

Carrick Re Ltd.
Financial Condition Report
For the year ended 31 December 2025

Carrick Re Ltd. (the “Company” or “Carrick Re”) was incorporated as a Bermuda exempted company with limited liability on November 21, 2019 and licensed as a Class 3A insurer by the Bermuda Monetary Authority (“BMA”) under the Insurance Act, 1978 on April 1, 2020.

Carrick Re operates in the runoff sector of the insurance industry and focuses on the efficient disposition of discontinued businesses. The Company provides solutions for property and casualty insurers seeking to more efficiently allocate their capital, exit lines of business, and manage their exposures in this challenging interest rate environment. Target markets include risks in both the United States and Europe.

1. BUSINESS AND PERFORMANCE

a. Name of Insurer

Carrick Re Ltd.

b. Approved Auditor

Statutory Reporting

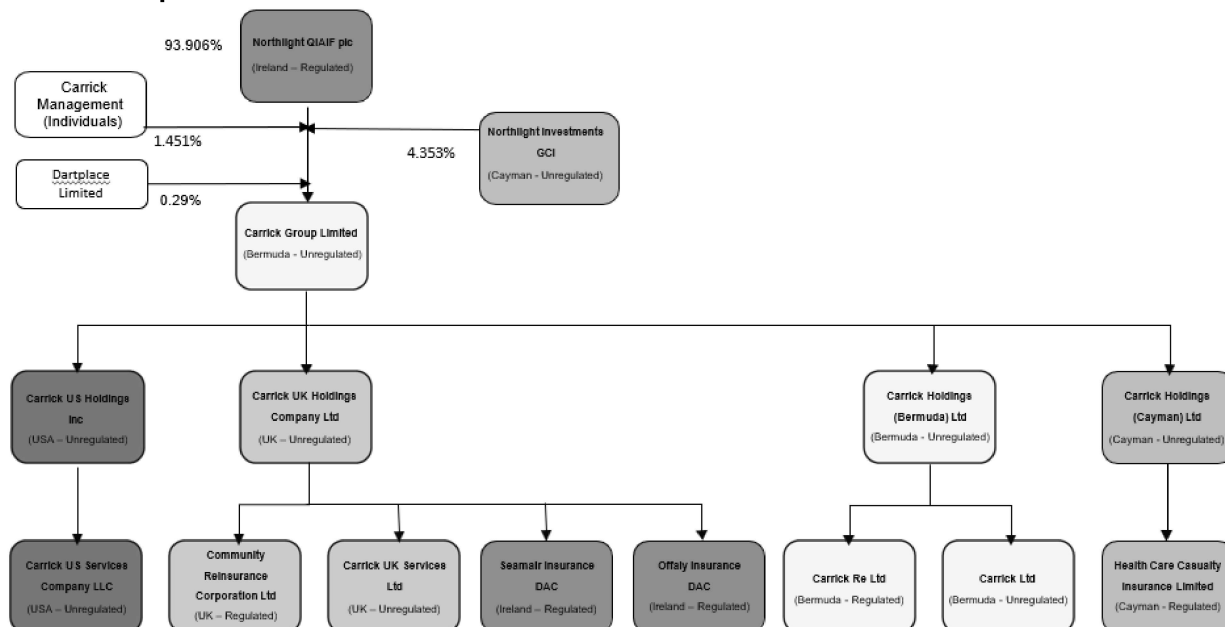
Ernst & Young Ltd.
3 Bermudiana Road
Hamilton, HM08
Bermuda

c. Ownership Details

Carrick Re is wholly owned by Carrick Holdings (Bermuda) Ltd., a Bermuda exempted holding company with limited liability (Holdco). Holdco is directly owned by Carrick Group Limited and capitalized from Northlight QIAIF Plc.

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d. Group Structure



e. Insurance Business Written

The Company has written the following which remained in place for 2025:

- a loss portfolio transfer reinsurance on December 30, 2021
- a loss portfolio transfer reinsurance effective December 1, 2023
- A loss portfolio transfer effective January 1, 2025

f. Performance of Investments & Material Income & Expenses for the Reporting Period

Performance of Investments for the Reporting Period

The Company utilizes an investment approach consisting of investable assets, which are assets not required to support its collateral obligations or fund the cash needs of its insurance and reinsurance operations ("Investable Assets").

