description of internal control system

Significant internal policies are approved at Group level by the FIHL Board, with subsequent approval by the subsidiary boards who may either approve the policy, approve subject to amendments, or decline to approve the policy, with a resulting referral back to the FIHL Board for reconsideration. Group level policies provide a statement of intent, with internal procedures intended to embed and achieve the policy being driven, owned and approved by senior management.

Internal controls have been adopted in such a way as to ensure that they are aligned with each other and to the business strategy and are subject to a risk-based periodic review cycle. All key internal controls are recorded in the risks and controls register so as to be capable of second line monitoring and third line audits.

B4.2 Implementation of the compliance function

The Group compliance function is led by the Group Head of Compliance who reports into the Group Chief Legal Officer. The Group Head of Compliance is responsible for FUL's compliance oversight and is also the Money Laundering Reporting Officer.

A summary of the compliance risk management framework is below:

Compliance Strategy

- Group compliance policy sets the cultural tone of Fidelis' approach to regulatory compliance
- Compliance operating model defines the purpose of the compliance function
- Three lines of defence map shows the split of responsibilities for second line matters between control functions
- Compliance universe from which annual monitoring plan is derived

Compliance Plans

- Compliance Risk Assessment
- Annual Group Compliance Plan including FUL
- Annual Compliance Monitoring Plan
- Annual Compliance Training Plan for FUL staff and FUL Board training plan

Internal Controls

- Group Head of Compliance is the risk owner for FUL's key regulatory risks within the operational risk register
- FUL is subject to Compliance Policies and Procedures
- Radar process for tracking future regulatory developments that impact FUL

Monitoring

- Monitoring FUL's compliance in accordance with the Annual Monitoring Plan
- Mixture of recurring and annual monitoring activities including file reviews, MI/report reviews, staff meetings/interviews, governance reviews, non-voting attendance at committee meetings, etc.

Reporting

- Quarterly reporting to the FUL Board
- Monitoring of events triggering notification to the PRA/FCA
- Periodic meetings with the PRA

The compliance function seeks to be a trusted advisor to the business, driving and supporting innovation whilst partnering with the business and regulators to ensure regulatory obligations are met.

B5. INTERNAL AUDIT FUNCTION

B5.1 Implementation of the internal audit function

The internal audit department is resourced internally by the Group HIA and internal audit staff located in the UK, Ireland, and Bermuda, as well as through a panel of co-source service providers. The Group HIA is responsible for maintaining the following items, which is approved and recommended to the FUL Board by the FUL Audit Committee:

- An audit charter;
- An audit universe;
- A budget for co-source resource; and
- An annual audit plan.

The above items are presented to the FUL Audit Committee annually as part of the audit plan approval process. The audit plan is risk-based and its formation is based on a combination of the risk and controls register, discussion with management, discussion with the external auditor (KPMG) and input from the co-source providers. The Group HIA exercises independent judgment in determining what should be included within the audit plan to ensure the audit plan is independent of management and management's view of risk. Upon obtaining approval from the FUL Audit Committee, the Group HIA, using in-house or co-source resources, as agreed by the Audit Committee, will then execute the audit plan.

The internal audit department aims to comply with industry best practice wherever possible. This includes the principles set out by the Chartered IIA.

There is a quarterly report issued to the FUL Audit Committee reporting on the activities of Internal Audit over the prior quarter, specifically:

- Progress of completion of the audit plan;
- Summary of audit work completed in the quarter including reports issued;
- Progress with the clearance of agreed actions;
- Overdue agreed actions;
- Proposed changes to the plan if necessary;
- Resourcing and budget usage for co-source; and
- Any other matters.

The Group HIA, in conjunction with the business plan to be approved by the FUL Board each year, presents an annual audit plan, typically in the fourth quarter, for approval by the FUL Board.

B5.2 Independence and objectivity of internal audit

The following key procedures are in place to ensure that internal audit is independent and objective:

- Primary reporting line – The Group HIA has a direct reporting line to the Chair of the FUL Audit Committee;
- Secondary reporting line – The Group HIA's secondary reporting line on a day-to-day basis is to the Group CFO;
- Group HIA compensation – All compensation arrangements for the Group HIA are subject to Group Compensation Committee review and approval, removing any management influence over the Group HIA compensation;
- HIA appraisal – this will be performed in the first instance by the Group CFO and is then reviewed and approved by the Chair of the Group Audit Committee;
- Audit Committee private session – the FUL Audit Committee, as per its quarterly standing agenda item, may request a closed session with the Group HIA at its regularly held meetings. Furthermore, it is compulsory at least annually for the Group HIA to have a closed session with the FUL Audit Committee. This ensures that the Group HIA can relay any serious concerns without management present;
- The HIA and Chair of the Audit Committee have a private meeting pre-Audit Committee every quarter to discuss all Audit Committee materials provided by the HIA. At this meeting the HIA has the opportunity to raise any concerns;
- Agreement of audit reports – the Group HIA is responsible for agreeing and issuing all internal audit reports and being satisfied that any raised actions have been appropriately addressed and closed; and
- Internal audit policy – the approved policy provides for the audit team to have unfettered access to all staff, records and information of the Company as they see fit while conducting audits.

B6. ACTUARIAL FUNCTION

The actuarial function, led by the Group Chief Actuarial Officer, consists of a number of qualified actuaries and analysts. The function is also supported by an external consultancy, Dynamo Analytics Ltd, who provide actuarial support.

Key responsibilities include the valuation of the TPs, opining on the underwriting policy and reinsurance arrangements and calculating the standard formula SCR as well as assessing the appropriateness of the standard formula being used to calculate the SCR. The main underwriting is currently carried out by The Fidelis Partnership which has its own actuarial pricing and exposure management functions. These functions are set out in the Service Management & Oversight Framework. The Group Chief Actuarial Officer has complete oversight over the monitoring of key actuarial related SLAs and KPIs.

The work performed by the function and the resulting opinions, are documented at least annually in the actuarial function report. The function reports its activities and findings to the FUL Board.

It is the responsibility of the actuarial function to report on each of the above areas, and in addition to this, make recommendations to remediate any deficiencies identified.

The Group Chief Actuarial Officer is responsible for ensuring that there is sufficient independence in the activities undertaken by the actuarial function. Independence is supported by the following factors:

- All actuaries within the function are members of actuarial associations and subject to both professional and technical requirements;
- An external reserve review is carried out at year end providing the Board with an alternative view;
- Key tasks of the function are subject to governance through the Audit Committee, RRC and/or the FUL Board. These committees include non-executive directors ensuring adequate challenge;
- All tasks of the function are subject to internal audit on a regular basis which aids identification and escalation of deficiencies; and
- The Group Chief Actuarial Officer role is an approved position and is subject to the PRA/FCA SMCR.

B7. OUTSOURCING

FUL operates an outsourcing policy and outsourcing procedure ("outsourcing controls"). This applies to any form of agreement between FUL and an external third party, where the latter performs a (re)insurance activity or undertakes a key function on behalf of FUL, which FUL would otherwise perform itself. An outsourced service is regarded as critical or important if a defect or failure in its performance would have a material, negative impact on:

1. The quality and continuity of providing core services to the policyholders;
2. FUL's continuing compliance with the conditions and obligations of its authorisation;
3. FUL's ability to comply with other regulatory obligations.

The outsourcing controls require appropriate consideration of the operational, regulatory and other risks associated with the activities to be outsourced, both prior to signing the agreement and in monitoring after the agreement is signed.

Where there is critical or important outsourcing arrangement, the outsourcing controls require the following levels of additional scrutiny:

Prior to executing the arrangement

- Enhanced due diligence
- Minimum contractual requirements
- FUL Board approval of the outsourcing arrangement
- Parent Board approval if the outsourcing arrangement is critical for the Group as a whole
- Notification to relevant regulators

After executing the agreement

- Frequent monitoring by the function owner of the outsourcing relationship
- Quarterly Board reporting by the compliance function
- More stringent renewal requirements

FUL currently outsources the following critical functions listed below, noting the jurisdiction of the service providers:

Function	Location of outsourced service provider	Rationale for outsourcing	Function responsible for oversight
Underwriting, underwriting administration and claims handling	United Kingdom	Under a 10 year rolling Framework Agreement, The Fidelis Partnership manages origination, underwriting, underwriting administration and claims handling under delegated authority agreements with the Group. Other services provided by The Fidelis Partnership to the Group include sourcing and administering the outwards reinsurance program, and support with business planning, insurance contract accounting and information technology.	Multiple functions
Investment custodian / administrator and investment accounting services	United States of America	Administration of, and accounting for a portfolio of fixed-income securities is a technical job that requires significant investment in people and technology. At current size of assets, it would be not economical to do this in-house. Outsourcing enables FUL to have its portfolio independently priced and appropriately reported.	Finance
Solvency II TPs and other actuarial support	United Kingdom	FUL would not currently be able to economically perform the level of actuarial and technical work required for calculating, evaluating and monitoring Solvency II TPs.	Actuarial

In addition to the above, there is a master intra-group services agreement and a number of non-material outsourcing agreements in place.

B8. ASSESSMENT OF THE ADEQUACY OF THE SYSTEM OF GOVERNANCE

The Board reviews FUL's system of governance periodically and considers it to be effective and appropriate for the nature, complexity and scale of the risks inherent in the firm and its business.

B9. OTHER INFORMATION

The assurance functions undertake monitoring activity to assess performance of our systems and controls. This includes consideration of compliance with system of governance requirements. Appropriate action is taken to deal with any findings, changes or updates required.

SECTION C : RISK PROFILE

C1. RISK CATEGORIES

C1.1 Non-life underwriting risk

i. Overview of assessment of non-life underwriting risk

Underwriting risk comprises premium risk and reserve risk. Underwriting risk arises from the Company's general insurance business and refers to the risk of loss, or of adverse change in the value of insurance liabilities due to inadequate pricing and reserving assumptions.

Examples of such risks include unexpected losses arising from fluctuations in the timing, frequency and severity of claims compared to expectations and inadequate reinsurance protection. The Company's underwriting and reinsurance strategies are set within the context of the overall Fidelis strategies, approved by the Board and communicated clearly throughout the business through policy statements and guidelines. The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography.

ii. Risk mitigation techniques for non-life underwriting risk

Premium risk

Building on the foundation of strict underwriting governance and individual underwriter authorities, the Company oversees The Fidelis Partnership's robust system of peer review which operates to a high level of sophistication, depth and scope of application.

All new risks and renewals, other than declarations under full-follow sub-delegated authorities, are required to be presented to the daily UMCC (or “the call(s)”), normally prior to terms being offered and in the event of a material change in terms, exposure or pricing from that agreed previously. This call includes key figures from the Underwriting team such as Class Underwriters, the Underwriting Director, and the CUO. The call is designed to ensure the cooperative and collegiate management of insurance risk, ensure that individual underwriters draw upon the expertise of their peers, and avoid silos of underwriting. Where full-follow sub-delegated authorities are issued, the master contract will be reviewed at the UMCC as well as by DPMG although declarations or risks attaching to such covers may not be.

Product design and pricing aims to minimise adverse selection of risks and use appropriate rating factors to differentiate between levels of risk.

A key aspect of the Company's strategy for risk mitigation centres on the use of outwards reinsurance for the inwards portfolio. Outwards reinsurance allows FUL to more effectively manage capital, to reduce and spread the risk of loss on insurance and reinsurance business and to limit the Company's exposure to multiple claims arising from a single occurrence.

The FUL Board primarily approves the purchase of outwards reinsurance as a part of the approval of the business plan. The main reinsurance treaty for FUL is an IGR quota share and excess of loss treaty with FIBL. FUL also purchases additional facultative and treaty reinsurance protection as the FUL CUO deems necessary, on behalf of the Board. The Group also purchases proportional and non-proportional treaty reinsurance, which FUL benefits from, with the agreement of the FUL CUO.

