Accelerant Insurance UK Limited

Solvency Financial Conditions Report (Group SFCR) 2024

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Executive Summary

A. Business and performance

Group Overview

Accelerant Underwriting Holdings UK Ltd (AUHUKL) is a UK-based insurance holding company; its sole holding is Accelerant Insurance UK Limited (hereafter referred to as 'AIUK'), a dual-regulated UK insurer. Together, these firms comprise a UK Group. This report has been produced in relation to the UK Group (hereafter "The Group"). Refer to Appendix ii for the simplified Group structure.

AIUK is a Category 3, UK SII insurer, authorised by the PRA and regulated by the FCA and the PRA. Its firm reference number on the Financial Services Register is 207658. The company is registered in England under Company Number 03326800 with a registered address of 1 Fleet Place, London, England, EC4M 7WS.

Insurance Business

AIUK undertakes insurance business largely within the UK; with only a limited amount of legacy business currently in run off in European jurisdictions. AIUK's Part 4 permissions permit it to effect contracts of insurance in the following categories:

- Class 1 - Accident;
- Class 2 - Sickness;
- Class 3 - Land Vehicles;
- Class 7 - Goods in transit;
- Class 8 - Fire and natural forces;
- Class 9 - Other damage to property;
- Class 10 - Motor Vehicle Liability;
- Class 13 - General Liability
- Class 14 - Credit;
- Class 15 - Suretyship;
- Class 16 - Miscellaneous financial loss;
- Class 17 - Legal Expenses;
- Class 18 - Assistance

Additionally, in December 2024, additional permissions in respect of the following categories were sought:

- Class 6 - Ships (sea, lake and river and canal vessels);
- Class 12 - Liability for ships (sea, lake and river and canal vessels);

Auditors

The external independent auditor for the annual report for the year ending 31st December 2024 was:

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

AIUK is authorised by the Prudential Regulation Authority (PRA) and is regulated by the Financial Conduct Authority (FCA) and the PRA.

Prudential Regulatory Authority
20 Moorgate
London
EC2R 6DA

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Business Model and Financial Performance

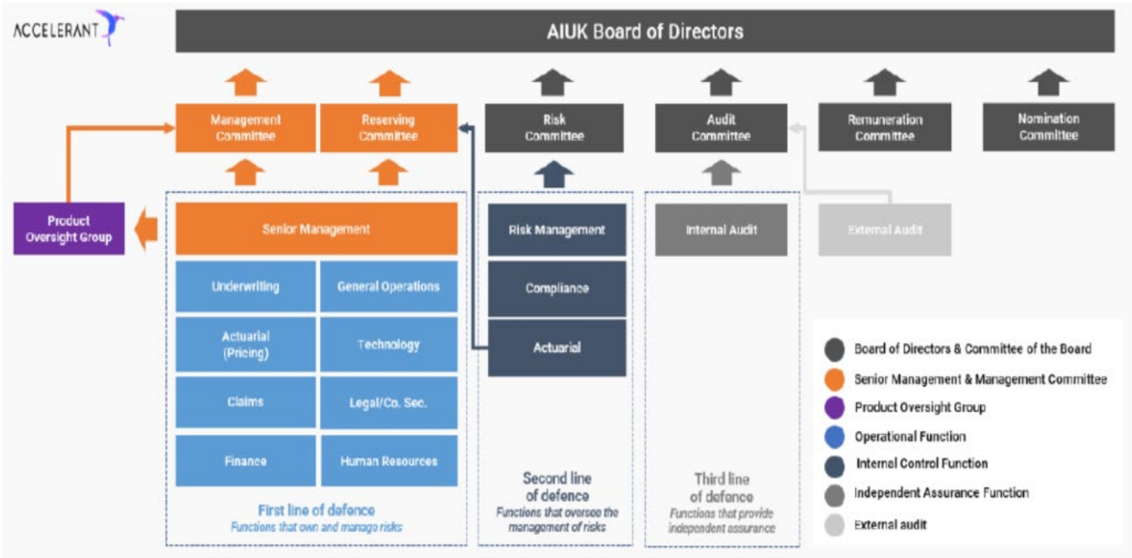
AIUK is a non-life insurance company dedicated to servicing the needs of Managing General Agents (internally called “Members”), mainly throughout the UK. The Company engages with Members which are established market players with a strong track record writing a diverse portfolio of simple products, largely for Small and Medium-sized Enterprises (“SME”) clients. This leads to a diverse portfolio with a relatively low-volatility and exposure.

The performance of the insurance undertaking over the reporting and comparative period was as follows:

Income Statement – Technical Account – Non-life insurance	2024 UKGAAP (in £'000)	2023 UKGAAP (in £'000)
Earned premiums, net of reinsurance	6 854	4 035
Net written premiums	*27 888*	*6 217*
Gross written premiums (GWP)	128 590	6 217
Premiums ceded to reinsurer	100 702	
Change in the provision for unearned premiums	(21 034)	(2 182)
Gross amount	(94 569)	(2 182)
Reinsurer's share	73 535	
Claims incurred, net of reinsurance	982	5 779
Net amount paid	*318*	*2 996*
Gross amount	5 430	2 996
Reinsurer's share	(5 112)	
Change in claims provision, net of reinsurance	*664*	*2 783*
Gross amount	13 792	2 783
Reinsurer's share	(5 112)	
Technical costs, net of reinsurance	11 171	2 809
Net operating costs	*10 874*	*2 582*
Acquisition costs	11 250	139
Administration costs	7 279	2 443
Commissions received from the reinsurers	(7 655)	
Other tchnical costs, net of reinsurance	*297*	*226*
Result of the technical account non-life	(5 299)	(4 553)

B. System of Governance

Accelerant has developed a robust system of governance which ensures the sound and prudent management of the undertaking that is appropriate to its nature, scale and complexity. The governance structure ensures that collectively, the Board of Directors (or "Board"), its Committees, key function holders and senior executives are fit and proper, knowledgeable, and experienced in managing insurance business and all the interconnected areas that an insurance undertaking should be responsible for. The various components of the organisational structure are included below.



The Board of Directors is composed of five Directors, three of which are independent and non-executive Directors. One of the independent and non-executive Directors serves as its Chairman. The Directors collectively possess the required fitness and propriety standards required to manage an insurance undertaking in a sound and prudent manner. They have appropriate qualifications, experience, and knowledge about:

a) Prudent risk and capital management;
b) Insurance and financial markets;
c) Business strategy and business model;
d) Systems of governance;
e) Financial and actuarial analysis; and
f) Regulatory framework and requirements.

The table below presents an overview of the directors of AIUK as at 31 December 2024:

Director	Function
John Spencer	Independent non-executive director and Chairman
Paul Owens	Independent non-executive director
Karen Graves	Independent non-executive director
Andy Page	Executive director
Richard Cunningham	Executive director

The table below presents an overview of the Members of the Management Committee of AIUK as at 31 December 2024.

Members	Function
Andy Page	Chief Executive Officer ("CEO")
Maunika Caines	Chief Risk Officer ("CRO")
Blair Houston	Chief Compliance Officer ("CCO")
Richard Cunningham	Chief Financial Officer ("CFO")
Nick Brown	Chief Underwriting Officer ("CUO")
Mariyam Ahmed	Chief Operations Officer ("COO")
James Gamble	Head of Distribution

The committees have the relevant skills and expertise to take up their responsibilities. Moreover, the fact that both executives and non-executives are on the Board of Directors ensures that proper discussion takes place and both strategy and execution is being challenged.

C. Risk Profile

The Board of Directors and the Risk Management Function review the risk profile of the company periodically. The main risk types to which the Company is exposed to are (refer to section C for more information):

- Underwriting Risk;
- Counterparty Default Risk;
- Market Risk;
- Asset Liability Management Risk;
- Credit Risk;
- Liquidity Risk;
- Operational Risk;
- Solvency Risk;
- Inflation Risk;
- Reinsurance Risk;
- Strategic Risk;
- Emerging Risk.

D. Valuation for Solvency Purposes

The main differences between the UK Generally Accepted Accounting Principles ("UKGAAP") and the Solvency II valuation methods for the classes of assets and liabilities are highlighted below:

- Deferred Acquisition Costs ("DAC"): Under UKGAAP DAC is recognised over the lifetime of the policy. It is, Under Solvency II, acquisition costs are not deferred but are taken into account as part of the cash flows and therefore in the valuation of the technical provisions.
- Reinsurance Recoverables: In order to establish the Solvency II value for the reinsurance recoverables, an assessment of the best estimates of ceded reserves to the reinsurers has been performed in line with the Company's evaluation of the technical provisions forming part of the liabilities. In arriving at the Solvency II value, the best estimate reserves have been replaced by the net present value of all future reinsurance cash flows estimated at their best estimate. In arriving at the net present value, the Prudential Regulation Authority (PRA) Risk Free Interest rate curve as at 31 December 2024 was used to discount the future cash flows. Under UKGAAP, the valuation is in line with the technical provisions and should exclude deferred income.
- Technical Provisions: The actuarial methods and assumptions used for the valuation of technical provisions for Solvency II purposes are identical to those used for the preparation of the Company's statutory accounts. Nevertheless, there are significant differences between the two accounting standards applicable to all lines of business: (a) Statutory reserving includes prudency margins whereas Solvency II technical provisions consist of the best estimate and the risk margin; (b) For the Company Statutory figures, future cash flows are not discounted (time value of money is not recognised) and the counterparty risk is not included in the valuation; (c) For the Company statutory figures, the contracts in scope are the same but in general only a portion of the premium written during the reporting period is recognised as earned while the unearned portion is deferred (whereas for Solvency II purposes only future cash flows are considered in the valuation) and there is no provision for future losses, i.e. claims resulting from losses not yet incurred but covered within the boundaries of the subject business; and

E. Capital Management

In assessing its future solvency needs, the Company analysed the capital requirements for each projected year, and whether the eligible capital would continuously comply with the Solvency II regulations, within the Own Risk and Solvency Assessment ("ORSA").

The Company's Own Funds are Tier 1 capital.

Group

	December 2024	
Basic Own Funds	Total (in £)	Tier 1 – unrestricted (in £'000)
Ordinary Share Capital	108	108
Share premium account related to ordinary share capital	60,953,385	60,953,385
Reconciliation Reserve	(3,075,945)	(3,075,945)
Total Basic Own Funds	57,877548	57,877,548

AIUK

	December 2024	
Basic Own Funds	Total (in £)	Tier 1 – unrestricted (in £)
Ordinary Share Capital	1,602,108	1,602,108
Share premium account related to ordinary share capital	60,103,337	60,103,337
Reconciliation Reserve	(3,955,500)	(3,955,500)
Total Basic Own Funds	57,749,945	57,749,945

A. Business and Performance

A.1 Group Overview

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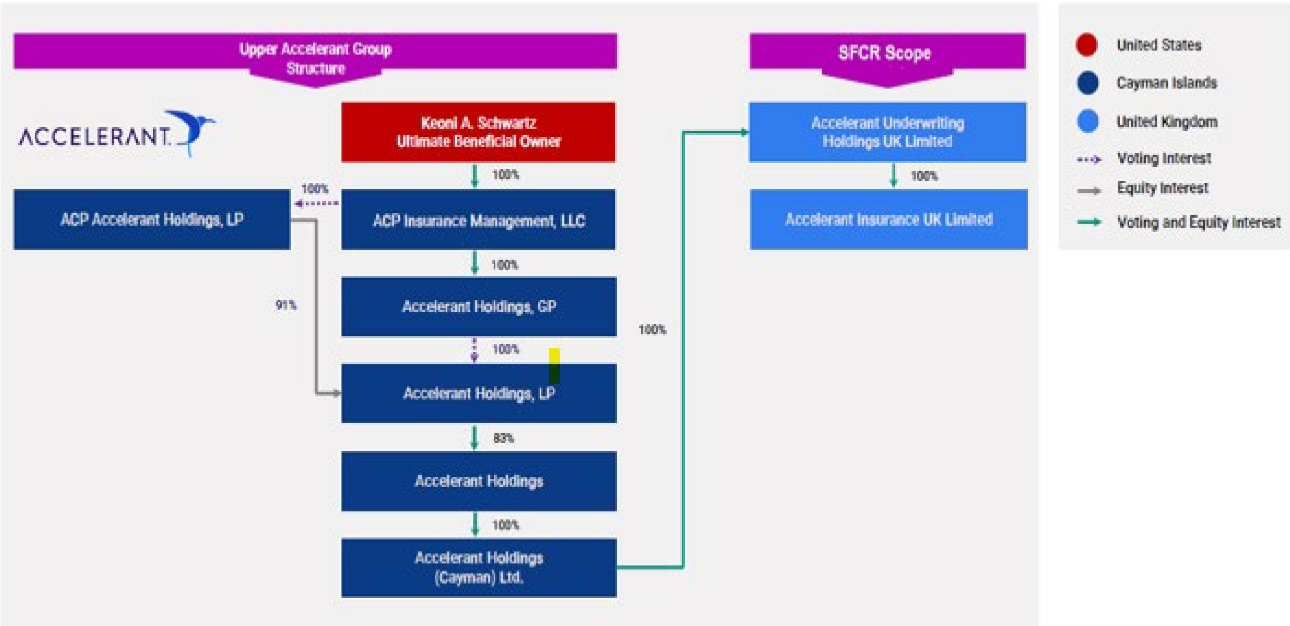

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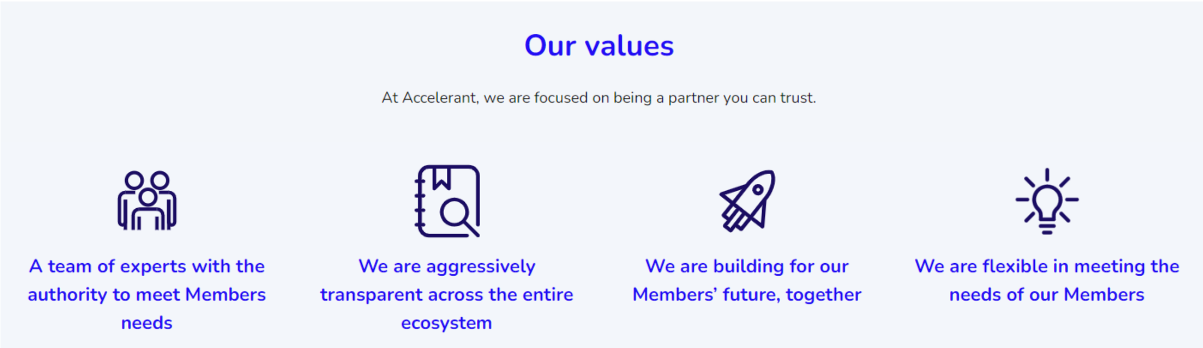
Prudential Regulation Authority
20 Moorgate
London
EC2R 6DA

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

A.1.2 Business Written

During 2024, AIUK transitioned its business -in line with its regulatory business plan- towards a diverse portfolio of general insurance business (see the section headed "insurance business"). It engaged the UK Branch of Accelerant Agency Limited as its sole master coverholder, authorising that entity to issue binding authority agreements to specially selected member MGAs. These member MGAs, which previously arranged UK insurance business via Accelerant Insurance Europe NV/SA, began to transition their delegated authorities to AIUK in 2024, with 20 having completed the transition by 31/12/2025.