Fair Value of Investment

	December 31 2025	December 31 2024
	\$000	\$000
Cash and cash equivalents	4,522	11,797
Fixed income investments	30,877	30,491
Equities	341	-

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Material Income and Expenses for the Reporting Period

	December 31 2025	December 31 2024
	\$000	\$000
Other insurance income	7,105	890
Earnings related to net incurred losses and loss adjusted expenses	(1,360)	4,692
Investment income	3,974	2,685
General and administrative expenses	(7,993)	(4,345)
Net income	1,726	3,922

g. Any Other Material Information

No additional material information to report.

2. GOVERNANCE STRUCTURE

The Company possesses a governance structure that is proportionate to the nature, scale and complexity of its business model and is aligned to the Company's risk profile.

a. Board and Senior Executive

i. Board and Senior Executive Structure, role, responsibilities and segregation of responsibilities.

The Board of Director's (the Board) has the prime responsibility for the sound and prudent management of the Company. The Board maintains a very hands-on approach regarding all key decisions, transactions and ongoing operations and at all times maintains oversight of the functions carried out by each of the outsourced service providers and statutory function holders. The Board's oversight role includes the business performance, the setting and monitoring of business objectives and adherences to the governance framework, including outsourced functions, and to monitor and ensure that solvency requirements are met at all times by the Company.

Carrick Re's Board of Directors is comprised of one executive director and two non-executive directors and three independent directors.

Executive oversight are delegated to the board sub committees. These committees are:

- 1. Underwriting Committee** - responsible for establishment of appropriate underwriting guidelines; review underwriting opportunities and make risk acceptance recommendations; and review underwriting results and the efficacy of underwriting methodology and standards.

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2. **Audit Committee** - responsible for overseeing the financial reporting and disclosure process; monitoring choice of accounting policies and principles; and overseeing hiring, performance and independence of the external auditors.
3. **Claims and Reserving Committee** - responsible for overseeing claims and reserving process; monitoring reserve development; and overseeing hiring, performance and independence of the internal and external actuaries.
4. **Risk and Compliance Committee** - responsible for reviewing and approving Carrick Re's Enterprise Risk Management Program; reviewing with management the progress and results of key risk and compliance management projects; and overseeing management's efforts to manage enterprise wide risks through effective governance, committee and management leadership structures and evaluate senior executives' performance as it relates to risk and compliance efforts.
5. **Investment Committee** – responsible for developing the corporation's investment objectives and corporate policies on investing; monitor the performance of investment funds and investment managers in accordance with the investment policy; and retain or replace investment managers and / or investment funds for the portfolio.

ii. **Remuneration Policy**

The Company pays Independent Non-Executive Board members a flat fee in accordance with established policies approved by the Board. Executive Board members are not directly compensated by the Company.

iii. **Pension or Early Retirement Schemes for Members, Board and Senior Employees**

No pension or early retirement schemes are held by the Company for any of the members of the Board. It should also be noted that the Company has no employees and most of the services are outsourced or provided by employees and senior members of Carrick Group.

iv. **Shareholder Controllers, Persons who Exercise Significant Influence, the Board or Senior Executive Material Transactions**

There are no material transactions to note.

b. Fitness and Proprietary Requirements

i. **Fit and Proper Process in assessing the Board and Senior Executive**

The Company appoints members of the Board based on the individual's expertise and work experience, role within the Company as well as professional judgment.

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ii. Board and Senior Executives Professional Qualifications, Skills and Expertise

Below are details of the Board and Senior Executives' qualifications, skills and expertise:

Tom Nichols (Executive Director and Chief Executive Officer)

Tom Nichols has worked in the insurance industry for over 25 years. Mr. Nichols joined the Carrick Group as Chief Financial Officer for the U.S. and to lead mergers and acquisitions for the group.