The Company plans to continue to use outwards reinsurance as one of its main underwriting risk mitigation techniques over the business planning time horizon.

Reserving risk

As the majority of the Company's portfolio is expected to benefit from a short period of discovery of loss, the reserves will relate to claims notified against which the Company will hold individually evaluated case reserves and IBNR reserves. These reserves are expected to be less variable from a risk perspective than peers with longer tail business.

The Company aims to set reserves at a level that limits the potential impact of reserve deterioration on overall return on equity whilst avoiding the taxation, reputational and regulatory risks that could result from systematic or excessive over-reserving.

FUL's stated risk tolerance level is that it has no appetite for setting case reserves below the levels advised by internal or external claims adjusters and counsel, nor does it have appetite to set IBNR reserves below the mean best estimate determined in consultation between our internal and external actuaries.

In addition to the quarterly review cycle operated by the Fidelis actuarial function, the level of reserves across all classes are subject to a full external actuarial review annually.

iii. Risk assessment of non-life underwriting risk

Premium risk

Elemental (e.g. wind, earthquake) and non-elemental (e.g. terror, aviation, marine, economic risks) exposures are monitored on a range of metrics set out in the Board approved risk appetite, based upon data from The Fidelis Partnership's underwriting system combined with the use of external and proprietary modelling techniques.

For elemental exposures, modelling leverages the use of external stochastic catastrophe modelling tools operated by The Fidelis Partnership's dedicated in-house modelling team. The results of the modelling are reviewed by the RRC and reported to senior management and the Board at least quarterly providing modelled OEP curves estimating the PML both gross and net of reinsurance for each significant peril / geographical zone at a range of return periods.

For non-elemental exposures, where stochastic modelling capabilities are not available, the process considers a range of RRC-approved deterministic RDS, designed to represent hypothetical extreme but nonetheless credible potential loss scenarios. These are supplemented by internally modelled loss distributions projecting potential losses at a range of return periods similar to the approach applied to elemental exposures. The deterministic RDS scenarios also include those defined in the standard formula that materially influence the Company's SCR.

Reserving risk

In respect of reserve risk, in addition to the quarterly review cycle operated by the Fidelis actuarial function, the level of reserves across all classes is subject to a full external actuarial review annually.

iv. Risk concentration of non-life underwriting risk

Non-life underwriting risk concentrations may occur in relation to geographic regions, geographic locations, industry sectors, and insured counterparties. The potential for the build-up of concentration risk is monitored on a frequent basis against the Board's stated risk appetite for such concentrations.

C1.2 Market risk

i. Overview of assessment of market risk

The Company seeks to optimise its investment income whilst focusing on ensuring it maintains sufficient capital to meet solvency requirements and maintain sufficient liquid funds to meet liabilities when they fall due. Exposure to market risk is therefore limited to the extent that investment strategies are balanced by these primary objectives.

Market risk is divided into three subcategories: investment risk, currency risk, and asset and liability matching risk. We assess our risk asset exposures whenever there is volatility in the equity markets.

ii. Risk mitigation techniques for market risk

Investment risk

The key drivers of investment risk are a function of the fixed income strategy that the Company has chosen to follow. The primary drivers of risk in the fixed income portfolio are shifts in the yield curve (interest rate risk) and the credit quality of the investment (spread risk).

The investment portfolio performance and risk are managed at an aggregate portfolio level. The investment strategy and investment types have been chosen specifically to construct an investment portfolio that ensures the credit quality, duration, and value at risk remain within the risk tolerances set out in the risk appetite. The investment portfolio's key metrics are included in the quarterly CRO report to the FUL Board.

FUL contracts with its portfolio managers for the provision of investment management services. The Company's investment guidelines and the Risk, Capital and Solvency Appetite Framework formalise FUL's appetite for investment risk at the portfolio level.

Extensive due diligence of investments is performed prior to entering into any new investment. Due diligence procedures will be performed on both the investment opportunity and on any third-party investment managers who will be engaged in connection with the investment. This due diligence considers many aspects of the investment decision including the potential for adverse aggregations and correlations with other elements of the investment portfolio and the underwriting portfolio.

A strategic asset allocation exercise is undertaken regularly in conjunction with the investment managers which takes into account the Company's risk tolerance levels and investment objectives. Investment decisions are made in line with the Company's investment guidelines and the prudent person principle. The high credit quality nature of the fixed income portfolio provides a level of mitigation against spread risk.

Currency risk

Currency risk exposures arise due to assets and liabilities being held in differing currencies. Whilst the Company accepts a degree of currency risk as a natural consequence of operating across multiple currencies, it has no desire for speculative exposure as a means to value creation.

The Group's risk appetite limits currency mismatches to $5.0 million equivalent per currency within 14 days of completion of the management accounts, recognising that doing so at an individual operating entity may be disproportionate and in theory potentially trigger inefficient risk management action.

Recognising that the variability in individual currencies is something over which the Company has no control, it therefore seeks to limit its actual exposure to currency risk through asset liability matching including, and where appropriate, currency hedging strategies that are undertaken at the Group level taking into account FUL's own exposures.

An increase or decrease of 25% in the US dollar would result in additional gain or loss, respectively for the year of $27.9 million (2022: $9.8 million) with an equal impact on net assets, assuming all other assumptions remain unchanged.

Asset and liability matching risk

Asset and liability matching risk is defined as the risk that the Company does not have available sufficient financial resources to enable it to meet its medium to long term financial obligations due to, for example, a currency or duration mismatch in its assets and liabilities.

These risks arise from open market positions in interest rate and currency products, both of which are exposed to general and specific market movements.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. It manages these positions within a risk management framework that incorporates a Board-approved risk appetite limit that defines the maximum currency and duration mismatches that are allowed, as well as the investment portfolio being developed to ensure that investment proceeds and returns and available cash are in excess of obligations under insurance contracts.

iii. Risk assessment of market risk

Investment Risk

The aggregate risk level is managed through the adherence to the investment guidelines with the portfolio managers. The investment portfolio is monitored and reviewed on an ongoing basis to ensure adherence to credit limit guidelines. In addition, there are limits on the amount of credit exposure to any one issuer, except for US government securities.

The investment portfolio is also monitored on a quarterly basis to ensure that the following risk metrics remain within the Board's stated risk appetite:

- The average portfolio duration;
- The average portfolio credit quality;
- The minimum credit quality at time of purchase; and
- Value-at-Risk

The Company monitors interest rate risk on at least a quarterly basis by calculating the duration of the investment portfolio. Duration is an indicator of the sensitivity of the assets to changes in current interest rates.

Investment risk is also assessed as a part of the stress and scenario testing undertaken as a part of the ORSA process.

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

An increase or decrease of 50 basis points ("BPS", a measurement where one BPS is equal to 0.01%), in interest yields would result in additional loss or gain for the year of $8.6 million (2022: $2.2 million) with an equal impact on net assets, assuming all other assumptions remain unchanged.

Currency risk
FUL assesses its exposure to currency risk through its regular monitoring against the Board agreed risk appetite limits.

The Group's and FUL's actual net currency matching exposure is reported in the quarterly CRO report to the FUL Board.

Asset and liability matching risk
FUL assesses its exposure to asset and liability matching risk through its regular monitoring against the Board agreed risk appetite limits in respect of currency mismatches and the average durations of the investment and liability portfolios.

The Group's and FUL's actual net currency matching exposure and investment and liability portfolios are reported in the quarterly CRO report to the FUL Board.

iv. Risk concentration of market risk
Market risk concentrations may occur in relation to geographic locations, currency, asset duration, industry sectors and counterparties. The potential for the build-up of concentration risk is monitored on a frequent basis against the investment manager guidelines, investment portfolio benchmarks (that are based upon the findings from the strategic allocation exercise), and the Board's stated risk appetite limits.

C1.3 Counterparty default risk

i. Overview of counterparty default risk
Counterparty default risk exposures relate to the potential failure of a third-party to meet their financial obligations to the Company, and explicitly excludes counterparty default risk in relation to the investment portfolio. Key areas where the Company is exposed to counterparty default risk are:

i. Reinsurers' share of insurance liabilities;

ii. Amounts due from reinsurers in respect of claims already paid;

iii. Amounts due from insurance contract holders; and

iv. Amounts due from insurance intermediaries.

ii. Risk mitigation techniques for counterparty default risk
Reinsurer counterparties
The risk management approach to counterparty default risk is designed to limit potential reinsurance and broker counterparty default to a level consistent with the risk appetite through a combination of:

i. Appropriate counterparty selection;

ii. Appropriate levels of diversification in the portfolio;

iii. Appropriate mitigation in respect of external counterparties with a lower security rating through the use of collateralisation, subject to minimum collateral quality requirements, and/or downgrade clauses as appropriate; and

iv. Monitoring changes in security and taking appropriate remedial action as required.

The Counterparty Security Committee meets at least half yearly, and ad hoc as new partners are proposed. The RRC monitors the Group's aggregations which are reported to the FIHL, FIBL and FUL Boards on a quarterly basis in the CRO Report.

In certain circumstances, deposits from reinsurers are also held as collateral.

Intragroup reinsurer counterparty risk
The counterparty risk presented by the IGR arrangement is mitigated through the use of collateralisation in the form of trust accounts with BNY Mellon as the trustee, FIBL as grantor and FUL as beneficiary. FIBL has deposited assets in the trust account, to secure its obligations to FUL, under the IGR arrangement.

As at the end of 2023 the FUL Board set a minimum level of collateralisation of between 111% and 116% of the sum of a) FUL's reserves for losses and loss adjustment expenses reported and outstanding and incurred but not reported; and b) FUL's unearned premium reserves minus premiums payable and deferred acquisition costs, provided that this number shall never be less than zero. Confirmation that the level of actual and required collateral has been met is monitored and reported quarterly to the FUL Board.

Intermediary counterparty risk

Whilst in theory FUL has significant exposure to counterparty risk in respect of its dealings with insurance intermediaries, in practice these are limited through the use, for the most part, of non-risk transfer terms of business through The Fidelis Partnership.

As such, FUL is prepared to tolerate significant outstanding broker balances reflecting the concentration of business in the markets in which it operates subject to regular monitoring and the reporting of material exposures to management and the Board.

Credit control policies and procedures are in place to ensure all money owed to FUL is collected and to ensure that material cash received is allocated appropriately. Due to the significant growth in the company during 2022, unallocated cash and overdue balances increased. Appropriate steps were taken in 2023 to reduce overdue amounts and the time taken to allocate cash, which has resulted in a significant improvement in unallocated cash and overdue balances.

iii. Risk assessment of counterparty default risk

Reinsurance is used to manage and mitigate underwriting risk; however, this does not discharge the Company's liability as the primary insurer. If a reinsurer fails to pay a claim, the Company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. In addition, management assesses the creditworthiness of its reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

Exposures to individual policyholders, groups of policyholders and intermediaries are also monitored on an ongoing basis through the company’s credit control processes.

The risk appetite limits on the level of intermediary and reinsurance counterparty default risk are reviewed and approved annually by the FUL Board.

Counterparty default risk is also assessed as a part of the stress and scenario testing undertaken as a part of the ORSA process.

iv. Risk concentration of counterparty default risk

Counterparty default risk concentrations may occur in relation to reinsurer counterparties, insurance contract holders or insurance intermediaries. The potential for the build-up of concentration risk is monitored on a frequent basis against the Board’s stated risk appetite limits.

C1.4 Liquidity risk

i. Overview of liquidity risk

Liquidity risk relates to the risk of the Company being unable to meet its liabilities as they fall due, caused by a lack of available cash. FIHL has unconditionally and irrevocably guaranteed all of FUL’s financial obligations.

ii. Risk mitigation techniques for liquidity risk

FUL’s investment portfolio consists of a highly liquid fixed income portfolio and cash. The Company’s investment guidelines and the Risk, Capital and Solvency Appetite Framework formalise FUL’s appetite for liquidity at the portfolio level. This level of required liquidity across the overall portfolio is one of the drivers for the construction and maintenance of the investment portfolio. This results in liquidity levels being maintained significantly in excess of that which would otherwise be required to support projected outflows related to insurance obligations even in stressed scenarios. Furthermore, FUL has the right to request immediate settlement of material recoveries (those in excess of $10.0 million on a gross of IGR basis) under the IGR agreement with FIBL.