Our values



A.2 Underwriting Performance

The performance over the reporting and comparative period was as follows:

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Commissions received from the reinsurers	(7 655)	
Other technical costs, net of reinsurance	*297*	*226*
Result of the technical account non-life	(5 299)	(4 553)

A.2.1 Information by line of business

The business growth recorded in 2024 was driven primarily by the Company's ability to onboard Members which provide substantial premium written in line with the Company's risk appetite statement.

In order to mitigate insurance risk, the company entered into proportional reinsurance covers under a 50% quota share ("QS") agreement. In order to further mitigate the risk, the Company has also entered into a number of non-proportional reinsurance excess of loss ("XoL") covers and a stop-loss cover which inure to the QS reinsurers as well. The objective is to ensure that the overall book has a low-volatility and has a low aggregate limit. The arrangements have also been put in place to ensure that the Company becomes profitable in the short-term. Regarding the reinsurance arrangement, the Company strives at maximising funds withheld and collateral. The goal is to de-risk AIUK as much as possible. The tables below disclose the underwriting result split by line of business:

All Amounts in £'000	Line of Business for: non-life insurance and reinsurance obligations: Financial year 2024									
	Medical expense	Motor vehicle liability	Other motor insurance	Marine aviations & transport	Fire & other damage to property	General liability	Credit and suretyship	Legal expenses	Misc financial loss	Total
Net premiums written	**278**	**19,093**		**20**	**15,823**	**8,516**	**49**	**494**	**- 16,385**	**27,888**
Gorss direct business	513	46,580		122	46,335	21,199	92	927	12,823	128,590
Reinsurer's share	- 234	- 27,487	-	- 101	- 30,512	- 12,682	- 44	- 433	- 29,208	- 100,702
Net premiums earned	**32**	**3,876**		**12**	**4,968**	**2,117**	**4**	**49**	**- 4,203**	**6,854**
Gorss direct business	104	10,168		55	13,498	5,426	8	97	4,666	34,021
Reinsurer's share	- 72	- 6,291	-	- 43	- 8,530	- 3,309	- 4	- 49	- 8,869	- 27,167
Net claims incurred	**31**	**4,383**		**7**	**3,422**	**1,337**	**2**	**28**	**- 8,228**	**982**
Gorss direct business	- 69	- 6,542		- 20	- 6,783	- 2,463	- 4	- 42	- 3,301	- 19,222
Reinsurer's share	- 37	- 2,159	-	- 13	- 3,360	- 1,126	- 1	- 14	- 11,529	- 18,240
Total expenses										**11,171**

A.3 Investment Performance

The performance of the portfolio, managed by Wellington Management International Ltd, has been marginally above the benchmark in 2024 with a gross return of 2.69% against a custom benchmark of 2.65%. The table below contain the net investment result and is net of interest received on funds withheld:

Investment Income (Expenses)	2024 UKGAAP (in £'000)	2023 UKGAAP (in £'000)
Investment income	576	40
Investment-related costs	(74)	(34)
Realised gains /(losses) of investments	5	66
Unrealised gains / losses of investments	(244)	1 164
Foreign exchange gain / (loss)	67	(14)
Investment Income / (Expenses)	330	1 222

A.4 Any other information

A.4.1 Reserve Transfer Agreement

During 2024 the Company entered into a Reserve Transfer Agreement with its internal reinsurer, Accelerant Re (Cayman) Ltd ('Accelerant Re'). Under this agreement the claims and premium reserves for legacy business written, pre 2024 were transferred to Accelerant Re, reducing the risk of volatility on the balance sheet of the Company.

B. System of Governance

B.1 General Information on the System of Governance

Corporate Governance

Sound governance is key to the Group's success. This is structured in such a way as to ensure that AIUK, the Group's insurance carrier, meets its legal and regulatory obligations; delivers on good customer outcomes; whilst setting the tone for a purposeful governance culture. This approach has numerous component parts; those being:

- The Governing Body
- The Board Subcommittees
- The Management Committees
- The SMF Managers
- The Independent Non-Executive Directors
- The Certification Staff

B.1.1 The Board

The Board forms a key part of strategy, as it is responsible for setting the overall strategic objectives and direction for AIUK. The voting membership of the Board comprises the Directors of AIUK; and it is also attended by senior managers and other stakeholders, who prepare input in accordance with the standing agenda. The Board's terms of reference set out the matters reserved for it; as well as providing for mechanisms for the assessment of its effectiveness.

The governance structure is based on the Three Lines of Defence model of risk management.

B.1.2 The Board Subcommittees

There are a number of Board-level committees which support the Board in its work:

B.1.2.1 Nominations Committee

As a subcommittee of the Board and being composed exclusively of Independent Non-Executive Directors: The Nominations Committee is responsible for ensuring that individual members of the governing body and the SMF managers are selected on the basis of their honesty and integrity; competence and capability; and financial soundness. Moreover, the Nominations Committee is responsible for ensuring that the members of the governing body and the SMF managers, as a collective, are sufficiently diverse as to their skills, areas of expertise and backgrounds.

B.1.2.2 Renumeration Committee

As a subcommittee of the Board and being composed exclusively of Independent Non-Executive Directors: The Remuneration Committee is responsible for overseeing AIUK's remuneration frameworks and in particular, to ensure that the manner in which individuals are remunerated remains in the best interests of customers.

AIUK's remuneration policy ensures that the business both complies with its legal obligations under applicable employment law (such as the Equality Act); and adheres to applicable regulation (such as the "customer's best interest rule" set out in the Insurance Distribution Directive). Remuneration is an important consideration from a governance perspective; and therefore, AIUK has a Remuneration Committee as part of its corporate governance framework. The Remuneration Committee members are comprised solely of Independent Non-Executive Directors and their responsibilities are to ensure that AIUK's remuneration position promotes sound and effective risk management and does not encourage risk-taking that exceeds the risk tolerance limits.

B.1.2.3 Risk Committee

As a subcommittee of the Board: The risk committee has oversight of all risk and control activity. In particular, it is responsible for reviewing the Risk Management Framework; for monitoring the effectiveness of the risk function; and for proposing Risk Appetite statements for adoption by the Board.

B.1.2.4 Audit Committee

As a subcommittee of the Board: The audit committee is responsible for reviewing and challenging financial statements; for the selection and remuneration of AIUK's audit partners; and for the oversight of the internal audit function.

B.1.3 The Management Committees

In addition to the Board Committees, there are a number of Executive Management Committees.

B.1.3.1 Management Committee

The Management Committee has been established to assist senior management in discharging their duties and responsibilities in relation to the prudent management and oversight of the AIUK's day-to-day activities in areas including strategy and objectives, risk management, onboarding & supervision of MGA arrangements, performance and organisational structure and operations.

B.1.3.2 Reserving Committee

The Reserving Committee considers matters in relation to key reserving judgements and assumptions prior to being presented to the Board

B.1.4 The SMF Managers

AIUK has a number of SMF Managers who are individually authorised by the regulators to discharge particular senior management functions. These individuals are selected on the basis of their competence to undertake those functions, but also on the strength of how the individual complements the Group's strategy with regards to the markets in which it operates.

Each SMF manager has a prepared statement of responsibilities, which is a summary of the controlled functions; prescribed responsibilities; and overall responsibilities for which the SMF manager is responsible. Handover documentation is maintained on an ongoing basis by SMF managers to aid in succession planning and to ensure that incoming SMF managers are provided with appropriate information to permit them to discharge their responsibilities.

The fitness and propriety of the SMF managers is subject to initial assessment on onboarding, and to ongoing monitoring, attestation and validation checks through the course of their engagement in accordance with the Group's Policies and Standards on vetting.

During 2024, the following changes were made to AIUK's portfolio of SMF managers:

- James Gamble was appointed as AIUK's Head of Distribution on 4th September 2024.
- Karen Graves was appointed as AIUK's Chair of the Risk Committee on 18th December 2024.

B.1.5 The Independent Non-Executive Directors

AIUK is cognisant of the PRA's expectation for smaller PRA regulated firms (such as AIUK) to have at least two Independent Non-Executive Directors. Independent challenge is an important part of the development of strategy. To this end, AIUK is committed to maintaining at least two Independent Non-Executive Directors. At present, AIUK has three Independent Non-Executive Directors. Moreover, AIUK is committed to ensuring that for the committees in which the Chair is a Non-Executive Director, that the Chair has a second casting vote in the event of an equity of votes (as a means of balancing decisions in the direction of independent challenge).

B.1.6 The Certification Staff

AIUK, as a UK Solvency II insurer, employs a number of individuals performing Key Functions (inter alia, risk, compliance, actuarial). These individuals form the certification staff, and their competence is subject to attestation by AIUK. These individuals play a key role in governance by attending the Management Committee and other forums in which their expertise and input is required.

AIUK continually assesses the competence of its certification staff.

B.1.7 Appropriateness of Arrangements

The effectiveness of AIUK's governance arrangements are reviewed annually, with every third year seeing the review being externally facilitated. 2024 saw the arrangements reviewed externally by KPMG.

KPMG's review methodology included questionnaires, interviews, and observation of the work of the Board and its committees. A report was then prepared. The report held that the Board and its subcommittees were fit for purpose and were operating effectively.

In particular, it was noted that the committees were led by effective Chairs who seek and encourage active participation from board members, whilst adopting an inclusive and respectful approach to debate. Meetings pursue consensual decision making where possible, with no single individual dominating discussions or decisions. The approach and tone to Board discussions appeared appropriately challenging, whilst remaining professionally courteous, with sufficient time given to key agenda items.

The report also noted that the Directors reported confidence in the Chair and key supporting functions such as Risk, Finance and Company Secretarial. Board papers were held to be well presented, with the Board and its subcommittees receiving relevant and specialist insight regarding key matters.

B.2 Fit and proper requirements

AIUK has a fit and proper review process with all new applicants subject to complete vetting in accordance with the recruitment and vetting policy. On a yearly basis, all existing employees are required to complete a declaration confirming that their personal circumstances have not changed in a material way which would affect their fitness and propriety. These declarations may be subject to a spot-check on an annual basis to validate these declarations. Such sample checking includes the procurement of a criminal record disclosure and a credit check. Where an employee - being subject to a sample check - has already been subject to a 'Standard' level criminal background check, 'Basic' level criminal background check shall be sufficient for all further checks.

Simultaneously with these declarations, the senior managers are asked to submit updated handover documents in order to aid AIUK's succession planning framework.

On an annual basis, the Compliance function undertakes a review of the fitness and propriety process in order to ensure that the above checks have been undertaken and that they have been adequately scoped in accordance with the SM&CR; the FCA competence rules; and sound practice.

B.2.1 Skills, knowledge and expertise

A skills gap analysis is retained for senior managers; identifying thematic areas relevant to their responsibilities, and rating their competencies in these areas as considerable; moderate; or limited. This then informs training & development actions required to bring the senior managers to the required standards.

The Senior Managers and other subject matter experts delivered thematic training to the Board in 2024 in areas such as outsourcing, operational resilience and reinsurance.

In accordance with the IDD, all employees are required to undertake at least 15 hours of insurance CPD per year. To meet this objective, AIUK avails itself of CBT modules. These comprise of a number of E-learning modules on essential regulatory thematic areas such as the individual conduct rules; financial crime; and data protection. The syllabus is tailored for seniority; for example, senior managers receive a module on the COCON 2.2 conduct rules for senior managers.

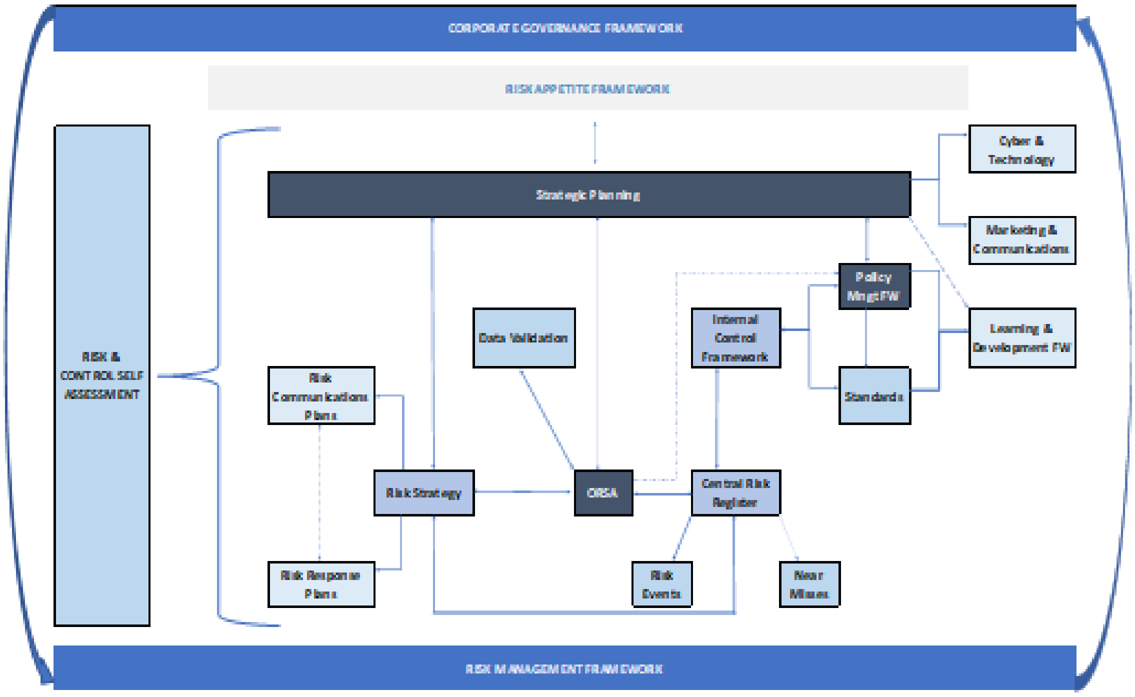
In respect of individuals captured by the certification regime; the competency of these individuals is continuously kept under review; with competency certificates issued at least once annually where AIUK is satisfied that the individuals remain competent.

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

B.3.1 Risk Management Framework

The Group's Risk Management Framework (RMF) is a structured collection of policies, standards, and procedures – whether individually or as part of a broader framework – designed to help us manage risk effectively and holistically in pursuit of our strategic objectives. The Group identifies risks at the level of the insurance carriers, ensuring a focused approach to risk assessment. The RMF establishes high-level principles, detailed methodologies, and practical operational guidance to help employees understand and manage the risks they encounter in their roles.

The diagram below illustrates the flow of information between the Group's core frameworks, which shape the risk environment and ensure a consistent, holistic approach to risk management remains central to all business activities.