Prior to joining Carrick, Tom was the Chief Financial Officer of Enstar U.S. overseeing the management and integration of all U.S. acquisitions and before that, was responsible for the integration and management of U.K. acquisition clients for the Enstar Group. Mr. Nichols qualified as a Chartered Accountant in England & Wales at PricewaterhouseCoopers whilst working in the London insurance division specializing in London Markets and Lloyd's.

Tom has a Master of Arts from University of Cambridge, U.K. and a Master of Science in Natural Sciences from University of Cambridge, U.K.

Phil Hernon (Chief Operating Officer)

Phil Hernon is an experienced run-off practitioner having held various senior roles in the legacy market. Mr. Hernon commenced his 40-year career in the Lloyd's broking market, which included senior positions across various disciplines including premium processing, claims, finance, and broking. Phil joined Carrick in October 2019 to lead the management of their European business.

In 1995 Mr. Hernon was a founding director of Helix U.K. Ltd, one of the pioneers to managing broker run-off matters. He was integral in several global run-off issues, including representing Equitas and other carriers in resolving major disputes and crystallising assets. One of his major clients was Castlewood (later rebranded Enstar), who he joined in 2003 to lead Kinsale, one of the group's subsidiaries. As Managing Director of Kinsale, Mr. Hernon was exposed to a number of high-profile issues across both owned and managed clients.

In 2014 Phil Hernon joined Catalina and was appointed Chief Operating Officer of Europe, and Chief Executive Officer of the U.K. owned companies. During his time at Catalina he restructured the U.K. operations and managed the integration and run-off of some major acquisitions and was responsible for the European subsidiaries' run-off strategies particularly in Ireland and the U.K.

Devin O'Malley (Chief Financial Officer)

Devin O'Malley has worked in the insurance industry for over 15 years. Mr. O'Malley is the Chief Financial Officer and Head of Mergers and Acquisitions for Carrick Group.

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Prior to joining Carrick, Mr. O'Malley was Chief Strategy Officer and part of the founding team of SunPoint Re, the legacy insurance arm of Fosun Group, where he moved to Bermuda to establish the home office. Prior to SunPoint, Devin was a strategic consultant in the private equity and insurance space where he advised clients and produced modeling for special projects including mergers and acquisitions, business plans, capital adequacy, and risk transfer. Mr. O'Malley started his career in actuarial roles with Willis Re and XL Insurance.

Mr. O'Malley graduated from Binghamton University with a B.S. in Mechanical Engineering and minors in both Mathematics and Computer Science and is a CFA charterholder.

Michael Watson (Chairman of the Board, Independent Non Executive Director)

Michael joined the Board of Carrick Group in December 2023. He also serves as Chairman of InsurX Holdings, a digital risk placement exchange for the global corporate and specialty insurance market and as a Director of Carbon Underwriting Limited, a data-driven Managing General Underwriter specialising in international delegated underwriting arrangements.

Michael is the founder and former Chairman & CEO of Canopius Group, a global specialty (re)insurance business writing in excess of \$4 billion GWP. He led the business through two management buy-outs, two sales to strategic investors, and four major acquisitions. Canopius now operates the largest syndicate at Lloyd's. Michael has over 45 years' experience in financial services gained in London, New York, Bermuda and Ireland. His sector involvement includes commercial and investment banking, trade finance, securities dealing and life insurance. For the past 30 years, his focus has been specialty property and casualty insurance and reinsurance on a global basis.

Michael is a former Member of the Council of Lloyd's and Board member of the Lloyd's Market Association. He began his career with Arthur Andersen & Co where he qualified as a Chartered Accountant.

Susan Pateras (Independent Non Executive Director)

Susan has over 25 years' experience in (re)insurance working in various domiciles including London, New York and Bermuda. As the former Chief Operating Officer of Liberty Mutual Bermuda (formerly Ironshore Insurance Ltd.), Susan has demonstrable in-depth knowledge and strong track record shaping strategic expansion and creating underwriting and operational transformation as evidenced through;

- Driving shareholder value and developing client solutions for risk while building and scaling two startups.