The Company’s exposure to liquidity risk is regularly monitored through its liquidity risk appetite which is dominated by its strategic imperative to maintain a highly liquid investment portfolio.

The Company maintains a predominantly cash and fixed-income investment portfolio. The Company seeks to optimise its investment income whilst focusing on ensuring it maintains sufficient capital to meet solvency requirements and maintain sufficient liquid funds to meet liabilities when they fall due.

Subject to maintaining sufficient liquidity in aggregate across entities, FUL has the ability to perform intragroup transactions in the event of temporary liquidity shortfalls at individual entity level. This obviates incurring costs that might result from raising entity-specific liquidity through external means.

At the Group level the target minimum level of liquidity is designed to ensure that the Company can satisfy policyholder liabilities in a stressed environment requiring sufficient cash liquidity at 5 days, 30 days and 180 working days to cover a variety of pre-defined gross man-made and natural catastrophe loss events.

FUL has also established liquidity buffers that are equivalent to the assets required to be held for it to meet the 1, 5, 30 and 180 working days stress tests based on its own assets and exposures after taking into account expected recoveries from the intragroup reinsurance arrangements.

iii. Risk assessment of liquidity risk
Liquidity risk is assessed on a regular basis against the stress tests defined in the Company's liquidity risk appetite statement, as well as a part of the stress and scenario testing undertaken during the ORSA process.

The results of the quarterly liquidity stress tests and the amount of the invested assets that are expected to be able to be liquidated within 5 days are reported to the FUL Board in the CRO report.

iv. Risk concentration of liquidity risk
Liquidity risk concentrations may occur in relation to the nature of the underlying assets that FUL invests in, as well as the custodians, banks, credit institutions and bond issuers that FUL places its cash and investments with.

The potential for the build-up of concentration risk is monitored on a frequent basis against investment manager guidelines, investment portfolio benchmarks (that are based upon the findings from the strategic allocation exercise), and the Board's stated risk appetite limits.

C1.5 Operational risk

i. Overview of assessment of operational risk
Operational risk relates to the risk of losses arising from adverse external events, or from inadequate or failed processes, people or systems. FUL sets high standards for its operations and maintains a simple operating structure designed to limit operational risk and ensure effective identification and appropriate action in the event of risks crystallising.

Operational risk is considered from a range of internal and external sources according to whether it has the potential to exacerbate the intrinsic losses that may be suffered and / or crystallise in a specific financial loss or other adverse impact.

Sources of risk are considered under the following broad categories:

- Failure of a core business process, people or system to contain intrinsic risk within the Board's approved appetite e.g. failure to underwrite within underwriting authority / maximum lines;
- Failure of a process, people or system and / or external events leading to a specific financial loss or impact over and above that resulting from intrinsic risk exposures e.g. a failure to comply with anti-money laundering policy resulting in fine or sanction or processing backlogs; and
- Failure of process, people or systems leading to loss of opportunity (i.e. not necessarily a capital impact but one that adversely impacts potential risk adjusted returns) e.g. failure to effectively maintain broker relationships leading to a loss of income.

ii. Risk mitigation techniques used for operational risk
The Company maintains an operational risk and controls register encompassing all material operational risks and the controls designed to prevent, mitigate or detect them.

On a quarterly basis the CRO and/or a member of the risk management function meets with individual risk owners to discuss and document any changes to risks, controls or processes. The meeting includes an open discussion encompassing changes to business and processes, new or developing emerging risks and any other topics raised by the risk owners.

A disaster recovery plan and a business continuity plan are both in place to mitigate the impact to the Company of a failure in FUL's IT systems or a loss of access to its premises.

In respect of key person risk, Fidelis has succession plans in place that are reviewed and updated on at least an annual basis to mitigate the impact of the departure of key individuals from the organisation.

The utilisation of documented policies and procedures also mitigates against the risk of a loss of knowledge from the Company.

iii. Risk assessment of operational risk
On at least an annual basis, and at such points in the development of the Company where material changes are made to the operating structure, relevant risk owners are required to reassess and reaffirm the full scope of risks, controls and related assessments for which they are responsible.

The resulting assessment is recorded and subject to review, challenge and approval by the risk management function.

An assessment of key risks and any material changes in the period is reported by the CRO to the RCC supported by a summary of key points from the risk owner discussions. Material changes to the scope, nature or assessments of risks and controls are reported to the internal audit function to inform the audit planning and review process.

In the event of a material operational risk crystallising, a risk learning exercise will be undertaken to understand the root causes and identify mitigating factors or steps to reduce the probability and / or impact of a recurrence where appropriate.

The conclusions from this exercise and the results of the follow up action will be reported to senior management and agreed with the relevant risk / control owner(s) and summarised in CRO reporting to the RCC and the FUL Board.

Operational risk is also assessed as part of the stress and scenario testing undertaken within the ORSA process.

iv. Risk concentration of operational risk
Operational risk concentrations may occur in relation to an overreliance on key individuals within the organisation, or the dependency on third-parties, key systems and processes that the Company utilises.

Operational risk is monitored on a regular basis against the Board's stated risk appetite limits.

C1.6 Other material risks

Risks relating to the strategic relationship with The Fidelis Partnership

i. Overview of risks relating to the strategic relationship with The Fidelis Partnership
The Company relies on The Fidelis Partnership for services critical to its underwriting and other operations. The termination of the relationship or the failure by The Fidelis Partnership to perform these services may cause material disruption in our business or materially adversely affect our financial results.

If the relationship with The Fidelis Partnership is terminated or The Fidelis Partnership fails to perform any of the services outsourced to it, the Company may be required to hire staff to provide such services itself or retain a third party to provide such services, and no assurances can be made that the Company would be able to do so in a timely, efficient, or cost-effective manner. Additionally, the Company's success depends to a significant extent on key personnel employed by The Fidelis Partnership to implement its business strategy. There can be no assurance, however, that such key personnel will remain employed by The Fidelis Partnership. Additionally, The Fidelis Partnership's loss of the services of key personnel could significantly and negatively affect its ability to execute the agreed annual plan, which could, in turn, have a material adverse effect on the Company's business.

ii. Risk mitigation techniques used
The Company and Fidelis Insurance Group have entered into a number of agreements governing the outsourced relationship with The Fidelis Partnership, including the Framework Agreement, a series of Delegated Underwriting Authority Agreements, and the Inter-Group Services Agreement.

The Framework Agreement has a rolling initial term of 10 years, with years one to three rolling automatically (each year resetting for a new 10-year period).

In accordance with the terms of the Framework Agreement, the Fidelis Insurance Group and The Fidelis Partnership will agree the following documents on an annual basis: (i) an annual plan, agreed at group level, which will set out the limits of The Fidelis Partnership's delegated authority for the respective underwriting year, including the agreed underwriting parameters and risk tolerances in respect of its three-segment underwriting strategy on a gross and net basis for each annual period; and (ii) a group-level underwriting strategy, which will establish how the Fidelis Insurance Group and The Fidelis Partnership will coordinate the manner in which insurance and reinsurance risks are underwritten pursuant to the Delegated Underwriting Authority Agreements in each annual period.

The Fidelis Partnership is subject to various service standards in relation to the services it provides to the Fidelis Insurance Group under the Framework Agreement and the Inter-Group Services Agreement. In addition to general requirements to carry out its obligations in accordance with good industry practice and all reasonable care and skill, the Framework Agreement and the Inter-Group Services Agreement each contain a number of prescribed service-level agreements ("SLAs") and key performance indicators ("KPIs"), that apply to a range of services. If The Fidelis Partnership fails to remedy breaches of the SLAs or KPIs within a reasonable period agreed with the Company, there are financial penalties which can be levied upon The Fidelis Partnership.

Under the terms of the relevant agreements, The Fidelis Partnership provides detailed reporting to the Company on a regular basis. Such reports include, among other things, (i) accounting information (i.e., premiums written and earned, fees and loss reserves); (ii) underwriting information (including all insurance business underwritten under the Delegated Underwriting Authority Agreements); and (iii) claims handling information.

iii. Risk assessment

A governance and oversight framework has been established to provide the Company and Fidelis Insurance Group with oversight of key activities conducted within The Fidelis Partnership.

A Cross Company Outsourcing Working Group (CCOWG) has been formed which facilitates and oversees the execution of all activities required to manage the Framework Agreement in a consistent and standardised manner. The CCOWG meets monthly and acts as an escalation point for the Heads of Departments to ensure adherence to prescribed service-level agreements and KPIs.

A governance framework has also been established regarding the flow of information from The Fidelis Partnership to the Company and the Fidelis Insurance Group.

The Fidelis Partnership is required to send data each month to the Company and the Fidelis Insurance Group in order to support attestations that the agreed SLAs and KPIs have been met.

iv. Risk concentration

Operational risk concentrations may occur in relation to an overreliance on key individuals within the Company or the wider Fidelis Insurance Group, or dependency on the key systems and processes that the Company utilises. Operational risk is monitored on a frequent basis against the Board's stated risk appetite limits.

The Company's operating model places a significant reliance on The Fidelis Partnership, with resulting credit and operational risk. Given the materiality of our exposure to The Fidelis Partnership, as well as the concentration of that exposure, regular scenario tests are conducted to test our Operational Resilience, the robustness of our Business Continuity Plans and our Exit Plans from the Framework Agreement with The Fidelis Partnership.

Emerging risk

i. Overview of emerging risk

Emerging risks are defined as the risks that are either previously unknown, or which were to some extent known but that are evolving in unexpected ways, and that have the potential to develop in such a way as to impact the balance sheet.

FUL identifies and monitors new and developing emerging risks through a range of channels including but not limited to:

- Regular communication with underwriters in respect of areas of risk material to their portfolios;
- Liaison with asset managers and advisors in respect of emerging macroeconomic, geopolitical and societal risks;
- The FUL CRO's and other members of the risk management function's reviews with risk owners conducted via the operational risk management process; and
- The FUL CRO's and other members of the risk management function's review of relevant external inputs, publications and periodic surveys.

ii. Risk mitigation techniques used for emerging risks

An emerging risk register is maintained by the risk management function and emerging or crystallising risks are reported to the RCC and the Board in aggregate through the regular CRO reporting process.

In the event of a new or developing emerging risk representing a material risk, the CRO will escalate as appropriate in order that appropriate mitigation can be implemented.

iii. Risk assessment of emerging risks
FUL assesses its exposure to emerging risks through the review and updating of the emerging risk register. On an annual basis the emerging risk register is presented to the FUL Board.

iv. Risk concentration of emerging risks
Emerging risk concentrations may occur in relation to a broad range of areas covering environmental, political, economic, social and technological developments.

Reinsurance availability risk

i. Overview of reinsurance availability risk
Reinsurance availability risk refers to the inability of the ceding company or the primary insurer to obtain insurance from a reinsurer at the right time and at an appropriate cost. The inability may emanate from a variety of reasons such as unfavourable market conditions.

This risk does not include reinsurer default risk which is covered under C1.3.

ii. Risk mitigation techniques used for reinsurance availability risk
All reinsurance purchases must be authorised appropriately to ensure alignment to strategy and risk appetite and in accordance with operating guidelines.

The majority of FUL's and the Group's elemental reinsurance programs renew at 1st January. In the event of the reinsurance not being available, and mismatching FUL's business plan, action can be taken including not writing the business or transferring the business to another Group entity as the inward exposure is not all written at 1st January but throughout the year.