The Firm defines risk as a potential event that could impact the achievement of an objective. The outcome of a risk can either be positive (an opportunity) or negative (a threat). To manage these events, the Firm sets out an enterprise-level, consistent and systematic approach to the identification, understanding, assessment, prioritisation, evaluation, mitigation, and reporting of AIUK risks in relation to its strategic objectives.

The primary purpose of this framework is to:

- Ensure decisions made are aligned with the risk posture of the Firm;
- Minimise any adverse financial impact of risk materialisation;
- Ensure appropriate protection for policyholders;
- Ensure the Firm can meet its legislative, regulatory, and (internal & external) stakeholder obligations.

The Framework centres around risk culture and aims to adopt best practice strategic risk management as aligned to strategic objectives and planning, keeping sight of interdependencies between risk management and corporate governance, and aligned appropriately to the nature, scale, and complexity of the established business model. The approach is also culture centric and places onus on the fiduciary duties of directors to provide the appropriate leadership with respect to risk oversight, dialogue, and continuous evolution of risk awareness. This leadership then leads into strategic planning, governance arrangements, systems and controls, management responsibilities, and overall culture. The expectation of the regulators is that each firm have processes in place, proportionate to their business operations and exposures, to responsibly identify, assess, manage, monitor, and report on risk(s) that they are exposed to, or potentially exposed to.

B.3.1.1 Framework alignment and documentation

There are various component parts of the overall frameworks, of which each form one of the critical concepts of effective governance and contributes towards effective achievement of the risk management strategy. These components are documented through a full suite of policies and procedures; of which the most material are outlined below:

- The Corporate Governance Framework Policy
- The Capital Management Policy
- The Risk Management Framework Policy
- The Risk Appetite Framework Policy & Statements
- The Internal Control Framework Policy
- The Operational Resilience Framework Policy
- The Third-Party Risk Management Policy

B.3.1.2 Governing Body Visibility

To ensure that the Risk Management Framework is effective and well-integrated into the organisational structure and informed decision-making processes, risk management is either the focus of, or a standing agenda point of the Board, the Risk Committee, and the Management Committee. There is an established Board-level Audit Committee that is responsible for oversight of the effectiveness of systems of internal controls; all internal and external audit activities; monitoring of any significant pending legal actions; and review and challenge of the AIUK's financial statements.

The Risk and Compliance function(s) also attend this committee to provide assurance and challenge to the operational effectiveness and performance of the first (business units) and third (internal and external auditors) lines of defence.

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

The Own Risk & Solvency Assessment (ORSA) is effectively an annual risk management process that seeks to document, consider, and equate an insurer's established systems and controls to its balance sheet strength. It therefore forms an important and integral part of a firm's risk management framework.

The Board-approved ORSA policy sets out the associated governance landscape for the assessment and outlines the key established processes, procedures and controls that support the establishment, maintenance, and embedment of an ORSA within the firm, including a description of the processes and procedures in place to conduct and approve the ORSA and consideration of the link between the consolidated risk profile, the approved risk appetite statements, and the solvency requirements.

The process itself sets out to utilise both quantitative (Standard Formula) and qualitative (empirical analysis) methods to identify the set of material risks to which the firm is exposed, assess the measures in place, and calculate the levels and calibre of capital needed to manage the firm's material risks of which the relevant results are produced through the ORSA Summary Report. All operational detail underpinning the ORSA baselines are agreed by the Management Committee prior to being referred to the Risk Committee ("RC") for recommendation of approval to the Board. The tiered review approach ensures a realistic and holistic view of the risk environment so that it properly reflects the nature of the risks faced now and in the short to medium term, in line with the business planning period. In particular, the identified Material Risks have been subjected to rigorous assessment and a range of stress tests/scenario analysis to allow an appropriate identification of potential needs for additional capital, the assessment of availability of capital, the logistics of any potential transfer of capital from the wider Group, and alignment of individual and domain risk strategies.

The following are examples of trigger events which may prompt a rerun of the ORSA Process and update of the ORSA Summary Report:

- Material change to the Consolidated Risk Profile, which measures a capital requirement shift of +/- 20%;
- Breaches of the SCR Risk Appetite resulting from a recalculation of the capital requirement;
- Adjustment of more than +/- 10% to the cession related to the reinsurance programme;
- Restructuring of the Group which resulted in the repurposing of the Firm;
- At the request of the Board or Regulator.

It is recognised that producing an exhaustive list of trigger events for an out of cycle ORSA is not realistic and, as a result, the decision is left to the discretion of the Board, which will consider whether the current ORSA is reflective of the Firm's Consolidated Risk Profile and remains appropriate for strategic decision-making on a continuing basis and ORSA by its nature will always be forward looking.

At each of its meetings, the RC will receive an update from the Risk Function to review the status of the ORSA outcomes.

B.4 Internal Control System

The Group has in existence an Internal Control Framework (ICF) which acts as a record of all controls in operation across the business. The framework is made up of a number of diverse mechanisms for mitigating and managing risks which may impact the business achieving its objectives. These mechanisms are segregated into three distinct functions:

- Control objectives - Control objectives help to establish the scope necessary to address a threat.
- Controls - The technical, administrative, or physical safeguards that exist to prevent, detect, or lessen the ability of a threat to exploit a vulnerability.
- Control activities - A formal method of doing something based on a series of actions conducted in a certain order or manner to meet an identified objective.

Governance of this Framework is demonstrated through monitoring, frequent reassessment, and validation of each identified mitigation mechanism as a business-as-usual activity undertaken by the First Line on a regular basis, and through Compliance Monitoring and the annual Risk and Control Self-Assessment process carried out at the Second Line.

The first line of defence is responsible for drafting and recording any relevant control documentation. This process is regarded as a BAU activity and completed on a regular basis, but no less than quarterly.

The Risk Function is responsible for maintaining a centralised record (the Composite Control Listing) of all internal controls; control documentation; and details of control assessments. Control assessments can significantly extend the reach and visibility of risk and compliance functions by providing a more intimate view of how a control interacts with the risk environment, its precision in relation to the targeted threat, and its overall effectiveness in threat mitigation.

These assessments play a critical role in how the overall Risk Management Framework provides protection to the Company's assets. Control assessments are conducted against how a control is designed and how effective a control operates. This dual assessment approach encourages a speedier identification process with respect to Framework gaps or the onset of control failures. Control assessments are completed as both BaU and through the more formalised evaluation process such as the RCSA and the ICFE. All assessments must be unbiased, up to date, complete (including adverse information) and timely delivered.

The outputs of these assessments must stream upwards in a timely fashion to enable management to make informed decisions. Similarly, management should communicate the informed decisions made as part of the overall embedment of an effective control environment to increase efficiency and the cohesive understanding of the Group's goals and visions. This process is imperative to understand their own role in the overall ecosystem, as well as how individual activities interact with each other. The correct execution of control assessments is therefore critical to maintaining the overall quality of the internal control ecosystem.

B.5 Internal audit function

The Firm is committed to ensuring that Internal Audit (IA) provides reasonable assurance to the Board that major business risks are being managed, and that the framework for risk management and internal control is operating effectively. Reflecting the scale of the business, the Board considers that this can most effectively be achieved by outsourcing the IA function to an appropriately skilled and resourced partner selected via a tender process set by the Audit Committee. The function constitutes the 'third-line' of defence by providing independent review, challenge, assurance, and validation of the effectiveness of the internal controls, as outlined in the Internal Audit Policy, which is reviewed annually.

The Internal Audit function is not responsible for establishing or maintaining internal controls, as this is the responsibility of the 'first line', however the effectiveness of the internal systems of control can be enhanced by the recommendations from Internal Audit reviews, which are set by way of thematic reviews conducted to a planned schedule and reported to the Audit Committees spread throughout the year. The annual audit plans are set accordance with outputs of the RCSA and ORSA processes and are subject to amendment driven by any material change effecting the business.

During 2024, the Internal Audit function completed various reviews in line with the strategic direction of the Firm. There are currently no AIUK-specific open audit actions, although, at the Group-level, 4 open outstanding items related to Product Governance, LaunchPad, Outwards Reinsurance, and Cloud Configuration are being resolved. None of these findings are considered to be of high materiality.

Given the centralised operating model, copies of Internal Audits for Group entities are also circulated for reference, on the basis of their relevance to AIUK's own environment.

The 2025 Internal Audit Plan has been ratified by the Board will cover a wide number of thematic areas that are considered key to the ongoing success of the firm. These areas are:

- Reserving
- Policy and Internal Control Framework
- Consumer Duty
- Solvency II Control Framework
- Underwriting and Portfolio Management
- Bordereaux Management, Processing and Data Quality
- Operational Resilience and DORA
- Technology Infrastructure and Cloud Computing

B.6 Actuarial function

The Actuarial function, led by the Chief Actuary, is primarily responsible for the independent guidance on issues that are material to the financial condition of AIUK. The function uses statistical and analytical assessment of AIUK's financial data, supporting the business and the Board, in making informed decisions when setting risk appetites and tolerances in relation to pricing, reserving, risk management, reinsurance, capital management and investment strategy, and regulatory requirements. The function consists of both first- and second-line responsibilities and is outsourced to Accelerant Services UK Ltd.

B.7 Outsourcing

As part of AIUK's business, certain functions are outsourced to third parties. The Group does not contract out any of its regulatory obligations and remains responsible for complying with these obligations. The Board is responsible for determining which business functions are to be outsourced; for setting the risk appetite in respect of outsourcing; and for delegating to suitable owners and relationship managers the management and control of those outsourced functions.

AIUK's Chief Operations Officer holds the prescribed responsibility for compliance with the Outsourcing part of the PRA rulebook.

As at year-end 2024, the main outsourced functions were:

- Internal audit; which is outsourced to Grant Thornton UK LLP.
- Actuarial support; 1st Line actuarial support is provided by Broadstone Regulatory & Risk Advisory Ltd with Mazars LLP providing 2nd line support to the Risk function.
- Investment management; which is provided by Wellington Management International Ltd.
- Intra-group employment and infrastructure management services (including the Chief Actuarial function); which are outsourced to Accelerant Services UK Ltd (a company within the Accelerant group).
- Insurance portfolio management/binding authority management which are outsourced to the UK Branch of Accelerant Agency Ltd.

B.8 Any other information

There are no additional matters to report.

C. Risk Profile

Consolidated Risk Profile

The Consolidated Risk Profile combines quantitative analysis with lateral empirical qualitative analysis to assess the threats faced by the Firm. Unlike a standard Risk Profile, which relies solely on quantitative analysis, the Consolidated Risk Profile acknowledges that not all risks in our environment can be effectively modelled. It also accounts for the inherent dependencies between prudential and operational risks.

This comprehensive approach strengthens the Own Risk and Solvency Assessment (ORSA) Process, ensuring that the conclusions presented to the Board are multidimensional rather than one-dimensional.

The Consolidated Risk Profile takes into consideration:

- The identified strategic objectives for the planning period;
- The Corporate Governance Framework;
- The Risk Management and Risk Appetite Frameworks;
- Material Risks and the effectiveness of their applied responses;
- The Accelerant culture; and
- Market conditions and the overall external environment.

The quantitative Risk Profile is reflected in the table below:

SCR – By Risk Category	Group/AIUK 2024 (in £'000)	Group/AIUK 2023 (in £'000)
Market Risk	4,169	643
Counterparty Default Risk	5,897	634
Health	301	2
Non-Life Underwriting Risk	27,890	10,860
Diversification Benefit	*(5,599)*	*(767)*
Basic Solvency Capital Requirement	32,658	11,373
Operational Risk	2,185	570
Loss absorbing capacity of deferred tax (LACDT)	*(744)*	*(1,726)*
Solvency Capital Requirement	34,099	10,216

Risk Appetite and Sensitivity

The risk appetite set by the Board defines the level of risk the Firm is willing and comfortable to take in pursuing its strategic objectives. The approved Risk Appetite Statements outline several significant risks inherent in the Firm's normal course of business. These statements are documented in the Own Risk and Solvency Assessment (ORSA) and the broader Risk Management Framework. The Board regularly reviews them to ensure alignment with the Firm's strategic direction and to maintain their reliability in guiding business operations.

The Firm adheres to the 'prudent person principle' by implementing an investment policy that defines its investment approach and sets clear boundaries. Investments outside this policy are strictly prohibited. To reinforce compliance, AIUK collaborates with independent professional investment managers to ensure adherence to this mandate. Governance is maintained through the Group Investment Management Committee, where AIUK has a standing agenda item to monitor its assets, which requires investment managers to provide regular attestations confirming compliance with the prudent person principle.

Stress testing enhances the Firm's understanding of how significant changes in key risk factors could impact its risk profile. This goes beyond the Solvency Capital Requirement (SCR), which captures a 1-in-200-year event over a one-year horizon at a 99.5% confidence level. While stress testing involves assumptions, the outputs help develop effective management actions to mitigate potential risks. More importantly, they confirm the adequacy of the Firm's capital resources under various conditions.

A range of plausible and feasible stress tests has been designed based on the Firm's business strategy, key risks, and ORSA process. These tests include scenario modelling, additional stress scenarios, and reverse stress testing.

Stress tests focus on risks with the most material financial impact on AIUK. These are identified using the 5x5 risk matrix, which measures risk based on likelihood and impact in accordance with the Firm's Risk Management Strategy and Framework. This approach allows for the quantification of inherent risks before the application of controls or mitigation measures, forming the foundation of the stress testing process.

For the reporting period, Stress and Scenario Tests were conducted to assess the impact of key risk factors on capital and solvency, aiding the Firm's decision-making process. The tests identified premium volume, loss ratios, and large losses as primary drivers of capital requirements, emphasizing the need for tailored responses to these stressors.

The results demonstrated the Firm's resilience to specific shocks, such as reduced gross written premium growth and changes in reinsurance structure, which had limited adverse effects on the solvency ratio. Conversely, scenarios involving large losses and significant increases in the loss ratio highlighted the Firm's vulnerability to catastrophic events, reinforcing the importance of robust risk management. The sensitivity of the solvency ratio to external factors, including climate change and inflation risk, underscores the necessity for continuous monitoring and adaptation to economic and environmental conditions.