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- Holding executive roles at Marsh, WTW, Integro, Ironshore, and Liberty Mutual Bermuda, leading underwriting, distribution, and C-suite operations while creating new roles and opportunities for professionals to thrive.
- Serving as an Independent Director for financial services companies, guiding strategy and governance.
- Speaking and sharing insights on digital transformation, leadership, and the evolving future of Re/Insurance.
- Attending Temple University (Philadelphia, PA) graduating with a dual major in Risk Management & Insurance and Business Law and The Moller Institute, at The University of Cambridge – Advanced FDI Leadership program.

As a veteran insurance executive, Susan currently serves as an INED for a diverse portfolio of financial services companies, providing strategic oversight in governance, compliance, and risk management while supporting strategy and opportunities for growth.

Alan Waring (Independent Non Executive Director)

Alan has over forty five years' experience in the (re)insurance industry, within both the (re)insurance carrier and (re)insurance broking sectors. 16 of those years were in Dublin and London and over 30 years have been in Bermuda and the U.S. During that time, he has at one time or another been involved in direct line responsibility for every aspect of the (re)insurance industry, from raising capital to form a company, building businesses and divisions within businesses, to management responsibility for all company operations including finance, HR and IT.

Alan has been particularly recognized for his expertise in the design and implementation of individual entity and group insurance and reinsurance placements, single and multiline programs, captives and rent-a-captives, for both public sector and commercial clients.

Shahar Zer (Non Executive Director)

Shahar is a Partner of Northlight Group and member of the Investment Committee and Management Committee for the Northlight funds.

Shahar was previously at JP Morgan Private Bank (2008-2009), leading the establishment of the European Global Sales Trading desk in Europe. At Lehman Brothers Europe (1998-2008), Shahar ran the Leveraged Loan Trading Desk, managing the Syndicate Desk risk (2007-2008) and the build-out of the European high yield trading desk, after a position as a high-yield and distressed credit analyst. Shahar began his Lehman Brothers' career in the M&A Group of the Investment Bank.

Shahar holds a BA in Economics and Political Science from the University of Rochester (US) and an MSc in Finance and Accounting from the London School of Economics.

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Elizabeth Rasskazova (Non Executive Director)

Elizabeth is a Senior Research Analyst at Northlight Group. Prior to joining Northlight in 2020, Elizabeth was a Portfolio Manager with Polygon Partners, focusing on distressed and event-driven credit investing.

Elizabeth started her career at Goldman Sachs European Special Situations Group in 2005. She holds graduate degrees in Economics and Finance from the University of Cambridge, and the London School of Economics.

A native Russian speaker, Elizabeth is fluent in English and German and also speaks French and Italian.

Adrian Kimberley (Head of Financial Reporting)

Mr. Kimberley has over 25 years of experience in the insurance industry including 16 years working for Enstar Group Ltd. in progressively senior finance roles culminating in his role as Chief Accounting Officer and Head of Financial Reporting for the Group. Mr. Kimberley has been a Chartered Professional Accountant for 35 years and is a member in good standing of the Bermuda institute.

c. Risk Management and Solvency Self-Assessment

i. Risk Management Process & Procedures to Identify, Measure, Manage and Report on Risk Exposures.

The Company's risk management policies are implemented to support the Company's risk management strategy, the Risk Appetite, and specific risk controls and follows a five-step approach to risk exposures:

- Identify Risk – identify significant risks that could materially affect the financial position or objectives of the organization and include these risks in the Company's risk register.
- Assess - the risk exposure level, defined as the product between the probability of the risk occurrence and the impact of the risk for the Company and compare it to the Risk Appetite framework;
- Manage - risks by identifying the appropriate risk response with which to develop a plan to mitigate, transfer or resolve, with actions assigned to owners;
- Implement - the actions defined in the response to the risk;
- Monitor - update on the progress of actions undertaken to mitigate the impact of risks and escalate through reporting.