FUL also benefits from the catastrophe bonds that the Group has purchased on a multi-year coverage basis and also enters into facultative reinsurance arrangements to manage its exposures in specialty and bespoke lines.

iii. Risk assessment of reinsurance availability risk
The risk is monitored on a regular basis against the Board's stated risk appetite limits.

iv. Risk concentration of reinsurance availability risk
Reinsurance availability risk concentrations may occur in relation to reinsurance contracts placed relating to a particular class of business, a particular counterparty or at a specific period of time.

Group and strategic risk

i. Overview of Group and strategic risk
Group and strategic risk is defined as the risk of impact on shareholder value, earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. Within this definition the Group has identified four key sub-categories of risk:

- **Communication risk:** The risk that the Group fails to define, maintain or adequately communicate its strategy and, as a result, cannot take advantage of strategic opportunities;
- **Capital planning risk:** The risk that the Company has insufficient capital at the right time to take advantage of strategic opportunities;
- **Reputational and regulatory risk:** The risk that adverse events or circumstances negatively affect the reputation of the Group with its rating agencies, regulators, policyholders, intermediaries, existing or prospective investors; and
- **Group contagion risk:** The risk that adverse events or circumstances affecting one or more business units or entities damage the solvency, liquidity, results or reputation of other entities or the overall Group.

ii. Risk mitigation techniques used for Group and strategic risk
Group risk is assessed, managed, monitored and reported as part of the Company's risk management processes. The Company seeks to manage strategic risks to the business by ensuring that the business strategies and resources are compatible with the strategic goals and the economic situation of the markets in which it operates.

iii. Risk assessment of Group and strategic risk
Strategic risk is assessed at least annually, as a part of the CRO's review of the strategy.

Group risk is assessed at least annually as part of the ORSA process.

iv. Risk concentration of Group and strategic risk

Group risk concentrations may occur in relation to an overreliance by the Company on key individuals, systems, processes and financial resources of the Group.

Group and strategic risk are included within and monitored against the Board's stated operational risk appetite limits on a frequent basis.

C2. RISK EXPOSURES

C2.1 Material risks and risk measures

The figures in the table below detail the current material risks for FUL as part of the SCR as at 31 December 2023 compared to 2022:

$ millions	**2023**	**2022**
Non-life underwriting risk	405.4	454.4
Market risk	74.7	38.0
Counterparty default risk	69.2	70.9
Diversification	(79.7)	(58.2)
BSCR	**469.6**	**505.1**
Operational risk	50.7	47.0
Deferred tax adjustment	(24.2)	—
SCR	**496.1**	**552.1**

The FUL Board is updated on at least a quarterly basis as to whether the current risk profile is within the approved risk appetite tolerances and expected to remain so. As part of the ORSA process, these risks have been subject to a series of plausible but extreme stress and scenario tests covering each of these risk categories and the liquidity of the Company's assets following these events. There have been no material changes in these processes during the year.

The most material risk that FUL faces relates to non-life underwriting risk. An overview of how this risk is assessed and the key risk mitigation tools employed are detailed in section C1.1.i above.

During 2023, the most material movement has been a decrease in the non-life underwriting risk charge, reflecting the decrease in the catastrophe risk subcomponent as a result of greater catastrophe reinsurance protection. This is partially offset by an increase in lapse risk, owing to an increase in the volume of net future premiums and expected profit in future premiums. The increase in market risk reflects an increase in interest rate risk. Counterparty default risk has decreased due to a reduction in exposure to overdue premiums greater than 3 months. Operational risk has increased due to growth in premiums from 2021 to 2022 and 2022 to 2023.

Premium volumes are monitored on a regular basis against the Board's stated risk appetite limits. FUL further benefited from the recognition of loss-absorbing capacity of deferred taxes in 2023.

C2.2 Investment of assets in accordance with prudent person principle

The Company is required to invest the assets used to cover the MCR and the SCR in accordance with the "prudent person principle". The prudent person principle defines that the assets must be invested in a manner that a "prudent person" would – that is that the decisions are generally accepted as being sound for the average person.

FUL fulfills its obligations required by the PRA Rulebook to ensure that its assets are invested in line with the prudent person principle by investing in a portfolio of fixed income securities which is highly diversified across asset types, sectors, geographies and issuers. FUL's portfolio is in line with its risk appetite and includes predominantly investment-grade corporate bonds, investment-grade structured credit, investment-grade government bonds, cash or cash equivalents. These assets are all considered to be of a high quality and liquidity. The investment portfolio is monitored on a regular basis to ensure that it remains at an appropriate level of quality and liquidity whilst avoiding excessive concentrations.

C3. RISK SENSITIVITY

The following plausible but extreme scenario tests were undertaken as part of the ORSA process that was presented to the FUL Board in March 2023. These scenarios were developed by a subcommittee of the Board, comprising the Chair of the RCC, the FUL CEO, the FUL CFO, the FUL Chief Actuary and the FUL CRO. The aim of the scenarios is to provide a range of realistic challenges to the business plan covering the key risk categories that the Company is exposed to, and to test the potential range of responses to the outcomes. A range of scenarios were stressed in 2023 with the following key stressed scenarios assumed to occur in either 2023, 2024 or 2025.

- Underwriting Risk: FUL suffers a single net underwriting loss equivalent to 30% of tangible capital in 2023. This stress results in a net loss which is paid out prior to the year-end (1-in-100 year return period).
- Market Risk: US interest rates become negative and decrease to a level of -1.5% (1-in-200 year return period).
- Counterparty Default Risk: FUL's largest external reinsurer (National Indemnity: AM Best A++ rated) defaults at the end of the year in 2023, 2024 or 2025 with a 50% loss attributed to default following a series of extreme casualty losses (1-in-250 year return period).
- Counterparty Default Risk: Our largest exposure with a reinsurer (Lloyd's) that acts as a front for a 100% cession defaults with a 50% loss given default (1-in-250 year return period).
- Reserve Risk: Deterioration of FUL's net reserves by 100% over a 12-month period partially due to FUL materially underestimating the effects of claims inflation (1-in-100 year return period).
- Operational Risk: A rogue MGA deviates from the agreed approach to deploying lines in respect of the aggregate PML and writes a $200m line on a cyber reinsurance policy. A claim on a policy results in a $200m total gross loss. The risk is ceded under an outwards quota share treaty and at a 20% rate under the IGR quota share. However, due to the nature of the policy issued FUL is only able to recover the outwards ceded percentage that is equivalent to a $25m policy limit (1-in-200 year return period).
- Business Mix: FUL only writes 50% of the planned gross written premium in 2023 and business plan projections are unchanged for each subsequent year as management continue to be over optimistic (1-in-100 year return period).
- Liquidity Risk: The largest plausible gross man-made or elemental PML exposure based on the business plan occurs relating to a $380m gross PML on the terrorism portfolio (1-in-200 year return period).

Under all the above plausible but extreme scenarios the Company is projected to maintain its own funds above the MCR and SCR in 2023.

C4. ANY OTHER INFORMATION

C4.1 Climate change

Climate change represents one of the greatest long-term risks for the insurance industry. The Company has identified the following climate-related risks and opportunities over the short, medium, and long term. The impact of both physical and transition risks are considered in the Company's strategy and financial performance.

The impacts of physical risk are already evident and quantifiable. By the very nature of its business activity, the Company is exposed to climate risks. Although its underwriting, which is delegated to The Fidelis Partnership, is generally focused on low-frequency, high-severity losses worldwide, the frequency and unpredictability of such losses has significantly increased in this decade due to, among other things, changing climate conditions. This has led the Company to reshape its portfolio, thereby reducing the volatility traditionally associated with the property reinsurance class.

The Fidelis Partnership continues to develop a detailed view of climate risk informed by thorough analysis and discussions with meteorological experts, which have concluded that the effects of climate on perils such as convective storm, flood and wildfire are not currently represented adequately in vendor models. The Company has superimposed its own expectations of frequency and severity on these models, to form a base for exposure and aggregation tracking. The analysis shapes the 'Fidelis View of Risk,' which is fully implemented throughout the underwriting and pricing decisions processes.

Continual understanding of and adaptation to physical climate risk is at the heart of our risk management as well as our underwriting, both in terms of defining risk appetite and pricing. The Company continues to utilise risk transfer wherever available, including accessing the growing catastrophe bond market. Catastrophe bonds provide the Company with flexible, long term capital protection allowing it to offer climate risk solutions to its clients while protecting its shareholders from the potential greater levels of loss or downside of major events. In terms of opportunities, the escalating impacts of climate risk imply there is likely to be a growing demand for (re)insurance solutions in order to support both climate risk mitigation and adaptation. The Company expects that there will be an increase in the amount of protection needed, as well as a need for new and innovative products.

The Company continues to outsource the management of its investments to third-party asset managers. The Company considers ESG factors such as climate in its investment process, in the selection of third-party investment managers and in setting the investment guidelines the investment managers adhere to. The Company incorporates both negative ESG related screens and a positive allocation to GSS bonds within the core fixed income guidelines. Throughout 2023, the CIO was responsible for overseeing this and ensuring compliance with the defined investment guidelines. The CIO and the wider investment team met regularly with the third-party managers to discuss the portfolio's ESG positioning, ESG outlook, ESG ratings and any specific holdings requiring an ESG view within the portfolio.

The impact of climate change was considered within business continuity planning across all of Fidelis Insurance Group's locations. In particular, situations which could result from changes in climate were translated into scenarios which were in turn addressed by the planning process. Fidelis reviews these impacts on an annual basis to ensure that the right contingency plans are in place should climate-related scenarios materialise.

Short-term: In 2023, the Company supported its delegated underwriter, The Fidelis Partnership, in maintaining its existing risk management and underwriting processes which integrated a view of physical climate risk into daily underwriting.

Medium-term: The Fidelis Partnership set a first decarbonisation target in July 2023, covering a period until 2030. Over this timeframe, The Fidelis Partnership noted that it would need to refine its data collection and methodology for assessing client transition plans, as well as its engagement strategy with relevant insureds.

Long-term: In 2023 The Fidelis Partnership reaffirmed its prior year commitment to net zero underwriting. In the long term, this will lead to shifts in strategy e.g. the types of clients supported, the mix of lines of business and the specific products in the portfolio.

C4.2 Unconditional Guarantee from FIHL

FUL has an unconditional guarantee from FIHL for all its financial obligations, however, FUL does not plan to rely on this guarantee and none of the extreme but plausible stress tests that have been run in the previous ORSA report resulted in a scenario that FUL needed to rely on this guarantee.

C4.3 Initial Public Offering ("IPO")

On July 3, 2023, FIHL completed an IPO of an aggregate of 15,000,000 common shares, including 7,142,857 common shares sold by FIHL and 7,857,143 common shares sold by certain selling shareholders, at an offering price of $14.00 per common share. The net proceeds of the offering to FIHL were $89.4 million, after deducting underwriting discounts, commissions, and other offering expenses paid by the Group. FIHL's common shares are now listed on the New York Stock Exchange under the symbol "FIHL".

C4.4 Conflict in Ukraine

Similar to the rest of the insurance and reinsurance industry, we are from time to time subject to litigation and arbitration in the ordinary course of business. We may also be subject to other potential litigation, disputes and regulatory or governmental inquiry from time to time in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings, the directors do not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

Following Russia's invasion of Ukraine on 24 February 2022, government sanctions were introduced prohibiting various commercial and finance activities in Russia, including leasing of aircraft in the aviation industry to any person in Russia, or for use in Russia. Aircraft lessors issued notices to airlines and lessees in Russia purporting to terminate the leasing of aircraft (and other parts such as spare engines) and requiring that the airlines return the assets. Many of the relevant aviation authorities where the aircraft are registered have also since suspended the certificates of airworthiness of such aircraft. Some aircraft are yet to be returned and aircraft lessors filed various insurance claims under their insurance policies for loss of the unreturned aircraft. The insurers have denied the claims and the lessors have instituted proceedings in the U.K., the U.S. and Ireland against upwards of 60 (re)insurers, including certain Fidelis Insurance Group entities. Provision has been made in the Company's reserves for losses and loss adjustment expenses for potential exposures relating to the Ukraine Conflict, a considerable majority of which are reserves reflecting our estimate for potential loss claims relating to leased aircraft within Russia, including the related litigation proceedings.