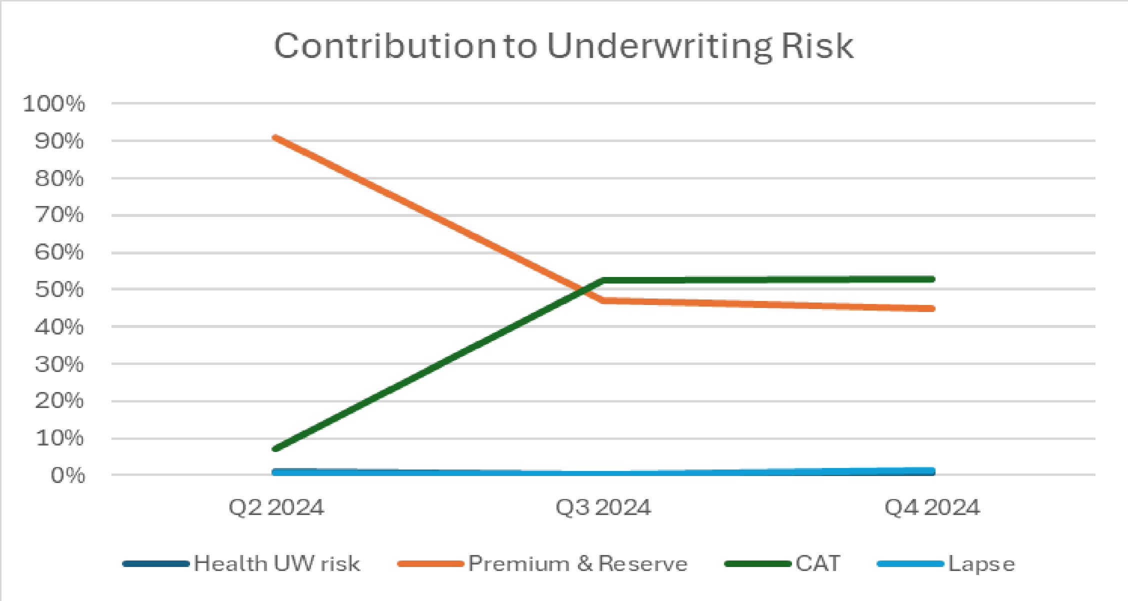
The reverse stress tests indicate vulnerabilities in maintaining a solvency ratio above 100%, prompting immediate actions such as notifying stakeholders, observing non-compliance, and invoking recovery plans to address breaches and maintain regulatory compliance.

C.1 Underwriting risk

The Firm has identified several insurance risks falling within the remit of the Chief Underwriting Officer. These underlying risks include:

- Premium and Reserve Risk;
- Lapse Risk; and
- Catastrophe Risk.

The evolution of underwriting risk throughout the last 3 quarters is shown below:



Furthermore, Underwriting Concentration, Underwriting Fraud or Error, Lack of Underwriting Expertise, Data Quality risk, Delay risk and Unintended Coverage risk through Policy Wording are also considered. Whilst some of these risks are the standard insurance / underwriting risks any insurance company faces, other elements include risks emanating from the Firm's strategy to write insurance business through MGAs.

There are several mitigations and controls in place to mitigate these risks. These include: :

- Limitations around the line size limits;
- Detailed underwriting parameters Portfolio Modelling assists with the visualisation of aggregated risks;
- Clear guidelines for policy wording to help mitigate legal and coverage risks associated with insurance contracts;
- Monthly meetings with Members and TPAs involving underwriting, claims and actuarial teams to discuss ongoing matters and tackle any issues;
- Product Oversight Governance (POG) process and committee, which assesses, challenges and, where appropriate approves new insurance products and material changes to existing insurance products where the end customer is a retail customer;
- Specialised audits on Members and TPAs are carried out periodically to ensure that delegated authorities are exercised responsibly;
- Underwriting audits conducted to evaluate the effectiveness of underwriting processes;
- Quota Share reinsurance cover in place, together with Excess of Loss reinsurance covering specific risks and catastrophic events;
- Binder controls checks in place, ensuring that underwriting decisions align with risk appetite and guidelines;

- Continuous monitoring of the insurance portfolio allowing for real-time evaluation of risk exposure;
- Unexpected deviations are immediately investigated;
- Reserve reviews are carried out at least every 6 months.

Specifically for Catastrophe Risk, the mitigating actions and controls in place include:

- Robust catastrophe modelling and regular validation of model outputs against historical data and industry benchmarks;
- Diversification of exposure across different geographic regions and lines of business to reduce concentration risk;
- Strategic reinsurance placement and optimised reinsurance programs to transfer catastrophe risk efficiently, while ensuring adequate coverage limits and terms;
- Continuous monitoring and adjusting of risk management strategies in response to evolving catastrophe risk profiles and market conditions;
- Conducting stress tests and scenario analyses to assess the resilience of the Company's capital position under extreme catastrophe scenarios;
- Integration of climate change considerations into catastrophe risk management, given the increasing frequency and severity of weather-related catastrophes attributed to climate change.

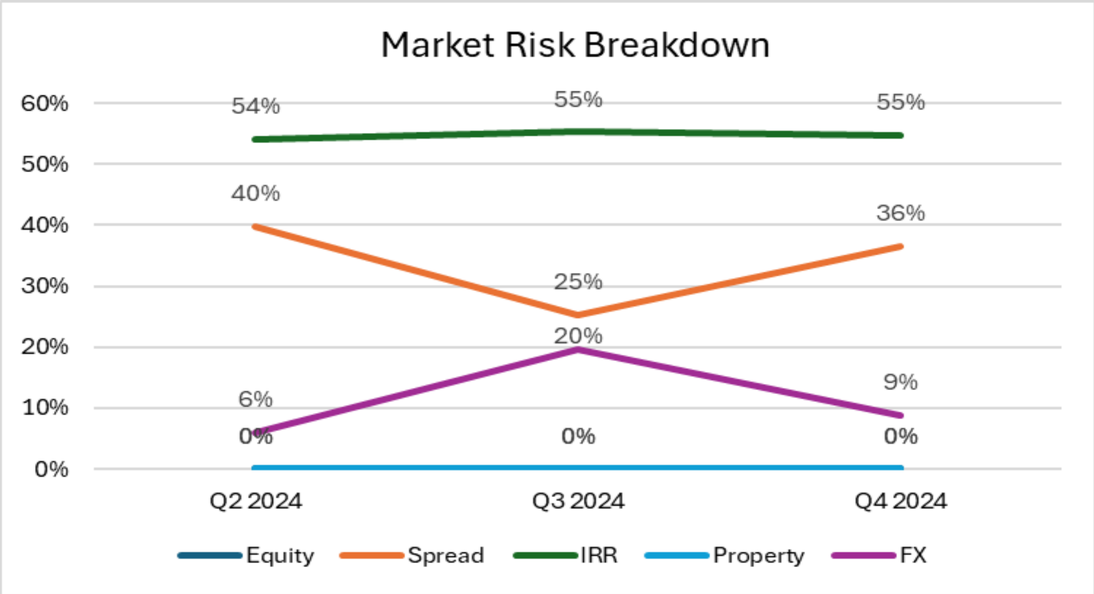
In order to remain within risk appetite, AIUK maintains a proportionate and robust underwriting function to manage the business risk associated with both new and existing insurance liabilities. The function operates within the Underwriting Risk framework parameters and utilises mitigation tools and techniques to monitor loss, adverse changes in insurance liabilities, adequate pricing, and provisioning assumptions. Governance and maintenance of these processes are through solid risk management and internal control policies and practices.

C.2 Market risks

C.2.1 Market Risk

Market risk refers to the risk of loss or adverse change in the financial situation due to fluctuations in market prices of assets, liabilities, and financial instruments. This can be due to the non-performance of the appointed investment manager or investments under management, which negatively impacts Accelerant's results, potentially culminating in having insufficient funds to pay out claims. Fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments, for example through Foreign Exchange (FX) rates or interest rates, resulting in realised losses on the investment portfolio, is another part of it.

Due to the conservative nature of the investment guidelines of AIUK, the following graph showcases the contributions to market risk, which are absent of equity and property but driven by interest rates, spread and currency given the nature of the portfolio composition.



The risk is managed through Service Level Agreements and outsourcing contracts in place with the investment manager, Wellington Management International Ltd, which are monitored by our Treasury Department and reported to the Management Committee, Audit and Risk Committee and the Board. Furthermore, both the Board and Management maintain oversight of the Investment Manager and the investments through quarterly reports provided by Wellington and HSBC on the performance of the investments. From January 2024, the investment management function previously performed by Mercer was transitioned to Wellington Asset Management.

Internal auditors and external regulators further oversee the investment function through audits and SII reporting. Investments are held within two different portfolios, with the underlying assets being highly diversified.

C.2.2 Asset Liability Management ("ALM") Risk

Asset Liability Management (ALM) risk results from an insufficient amount, a different currency or a different timing or duration of assets and the Firm's liabilities, resulting in a mismatch.

Short term cash needs are managed by regular reviews of the Firm's cash forecast, by currency. The Group Treasury team and the AIUK Finance team regularly review the Firm's cash needs for major items, including premium receipts, reinsurance settlements, tax payments, and claims activity.

Liquidity for claims is held by our third-party e-money institution, Vitesse. The float held of near terms claims activity is reviewed with the Accelerant Claims team on a regular basis, with the Claim float replenished on a monthly, and/or, ad-hoc basis, as required. The target float held with Vitesse is to cover the next 45 days' worth of expected claims activity.

The investments are reviewed on a quarterly basis by the Finance Director and the Board, with specialist reports received quarterly from the investment manager.

C.3 Credit Risk

Credit risk is defined as the risk of a counterparty failing to meet their debt obligations. Credit Risk includes Counterparty Default Risk and Concentration Risk. The Firm manages it credit risk through the following actions:

- The majority of the AIUK income is received through Accelerant Agency Ltd an Accelerant Group company, which mitigates credit risk of customers. Payment sources of residual lines of income are diverse and don't form any material concentration areas. Therefore, credit and counterparty risks are centred upon the recoverability of current assets, and management of concentration risk of investments in line with good risk management and impact to capital requirement of SII SCR calculation.
- Employee loans in exceptional circumstances are permitted under the discretionary agreement of the Executives, although the gross loan must be capped at the expected net pay amount of the individuals notice period, to negate credit risk.
- In addition to cash, the investment mandate provided to the investment managers permits only investment grade securities. The information is supplied by independent rating agencies where available and if not available, AIUK uses other publicly available financial information and its own trading records to provide a form of rating.
- All future investment decisions are considered under the Solvency II framework and the prudent person principle.
- Investments are time horizon matched in low volatility, appropriately liquid assets to match the expected liabilities both in value and time. The investment managers ensure the portfolio is spread across funds to minimise concentration risk adhering to the prudent person principle.

C.3.1 Counterparty Default Risk from credit institutions

The underlying risk is defined as a failure of banking or credit institutions or other corporates with which Accelerant has cash, cash equivalents or similar investments.

This risk is mitigated through having a diversified list of banking or credit institutions where Accelerant deposits its cash or cash equivalents, as well as having a diversified investment portfolio. Furthermore, the Firm adopts a minimum credit rating for its banking counterparties at A- and A+ for GBP Funds.

In Solvency II, the counterparty risk charge is divided into Type 1 and Type 2 risks. Type 1 covers exposures with low default probability but high impact, such as reinsurers, banks, and derivatives. Type 2 applies to more diversified, higher-risk but lower-impact exposures, like policyholder receivables and intermediaries. The total counterparty default risk capital requirement reflects the probability of default and potential losses from both types. For AIUK the Type 2 has been the highest driver of counterparty default risk at around 65% of the total CPDR exposure, while type 1 accounts for the remaining 35%.

C.3.2 Counterparty Default from insurance receivables by reinsurers and Members

Accelerant faces counterparty credit risk predominantly from receivables from reinsurers and Members. If receivables are delayed or cannot be recovered, this can put a strain on the Firm's finances and liquidity. Credit risk can also rise due to over-exposure in foreign markets where such markets might have a liquidity shortfall, political issues, or different currency exposures.

Accelerant treats these risks through several mitigations and controls. These are listed below:

- Reinsurance is only purchased from companies that maintain an A- or better rating from an accredited rating agency or provides cash or cash equivalent collateral;
- There is a substantial diversification of reinsurers in place;
- Reinsurance receivables are netted off from the reinsurance premium payments;
- Members are subject to periodic credit reviews;
- Regular monthly meetings are held with every Member. Every quarter a deeper dive meeting is held. These meetings tackle any credit issues;
- Reconciliations of premium receivable bordereaux are performed monthly;
- Credit worthiness is monitored continuously by the Regulatory Efficiency Gains (REG) tool and Accelerant is alerted to any negative change; REG is an international tool used by Accelerant that allows the Firm to monitor the creditworthiness of its partner Members. It interfaces with different available databases on a regular basis and provides a rating of the creditworthiness. Any issues such as a debt not paid by the Firm, provides an alert through the tool which is investigated by the Group.
- Strong operational credit controls are in place for follow-up and collections;
- Premium is received from our outsourced service provider on a monthly basis after 60 days and is reconciled. This is also monitored through the Risk Appetite Statement;
- Our outsourced service provider settles the premiums in the original currency, mainly being GBP, thus limiting Currency Risk; and
- Additionally, there is a contractual link between the amounts due to reinsurance panel and the amounts received from the intermediaries. This means that on default of an intermediary, no reinsurance amount is due to be paid. This limits any second order effects relating from such a default event.

C.4 Liquidity Risk

Liquidity Risk is the risk that the Firm will not be able to meet short-term financial obligations due to the inability to convert assets into cash, or that the assumed liquidity premium used to value illiquid liabilities does not materialise in line with expectations. The underlying risk is that outstanding loss and loss adjustment expense reserves, including Incurred But Not reported (IBNR), are deficient, resulting in the need to make significant reserve adjustments increasing the risk to wide fluctuations in the income statement and liabilities on the balance sheet. Liquidity risk can arise from a number of causes, including insufficient amount, currency and/or timing & duration of assets, resulting in a mismatch with the liabilities of Accelerant and through a liquidity issue with a reinsurer's pay-out.

There are several mitigations and controls in place to mitigate liquidity risk, including:

- Reinsurance Cash Flow remains with Accelerant as Funds Withheld, as quarterly premium payments are netted off against claims receivables due;
- Periodic checks are carried out on the reinsurers' financial stability and the official credit rating. Action is taken in case of downgrade or rating deterioration;
- The reserves are reviewed every quarter to ensure that the IBNR reserve makes sense, and unexpected deviations are investigated;
- There is a half-yearly comprehensive review of the reserves for potential development;
- Monthly claims meetings are undertaken with each Member to discuss claims situation and large losses, in case there is a need for a cash call;
- Review of investments is carried out on a quarterly basis by the Board, Finance Director and the asset manager;
- Cash is held in HSBC, Vitesse escrow account and in highly liquid investments thereby being readily available to support policyholder claims as they come due;
- Bi-Monthly Cash Forecast is carried out;
- Short term cash forecasts are reviewed and approved daily;
- TPAs provide a monthly reconciliation, and funds are replenished in Vitesse (escrow account) to minimise liquidity issues;
- Daily review of Vitesse claims liquidity, reviewing all TPA positions and the master funding position;
- Daily cash management review for all Accelerant bank accounts;
- Daily monitoring and weekly reporting on liquidity;
- Short-term forecasting prior to month-end and mid-month vendor settlements;
- Longer-term capital forecasting on a quarterly basis and through the ORSA.