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The policies are approved by the Board of Directors and must be reviewed at least annually or at any time when an external or internal event occurs with a significant impact on the Risk Management Framework.

ii. Risk Management and Solvency Self-Assessment Systems Implementation

The Company's risk management framework is implemented and integrated into its operations through the systems, processes and procedures, and controls developed by management proportionately applied cognizant of the Company's current risk profile.

iii. Relationship Between Solvency Self-Assessment, Solvency Needs & Capital, and Risk Management

The Company's Commercial Insurer Solvency Self-Assessment ("CISSA") is a formal guide that outlines the company's strategy, short and longer-term business goals, and the quality and quantity of capital needed to support these plans. The CISSA seeks to identify and measure all material risks, and aids in the decision-making process regarding which risks it can eliminate, transfer or retain within its agreed risk appetite and tolerance. The process, upon considering severe stress events, also facilitates the identification of contingent sources of capital support, if required, to ensure that the Company continues to achieve its agreed strategic objectives. Carrick Re have used the BSCR 3B model and have not allowed for credits for reserve risk. Carrick Re anticipates maintaining a post licensing target capital level above 150% of the BSCR's ECR.

From a risk return perspective with rigorous underwriting protocols, it is expected that risks assumed by Carrick Re will have a risk profile lower than risks normally assumed by the traditional insurance and reinsurance market.

The Company's Solvency Self-Assessment Report is prepared by the risk management function in consultation with relevant functions and the business units and reviewed by the CFO, CEO and Risk and Compliance committee. The report is then provided to the Board for approval with emphasis upon the Company's capital requirements, significant changes during the period, current and emerging risk exposures, and how the exposures are managed and mitigated in the risk management framework. The Company's CISSA is designed to address all the minimum BMA CISSA requirements.

During the 2025 financial year, the Board and Risk and Compliance Committee considered the outcomes of the Company's CISSA as part of capital planning and risk oversight. The CISSA assessed the Company's solvency position under base and stressed conditions.

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The results confirmed that the Company remained above both regulatory capital requirements and its internal target capital ratio following all modelled stresses. These outcomes informed the Board's decision to maintain capital buffers above the target solvency ratio and to prioritise capital preservation following the Loss Portfolio Transfer written effective 1 January 2025.

The CISSA results were also considered when reviewing the Company's risk appetite, underwriting activity, and capital planning assumptions for the business plan.

d. Internal Controls

i. Internal Control System

The Company operates an internal control system proportionate to the nature, scale, and complexity of its run-off reinsurance business. Key operational, financial reporting, reserving, and investment controls are performed by outsourced service providers, including the appointed Insurance Manager, under formal outsourcing agreements.

- ii. Management oversight of these controls is maintained through regular reporting, review of management information, committee oversight, and escalation processes. The effectiveness of the control environment is monitored through Board and committee reporting, independent actuarial review, and targeted internal audit activity.**

Compliance Function

The Governance, Risk & Compliance function is responsible for monitoring the Company's compliance with applicable laws, regulations, and the BMA Insurance Code of Conduct. This includes regulatory filings, ongoing compliance monitoring, oversight of outsourced activities, regulatory change management, and escalation of compliance matters to senior management and the Board.

Internal Audit

The Company has appointed PwC Bermuda to develop the internal audit function, provide support in performing internal audit projects, including the development of internal audit charter and internal audit plan for the year ending December 31, 2025.

Internal Audit reports to the Audit committee and ultimately the Company Board on the effectiveness of the Company's system of internal controls and the adequacy of this system to manage business risk and to safeguard the Company's assets and resources.

e. Actuarial Function

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The Actuarial function is accountable for actuarial methodology, reporting to the relevant governing body on the adequacy of reserves and capital requirements, and on the adequacy of any underwriting and reinsurance arrangements. The Actuarial function has authority to review all areas of the Company and has full, free and unrestricted access to all activities, records, property and personnel necessary to complete its work.

The initial establishment of claim reserves and ongoing monitoring of claim activity will be outsourced to Carrick US Services Company LLC and Carrick UK Services Ltd who, as indicated above, employ an experienced team of professionals with significant industry experience in successfully managing similar portfolios. Service companies will also oversee the actuarial input for both pricing and program maintenance. Consistent with industry practice, loss reserves will be based on a combination of paid, case and industry reserve methodology indications.