This is an unprecedented event, which, as of the date of this report, is anticipated to continue for a protracted period of time and presents unique circumstances and coverage issues in respect of both the gross loss and consequent extent of the reinsurance recoveries, which will continue to be unresolved until the multiple courts rule on the merits of the lawsuits. The situation is continuously evolving, including with respect to explorative discussions ongoing between Western leasing firms and Russian airline operators for the sale of some of the unreturned aircraft to the Russian operators. Such discussions, if successful, may lead to a reduction in any potential exposures under the relevant insurance policies

While it is not feasible to predict or determine the ultimate outcome of the above referenced proceedings, the directors of the Company do not believe that the outcome of these proceedings will have a material adverse effect on the financial condition of the Company, after consideration of any applicable reserves.

SECTION D : VALUATION FOR SOLVENCY PURPOSES

The Company's financial statements are prepared under the historical cost convention, as modified by the inclusion of certain investments at fair value and in accordance with FRS 102 and FRS 103 issued by the Financial Reporting Council. The table below shows the differences in the valuation and classification of assets and liabilities per the Company's financial statements to the valuation for Solvency II purposes as at 31 December 2023:

$ millions	**Valuation per UK GAAP**	**Valuation adjustments**	**Re-classification adjustments**	**Valuation per Solvency II**
Assets				
Cash and cash equivalents	132.9	—	—	132.9
Investments	924.7	—	6.9	931.6
Deferred acquisition costs	219.4	(219.4)	—	—
Reinsurance recoverables / Ceded TPs	800.6	(102.3)	—	698.3
Reinsurance recoverable accrual	107.9	—	20.4	128.3
Ceded unearned premium reserve	1,156.3	(1,156.3)	—	—
Insurance and intermediaries receivables	1,206.9	(410.7)	(683.6)	112.6
Subrogation recovery on paid claims	98.6	(98.6)	—	—
Deferred tax assets	3.8	2.5	—	6.3
Any other assets, not elsewhere shown	92.5	(0.5)	(27.3)	64.7
Total assets	**4,743.6**	**(1,985.3)**	**(683.6)**	**2,074.7**
Liabilities				
Technical provisions	2,997.7	(1,258.4)	(683.6)	1,055.7
Insurance and intermediaries payables	115.8	(115.8)	—	—
Reinsurance payables	523.8	(603.1)	79.3	—
Any other liabilities, not elsewhere shown	216.7	—	(79.3)	137.4
Total liabilities	**3,854.0**	**(1,977.3)**	**(683.6)**	**1,193.1**

The Solvency II valuation of assets and liabilities as at 31 December 2023 was $2,668.9 million and $2,660.9 million lower than the valuation under UK GAAP, respectively.

Insurance liabilities, otherwise referred to as technical provisions ("TPs"), are measured and classified differently under Solvency II rules compared to UK GAAP. Gross liabilities ceded to reinsurers will impact reinsurance recoverables included within total assets. This is detailed further in sections D.1.5 and D2.

Receivables which are not yet due are reclassified and dealt with as part of the TPs. This is detailed further in sections D.1.3 and D2.

Deferred acquisition costs are not recognised under Solvency II. The future cash flows of unpaid acquisition costs are considered in the best estimate TPs. This is detailed further in sections D1.4 and D2.

There were no changes to the approach taken in valuating assets and liabilities under either Solvency II or UK GAAP during the year.

The table below shows the differences in the valuation and classification of assets and liabilities per the Company's financial statements to the valuation for Solvency II purposes as at 31 December 2022:

$ millions	**Valuation per UK GAAP**	**Valuation adjustments**	**Re-classification adjustments**	**Valuation per Solvency II**
Assets				
Cash and cash equivalents	129.9	—	—	129.9
Investments	877.9	—	3.6	881.5
Deferred acquisition costs	124.3	(124.3)	—	—
Reinsurance recoverables / Ceded TPs	529.0	(323.7)	—	205.3
Reinsurance recoverable accrual	64.0	—	62.7	126.7
Ceded unearned premium reserve	932.6	(932.6)	—	—
Insurance and intermediaries receivables	935.9	(262.8)	(571.1)	102.0
Subrogation recovery on paid claims	156.9	(156.9)	—	—
Deferred tax assets	11.8	(9.8)	—	2.0
Any other assets, not elsewhere shown	225.1	4.4	(66.3)	163.2
Total assets	**3,987.4**	**(1,805.7)**	**(571.1)**	**1,610.6**
Liabilities				
Technical provisions	2,277.4	(1,067.3)	(571.1)	639.0
Reinsurance payables	692.8	(780.0)	87.2	—
Any other liabilities, not elsewhere shown	260.7	—	(87.2)	173.5
Total liabilities	**3,230.9**	**(1,847.3)**	**(571.1)**	**812.5**

D1. ASSETS

The Solvency II valuation of assets as at 31 December 2023 was $2,668.9 million lower than the valuation under UK GAAP. The table below summarises the valuation bases for each asset class between Solvency II and UK GAAP:

Asset class	
Deferred acquisition costs ("DAC")	DAC is recognised at cost and expensed over the life of the contract under UK GAAP, however DAC is not recognised under Solvency II. Instead, the future cash flows of unpaid acquisition costs are accounted for within the TPs (see D2.1).
Deferred tax assets ("DTA")	Under UK GAAP, DTA are recognised for expected future tax credits. However, under Solvency II, deferred taxes are calculated based on the valuation differences between Solvency II and UK GAAP.
Investments	Under UK GAAP, all investments are recognised at fair value including accrued interest, with gains and losses recognised through the income statement. Under Solvency II, accrued interest is reclassified into any other assets, not elsewhere shown, and a levelling criteria is used as prescribed by the Solvency II Directive to value the Company's investment portfolio.
Reinsurance recoverables	Under UK GAAP, reinsurance recoverables are held at amortised cost less any impairment. However, under Solvency II, reinsurance recoverables are valued as part of the TPs and disclosed separately on the Solvency II balance sheet.
Insurance and intermediaries receivables	Insurance and intermediaries receivables represent premiums owed from policyholders. Under UK GAAP, this is measured at amortised cost less any impairment. However, under Solvency II, receivables are measured at fair value and an adjustment made to remove non-overdue receivables, which is considered as part of the TPs.
Subrogation recovery on paid claims	Under UK GAAP, subrogation on paid claims relating to the expected recovery via the sale and lease of repossessed property is disclosed on the balance sheet and is estimated based on considerations as prescribed under UK GAAP rules. However, as this is not overdue at the balance sheet date, subrogation is reclassified into TPs under Solvency II.

D1.1 Investments

As at 31 December 2023, the Company held $931.6 million (2022: $881.5 million) worth of investments, which are carried at fair value under UK GAAP and Solvency II.

The table below shows the Company's investment assets at fair value by material class of investment under Solvency II principles as at 31 December 2023:

$ millions	**Level 1**	**Level 2**	**Total**
Government bonds	85.7	33.2	118.9
Corporate bonds	—	585.8	585.8
Collateralised securities	—	76.7	76.7
Collective investments undertakings	—	150.2	150.2
Total debt securities and other fixed income securities	85.7	845.9	931.6
Derivative assets	—	—	—
Total assets	**85.7**	**845.9**	**931.6**
Derivative liabilities	—	—	—
Net assets at fair value	**85.7**	**845.9**	**931.6**

The Company's investment portfolio is valued using the following methodology for Solvency II purposes:

- Level 1 investments are securities with quoted prices in active markets, which are markets in which transactions for the asset occurs with sufficient frequency and volume to provide readily and regulatory available quoted prices. Level 1 investments as at 31 December 2023 totalled $85.7 million (2022: $114.5 million).
- Level 2 investments are securities with quoted market prices in active markets for similar assets with adjustments to reflect factors specific to the asset, including the condition or location of the asset. The extent to which inputs relate to items that are comparable to the asset and the volume or level of activity in the markets within which the inputs are observed is $845.9 million (2022: $766.9 million).
- Level 3 investments are securities where no active market or other transactions can be used as a good estimate of fair value. FUL did not have any level 3 assets as at 31 December 2023 (2022: $nil).

Using this levelling criteria equates to the fair value of the securities.

D1.2 Cash and cash equivalents

As at 31 December 2023, the Company held $132.9 million as cash and cash equivalents (2022: $129.9 million), including $92.0 million of cash which is subject to restrictions (2022: $31.4 million). Cash and cash equivalents carrying amounts are considered to be an approximation of fair value on the basis that these are short term assets, therefore there are no differences between the valuations under Solvency II and UK GAAP.

D1.3 Insurance and intermediaries receivables

Insurance and intermediaries receivables represent premiums owed from policyholders. As at 31 December 2023, the Company had a total of $1,206.9 million of outstanding premiums per UK GAAP (2022: $935.9 million). For Solvency II purposes, an adjustment is made to remove non-overdue receivables leaving an insurance and intermediaries receivables balance of $112.6 million (2022: $102.0 million). The non-overdue receivables balance is considered within the calculation of the TPs as they are used as the basis for the future premiums and claims reinsurance recoveries elements.

Under UK GAAP, insurance and intermediaries receivables are measured at amortised cost less any impairment losses. Under Solvency II, receivables are measured at fair value. Due to the short-term nature of the receivables, the UK GAAP carrying value represents a fair approximation of the market consistent valuation under Solvency II.

D1.4 Deferred acquisition costs

Deferred acquisition costs comprise brokerage and commission incurred on contracts less ceded deferred acquisition costs written during the financial year, but expensed over the term of the insurance contract. As at 31 December 2023, deferred acquisition costs were $219.4 million per UK GAAP (2022: $124.3 million). Deferred acquisition costs are removed under Solvency II principles, however future cash flows of unpaid acquisition costs are accounted for within the TPs (see section D2.1).

D1.5 Reinsurance recoverables / ceded technical provisions

As at 31 December 2023, reinsurance recoverables were $800.6 million (2022: $529.0 million) under UK GAAP and $698.3 million (2022: $205.3 million) under Solvency II. Reinsurance recoverables are held at amortised cost less any impairment, which approximates to fair value given the short-term nature of these assets. For Solvency II purposes, reinsurance recoverables are determined as part of the calculation for TPs (see section D2.1). Under UK GAAP reinsurer's share of subrogation recovery on paid claims of $36.0 million has been disclosed within reinsurance recoverables (2022: $56.7 million).

D1.6 Reinsurance recoverable accrual

Reinsurance receivables comprise reinsurance recoverables on paid claims and totalled $107.9 million as at 31 December 2023 under UK GAAP (2022: $64.0 million). Group reinsurance purchases and recoveries are recognised in any other liabilities / any other assets, not shown elsewhere on a US and UK GAAP basis, but reallocated to TPs / recoverable accrual on an Solvency II basis. An adjustment of $20.4 million has been made for these recoveries not yet received.

D1.7 Deferred tax asset and liabilities

Deferred taxes are calculated based on the differences between the values ascribed to assets and liabilities on a Solvency II basis, as opposed to a UK GAAP basis, and the values ascribed to the same assets and liabilities for tax purposes. Deferred taxes at the balance sheet date have been measured using the enacted tax rates, and reflected in these financial statements. This means that the 25% (2022: 25%) main rate of corporation tax will be relevant for any timing differences expected to reverse on or after 1 April 2023.

The value of the deferred tax asset per UK GAAP is $3.8 million as at 31 December 2023 (2022: $11.8 million). On a Solvency II basis the deferred tax asset is $6.3 million (2022: $2.0 million liability).