C.5 Operational Risk

Operational Risk is a key risk for Accelerant and has many different aspects. Operational risks include human resources, internal fraud, outsourcing failure or fraud, finance risks, reliance on third parties for regulatory returns, third-party risk, IT operational risks, development risks and distribution risks. Accelerant treats these risks through several mitigations and controls, including:

- Competitive compensation programme;
- Fostering a positive culture;
- Whistleblower procedures;
- Code of Conduct Policy;
- Internal and External audits carried out, including on associated fraud controls;
- Due diligence carried out prior to any engagement;
- Underwriting, Member and Third Party Administrator (TPA) audits;

- Third Party Risk Management (TPRM) system facilitating the management of third-party risk;
- Various finance controls, including four-eye principle and Management oversight;
- Review of work carried out by third parties prior to being reported to regulatory authorities;
- Product and Technology team in place, responsible for IT reliability, security and development;
- Succession planning in place;
- A well-developed internal control system;
- A Policy, Oversight and Governance (POG) working group and Committee in place to ensure policies are distributed in the right manner and POG requirements are adhered to.

An Operational Risk Quantification Model was developed over the course of 2024 by leveraging internal expertise to assess and compare the operational capital risk charge against the Standard Formula, while also identifying key risk drivers and potential contingency measures. Validated by Risk Management, the model quantifies and evaluates operational risk scenarios based on input from multiple Accelerant teams, providing deeper insights into the dynamics and potential consequences of operational risks. The results have helped to identify critical areas requiring attention and control enhancements, ensuring the appropriateness of the operational risk charge under Solvency II.

Key components of the Group's Operational Risk are as follows:

C.5.1 Business Resilience Risk

Business resilience risk is the risk of not being able to respond to, recover from, and resume operations at acceptable levels of service to customers, clients, and counterparties through significant disruptions (can be related to third parties, cyber, disasters, suppliers, employees, etc.). The Group has implemented an Operational Resilience Framework to sit alongside and complement the existing Operational Risk Framework. The Operational Resilience Framework sets out the policies, process and Impact Tolerances that define the control environment designed to protect and sustain the Group's critical processes, people, and infrastructure in times of operational stress, pressure and disruption, and restore the critical functions of the business in as short a time frame as possible, meaning minimal disruption to business operations and the Group's customers.

C.5.2 Compliance & Legal Risk

Being a regulated entity, Accelerant faces several legal and compliance risks, originating from the insurance regulatory regime, company law and other sectoral primary and secondary legislation requirements (e.g., employment, tax etc.), as well as other international regulatory frameworks. These include records management, legislative and regulatory compliance, international trade or financial sanctions, other non-insurance regulatory compliance, financial crime risks, corporate governance risks, data protection risks, complaints handling risk and local regulatory management. Accelerant treats these risks through several mitigations and controls. These are listed below:

- Implementation of various IT technologies and software to manage regulatory risks and records management;
- Experienced Compliance Officer, Group Head of Compliance and supported by a wider compliance team;
- Compliance policies in place;
- Regular interaction with the regulatory authorities;
- Regulatory training provided to all staff;
- Weekly compliance team meetings;
- Software in place to ensure Accelerant personnel and third parties are not subject to international sanctions;
- Sanctions are also assessed by TPAs, Members and through the escrow account payment system;
- Data protection framework in place, with a Group Data Protection Officer (DPO) appointed and supporting compliance & legal team;
- Specialised complaints handling person, together with supporting team to manage day-to-day complaints;
- Frequent communication with the local regulatory authorities.

C.5.3 Process Risk

Process risk is the risk losses due to failed processes or controls within the business. It is the probability of loss inherent in business processes that supports a business activity, which lacks both efficiency and effectiveness, which may then lead to financial, customer, and reputational loss. To define and subsequentially measure the effectiveness of operational processes and controls within the operating environment, the Group has in place an Internal Control Framework which sets out the policies and procedures in place to protect the integrity of assets and ensure operational and financial resilience of the Group. Alongside, and complimentary to, the Internal Control Framework, sits the Risk & Control Self-Assessment (RCSA) Framework. The RCSA Framework is designed to provide a current view of risks faced by AIUK and the adequacy and effectiveness of the mitigants in place to remain in line risk appetite.

C.5.4 People Risk

People Risk is the risk of a loss or a potential adverse effect due to inability to acquire, develop and/or retain talent and build / maintain bench strength (including training, succession planning, remuneration, key man) to achieve planned objectives. In accordance with the requirements of the SM&CR, a handover policy was first adopted in September 2018. The policy requires that all individuals in the senior management layer and in the certification layer complete and update a handover document on a periodic basis. This document gives an account of the risks and issues they are presently dealing with; management information they are required to produce; regulatory correspondence they are involved in; committees they are participating in, etc. The purpose being to mitigate people risk by ensuring that, in the event of a handover of responsibilities (planned or unplanned, for example, due to incapacity) a successor would be positioned to perform their duties.

A succession planning policy is formalised and in place, which requires that succession risk assessments be performed on all individuals in the senior management layer and in the certification layer. The Nominations Committee uses this data to keep a succession plan up to date for the senior managers and to determine the skills, experience and training necessary to provide potential successors.

Further to the above, the Group has implemented various policies and Frameworks to address People Risk and create a happy, healthy and risk aware culture, such as the Diversity & Inclusion Policy, The Home Working in Exceptional Circumstances Policy, and The Learning & Development Framework.

C.5.5 Third Party Outsourcing Risk

Third Party Outsourcing Risk is the risk of financial or operational loss due to the inadequate management and oversight of major processes, key operations, functions and knowledge that are critical to the business undertaking and provided through third parties arrangements. SS2/21 came into effect in 03/2022 and has made a number of changes to the PRA's supervision of outsourced arrangements (including sub-outsourcing). Outsourcing is key to AIUK's objectives, not only in terms of insurance distribution but also in sourcing resource, expertise, and assurance. At present, outsourcing agreements are in place which define service levels and the service being performed. A thorough Due Diligence Process is undertaken for each Third Party, with an escalation and approval process in place, which includes 2nd Line functions. A series of in-depth underwriting, actuarial, compliance, and claims reviews are in place and evidenced by a formal sign-off.

Credit checks are also performed regularly on all third parties. These credit checks are either done manually or through the REG system. Monthly checks carried out on Members and their directors via Lexis Nexis. The REG system is used during the member application process and on an ongoing basis to check Member credit quality and flag any other potential financial or credit management issues.

The Group recognises its increasing reliance on outsourcing arrangements and is currently in the process of embedding the Board approved Third-Party Risk Management (TPRM) Framework to replace the current Outsourcing Framework. The Framework sets out the enhanced outsourcing strategy, 3rd party assessment criteria and due diligence procedures, expected standards of service, risk acceptance levels, the use of 4th parties, and normal and stressed exit strategies. The Framework also highlights use of the automated assessment tool, LaunchPad which is integral in the oversight process. LaunchPad enforces the TPRM Process and ensures the Due Diligence and Risk Assessment on a TP provider is performed in line with internal and regulatory obligations. This includes relationship monitoring, whereby the system gives an alert when there is a material change for a critical arrangement. The Third-Party Risk Management Framework ensures ownership is assigned and the responsibilities are clear.

Please refer to Section B.7 for a list of the current material outsourcing arrangements.

C.5.6 Information Security Risk

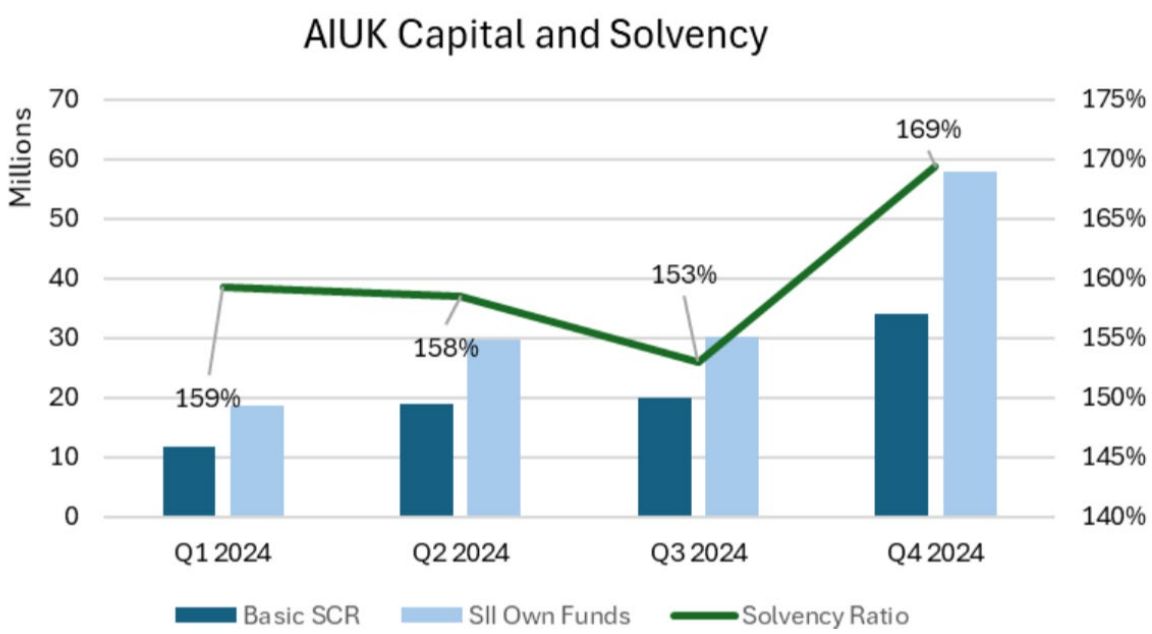
Information Security risk is the risk of loss due to a failure to adequately safeguard the organisation's information or communications systems and data from unauthorised access or use by employees, clients, agents or third parties, and cyber-attacks. The integrity of AIUK's information and communication systems is key to the successful delivery of valuable products to our customers, and maintenance of our success and profitability for our stakeholders. The Group has in place numerous directive measures to manage its Information Security Risk such as the Security Management Framework, The Cloud Governance Policy, and the Cyber Security Incident Response Playbook. An integral part of the Security Management Framework includes quarterly monitoring and reporting of key risk indicators, aggressive access management provisions, and regular tabletop exercises which allows the Group to further refine control design and effectiveness and improve incident response procedures.

C.6 Other Material Risks

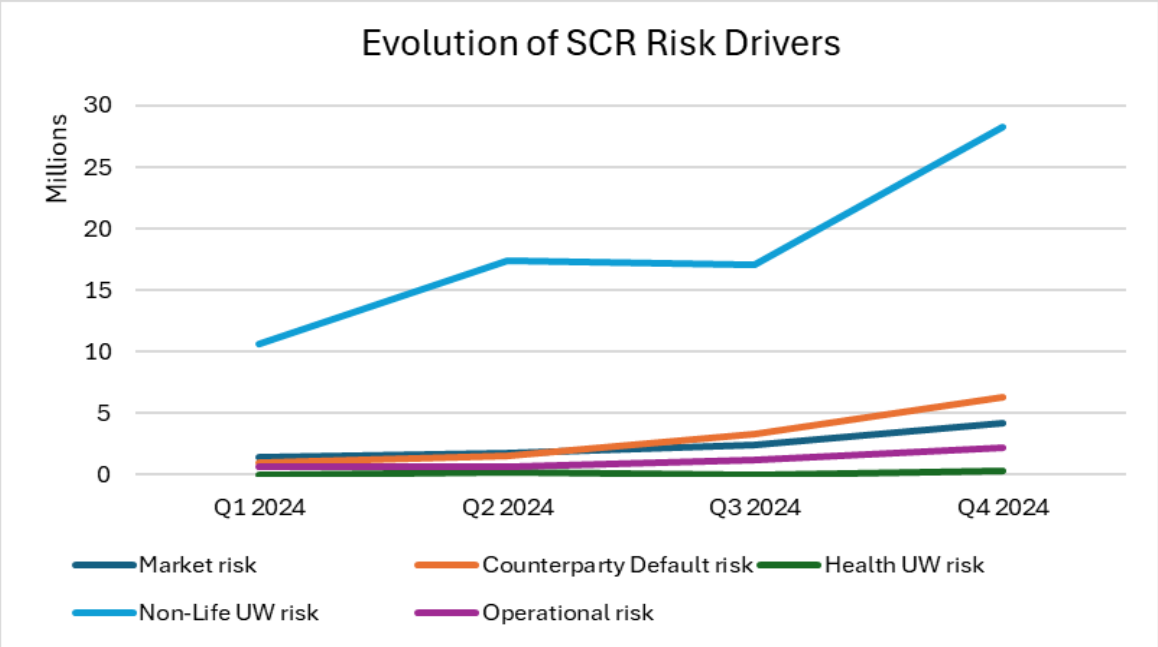
C.6.1 Solvency Risk

Solvency risk refers to the potential inability of the business to meet its financial obligations in full as they fall due, even after the disposal of assets. AIUK's capital management appetite is defined on a Solvency II basis, with a target minimum solvency capital ratio of 150%. The Firm is exposed to various factors that influence capital adequacy, and collectively, these factors can negatively impact profitability, thereby reducing the level of own funds available for capital resources.

Throughout 2024, AIUK maintained a solvency coverage ratio fluctuating between 145% and 169%. A brief dip below the 150% target was swiftly addressed, demonstrating AIUK's strong commitment to maintaining a robust solvency position at all times. Any fluctuations in these ratios are closely monitored by the Management Committee and the Board through Key Risk Indicators to ensure ongoing capital resilience.



The evolution of the SCR risk drivers has been stable and growing following the increase in volumes as seen below:



C.6.2 Inflation Risk

Inflation risk refers to the potential for the prices of goods and services to rise more than expected, thereby eroding purchasing power, or for an unexpected surge in inflation to reduce the real value of investment cash flows. Additionally, inflation risk can drive up claims costs as the prices of materials and services related to claims payments increase.

If early warning indicators suggest that claims costs may exceed forecasts, the Firm would promptly adjust its pricing strategy to mitigate the impact of inflation. Unprofitable products would be reviewed in terms of underwriting terms and pricing, and if necessary, the Firm would take action to discontinue writing such business.

Inflation risk also has implications for investment strategy. The investment portfolio consists of high-quality assets in accordance with the Firm's investment strategy, with an average duration kept low to align with liabilities. However, a rapidly increasing inflationary environment could lead to a mismatch between assets and liabilities, adversely affecting the solvency capital requirement. In the event of materialisation of this risk, the Firm would realign its investment strategy, including reducing exposure to fixed-income investments, to mitigate the impact of inflation.

C.6.3 Reinsurance Risk

Reinsurance Risk is defined as the risk that the insurance undertaking will have to significantly increase capital or look to the Group for assistance in raising sufficient capital, if unable to secure appropriate reinsurance. In line with the Group Reinsurance Policy and the risk acceptance levels approved by the Board, any reinsurance placed must be with a reinsurer that holds at least an A- rating – assessed using S&P and AM Best, with the higher of the two applied – or be fully collateralised. While the Group maintains a low appetite for reinsurance risk, reinsurance remains a key risk mitigation tool within our risk management framework.