Annually, Carrick Re's independent Loss Reserve Specialist, will opine on Carrick Re's held reserves for both statutory and year end reporting purposes. Derek Chapman, Davies Actuarial, Audit, & Consulting, Inc., has been appointed the Loss Reserve Specialist.

f. Outsourcing Policy and Key Functions that have been Outsourced

The Company utilizes group appointed specialists and contractors as outsourcing partners to assist in the day-to-day management and other key services including; M&A, corporate secretary, insurance management, and Investment Management. The Company has agreements in place with its outsourcing partners.

g. Other Material Information

No other material information to report.

3. RISK PROFILE

a. Material Risks and Changes During the Reporting Period

The Company's main risk categories are:

- 1. Insurance Risk** – This is the risk associated with underwriting, reserving and compliance with corporate appetite and strategy when evaluating risks. Underwriting occurs the Company, which is responsible for the underwriting of the global exposures. Business is accepted by way of a reinsurance contract once the risk has been evaluated and accepted by the Underwriting Committee and recommended to the Board. All business is accepted by the Underwriting Committee following committee guidelines. The performance of the underwriting contracts is reviewed by the Underwriting Committee on a quarterly basis. Carrick is responsible for the loss reserving and assumptions are reviewed by the appointed Loss Reserve Specialist and the Company Board.

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2. **Financial Risk** - The company describes this risk as loss arising from adverse change and volatility of market prices of investments and adverse change in other assets, losses arising due to uncertainty in the market. Losses due to the failure of the security issuer, reinsurer or a lender and unanticipated losses due to inaccurate financial assumptions. Investments and capital levels are managed so that they are aligned to any applicable regulatory and policy requirements. Cash and investments need to be maintained such that they fall within the scope of the Investment Policy. The Board will consider if the investment portfolio and the policy is achieving its strategic objectives at least quarterly.
3. **Operational Risk** - This is the risk of loss arising from inadequate or failed internal processes and/or systems, from employees and/or from external events. Report to the Board on the occurrence of any deviations of operational risks from the agreed risk appetite or risk tolerance; Carry out the risk evaluation of operational risks using the Risk Register for the purposes of identifying, assessing, mitigating, managing, monitoring and reporting the operational risks the Company is or might be exposed to; and report to the Board on the assessment, mitigation, and management, of the operational risks the Company is or might be exposed to.
4. **Strategic Risk** - Risk of loss arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes (i.e. the risk associated with implementing the wrong strategy or failing to correctly implement the chosen strategy). Review at least annually the appropriateness of the high-level overall objectives for the Company; the major risks facing the Company; the Risk Appetite for each of these major risks identified. The Board of Directors will ensure continuing appropriateness, at least annually and revisions will be made where necessary. Ensure the Company strategy is implemented correctly including approval, review and, monitoring of agreed key performance indicators for the Company. Ensure all plans are regularly reviewed to ensure that risk tolerances are not exceeded individually or in total. Compare actual versus target performance on a regular basis (as defined for each objective) and produce an analysis explaining the reasons for deviations. The Company Board will regularly review strategic alternatives and threats to the business, will implement a robust compliance framework, will lead by example in requiring the most ethical behavior and will ensure that the highest standards are applied in respect of the reputational risks of the company.
5. In addition to the risks described above, the Company considers the following risks to be material to its business model:
 - a. **Liquidity risk**, arising from the need to meet claims and expense payments as they fall due;
 - b. **Credit and counterparty risk**, including exposure to reinsurers, investment counterparties, and service providers;

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- c. **Concentration risk**, including concentration by cedant, counterparty, asset class, and investment issuer;
- d. **Legal and litigation risk**, including adverse court rulings impacting reserve adequacy;
- e. **Reputational risk**, arising from operational failures or regulatory non-compliance.