D1.8 Subrogation recovery on paid claims

Subrogation assets of $98.6 million (2022: $156.9 million) relating to the expected subrogation recovery held in relation to past losses has been deemed material enough to be disclosed within "other debtors". During the period the Company continued to dispose of the repossessed property as well as enter into leasing contracts for that which remains unsold. The recoverable amounts have been estimated by considering, amongst other evidence: (i) a range of values provided by third party legal and valuation experts and (ii) benchmarked comparable recoveries that have been achieved in the market in respect of an element of the claim that is against a responsible party. There is a risk that the final amounts realised for the subrogation assets materially differ from the estimates. As this is not overdue at the balance sheet date it is reclassified into TPs on a Solvency II basis.

D1.9 Any other assets, not elsewhere shown

As at 31 December 2023, other assets which primarily comprise intercompany receivables, were $92.5 million per UK GAAP and are valued at amortised cost less any impairment which approximates to fair value given the short-term nature of these assets (2022: $225.1 million). The adjustment to $64.7 million on a Solvency II basis is driven by the $20.4 million reclassification of group reinsurance purchases and an adjustment of $0.5 million for prepayments.

D2. TECHNICAL PROVISIONS

D2.1 Value of TPs by line of business

The table below shows the TPs as at 31 December 2023 by line of business:

	Direct and accepted proportional business					Accepted non-proportional business			
$ millions	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability**	**Credit and suretyship insurance**	**Miscellaneous financial loss**	**Casualty**	**Marine, aviation and transport**	**Property**	**Total**
Premium provisions: Gross	(28.7)	10.6	24.1	(35.9)	23.6	(1.9)	(1.5)	(3.7)	(13.4)
Premium provisions: Ceded	87.8	12.0	9.1	12.7	19.1	(0.1)	5.2	34.6	180.4
Premium provisions: Net	**(116.5)**	**(1.4)**	**15.0**	**(48.6)**	**4.5**	**(1.8)**	**(6.7)**	**(38.3)**	**(193.8)**
Claims provisions: Gross	317.8	507.4	109.4	(45.2)	48.9	3.0	13.4	78.2	1,032.9
Claims provisions: Ceded	183.4	240.9	58.5	(30.7)	17.3	(2.9)	5.3	46.2	518.0
Claims provisions: Net	**134.4**	**266.5**	**50.9**	**(14.5)**	**31.6**	**5.9**	**8.1**	**32.0**	**514.9**
Risk margin	9.8	12.9	4.9	3.9	2.5	0.4	0.6	1.3	36.3
TPs	**27.7**	**278.0**	**70.8**	**(59.2)**	**38.6**	**4.5**	**2.0**	**(5.0)**	**357.4**

D2.1.1 TPs methodology

The TPs are calculated as the sum of a best estimate of the liabilities ("BEL") and a risk margin. The calculation of each component is summarised as follows:

Best estimate	The best estimate portion of the TPs represents the sum of probability-weighted average future cash flows in respect of all policies that are legally obliged as at the valuation date, taking into account the time value of money (expected present value of future cash flows) using risk-free interest rate term structure. These future cash flows include future premium receipts, future claims payments, future reinsurance spend, future reinsurance recoveries and associated future expense cash flows. For Solvency II, these cash flows are split into premium provision (unearned element of future cash flows including premiums and claims) and claims provision (earned element of future cash flows including premiums and claims). The methodology employed in the calculation for TPs is consistent across all lines of business.
Risk margin	The risk margin is calculated by assessing the cost of capital required to run-off FUL's existing book of business and allocated between Solvency II lines of business in line with its insurance premium volume measure within the Standard Formula calculation.
Subrogation	Subrogation due to losses relating to missed loan financing payments has been disclosed within claims provision in credit and suretyship insurance. For the subrogation recognised, the recoverable amounts have been estimated by considering, amongst other evidence: (i) a range of values provided by third party legal and valuation experts and (ii) benchmarked comparable recoveries that have been achieved in the market in respect of an element of the claim that is against a responsible party.

D2.1.2 TPs assumptions

The key assumptions underlying the TPs calculation are:

Expected claims	Expected claims on earned business are taken directly from the UK GAAP reserves, while unearned claims are determined using IELRs based on Fidelis data, industry data and expert judgement.
ENIDs	Under Solvency II, the mathematical mean of the distribution of all possible future outcomes should be captured. Therefore, a load is added to the future losses to allow for ENIDs which would not be captured in the best estimate calculated on a UK GAAP basis.
Expenses	The TPs make allowance for the expenses incurred in servicing the legal obligations of contracts and these include acquisition costs, reinsurance costs, ULAE, administrative and investment expenses.
Interest rates	The future cash flows are discounted using the standard risk-free rate term structure provided by EIOPA. The matching adjustment or the volatility adjustment has not been utilised.

The assumptions within each class can vary, for example the loss ratios and ENID ratios that are parameterised using industry data. Outside of differences in assumptions, there are no material differences in the methodological approach taken for each line of business.

D2.2 Level of uncertainty associated with the value of TPs

The TPs represent the best estimate of all future cash flows that arise due to writing insurance business. There is inherent uncertainty within the cash flows that relate to insurance contracts, which could arise due to volatility within the claims reserve, losses occurring within the unearned exposure, policy cancellations and other areas.

The actuarial function has run a series of sensitivity tests to investigate areas of uncertainty within the TPs. The results of the sensitivity testing indicate the TPs are highly sensitive to the business mix. FUL has exposure to multi-year deals with large volumes of premium to be received. The TPs are therefore, on a relative basis, more sensitive to changes in expected future premiums and claims.

Given FUL's limited historical claims experience, loss ratios are currently parameterised using industry data blended with underwriter and actuarial judgement. Whilst considered the most reliable benchmark, actual experience could diverge significantly from industry experience. Similarly, FUL parameterises other assumptions using a combination of expert judgement and limited internal data, which gives rise to uncertainty. Parameter uncertainty is expected to reduce over time as more weight can be placed on internal data.

D2.3 Solvency II and UK GAAP valuation differences of TPs by material line of business

The table below shows a build up from the UK GAAP valuation of insurance contract liabilities to the Solvency II TPs, split by line of business, as at 31 December 2023:

	Direct and accepted proportional business					Accepted non-proportional business			
$ millions	**Marine, aviation and transport insurance**	**Fire and other damage to property insurance**	**General liability**	**Credit and suretyship insurance**	**Miscellaneous financial loss**	**Casualty**	**Marine, aviation and transport**	**Property**	**Total**
Gross UK GAAP insurance contract liabilities	359.6	568.4	126.4	45.9	37.6	4.3	9.1	46.1	1,197.4
Solvency II adjustments	(70.5)	(50.4)	7.1	(127.0)	34.9	(3.2)	2.8	28.4	(177.9)
Gross BEL	**289.1**	**518.0**	**133.5**	**(81.1)**	**72.5**	**1.1**	**11.9**	**74.5**	**1,019.5**
Net UK GAAP insurance contract liabilities	109.3	177.6	50.1	29.8	18.8	1.7	3.5	6.0	396.8
Solvency II adjustments	(91.4)	87.5	15.8	(92.9)	17.3	2.4	(2.1)	(12.3)	(75.7)
Net BEL	**17.9**	**265.1**	**65.9**	**(63.1)**	**36.1**	**4.1**	**1.4**	**(6.3)**	**321.1**
Risk margin	9.8	12.9	4.9	3.9	2.5	0.4	0.6	1.3	36.3
TPs	**27.7**	**278.0**	**70.8**	**(59.2)**	**38.6**	**4.5**	**2.0**	**(5.0)**	**357.4**

The main differences between the Solvency II and UK GAAP valuation bases are:

- The expected profit in the unearned premium, discounting and profit in bound but not incurred ("BBNI") (all of which reduce the liabilities); and
- Additional allowances required under Solvency II such as ENIDs, expenses and the risk margin (all of which increase the liabilities).

ENID is an allowance for ‘events not in data’. This is to allow for the possibility that the data being used to parameterise the loss costs may not be allowing for all possible outcomes that may arise. Loss ratios are parameterised using industry data and our selections are made with all possible future events in mind, however we allow for additional ENIDs on specific earned and all unearned business to allow for all “unknown unknowns”.

In line with Solvency II guidance, expenses are modelled separately for ULAE, investment and administration expenses. Acquisition and reinsurance costs are netted off future premiums. We allow for implicit inflation on investment and administration expenses in line with claims costs.

Risk margin is calculated as the cost of regulatory capital necessary to run-off all liabilities. This is the amount of capital that insurance and reinsurance undertakings are required to hold to ensure that they are able to transfer their liabilities to another insurer if required. For the year ended 31 December 2023, the PRA have issued a revision to the risk margin calculation set out in the Insurance and Reinsurance Undertakings (Prudential Requirements) (Risk Margin) Regulations 2023, whereby the amount of risk margin that insurers hold is reduced.

D3. OTHER LIABILITIES

The Solvency II valuation of other liabilities as at 31 December 2023 was $79.3 million lower than the valuation under UK GAAP. The table below summarises the difference in valuation approach between Solvency II and UK GAAP in relation to other liabilities:

Class of other liabilities	
Any other liabilities, not elsewhere shown	As at 31 December 2023, all other payables were $216.7 million (2022: $260.7 million) per UK GAAP and $137.4 million (2022: $173.5 million) per Solvency II. The adjustment of $79.3 million (2022: $87.2 million) is a reclassification of intercompany payables relating to amounts owed to other Fidelis entities for group reinsurance purchases. Other payables, which includes accruals, intercompany payables, and deferred income, are measured at amortised cost less any impairment which approximates to fair value under UK GAAP given the short-term nature of these liabilities.
Reinsurance payables	As at 31 December 2023, reinsurance payables were $523.8 million per UK GAAP (2022: $692.8 million). Reinsurance payables are measured at amortised cost less any impairment. Given the short-term nature of reinsurance payables, this approximates to fair value under UK GAAP. There are no differences in principle between Solvency II and UK GAAP valuations of reinsurance payables. However, for Solvency II purposes, the non-overdue element of reinsurance payables is considered as part of the calculation for TPs. None of the reinsurance payables balance was overdue as at 31 December 2023.

D4. ALTERNATIVE METHODS FOR VALUATION

The Company does not use any alternative methods for valuation of its assets, TPs or other liabilities.

E1. OWN FUNDS

The objective of own funds management is to maintain, at all times, sufficient capital for regulatory and rating agency purposes with an appropriate buffer (based on an underwriting shock). These funds should be of sufficient quality to meet the eligibility requirements in the Solvency II rules as enacted. The Company holds regular meetings of senior management, which are at least quarterly, in which the ratio of eligible own funds over the SCR and MCR are reviewed. The committees that review the Company's solvency are described in more detail in section B, and responsibility ultimately rests with FUL's Board. As part of own funds management, the Company prepares solvency projections at least annually and reviews the structure of own funds and future requirements. The business plan, which forms the basis of the ORSA, contains a three-year projection of funding requirements, which helps focus actions for future funding.

The total structure and movement of the Company's own funds are shown below:

$ millions	Tier 1	Tier 2	Tier 3	Total
Called up share capital	7.5	—	—	7.5
Share premium account	580.8	—	—	580.8
Deferred tax asset	—	—	2.0	2.0
Letters of credit and guarantees under the PRA Rulebook	—	50.0	—	50.0
Reconciliation reserve	207.7	—	—	207.7
Balance as at 31 December 2022	**796.0**	**50.0**	**2.0**	**848.0**
Capital contributions	65.0	—	—	65.0
Ancillary own funds	—	25.0		25.0
Change in deferred tax and reconciliation reserve	14.4	—	4.2	18.6
Movement in 2023 own funds	**79.4**	**25.0**	**4.2**	**108.6**
Called up share capital	7.5	—	—	7.5
Share premium account	645.8	—	—	645.8
Deferred tax asset	—	—	6.2	6.2
Letters of credit and guarantees under the PRA Rulebook	—	75.0	—	75.0
Reconciliation reserve	222.1	—	—	222.1
Balance as at 31 December 2023	**875.4**	**75.0**	**6.2**	**956.6**

The Company's ordinary share capital, share premium arising on ordinary share capital and reconciliation reserve are all available as tier 1 unrestricted own funds per the PRA Rulebook. The ordinary share capital and share premium arising is not subordinated and has no restricted duration.