Reinsurance Risk can be analysed from several different angles, which are discussed below:

- One of the risks is that of not finding the right reinsurance partners due to insufficient capacity, not at the right pricing, or not at the required credit strength, resulting in under-reinsurance or increased reinsurance spend.
- Another risk is that the data provided to reinsurers is incorrect, resulting in inflated reinsurance pricing, or the reinsurance protection bought is not sufficient.
- Other risks include that the reinsurance contractual terms do not adequately cover what Accelerant writes, resulting in more retained risk exposures than intended and reinsured; that reinsurance recoverable cannot be recovered due to solvency issues, thus putting a strain on the Firm’s finances; and that reinsurance is placed with reinsurers in unstable locations, which gives rise to the risk of failure or delay of payment due to geopolitical or political reasons.
- Accelerant might also have a significant concentration with any one reinsurer or within the same country, resulting in the aggregation of reinsurance risk.
- Furthermore, collateral callability risk is defined as the risk that unforeseen circumstances impact the Firm’s ability to call upon the secured collateralisation which forms the backbone of the reinsurance program.
- Finally, the risk that the Group reinsurance is exhausted, resulting in reinsurance gaps for any additional losses or other entities, and/or additional costs to reinstate cover.

There are several mitigations and controls in place at Accelerant to manage these risks, including:

- Reinsurance process starts early to ensure adequate time for completion;
- Experienced brokers assist with the process;
- Diversification and success of the Firm’s portfolio leads to more interest from reinsurers;
- Four-eye review of data by actuaries;
- Data is reviewed and modelled by brokers, who also assist in the renewal process.
- Policy wordings are reviewed by legal experts to ensure there is no wording mismatch;
- Policy wordings are reviewed by experienced underwriters to ensure no mismatch;
- Experienced staff purchase reinsurance that is aligned by the projections performed by the actuarial team;
- Reinsurance is only purchased from companies that maintain an A- or better rating from an accredited rating agency or post cash collateral;
- Cash call in case of large losses is standard in the agreements;

- Cash flow remains with Accelerant as Funds Withheld as quarterly premium payments are netted off claims, reducing liquidity needs;
- Clauses in place to exit reinsurance contract in case there is a downgrade;
- Periodic checks on the reinsurers' financials;
- Avoidance of certain countries which might be at risk, such as countries who are, or could potentially be, in collision or who tend to be in collision with the USA, UK and / or the EU;
- Periodical scanning for emerging geopolitical risk in the world, especially in countries where we have reinsurers;
- There are limits in place for the maximum limit any one reinsurance and any one country for reinsurers. Reinsurance panel chosen during renewal is based on this principle;
- Actuarial reviews by the Actuarial team on the maximum exposure for the Group;
- Prioritisation of intra-group reinsurance where available. If not available, multiple reinsurance partners to mitigate reliance on a single source and spread risk exposure;
- Comprehensive Collateral Management Policy and process that defines how collateral is to be managed, utilized, and monitored throughout the life of the reinsurance agreement, including the types of eligible collateral and the timing of collateral postings;
- Contractual provisions to minimise collateral callability risk within reinsurance agreements. The reinsurance default risk is included in the counterparty default risk module as part of the SCR Standard Formula calculation and takes into consideration, among others, the ratings of and collateral posted by the reinsurance counterparties.

C.6.4 Strategic Execution Risk

Strategic Execution risk is defined as the risk of losses due to strategic/business planning that relies on inappropriate assumptions. Failure to recognise changes in industry practices and legal, judicial, social, and other environmental conditions resulting in inappropriate business strategy might cause to experience adverse financial results. The Business Plan is compiled with input from all business areas and is signed off by the Board. It sets out what the business sets to achieve in the year in terms of income/profitability, and the strategy for the year ahead based on these projections. Failure to achieve the projections and goals set out within the Business Plan is a key risk to the Group, potentially meaning reduced income and profitability, and inability to put into effect strategic business initiatives set out within the plan. Ultimately, failure to achieve the business plan impacts the viability of the Group, and therefore is a key risk to the business.

C.6.5 Emerging Risk

Emerging risk refers to the potential for unforeseen or previously unrecognised events to negatively impact the Group's financial resources, earnings stability, scheduled dividends, or ability to meet its commercial obligations.

Additionally, AIUK continues to align its Climate Risk and ESG frameworks with regulatory requirements to ensure compliance and reinforce its approach to managing emerging risks.

C.7 Any Other Information

The Firm had no material risk events during the reporting period.

No further information to be reported.

D. Valuation for Solvency Purposes

In general, Solvency II valuation requires a market consistent approach to the valuation of assets and liabilities.

Within Accelerant, the default accounting framework for valuing assets and liabilities is US GAAP, which is dictated by the Group reporting requirements. As such, Accelerant Insurance UK Limited produces a full set of primary statements under US GAAP. Nevertheless, for prudential and local reporting purposes, the accounting framework is UKGAAP.

D.1 Assets

The value of each of the material classes of assets as well as the basis used and main assumptions for valuation are described below.

GROUP

Class of Assets	Ref.	UKGAAP (in £'000)	Solvency II (in £'000)	Difference (in £'000)
Deferred Acquisition costs	a	37,529		(37,529)
Investments	b	92,640	92,640	
Reinsurance Recoverable	c	64,286	45,608	(18,678)
Insurance Receivables	d	45,443	45,169	(274)
Reinsurance Receivables	e	367		(367)
Cash & Cash Equivalents	f	2,111	8,165	6,054
Receivables (trade, not insurance)	g	1,273	18	(1,256)
Any Other Assets	h	8,462	2,372	(6,090)
Total Assets		252,111	193,972	58,140

AIUK

Class of Assets	Ref.	UKGAAP (in £'000)	Solvency II (in £'000)	Difference (in £'000)
Deferred Acquisition costs	a	37,529		(37,529)
Investments	b	92,640	92,640	
Reinsurance Recoverable	c	64,286	45,608	(18,678)
Insurance Receivables	d	45,443	45,169	(274)
Reinsurance Receivables	e	367		(367)
Cash & Cash Equivalents	f	1,961	8,015	6,054
Receivables (trade, not insurance)	g	1,256		(1,256)
Any Other Assets	h	8,462	2,372	(6,090)
Total Assets		251,944	193,804	58,140

D.1.1 Valuation bases, methods and main assumptions

The valuation methods for the assets classes highlighted above are set out below. For some asset classes, differences between the UKGAAP and Solvency II valuation can be observed:

a. **Deferred Acquisition Costs:** The Group a deferred acquisition cost asset in relation to costs incurred while writing policies. These costs are recognised over the lifetime of the policy. Deferred acquisition costs are not recognised for SII valuation purposes.

b. **Investments**: Under UKGAAP and Solvency II, the investments are valued at market value.

c. **Reinsurance Recoverables:** In order to establish the Solvency II value for the reinsurance recoverables, an assessment of the best estimates of ceded reserves to the reinsurers has been performed in line with the Company's evaluation of the technical provisions forming part of the liabilities. In arriving at the Solvency II value, the best estimate reserves have been replaced by the net present value of all future reinsurance cash flows estimated at their best estimate. In arriving at the net present value, the Prudential Regulation Authority (PRA) Risk Free Interest rate curve as at 31 December 2024 was used to discount the future cash flows. Under UKGAAP, the valuation is in line with the technical provisions and should exclude deferred income.

d. **Insurance Receivables:** Insurance receivables are recognized when due and measured on initial recognition at the fair value of the consideration received or receivable. The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement. As the receivables are predominantly short-term balance sheet items, the difference between the UKGAAP value and the fair value under Solvency II is not material. As such, no revaluation is performed between UKGAAP and Solvency II. The insurance receivables are presented on a net basis under Solvency II, subtracting the commissions payable. This causes a classification difference in presentation between the Solvency II balance sheet and the UKGAAP annual accounts.

e. **Reinsurance Receivables:** Under Solvency II, the reinsurance receivables are netted with the reinsurance payables which results in a liability. This causes a difference in presentation between the Solvency II balance sheet and the UKGAAP annual accounts, where the reinsurance receivables and payables are not netted.

f. **Cash and Cash Equivalents:** In the UKGAAP balance sheet, cash and cash equivalents are reported at the notional amount, while in the Solvency II balance sheet, they are reported at market value. There are no valuation differences as the market value is not different from the notional value. Under UKGAAP, the Vitesse claims fund is not considered as cash and cash equivalent, while it is under Solvency II. This causes a difference in presentation between the Solvency II balance sheet and the BEGAAP annual accounts.

g. **Receivables (trade, not insurance):** Receivables are valued at fair value under Solvency II.

h. **Any Other Assets:** Under UKGAAP, the Vitesse claims fund is not considered as cash and cash equivalent but rather as 'Any Other Asset', while it is under Solvency II. This causes a difference in presentation between the Solvency II balance sheet and the UKGAAP annual accounts.

D.2 Technical provisions

The Company presents below the information regarding the valuation of technical provisions for Solvency II purposes including:

- A quantitative explanation of any material differences between the Technical Provisions for Solvency II purposes and those used for financial reporting bases.
- A description of the Technical Provisions valuation bases, methods and main assumptions used for Solvency purposes and those used for financial reporting in the statutory accounts.

SII Technical Provisions	UKGAAP (in £'000)	Solvency II (in £'000)	Difference (in £'000)
Premium Provisions			
Gross	116,687	54,558	62,129
Reinsurers' share	80,074	33,321	46,753
Net	36,613	21,237	15,376
Provisions of Claims Outstanding			
Gross	18,756	18,260	496
Reinsurers' share	13,127	12,288	839
Net	5,629	5,972	(343)
Risk Margin		4,398	(4,398)
Gross Technical Provisions	135,443	77,216	58,227

D.2.1 Valuation bases, methods and main assumptions

D.2.1.1 Process to Calculate the Technical Provisions

The Technical Provisions ("TPs") are carried out in three stages, the first part is the calculation of the best estimate reserves used in the Audited Accounts and Group reporting. Second stage involves adjustment to the best estimate reserves to calculate UKGAAP Technical Provisions. The third stage is the calculation of the specific Solvency II ("SII") adjustments required for the SII TPs. The best estimate reserves are a significant element of the BEGAAP and SII TPs.

The reserving methodology applied by the Company is based on the results of several commonly used reserving methodologies. These include the loss development method, Bornheutter-Ferguson method, and the Initial Expected Loss Ratio ("IELR") method. Initially, the IELR method (ultimate expected cost) is relied upon. The IELR is calculated using the expected ultimate loss ratio multiplied by the premium volume. The expected ultimate loss ratio is determined through the Member's historical experience. This data is obtained at onboarding and an update is provided on a bi-annual basis by the Members. In most cases, this is done by applying the historical loss ratio adjusted for inflation and rate changes to the gross written premium projected for the year. The performance of the individual Members is monitored monthly and any material improvements or deteriorations are reflected in the results.

Under UKGAAP, specific allowance is made for Unallocated Loss Adjustment Expenses ("ULAE") loading. Calculations are performed in line with the relevant laws and regulations.

D.2.1.2 Data

There have been no material issues in gaining the premium and claims data so far. There is, however, limited data and because many actuarial methods rely on having sufficient data this limits the available techniques. Benchmark data has been used for the payment patterns are used in the SII TP calculations.

D.2.1.3 Methodology

The key methodology used to generate the best estimate reserves is to set the Earned Loss Ratio equal to the IELR and this is then reviewed with judgement to assess if additional IBNR is required. As yet no Loss Ratios have been decreased to release reserves. The analysis is carried out for each Underwriting Year, with splits by Members and products or lines of business as deemed appropriate based on the volume of business written and the differences in the mix of business within a particular Member.

The methodology used to adjust the UKGAAP TPs to be SII TPs is to include the:

- Expected profit arising from the unearned premiums
- Include an element for Binary events and Claims handling expenses
- Unallocated Loss Adjustment Expense
- Discount benefit
- Risk margin

These adjustments are made at the total level, i.e. not by accident year.

D.2.1.4 Assumptions

A key assumption, given the method used, is the selected IELR for the various Members and lines of business.

The allowance for the profitability within the UPR is the most material SII adjustments. The loss ratios used for the UPR are the same as those used for calculating the Claims Provisions. This is a reasonable approach, which ensures consistency between the assumptions used in the calculation.

The addition of the Risk Margin is another substantial SII adjustment and the approach assumes the future SCR can be approximated using the expected run-off of the reserves. This is one of the standard methods prescribed by the EIOPA.

Other assumptions used are the ULAE, Events Not In Data ("ENID"), Bound But Not Incepted ("BBNI") and the payment pattern for discounting of the SII TPs. These have smaller impact on the SII TPs compared to the UPR profit and Risk Margin mentioned above. The approach for these additional adjustment follows accepted market methodology and any assumptions used are in line with market benchmarks.

In the Company's view, this approach and these assumptions are reasonable.

D.2.2 Limitations and Uncertainties

The following are general limitations applicable to actuarial analysis:

- A reliance that past history is a reasonable guide to the future;
- Ultimate cost of claims can be affected by many factors which may not yet be prevalent in the loss data, for example inflation, latent claims, new sources of claims, economic / legal / social trends etc;
- For the SII TPs there is additional uncertainty compared to US GAAP reserves as there is more Large Loss exposure in the SII TPs as it also includes unearned exposure;
- Liability classes generally contain uncertainty due to their relatively long development.

There are also a number of uncertainties specific to the Company:

- Due to limited historical data, a reliance is placed on external and benchmark market data, which may not be representative of the business written by the Company.
- Due to the nature of the business written by the Company with exposure to property damage, there is a risk of natural catastrophes and large losses. This is mitigated by extensive quota share and excess of loss reinsurance.

D.2.3 Contract Boundaries

The BBNI premium has been estimated by looking at the individual Members and assessing the number of contracts which are legally bound at the valuation date of 31 December 2024. For all Members, the contractual obligations extend one month after the valuation date. To estimate the BBNI premium volumes, we have taken the planned premium for the next one month and taken this as the BBNI premium. The ultimate loss ratio and other loadings (as per the Solvency II valuation rules) have been applied to estimate the cashflows linked to the BBNI. From these cashflows we have included the profit in the BE PP.