Material Changes to the Risk Profile During 2025

During the reporting period, the Company entered into a Loss Portfolio Transfer contract effective 1 January 2025. This transaction represented a material change in the Company's risk profile. These changes were assessed by management and reviewed by the Board through the Company's risk management and solvency assessment processes.

b. Risk Mitigation in the Organization

The Company mitigates identified risks through the risk management function with oversight from the Board of Directors. The Board oversees corporate governance practices, reviews the Company's risk appetite and risk strategy, oversees and monitors implementation of the risk appetite, and oversees the design, completeness and effectiveness of the risk management framework.

c. Material Risk Concentrations

The Company has developed investment policies and guidelines which are used by the Risk and Compliance Committee of the Board to monitor various concentration risks in relation to its investments. The Company monitors its sectors concentration, issuer concentration and country limits to ensure these are in line with the investment policies and guidelines in place.

d. Investment in Assets in Accordance with the Prudent Person Principles of the Code of Conduct

The Company entered into an investment management agreement with Northlight Group Plc, an investment management firm, to manage the investment portfolio in line with the Company's investment guidelines and policies. The Company employs a prudent investment approach that requires that a highly liquid and well-balanced portfolio of primarily fixed income securities is maintained to support technical provisions and that claims will be paid on a timely manner as they arise. The size of the investment portfolio is determined by the amount of technical provisions recorded for a given period plus any additional capital.

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The investment guidelines are reviewed on an annual basis or ad hoc basis if any significant deviations have occurred that affect the financial markets.

e. Stress Testing and Sensitivity Analysis to Assess Material Risks

The Company performs stress testing and scenario analysis as part of its capital adequacy and risk management framework, including within the CISSA process. Stress scenarios consider adverse reserve development and investment market shocks appropriate to the Company's run-off reinsurance profile.

The results of these stress tests indicate that the Company remains able to meet its regulatory capital requirements following the application of the stressed scenarios. Stress testing outcomes are reviewed by senior management and the Board and are considered in capital planning and risk appetite monitoring.

4. SOLVENCY VALUATION

a. Valuation Bases, Assumptions and Methods to Derive the Value of Each Asset Class

The Company has used the valuation principles outlined by Bermuda Monetary Authority's Guidance Note for commercial insurers and insurance groups' statutory reporting regime dated 8 September 2023 ("Statutory Reporting Regime") for the reporting period's statutory filing. The economic valuation principles outlined in this document are to measure assets and liabilities with the overarching principles of substance over form and proportionality. The fair value principles used for the assets are as follows:

- Cash equivalents shall include money-market funds and fixed-interest deposits placed with a maturity of under 90 days when purchased. This will also include restricted cash. Cash and cash equivalents shall be included in the EBS at fair value in line with the GAAP with both changes in fair value and realised gains/losses netted off Statutory Economic Capital and Surplus.
- Funds held by ceding reinsurers receivable shall be recorded at fair value in line with GAAP. In cases where the GAAP principles do not require fair value, the insurer shall value the balances using the EBS valuation hierarchy.

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b. Valuation Bases, Assumptions and Methods to Derive the Value of Technical Provisions

The Company has used the valuation principles outlined by Bermuda Monetary Authority's Guidance Note Actuary's Opinion on EBS Technical Provisions dated December 2017

Insurance technical provisions are valued based on best estimate cash flows, adjusted to reflect the time value of money using a risk-free discount rate term structure with an appropriate illiquidity adjustment. In addition, there is a risk margin to reflect the uncertainty contained inherent in the underlying cash flows which is calculated using the cost of capital approach and a risk-free discount rate term structure. The discount rate term structures are prescribed by the Bermuda Monetary Authority for each reporting period.

The best estimate for the loss and loss expense provision is calculated by using US GAAP reserves as the starting point and then performing a series of adjustments:

- Removal of prudence margins.
- Incorporation of events not in data (ENID).
- Discounting of cash flows.

Technical provisions were computed as follows:

	December 31 2025	December 31 2024
	\$000	\$000
Nominal GAAP loss and loss expense reserves	59,210	20,767
Reserve discount	(20,116)	(6,772)
Risk margin	12,272	3,917
Total technical provisions	51,366	17,912

c. Description of Recoverables from Reinsurance Contracts

Not applicable. The Company had no outwards reinsurance contracts as of December 31, 2025.

d. Valuation Bases, Assumptions and Methods to Derive the Value of Other Liabilities.

Similar to the valuation principles for assets, the Company's liabilities follow the valuations principles outlined by Statutory Reporting Regime, which values liabilities at a fair value basis. All other liabilities are valued on a GAAP basis and settlements not expected to be settled within a year, are discounted using the prescribed discount rates provided by the Bermuda Monetary Authority as December 31, 2025. In the absence of an active market, prices are based on observable market inputs.