The reconciliation reserve represents the excess of assets over liabilities, less a deduction equal to the share capital and the share premium account. The increase in own funds is due to profit, a capital contribution and an increase in ancillary own funds.

Tier 1 own funds are eligible to meet both the SCR and the MCR and are permanently available to cover potential losses. The MCR can only be covered by eligible basic own funds.

Ancillary own funds comprise of a LOC approved by the PRA and is classified as tier 2 capital. A LOC for $50.0 million of ancillary own funds was issued by Lloyds Bank Corporate Markets plc, on 15 December 2021 for a term of four years, following receipt of PRA approval on 2 December 2021. This LOC was replaced in its entirety by a new LOC for $75.0 million issued by Lloyds Bank plc, on 20 February 2023 for a term of four years. The ancillary own funds LOC can be called upon by FUL on demand and unconditionally.

The following table shows the difference between equity as shown in the financial statements and the Solvency II excess of assets over liabilities:

$ millions	2023	2022
Total UK GAAP equity	889.7	756.5
Valuation adjustments relating to TPs	(10.6)	51.3
Deferred tax effect	2.5	(9.8)
Ancillary own funds	75.0	50.0
Total own funds	956.6	848.0

The amount of own funds available and eligible to cover the SCR and the MCR is summarised in the table below:

$ millions	Total	Tier 1 - unrestricted	Tier 2	Tier 3
Total available own funds to meet the SCR	956.6	875.4	75.0	6.2
Total available own funds to meet the MCR	875.4	875.4	—	—
Total eligible own funds to meet the SCR	956.6	875.4	75.0	6.2
Total eligible own funds to meet the MCR	875.4	875.4	—	—
SCR	496.1			
MCR	124.0			
Ratio of eligible own funds to SCR	192.8 %			
Ratio of eligible own funds to MCR	705.7 %			

The valuation differences relating to TPs are detailed in section D2.3 above.

E2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

E2.1 SCR and MCR as at 31 December 2023 and 31 December 2022:

$ millions	2023	2022
SCR	496.1	552.1
MCR	124.0	138.0
SCR coverage ratio	192.8%	153.6%

E2.2 SCR split by risk module

The capital requirement is being calculated exclusively by the standard formula and is intended to ensure that all material quantifiable risks to which FUL is exposed are captured. The risk charges per category as at 31 December 2023 compared to as at 31 December 2022 are outlined below:

$ millions	2023	2022
Non-life underwriting risk	405.4	454.4
Market risk	74.7	38.0
Counterparty default risk	69.2	70.9
Diversification	(79.7)	(58.2)
BSCR	**469.6**	**505.1**
Operational risk	50.7	47.0
Loss-absorbing capacity of deferred taxes ("LACDT")	(24.2)	—
SCR	**496.1**	**552.1**

The decrease in non-life underwriting risk of $49.0 million is driven by a decrease in the catastrophe risk subcomponent as a result of greater catastrophe reinsurance protection. This is partially offset by an increase in lapse risk, owing to an increase in the volume of net future premiums and expected profit in future premiums.

The increase in market risk of $36.7 million reflects an increase in interest rate risk. Counterparty default risk has decreased by $1.7 million due to a reduction in exposure to overdue premiums greater than 3 months.

Diversification has increased by $21.5 million as a result of the movement in market risk leading to a more optimal spread across risk types.

Operational risk has increased by $3.7 million due to growth in premiums from 2021 to 2022 and 2022 to 2023.

LACDT of $24.2 million has been applied to the SCR in 2023, reflecting FUL's ability to absorb losses through deferred taxes.

E2.3 Simplified calculations for risk modules of the Standard Formula

The Standard Formula methodology follows the full calculation for premium and reserve risk, default risk and market risk.

E2.4 Inputs used to calculate the MCR

The MCR targets an 80% value at risk over a one-year time horizon. The MCR is based on proportions of net premiums written in the previous 12 months and the net best estimate of TPs at the valuation date. These are supplied by Solvency II class of business and the proportions vary by class.

The table below shows the inputs into the MCR calculation as at 31 December. The MCR is calculated using a linear formula, subject to a floor of 25% and a cap of 45% of the SCR. The MCR is further subject to an absolute floor that reflects the nature of the undertaking (as defined in the PRA Rulebook). This has been converted into US Dollars below at the 31 December foreign exchange rate:

$ millions	2023	2022
Absolute floor	4.2	3.9
Linear MCR	110.9	121.2
SCR	496.1	552.1
Combined MCR	124.0	138.0
MCR	**124.0**	**138.0**

Any change in the absolute floor reflects the movement in the exchange rate. The final MCR (which is currently equivalent to the 25% floor of the SCR), has decreased from 2022 due to a decrease in the SCR.

E2.5 Any material change to the SCR and to the MCR over the reporting period, and the reasons for any such change.

The SCR and MCR decreased over the reporting period primarily driven by decreased catastrophe risk as a result of a reduction in natural catastrophe risk.

E3. USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SCR

The duration-based equity risk sub-module does not apply to FUL.

E4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

The Company does not have an approved internal model to calculate its SCR and therefore this section is not applicable.

E5. NON-COMPLIANCE WITH MCR AND SCR

There has not been any non-compliance with the SCR or MCR over the financial year. If the SCR or MCR were to be breached, plans would be put into place to raise additional capital as required.

QUANTITATIVE REPORTING TEMPLATES ("QRTs")

The following QRTs are required for the SFCR:

QRT Ref	QRT Template name
S.02.01.02	Balance sheet
S.05.01.02*	Premiums, claims and expenses by line of business
S.05.02.01*	Premiums, claims and expenses by country
S.17.01.02	Non-Life technical provisions
S.19.01.21*	Non-life insurance claims
S.23.01.01	Own funds
S.25.01.21	Solvency Capital Requirement - for undertakings on Standard Formula
S.28.01.01	Minimum Capital Requirement

*Claims management expenses, presented in claims incurred in prior periods, have been presented in expenses in S.05.01.02 and S.05.02.01 and excluded from S.19.01.21 in all periods.

The templates are included at the end of this report.

General information

Undertaking name	Fidelis Underwriting Limited
Undertaking identification code	213800AT5F7TFGX4UI14
Type of code of undertaking	LEI
Type of undertaking	Non-life undertakings
Country of authorisation	GB
Language of reporting	en
Reporting reference date	31 December 2023
Currency used for reporting	USD
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

S.02.01.02 - Balance sheet

S.05.01.02 - Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations

S.05.02.01 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations

S.17.01.02 - Non-Life Technical Provisions

S.19.01.21 - Non-Life insurance claims

S.23.01.01 - Own Funds

S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula

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

S.02.01.02

Balance sheet (in $thousands)

		Solvency II value
	Assets	C0010
R0030	Intangible assets	0
R0040	Deferred tax assets	6,283
R0050	Pension benefit surplus	0
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	931,628
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	0
R0120	*Equities - unlisted*	0
R0130	*Bonds*	781,404
R0140	*Government Bonds*	118,867
R0150	*Corporate Bonds*	585,813
R0160	*Structured notes*	0
R0170	*Collateralised securities*	76,724
R0180	*Collective Investments Undertakings*	150,223
R0190	*Derivatives*	0
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	0
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	0
R0260	*Other loans and mortgages*	0
R0270	Reinsurance recoverables from:	698,289
R0280	*Non-life and health similar to non-life*	698,289
R0290	*Non-life excluding health*	698,289
R0300	*Health similar to non-life*	0
R0310	*Life and health similar to life, excluding index-linked and unit-linked*	0
R0320	*Health similar to life*	0
R0330	*Life excluding health and index-linked and unit-linked*	0
R0340	*Life index-linked and unit-linked*	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	112,550
R0370	Reinsurance receivables	128,298
R0380	Receivables (trade, not insurance)	0
R0390	Own shares (held directly)	0
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	132,942
R0420	Any other assets, not elsewhere shown	64,727
R0500	**Total assets**	2,074,717

		Solvency II value
	Liabilities	C0010
R0510	Technical provisions - non-life	1,055,734
R0520	*Technical provisions - non-life (excluding health)*	1,055,734
R0530	*TP calculated as a whole*	0
R0540	*Best Estimate*	1,019,440
R0550	*Risk margin*	36,294
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	0
R0760	Pension benefit obligations	0
R0770	Deposits from reinsurers	0
R0780	Deferred tax liabilities	0
R0790	Derivatives	0
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	0
R0830	Reinsurance payables	0
R0840	Payables (trade, not insurance)	0
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in BOF*	0
R0870	*Subordinated liabilities in BOF*	0
R0880	Any other liabilities, not elsewhere shown	137,346
R0900	**Total liabilities**	1,193,080
R1000	**Excess of assets over liabilities**	881,637

S.05.01.02

Premiums, claims and expenses by line of business: Non-life insurance and reinsurance obligations (in $thousands)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)					Line of business for: accepted non-proportional reinsurance			Total
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Misc. financial loss	Casualty	Marine, aviation and transport	Property	
		C0060	C0070	C0080	C0090	C0120	C0140	C0150	C0160	C0200
	Premiums written									
R0110	Gross - Direct Business	673,689	588,993	180,667	163,334	58,930				1,665,613
R0120	Gross - Proportional reinsurance accepted	63,615	159,972	3,247	-384	7,720				234,170
R0130	Gross - Non-proportional reinsurance accepted						2,143	17,995	54,043	74,182
R0140	Reinsurers' share	481,304	534,461	108,362	124,431	47,568	1,800	10,265	45,326	1,353,517
R0200	Net	256,001	214,503	75,552	38,520	19,082	344	7,730	8,717	620,448
	Premiums earned									
R0210	Gross - Direct Business	514,004	521,669	153,840	70,816	98,045				1,358,374
R0220	Gross - Proportional reinsurance accepted	52,595	174,778	4,896	3,415	5,915				241,599
R0230	Gross - Non-proportional reinsurance accepted						2,243	15,476	47,648	65,368
R0240	Reinsurers' share	391,374	497,711	89,325	43,489	61,822	1,715	9,592	43,810	1,138,837
R0300	Net	175,225	198,736	69,412	30,741	42,138	529	5,884	3,838	526,504
	Claims incurred									
R0310	Gross - Direct Business	260,652	255,680	40,139	40,668	8,629				605,767
R0320	Gross - Proportional reinsurance accepted	18,564	121,210	7,471	1,565	1,353				150,162
R0330	Gross - Non-proportional reinsurance accepted						367	12,019	14,152	26,538
R0340	Reinsurers' share	197,602	258,663	31,300	27,454	4,804	159	9,910	11,312	541,203
R0400	Net	81,614	118,227	16,309	14,780	5,177	208	2,109	2,840	241,264
	Changes in other technical provisions									
R0410	Gross - Direct Business	0	0	0	0	0				0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0				0
R0430	Gross - Non-proportional reinsurance accepted						0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0	0	0
R0550	Expenses incurred	81,641	68,905	40,181	8,198	28,012	665	4,687	5,203	237,490
R1200	Other expenses									
R1300	Total expenses									237,490

S.05.02.01

Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations (in $thousands)