D.3 Other liabilities

Set out in the table below are our other liabilities under Solvency II and UK GAAP:

GROUP

Other Liabilities	Ref.	UKGAAP (in £'000)	Solvency II (in £'000)	Difference (in £'000)
Deposits from reinsurers	a	24,899	24,899	
Deferred Tax Liabilities	b		744	744
Insurance & Intermediaries Payables	c	274		(247)
Reinsurance Payables	d	25,213	24,846	(367)
Payables (trade, not insurance)	e	9,645	8,389	(1,256)
Total Other Liabilities		60,031	58,878	(1,126)

AIUK

Other Liabilities	Ref.	UKGAAP (in £'000)	Solvency II (in £'000)	Difference (in £'000)
Deposits from reinsurers	a	24,899	24,899	
Deferred Tax Liabilities	b		744	744
Insurance & Intermediaries Payables	c	274		(247)
Reinsurance Payables	d	25,213	24,846	(367)
Payables (trade, not insurance)	e	9,605	8,349	(1,256)
Total Other Liabilities		59,991	58,838	(1,126)

D.3.1 Valuation bases, methods and main assumptions

a. **Deposits from reinsurers:** Deposits received from reinsurers contain cash deposits withheld from reinsurers and are stated mostly at face value under both Solvency II and UKGAAP.

b. **Deferred Tax Liabilities**: Under UKGAAP, a deferred tax asset or liability is always kept off balance. Only in specific circumstances a deferred tax liability is recognized on the balance sheet. In the Solvency II balance sheet, deferred taxes are valued on the basis of the difference between the tax bases of assets and liabilities and their carrying values. A positive value to deferred taxes is only attributed where it is probable that future taxable profit will be available against which the deferred tax asset can be used, taking into account any legal or regulatory requirements on the time limits relating to the carry forward of unused tax losses or credits.

c. **Insurance and Intermediaries Payables**: The insurance and intermediaries payables relate mainly to Insurance Premium Tax ("IPT") and Written But Not Incepted ("WBNI") business. The insurance payables are presented on a net basis under Solvency II. This causes a classification difference in presentation between the Solvency II balance sheet and the UKGAAP annual accounts. See also Insurance and Intermediaries Receivables.

d. **Reinsurance Payables**: The reinsurance receivables are netted with the reinsurance payables which results in a liability under Solvency II. This causes a difference in presentation with the UKGAAP annual accounts. The valuation is the same under UKGAAP and Solvency II.

e. **Payables (trade, not insurance):** The remaining payables relate to other debts and are valued at face value. The valuation is the same under UKGAAP and Solvency II as the payables are short term in nature.

D.4 Other information on the valuation for Solvency purposes

Other information regarding the valuation of assets and liabilities of the Company for Solvency II purposes are as follows:

- Volatility Adjustment ("VA"): the Company did not apply any volatility adjustments.
- Transitional risk-free interest rate term structure: the Company has not applied the transitional risk-free interest rate term structure.
- Transitional deduction: the Company has not applied a transitional deduction.
- No Matching Adjustments ("MA") were used.

No other material information regarding the valuation of assets and liabilities warrants disclosure.

D.4.1 Assumptions around future management actions and policyholder behaviour

The business plan is built on a number of assumptions including the reinsurance programme for the year, the expense ratio, and investment return. These assumptions are articulated as part of the business plan.

The plan is also based on selected loss ratios for each class of business. The reserving methodology applied by the Company is based on the results of several commonly used reserving methodologies. These include the loss development method, Bornheutter-Ferguson method, and the Loss per Exposure method.

Initially, the loss per exposure method (ultimate expected cost) is relied upon. The loss per exposure method is calculated using the expected ultimate loss per exposure multiplied by the model year volume. The expected ultimate loss per exposure is determined through the Member's historical data. This data is obtained at onboarding, and an update is provided on a bi-annual basis by the Members. In most cases, this is done by applying the historical loss ratio adjusted for inflation and rate changes to the gross written premium projected for the year. The reserves will be adjusted based upon deviation of actual experience from the expected.

Loss ratios are reviewed each year as part of the business planning therefore should policy holder behaviour change (or indeed other factors affecting the loss ratios such as retrospective legal changes impacting claims) this will be factored into the business plan.

D.5 Any other information

There are no additional matters to report.

E. Capital Management

Below is defined 'what is required' (accountabilities) and 'what must be carried out' (processes and procedures) to manage capital consistently across the Accelerant Group.

The objectives of the Capital Management policy of the company are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- Maintain financial strength to support new business growth;
- Satisfy the requirements of its policyholders and regulators;
- Retain financial flexibility by maintaining strong liquidity;
- Allocate capital efficiently to support growth; and
- Comply with quantitative requirements of Pillar 1 of the Solvency UK Directive.

The Group and AIUK are required to maintain a target capital range of plus or minus ten percent of the Target Capital ratio of 140% and 150% respectively. Any Capital Deficit outside the Target Capital range is expected to trigger a capital contribution by the parent company or other measures to restore the capital position, subject to the approval of the parent company's Board of Directors. Every quarter, the required regulatory capital is calculated. AIUK received capital injections in 2024 listed in table below from the parent company to increase the solvency coverage ratio to support planned business growth.

Date	Capital increase (in £'000)
31/03/2024	8,103
24/06/2024	2,000
27/06/2024	8,800
26/09/2024	4,000
23/12/2024	26,200

The CFO and CRO make sure that there is regular, timely and effective monitoring of capital positions. To ensure that capital efficiency and a sufficient capital base are maintained, the Company completes the following:

- Actual Capital Base - UKGAAP Equity, Solvency II Equity, SCR coverage ratio and return on key asset classes is calculated and reviewed at least annually in line with ORSA Policy;
- Ad hoc basis - when there is a significant event that affect the company's business strategy;

Internal reporting of capital positions: the CFO and CRO make sure that there is regular and effective internal reporting of the capital positions to the Board and senior management;

External reporting of capital positions: the Company produces the following in accordance with Solvency II requirements:

- Quantitative Reporting Templates ("QRTs");
- Solvency and Financial Condition Report ("SFCR");
- Own Risk and Solvency Assessment ("ORSA").

E.1 Own funds

Please refer to below table which illustrates the breakdown of the structure, amount and quality of own funds at the end of the reporting periods being 31 December 2024. The three Tiers are defined as follows:

- Tier 1 own funds is capital that has no features causing or accelerating insolvency e.g. ordinary share capital.
- Tier 2 ancillary own funds are items of capital other than basic own funds which can be called up to absorb losses e.g. unpaid share capital, letters of credit or guarantees.
- Tier 3 ancillary own funds are items of capital which when called up would not qualify as Tier 1.

Group

	December 2024	
Basic Own Funds	Total (in £)	Tier 1 – unrestricted (in £'000)
Ordinary Share Capital	108	108
Share premium account related to ordinary share capital	60,953,385	60,953,385
Reconciliation Reserve	(3,075,945)	(3,075,945)
Total Basic Own Funds	57,877548	57,877,548

AIUK

	December 2024	
Basic Own Funds	Total (in £)	Tier 1 – unrestricted (in £)
Ordinary Share Capital	1,602,108	1,602,108
Share premium account related to ordinary share capital	60,103,337	60,103,337
Reconciliation Reserve	(3,955,500)	(3,955,500)
Total Basic Own Funds	57,749,945	57,749,945

The Company has a simple shareholding structure made up of Tier 1 issued share capital that is 100% admissible under Solvency II.

The reconciliation reserve mainly comprises consolidated losses as per the UKGAAP financial statements coupled with the post-tax impact of changes between the UKGAAP and Solvency II valuation of assets and liabilities described in section D.

E.1.1 Own Funds objectives, policies and processes

The main objectives to manage and monitor Accelerant's own funds and capital are:

- Ensure that the eligible capital continuously meets the applicable regulatory requirements and the levels established in the Risk Appetite.
- Ensure that the projected eligible capital continuously meets the applicable requirements throughout the period covered.
- Ensure that the Company has a medium-term Capital Management Plan in place through the ORSA.
- Capital management will take into account the results from the ORSA, as well as the conclusions reached during that process.
- Within the framework of the medium-term Capital Management Plan, should it be deemed necessary to obtain new resources, the newly-issued capital instruments should be assessed to determine that they meet the requirements to be included in the desired level of quality for eligible capital. Should the eligible capital be insufficient at any time during the period under consideration in the three-year projections, the Risk Management Function should propose future management measures to be taken into account in order to rectify this shortfall and maintain solvency margins within the levels established by the applicable regulations and Risk Appetite. The medium-term Capital Management Plan takes into account compliance with the applicable Solvency II regulations throughout the projection period, taking into consideration the solvency margins aligned with those established in the Risk Appetite.
- Further to the capital management planning within the ORSA, the Company performs a quarterly SCR projection to ensure that the projected eligible capital continuously meets the solvency margins of the Risk Appetite.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

A split of the SCR and Minimum Capital Requirements ("MCR") and the eligible capital are displayed in the following tables:

Description	Capital Requirement (in £'000)	Eligible Capital (in £'000)	Solvency Ratio
Group SCR	34,098	57,877	170%
AIUK SCR	34,098	57,750	169%
AIUK MCR	8,525	57,750	677%

SCR – By Risk Category	Group/AIUK 2024 (in £'000)	Group/AIUK 2023 (in £'000)
Market Risk	4,169	643
Counterparty Default Risk	5,897	634
Health	301	2
Non-Life Underwriting Risk	27,890	10,860
Diversification Benefit	*(5,599)*	*(767)*
Basic Solvency Capital Requirement	32,658	11,373
Operational Risk	2,185	570
Loss absorbing capacity of deferred tax (LACDT)	*(744)*	*(1,726)*
Solvency Capital Requirement	34,099	10,216

The value of the SCR is reduced to allow for the loss absorbing capacity of deferred tax ("LACDT"). This adjustment is calculated in accordance with Article 207 of the Regulation and is equal to the change in the value of deferred taxes that would result from an instantaneous loss amount that is equal to the Basic SCR plus operational risk.

There is no additional diversification benefit at The Group Level.

The differences between the UKGAAP and SII valuation of the Company's Equity are set out in the table below:

GROUP

Explanation of Variances	in £'000
UKGAAP – Excess of Assets over Liabilities	55,646
Solvency II – Excess of Assets over Liabilities	57,877
Variance	2,231
Difference in the valuation and classification of assets	(56,242)
Difference in the valuation of technical provisions	59,216
Difference in the valuation and classification of other liabilities	744
Variance	2,231

AIUK

Explanation of Variances	in £'000
UKGAAP – Excess of Assets over Liabilities	55,519
Solvency II – Excess of Assets over Liabilities	57,750
Variance	2,231
Difference in the valuation and classification of assets	(56,242)
Difference in the valuation of technical provisions	59,216
Difference in the valuation and classification of other liabilities	744
Variance	2,231

Through an assessment carried out as part of the ORSA process, the Company has concluded that the Standard Formula appropriately reflects the risks of the business, given the size and complexity of the Company. This is evidenced as described below.

E.2.1 Overall

The Company does not have a different correlation structure than the one assumed for the Standard Formula. The classes and types of risk included in the SCR cover all quantifiable risks faced by Accelerant for the next 12 months. The Standard Formula model quantifies each of the five main risk categories that the Company is exposed to, being Market Risk, Counterparty Default Risk, Operational Risk, Health Underwriting Risk and Non-Life Underwriting Risk.

E.2.2 Analysis of the SCR

E.2.2.1 Operational Risk

Over the past year, the Company has continued to build on its adequate risk management framework which is considered to be at a standardised level as per the SCR assumptions. Even though the SCR does not define a 'standardised' level of risk management, it is assumed that it implies that all material risks are identified, monitored, measured and mitigated using standard risk management tools such as the continuous use of the risk register.

Under the Standard Formula, the Operational Risk is determined by the larger of the Premiums-based and Provisions-based Risk Components, while being capped at 30% of the Basic SCR ("BSCR").

For the Company, the Provisions-based Risk Component drives the Operational Risk component.

E.2.2.2 Non-Life Underwriting Risk

Non-Life risk can be broken down further as follows:

- Premium and Reserve Risk
  - This is the main driver of Non-Life Underwriting Risk due to the fact that the Company is projecting significant growth in both premiums and reserves.
- Lapse Risk
  - This is a minor component of Non-Life Underwriting Risk because of the short term nature of the contracts.
- Catastrophe Risk
  - Catastrophe Risk is another key driver of the Non-Life Underwriting Risk module. It is mitigated by a well-diversified portfolio across Europe and a number of quota share ,excess of loss reinsurance contracts in place together with an aggregate stop-loss.
  - Catastrophe Risk can be further split into Natural Catastrophe, Man-Made Catastrophe and Other Catastrophe, of which NAT CAT is the highest.

E.2.2.3 Health Underwriting Risk

The (Similar to Non-Life) Health Underwriting Risk submodule follows a similar argumentation as for Non-Life Underwriting Risk, but its materiality is much lower as a whole.

E.2.2.4 Market Risk

The Market Risk that applies to the Company can be further split into the following categories under the Standard Formula:

- Concentration Risk
    - The Company's investment portfolio is divided over a number of well-diversified, highly liquid Undertakings for the Collective Investment in Transferable Securities ("UCITS"); managed by Wellington Asset Management.
    - For these reasons, the Company is not materially exposed to a single counterparty on its investment portfolio which is not captured by the SCR.
- Spread Risk
    - The funds with HSBC and JPMorgan are invested in Money Market Funds.
    - The Company's bond portfolio is relatively standard and therefore the spread assumptions in the SCR are appropriate.
- Interest Rate Risk
    - The Company is not materially exposed to changes in the shape of the yield curve or to inflationary / deflationary risk.
- Currency Risk
    - The Company's currency risk is limited as its insurance business is mainly in GBP. Furthermore, the quota share reinsurance contracts require the reinsurance balances to be settled in the original currency of the policies.

E.2.2.5 Counterparty Default Risk

Counterparty Default Risk can be split into Type 1 exposures, which are based around risk-mitigating contracts with counterparties that are likely to have credit ratings, including reinsurers, banks and cedents counterparties; or Type 2 exposures, which encompass all others, including intermediaries and policyholders.

Counterparty Default Risk for Accelerant is driven by three main drivers:

- Reinsurance (Type 1)
    - Consists of rating-based scenarios that involve a Loss Given Default ("LGD") for each counterparty that the Company is exposed to.
    - The Company has a panel of QS reinsurers whereby each benefit from a strong rating by an External Credit Assessment Institution ("ECAI") or collateral. We also have an AM Best A- rated intra-group QS reinsurance agreement with Accelerant Re (Cayman) Ltd.
- Outstanding bank balances (Type 1)
    - Counterparty Default Risk is also driven by bank balance held with the banks. The Company needs to maintain an adequate buffer in the bank account to meet it insurance and non-insurance commitments on time.
- Insurance balance receivable (Type 2)

- The capital charge is also incurred on insurance premiums receivable from the Members which is classified as type 2 exposure and is subject to a 15% capital charge for the balance not more than 90 days overdue from the agreed credit terms, and a capital charge of 90% for the balance more than 90 days overdue from the agreed credit terms.

E.2.2.6 Simplification Methods Used

The Company uses one of the simplification methods set out within the Solvency II Regulations and guidelines, which is proportional to the nature and scale of the business: Risk Margin simplification method 2, being the Proportional Risk Margin calculation, was used within the Standard Formula Model.

E.2.3 Analysis of the MCR

The MCR is determined using the Standard Formula. Through the use of the Standard Formula, the boundaries of the MCR are determined as follows:

- The MCR is capped at 45% of the SCR, whilst
- The lowest allowed Capital Requirement, i.e. the floor of the MCR, is set at 25% of the SCR. Additionally, there is the Absolute Minimum Capital Requirement of £3.5m.

For 2024, the Company's MCR was defined by the floor set out in the Standard Formula.

Description	in £'000
SCR	34,098
MCR	8,525

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

AIUK does not make use of a duration-based equity risk sub-module set out in article 304 of Directive 2009/138/EC for the calculation of the Standard Formula SCR.

E.4 Differences between the standard formula and any internal model used

The Group, nor AIUK does not make use of a (partial) internal model for the calculation of the SCR.