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e. Any Other Material Information

No additional material information to report.

5. CAPITAL MANAGEMENT

a. Eligible Capital

i. Capital Management Policy and Process for Capital Needs, How Capital is Managed and Material Changes During the Reporting Period

The principal shareholders' capital management philosophy is to prioritize policyholder security and safety over distribution of profits and releasing excess capital.

The Company's capital planning process considers projected liabilities, business plans, stress testing outcomes, and its risk appetite. Target capital levels are assessed with reference to the Company's solvency requirements under the BSCR, internal target ratios, and the risk profile of its run-off portfolio.

During 2025, the capital planning process took account of the Loss Portfolio Transfer transaction effective 1 January 2025 and its impact on solvency, liquidity, and reserve risk.

ii. Eligible Capital Categorized by Tiers in Accordance with the Eligible Capital Rules

At the end of the reporting period, the Company's Eligible Capital was categorized as follows:

	December 31 2025	December 31 2024
	\$000	\$000
Tier 1	29,145	21,460

All the capital is Tier 1, the highest quality capital, consisting of capital stock, contributed surplus, and statutory surplus.

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iii. Eligible Capital Categorized by Tiers in Accordance to the Eligible Capital Rules Used to Meet ECR and MSM Requirements of the Insurance Act

At the end of the reporting period, the Company's Eligible Capital for its Minimum Margin of Solvency (MSM) was categorized as follows:

	December 31 2025	December 31 2024
	\$000	\$000
Tier 1	8,882	3,115

iv. Confirmation of Eligible Capital That is Subject to Transitional Arrangements

Not applicable.

v. Identification of Any Factors Affecting Encumbrances on the Availability and Transferability of Capital to Meet the ECR

Not applicable.

vi. Identification of Ancillary Capital Instruments Approved by the Authority

Not applicable.

vii. Identification of Differences in Shareholder's Equity as Stated in the Financial Statements Versus the Available Capital and Surplus

There were no differences between the GAAP shareholder equity and the available statutory capital and surplus.

b. Regulatory capital requirements

i. ECR and MSM Requirements at the End of the Reporting Period

At the end of the reporting period, the Company's regulatory capital requirements were assessed as follows:

	December 31 2025	December 31 2024
	\$000	\$000
Minimum Margin of Solvency	8,882	3,115
Enhanced Capital Requirement	14,877	5,421

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ii. Identification of Any Non-Compliance with the MSM and the ECR

Not applicable.

iii. A Description of the Amount and Circumstances Surrounding the Non-Compliance, the Remedial Measures and Their Effectiveness

Not applicable.

iv. Where the Non-Compliance is not Resolved, a Description of the Amount of the Non-Compliance

Not applicable.

c. Approved Internal Capital Model

i. Description of the Purpose and Scope of the Business and Risk Areas Where the Internal Model is Used

Not applicable.

ii. Where a Partial Internal Model is Used, Description of the Integration with the BSCR Model

Not applicable.

iii. Description of Methods Used in the Internal Model to Calculate the ECR

Not applicable.

iv. Description of Aggregation Methodologies and Diversification Effects

Not applicable.

v. Description of the Main Differences in the Methods and Assumptions Used for the Risk Areas in the Internal Model Versus the BSCR Model

Not applicable.

vi. Description of the Nature & Suitability of the Data Used in the Internal Model

Not applicable.

vii. Any Other Material Information

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There is no other material information.

6. SUBSEQUENT EVENTS

Not applicable

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DECLARATION ON FINANCIAL CONDITION

(Prepared in accordance with section 5 of the Insurance (Public Disclosure) Rules 2015)

For the year ending – December 31, 2025

We, the undersigned Officers of the Company declare that to the best of our knowledge and belief, that this report fairly represents the financial condition of the Company in all material respects.



Tom Nichols - CEO:

Date: April 23, 2026



Susan Pateras (Apr 24, 2026 15:49:31 ADT)

Susan Pateras – Board Member

Date: April 23, 2026