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations			Top 5 countries (by amount of gross premiums written) - non-life obligations		Total Top 5 and home country
R0010			US	CA	NZ	AE	TR	
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	584,514	760,446	32,869	23,243	21,145	18,389	1,440,606
R0120	Gross - Proportional reinsurance accepted	32,453	79,537	20,805	4,211	4,202	4,608	145,816
R0130	Gross - Non-proportional reinsurance accepted	6,796	29,291	52	340	0	7	36,487
R0140	Reinsurers' share	410,646	622,645	38,199	18,710	13,756	13,887	1,117,843
R0200	Net	213,117	246,629	15,527	9,085	11,592	9,117	505,066
	Premiums earned							
R0210	Gross - Direct Business	432,264	674,897	9,779	19,096	12,820	14,261	1,163,118
R0220	Gross - Proportional reinsurance accepted	29,752	102,541	19,491	4,022	4,689	2,685	163,180
R0230	Gross - Non-proportional reinsurance accepted	6,633	42,594	619	247	-28	4	50,070
R0240	Reinsurers' share	310,006	572,564	21,696	16,005	11,619	11,976	943,867
R0300	Net	158,643	247,469	8,192	7,360	5,862	4,974	432,501
	Claims incurred							
R0310	Gross - Direct Business	137,255	344,944	6,490	8,145	6,876	5,928	509,638
R0320	Gross - Proportional reinsurance accepted	21,906	63,329	13,951	2,568	2,007	2,018	105,777
R0330	Gross - Non-proportional reinsurance accepted	-274	16,764	448	96	236	131	17,402
R0340	Reinsurers' share	119,024	299,196	11,759	7,465	7,047	5,449	449,940
R0400	Net	39,863	125,841	9,130	3,343	2,072	2,628	182,876
	Changes in other technical provisions							
R0410	Gross - Direct Business	0	0	0	0	0	0	0
R0420	Gross - Proportional reinsurance accepted	0	0	0	0	0	0	0
R0430	Gross - Non-proportional reinsurance accepted	0	0	0	0	0	0	0
R0440	Reinsurers' share	0	0	0	0	0	0	0
R0500	Net	0	0	0	0	0	0	0
R0550	**Expenses incurred**	79,540	92,047	5,795	3,391	4,326	3,402	188,502
R1200	**Other expenses**							0
R1300	**Total expenses**							188,502

S.17.01.02

Non-Life Technical Provisions (in $thousands)

		Direct business and accepted proportional reinsurance					Accepted non-proportional reinsurance			Total Non-Life obligation
		Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0070	C0080	C0090	C0100	C0130	C0150	C0160	C0170	C0180
R0010	**Technical provisions calculated as a whole**	0	0	0	0	0	0	0	0	0
R0050	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	0	0	0	0	0	0	0	0	0
	Technical provisions calculated as a sum of BE and RM									
	Best estimate									
	Premium provisions									
R0060	Gross	-28,727	10,569	24,122	-35,894	23,658	-1,904	-1,536	-3,720	-13,431
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	87,810	11,989	9,123	12,715	19,119	-83	5,153	34,533	180,358
R0150	**Net Best Estimate of Premium Provisions**	-116,537	-1,420	14,999	-48,609	4,539	-1,820	-6,688	-38,253	-193,789
	Claims provisions									
R0160	Gross	317,753	507,373	109,413	-45,241	48,897	3,011	13,476	78,190	1,032,871
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	183,325	240,853	58,513	-30,780	17,351	-2,927	5,371	46,225	517,931
R0250	**Net Best Estimate of Claims Provisions**	134,427	266,520	50,900	-14,461	31,546	5,938	8,105	31,965	514,941
R0260	**Total best estimate - gross**	289,025	517,942	133,535	-81,134	72,555	1,107	11,940	74,470	1,019,440
R0270	**Total best estimate - net**	17,890	265,100	65,899	-63,070	36,085	4,117	1,417	-6,288	321,151
R0280	**Risk margin**	9,845	12,852	4,903	3,855	2,545	358	607	1,330	36,294
	Amount of the transitional on Technical Provisions									
R0290	Technical Provisions calculated as a whole	0	0	0	0	0	0	0	0	0
R0300	Best estimate	0	0	0	0	0	0	0	0	0
R0310	Risk margin	0	0	0	0	0	0	0	0	0
R0320	**Technical provisions - total**	298,870	530,793	138,438	-77,279	75,100	1,465	12,547	75,800	1,055,734
R0330	**Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total**	271,135	252,842	67,636	-18,065	36,470	-3,010	10,523	80,758	698,289
R0340	**Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total**	27,735	277,951	70,802	-59,214	38,630	4,475	2,023	-4,958	357,445

S.19.01.21

Non-Life insurance claims (in $thousands)

Total Non-life business

Z0020 Accident year / underwriting year: Underwriting Year

Gross Claims Paid (non-cumulative)
(absolute amount)

	Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
		Development year											In Current year	Sum of years (cumulative)
		0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior											0	0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0	0
R0170	-8	0	0	0	0	0	0	0	0	0			0	0
R0180	-7	343	4,271	7,410	2,094	7,639	55,668	-40,636	446				446	37,236
R0190	-6	1	551	3,869	15,435	68,599	32,011	-54,925					-54,925	65,541
R0200	-5	4,299	14,135	11,765	49,719	18,971	18,642						18,642	117,532
R0210	-4	717	11,456	34,907	4,439	10,225							10,225	61,744
R0220	-3	28,719	91,559	56,817	38,201								38,201	215,296
R0230	-2	78,093	120,929	150,688									150,688	349,711
R0240	-1	20,040	144,012										144,012	164,052
R0250	0	14,347											14,347	14,347
R0260												Total	321,637	1,025,459

Gross Undiscounted Best Estimate Claims Provisions
(absolute amount)

	Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
		Development year											Year end (discounted data)
		0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0	0
R0160	-9	0	0	0	0	0	0	0	0	0	0		0
R0170	-8	0	0	0	0	0	0	0	0	0			0
R0180	-7	16,300	19,214	21,849	16,074	2,590	-59,059	-6,001	-5,955				-5,412
R0190	-6	4,037	29,587	24,172	19,633	-44,802	-80,214	-28,579					-27,204
R0200	-5	16,672	39,707	43,413	-14,679	6,253	-22,473						-20,747
R0210	-4	3,779	72,604	56,403	50,378	36,959							33,351
R0220	-3	68,850	110,683	96,882	90,182								83,314
R0230	-2	259,370	289,452	321,740									292,885
R0240	-1	239,151	451,545										419,316
R0250	0	276,843											257,369
R0260												Total	1,032,871

S.23.01.01

Own Funds (in $thousands)

	Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
R0010	Ordinary share capital (gross of own shares)	7,500	7,500		0	
R0030	Share premium account related to ordinary share capital	645,800	645,800		0	
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	0	0		0	
R0050	Subordinated mutual member accounts	0		0	0	0
R0070	Surplus funds	0	0			
R0090	Preference shares	0		0	0	0
R0110	Share premium account related to preference shares	0		0	0	0
R0130	Reconciliation reserve	222,054	222,054			
R0140	Subordinated liabilities	0		0	0	0
R0160	An amount equal to the value of net deferred tax assets	6,283				6,283
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above	0	0	0	0	0
R0220	**Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds**	0				
R0230	**Deductions for participations in financial and credit institutions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	881,637	875,354	0	0	6,283
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	0			0	
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	0			0	
R0320	Unpaid and uncalled preference shares callable on demand	0			0	0
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0			0	0
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	75,000			75,000	
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0			0	0
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0			0	0
R0390	Other ancillary own funds	0			0	0
R0400	**Total ancillary own funds**	75,000			75,000	0
	Available and eligible own funds					
R0500	Total available own funds to meet the SCR	956,637	875,354	0	75,000	6,283
R0510	Total available own funds to meet the MCR	875,354	875,354	0	0	
R0540	Total eligible own funds to meet the SCR	956,637	875,354	0	75,000	6,283
R0550	Total eligible own funds to meet the MCR	875,354	875,354	0	0	
R0580	**SCR**	496,133				
R0600	**MCR**	124,033				
R0620	**Ratio of Eligible own funds to SCR**	192.82%				
R0640	**Ratio of Eligible own funds to MCR**	705.74%				

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	881,637
R0710	Own shares (held directly and indirectly)	0
R0720	Foreseeable dividends, distributions and charges	0
R0730	Other basic own fund items	659,584
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0760	**Reconciliation reserve**	222,054
	Expected profits	
R0770	Expected profits included in future premiums (EPIFP) - Life business	0
R0780	Expected profits included in future premiums (EPIFP) - Non- life business	251,409
R0790	**Total Expected profits included in future premiums (EPIFP)**	251,409

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula (in $thousands)

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0120
R0010	Market risk	74,660		0
R0020	Counterparty default risk	69,253		
R0030	Life underwriting risk	0	0	0
R0040	Health underwriting risk	0	0	0
R0050	Non-life underwriting risk	405,415	0	0
R0060	Diversification	-79,725		
R0070	Intangible asset risk	0		
R0100	**Basic Solvency Capital Requirement**	469,603		

	Calculation of Solvency Capital Requirement	C0100
R0130	Operational risk	50,727
R0140	Loss-absorbing capacity of technical provisions	0
R0150	Loss-absorbing capacity of deferred taxes	-24,198
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0
R0200	**Solvency Capital Requirement excluding capital add-on**	496,133
R0210	Capital add-ons already set	0
R0220	**Solvency capital requirement**	496,133
	Other information on SCR	
R0400	Capital requirement for duration-based equity risk sub-module	0
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	0
R0420	Total amount of Notional Solvency Capital Requirements for ring fenced funds	0
R0430	Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0
R0440	Diversification effects due to RFF nSCR aggregation for article 304	0

	Approach to tax rate	C0109
R0590	Approach based on average tax rate	Yes

	Calculation of loss absorbing capacity of deferred taxes	LAC DT
		C0130
R0640	LAC DT	-24,198
R0650	LAC DT justified by reversion of deferred tax liabilities	0
R0660	LAC DT justified by reference to probable future taxable economic profit	0
R0670	LAC DT justified by carry back, current year	-24,198
R0680	LAC DT justified by carry back, future years	0
R0690	Maximum LAC DT	0

S.28.01.01

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity (in $thousands)

	Linear formula component for non-life insurance and reinsurance obligations	C0010
R0010	MCR_{NL} Result	110,945

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
R0020	Medical expense insurance and proportional reinsurance	0	0
R0030	Income protection insurance and proportional reinsurance	0	0
R0040	Workers' compensation insurance and proportional reinsurance	0	0
R0050	Motor vehicle liability insurance and proportional reinsurance	0	0
R0060	Other motor insurance and proportional reinsurance	0	0
R0070	Marine, aviation and transport insurance and proportional reinsurance	17,890	210,318
R0080	Fire and other damage to property insurance and proportional reinsurance	265,100	211,586
R0090	General liability insurance and proportional reinsurance	65,899	87,051
R0100	Credit and suretyship insurance and proportional reinsurance	0	53,999
R0110	Legal expenses insurance and proportional reinsurance	0	0
R0120	Assistance and proportional reinsurance	0	0
R0130	Miscellaneous financial loss insurance and proportional reinsurance	36,085	34,627
R0140	Non-proportional health reinsurance	0	0
R0150	Non-proportional casualty reinsurance	4,117	314
R0160	Non-proportional marine, aviation and transport reinsurance	1,417	7,657
R0170	Non-proportional property reinsurance	0	8,451

	Linear formula component for life insurance and reinsurance obligations	C0040
R0200	MCR_{L} Result	0

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
R0210	Obligations with profit participation - guaranteed benefits	0	
R0220	Obligations with profit participation - future discretionary benefits	0	
R0230	Index-linked and unit-linked insurance obligations	0	
R0240	Other life (re)insurance and health (re)insurance obligations	0	
R0250	Total capital at risk for all life (re)insurance obligations		0

	Overall MCR calculation	C0070
R0300	Linear MCR	110,945
R0310	SCR	496,133
R0320	MCR cap	223,260
R0330	MCR floor	124,033
R0340	Combined MCR	124,033
R0350	Absolute floor of the MCR	4,248
R0400	**Minimum Capital Requirement**	124,033