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

During the full reporting period The Group was compliant with its MCR and SCR.

E.6 Any other information

We have set out to fully comply with the Standard Formula calculation of MCR and SCR and are not aware of any non-compliance. There is a risk within areas of interpretation as to the methodologies and procedures in arriving at these outputs. The Board utilises the expertise of its internal and external advisors to ensure that industry benchmarking, shared knowledge, procedures, and learnings help to mitigate this. To date we have not identified any area where these uncertainties are likely to lead to a material misstatement of our capital requirements.

Appendix

Appendix i: Directors' statement in respect of the SFCR

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

We are satisfied that:

a) throughout the financial year in question, the group has complied in all material respects with the requirements of the PRA Rules and the Solvency II Regulations as applicable to the group; and

b) it is reasonable to believe that the group has continued so to comply subsequently and will continue so to comply in future.

On behalf of the Board

C R Cunningham
C R Cunningham (Apr 3, 2025 13:57 GMT+1)

Richard Cunningham

Chief Financial Officer

Date: 03.04.2025

Appendix ii: Quantitative Reporting Templates

Accelerant Insurance

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Accelerant Insurance UK Limited
Entity identification code and type of code	LEI/213800X5UHKV2UWAE715
Country of the group supervisor	GB
Language of reporting	en
Reporting reference date	31 December 2024
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the group SCR	Standard formula
Method of group solvency calculation	Method 1 is used exclusively
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

-

IR.02.01.02 - Balance sheet

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

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

IR.23.01.04 - Own Funds

IR.25.04.22 - Solvency Capital Requirement

IR.32.01.22 - Undertakings in the scope of the group

IR.02.01.02

Balance sheet

		Solvency II value
	Assets	C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	92,640
R0080	*Property (other than for own use)*	0
R0090	*Holdings in related undertakings, including participations*	0
R0100	*Equities*	0
R0110	*Equities - listed*	
R0120	*Equities - unlisted*	
R0130	*Bonds*	54,749
R0140	*Government Bonds*	25,598
R0150	*Corporate Bonds*	29,152
R0160	*Structured notes*	0
R0170	*Collateralised securities*	0
R0180	*Collective Investments Undertakings*	37,891
R0190	*Derivatives*	
R0200	*Deposits other than cash equivalents*	0
R0210	*Other investments*	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	*Loans on policies*	0
R0250	*Loans and mortgages to individuals*	
R0260	*Other loans and mortgages*	
R0270	Reinsurance recoverables from:	45,608
R0280	*Non-life and health similar to non-life*	45,608
R0315	*Life and health similar to life, excluding index-linked and unit-linked*	
R0340	*Life index-linked and unit-linked*	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	45,169
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	18
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	8,165
R0420	Any other assets, not elsewhere shown	2,372
R0500	**Total assets**	193,972

		Solvency II value
	Liabilities	C0010
R0505	Technical provisions - total	77,216
R0510	*Technical provisions - non-life*	77,216
R0515	*Technical provisions - life*	0
R0542	Best estimate - total	72,819
R0544	*Best estimate - non-life*	72,819
R0546	*Best estimate - life*	
R0552	Risk margin - total	4,398
R0554	*Risk margin - non-life*	4,398
R0556	*Risk margin - life*	
R0565	Transitional (TMTP) - life	
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	24,899
R0780	Deferred tax liabilities	744
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	
R0830	Reinsurance payables	24,846
R0840	Payables (trade, not insurance)	8,389
R0850	Subordinated liabilities	0
R0860	*Subordinated liabilities not in Basic Own Funds*	
R0870	*Subordinated liabilities in Basic Own Funds*	0
R0880	Any other liabilities, not elsewhere shown	
R0900	**Total liabilities**	136,094
R1000	**Excess of assets over liabilities**	57,878

IR.05.02.01

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

		C0010	C0020	C0030	C0040	C0050	C0060	C0070
		Home Country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
R0010								
		C0080	C0090	C0100	C0110	C0120	C0130	C0140
	Premiums written							
R0110	Gross - Direct Business	128,590						128,590
R0120	Gross - Proportional reinsurance accepted							0
R0130	Gross - Non-proportional reinsurance accepted							0
R0140	Reinsurers' share	100,702						100,702
R0200	Net	27,888						27,888
	Premiums earned							
R0210	Gross - Direct Business	34,021						34,021
R0220	Gross - Proportional reinsurance accepted							0
R0230	Gross - Non-proportional reinsurance accepted							0
R0240	Reinsurers' share	27,167						27,167
R0300	Net	6,854						6,854
	Claims incurred							
R0310	Gross - Direct Business	19,222						19,222
R0320	Gross - Proportional reinsurance accepted							0
R0330	Gross - Non-proportional reinsurance accepted							0
R0340	Reinsurers' share	12,286						12,286
R0400	Net	6,936						6,936
R0550	**Net expenses incurred**							0

IR.05.04.02

Non-life income and expenditure : reporting period

		All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations									
				Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal lines	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines
		C0010	C0015	C0110	C0120	C0130	C0140	C0141	C0150	C0151	C0160	C0170	C0180
	Income												
	Premiums written												
R0110	Gross written premiums		128,590	513			0	46,580			122	0	46,335
R0111	Gross written premiums - insurance (direct)		128,590	513				46,580			122		46,335
R0113	Gross written premiums - accepted reinsurance												
R0160	Net written premiums		27,888	278				19,093			20		15,823
	Premiums earned and provision for unearned												
R0210	Gross earned premiums		34,021	104				10,168			55		13,498
R0220	Net earned premiums		6,854	36				3,876			12		4,968
	Expenditure												
	Claims incurred												
R0610	Gross (undiscounted) claims incurred		19,222	69				6,542			20	0	6,783
R0611	Gross (undiscounted) direct business		19,222	69				6,542			20	0	6,783
R0612	Gross (undiscounted) reinsurance accepted												
R0690	Net (undiscounted) claims incurred		6,936	23			0	3,279			5	0	2,560
R0730	Net (discounted) claims incurred	982	982										
	Analysis of expenses incurred												
R0910	Technical expenses incurred net of reinsurance ceded	11,171											
R0985	Acquisition costs, commissions, claims management costs	3,595											
	Other expenditure												
R1140	Other expenses	-1,228											
R1310	**Total expenditure**	10,925											

IR.05.04.02

Non-life income and expenditure : reporting period

		Non-life insurance and accepted proportional reinsurance obligations								Accepted non-proportional reinsurance				Annuities stemming from non-life insurance contracts	Annuities stemming from non-life accepted reinsurance contracts
		General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation and transport	Property		
		Employers Liability	Public & products Liability	Professional Indemnity	Other general liability										
		C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0310	C0320	C0330	C0340	C0525	C0545
	Income														
	Premiums written														
R0110	Gross written premiums	5,512	11,023	4,664	0	92	927		12,823						
R0111	Gross written premiums - insurance (direct)	5,512	11,023	4,664		92	927		12,823						
R0113	Gross written premiums - accepted reinsurance														
R0160	Net written premiums	2,214	4,428	1,874		49	494		-16,385						
	Premiums earned and provision for unearned														
R0210	Gross earned premiums	1,411	2,821	1,194		8	97		4,666						
R0220	Net earned premiums	550	1,101	466		4	49		-4,207						
	Expenditure														
	Claims incurred														
R0610	Gross (undiscounted) claims incurred	640	1,281	542	0	4	42		3,301						
R0611	Gross (undiscounted) direct business	640	1,281	542	0	4	42		3,301						
R0612	Gross (undiscounted) reinsurance accepted														
R0690	Net (undiscounted) claims incurred	249	517	211	0	2	21		68						
R0730	Net (discounted) claims incurred														
	Analysis of expenses incurred														
R0910	Technical expenses incurred net of reinsurance ceded														
R0985	Acquisition costs, commissions, claims management costs														
	Other expenditure														
R1140	Other expenses														
R1310	**Total expenditure**														

IR.23.01.04

Own Funds

		Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
	Basic own funds before deduction for participations in other financial sector					
R0010	Ordinary share capital (gross of own shares)	0	0		0	
R0020	*Non-available called but not paid in ordinary share capital at group level*	0				
R0030	Share premium account related to ordinary share capital	60,953	60,953		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
R0060	*Non-available subordinated mutual member accounts at group level*	0				
R0070	Surplus funds	0	0			
R0080	*Non-available surplus funds at group level*	0				
R0090	Preference shares	0		0	0	0
R0100	*Non-available preference shares at group level*	0				
R0110	Share premium account related to preference shares	0		0	0	0
R0120	*Non-available share premium account related to preference shares at group level*	0				
R0130	Reconciliation reserve	-3,076	-3,076			
R0140	Subordinated liabilities	0		0	0	0
R0150	*Non-available subordinated liabilities at group level*	0				
R0160	An amount equal to the value of net deferred tax assets	0				0
R0170	*The amount equal to the value of net deferred tax assets not available at the group level*	0				
R0180	Other items approved by supervisory authority as basic own funds not specified above	0	0	0	0	0
R0190	*Non available own funds related to other own funds items approved by supervisory authority*	0				
R0200	Minority interests (if not reported as part of a specific own fund item)	0				
R0210	*Non-available minority interests at group level*	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**					
R0250	Deductions for participations where there is non-availability of information (Article 229)	0				
R0260	Deduction for participations included by using D&A when a combination of methods is used	0				
R0270	**Total of non-available own fund items**	0	0	0	0	0
R0280	**Total deductions**	0	0	0	0	0
R0290	**Total basic own funds after deductions**	57,878	57,878	0	0	0
	Ancillary own funds					
R0300	Unpaid and uncalled ordinary share capital callable on demand	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				
R0320	Unpaid and uncalled preference shares callable on demand	0				
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand	0				
R0340	Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	0				
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	0				
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	0				
R0380	Non available ancillary own funds at group level	0				
R0390	Other ancillary own funds	0				
R0400	**Total ancillary own funds**	0			0	0
	Own funds of other financial sectors					
R0410	Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	0				
R0420	Institutions for occupational retirement provision	0				
R0430	Non regulated entities carrying out financial activities	0				
R0440	**Total own funds of other financial sectors**	0	0	0	0	0
	Own funds when using the D&A, exclusively or in combination of method 1					
R0450	Own funds aggregated when using the D&A and combination of method	0				
R0460	Own funds aggregated when using the D&A and combination of method net of IGT	0				
R0520	Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	57,878	57,878	0	0	0
R0530	Total available own funds to meet the minimum consolidated group SCR	57,878	57,878	0	0	
R0560	Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	57,878	57,878	0	0	0
R0570	Total eligible own funds to meet the minimum consolidated group SCR (group)	57,878	57,878	0	0	
R0590	Consolidated group SCR	34,098				
R0610	**Minimum consolidated Group SCR**	34,098				
R0630	**Ratio of Eligible own funds to the consolidated Group SCR (excluding other financial sectors and the undertakings included via D&A)**					
R0650	**Ratio of Eligible own funds to Minimum Consolidated Group SCR**	169.74%				
R0660	**Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)**	57,878	57,878	0	0	0
R0670	**SCR for entities included with D&A method**	0				
R0680	**Group SCR**	34,098				

R0690	**Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A**	169.74%

	Reconcilliation reserve	C0060
R0700	Excess of assets over liabilities	57,878
R0710	Own shares (held directly and indirectly)	
R0720	Forseeable dividends, distributions and charges	
R0725	Deductions for particpations in financial and credit institutions	
R0730	Other basic own fund items	60,953
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	0
R0750	Other non available own funds	
R0760	**Reconciliation reserve**	-3,076

IR.25.04.22

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
	Market risk	
R0070	Interest rate risk	3,354
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	2,097
R0110	Concentration risk	0
R0120	Currency risk	533
R0125	Other market risk	
R0130	Diversification within market risk	-1,814
R0140	**Total Market risk**	4,169
	Counterparty default risk	
R0150	Type 1 exposures	1,661
R0160	Type 2 exposures	4,548
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-312
R0180	**Total Counterparty default risk**	5,897
	Life underwriting risk	
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life-expense risk	
R0230	Revision risk	
R0240	Lapse risk	
R0250	Life catastrophe risk	
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	
R0270	**Total Life underwriting risk**	0
	Health underwriting risk	
R0280	Health SLT risk	0
R0290	Health non SLT risk	301
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	0
R0320	**Total Health underwriting risk**	301
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	23,302
R0340	Non-life catastrophe risk	10,402
R0350	Lapse risk	2,345
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-8,158
R0370	**Total Non-life underwriting risk**	27,890
R0400	**Intangible asset risk**	
	Operational and other risks	
R0422	Operational risk	2,185
R0424	Other risks	
R0430	**Total Operational and other risks**	2,185
R0432	**Total before all diversification**	50,725
R0434	Total before diversification between risk modules	40,441
R0436	Diversification between risk modules	-5,599
R0438	**Total after diversification**	34,842
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	-744
R0455	Other adjustments	
R0460	**Solvency capital requirement including undisclosed capital add-on**	34,098
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	**Solvency capital requirement including capital add-on**	34,098
R0490	Biting interest rate scenario	
R0495	Biting life lapse scenario	
	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	0
R0510	*Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies*	
R0520	*Institutions for occupational retirement provisions*	
R0530	*Capital requirement for non- regulated entities carrying out financial activities*	
R0540	Capital requirement for non-controlled participation requirements	
R0550	Capital requirement for residual undertakings	
	Overall SCR	
R0555	Solvency capital requirement (consolidation method)	34,098
R0560	SCR for undertakings included via D and A	
R0565	SCR for sub-groups included via D and A	
R0570	**Solvency capital requirement**	34,098

IR.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority
	C0010	C0020	C0040	C0050	C0060	C0070	C0080
1	GB	LEI/213800X5UHKV2UWAE715	Accelerant Insurance UK Ltd	Non life insurance undertaking	Companies limited by shares	Non-mutual	Prudential Regulatory Authority
2	GB	SC/213800X5UHKV2UWAE715GB00100	Accelerant Underwriting Holdings UK Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook	Companies limited by shares	Non-mutual	Prudential Regulatory Authority

IR.32.01.22

Undertakings in the scope of the group

Row	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	Criteria of influence: % capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation
	C0010	C0020	C0040	C0050	C0180	C0190	C0200	C0210	C0220	C0230
1	GB	LEI/213800X5UHKV2UWAE715	Accelerant Insurance UK Ltd	Non life insurance undertaking						
2	GB	SC/213800X5UHKV2UWAE715GB00100	Accelerant Underwriting Holdings UK Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook						

IR.32.01.22

Undertakings in the scope of the group

					Inclusion in the scope of Group supervision		Group solvency calculation
	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
Row	C0010	C0020	C0040	C0050	C0240	C0250	C0260
1	GB	LEI/213800X5UHKV2UWAE715	Accelerant Insurance UK Ltd	Non life insurance undertaking			
2	GB	SC/213800X5UHKV2UWAE715GB00100	Accelerant Underwriting Holdings UK Limited	Insurance holding company as defined in the Glossary part of the PRA Rulebook			

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Final Audit Report 2025-04-03

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