



Solvency and Financial Condition Report ("SFCR")

May 2025

Hadron UK Holdings, GP

Hadron UK Insurance Company Limited

Firm Reference Number 202146

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Summary

A – Business and Performance

Hadron UK Insurance Group ('Hadron Group' or 'the Group') comprises Hadron UK Holdings GP, Hadron UK Holdings LP, Hadron UK Holdings LLC and its direct subsidiaries Hadron Management Services UK Limited and Hadron UK Insurance Company Limited, formerly Folgate Insurance Company Limited (hereafter referred to as 'Hadron UK', 'HUKIC' or 'the Company').

This Solvency and Financial Condition Report ('SFCR') provides a transparent and comprehensive view of Hadron UK Insurance Group's financial health, solvency position, Risk Management Framework and governance, in accordance with Solvency II rules as at 31 December 2024.

For the year ended 31 December 2024, the Group made an after-tax loss of £2.0 million. This was predominantly driven by administrative expenses in relation to the acquisition of HUKIC completed on 31 January 2024 and investments associated with a set-up phase. HUKIC written premium in 2024 was £28.4m compared to £13.2m in the prior year, reflecting new strategy initiated in the second half of the year. HUKIC loss after tax was £0.9m (2023: Nil).

In August 2024, HUKIC received a Tier 1 capital injection of £2 million and additional Tier 1 capital injections of £10 million in September 2024 and £5 million in December 2024. These injections were the primary reason for the increase in the solvency surplus of assets over liabilities for HUKIC from £4.9 million in 2023 to £21.7 million in 2024. The Group surplus as at 31 December 2024 was £22.5 million.

Hadron UK Insurance Company Limited has the same credit rating as the wider Hadron Organisation, which includes the US; being A- (Excellent) as rated by A.M. Best.

B – Systems of Governance

Hadron Group has systems of governance that takes into account the business it writes (type, size and complexity) and the underlying risk profile in an appropriate manner to ensure sound and prudent management of HUKIC. The system of governance incorporates an appropriate and transparent organisational structure with clearly defined committees and responsibilities. The HUKIC Board maintains oversight of the operations of these committees and sets Terms of Reference for each which are reviewed annually. The systems and the governance arrangements in place continue to evolve.

C – Risk Profile

The level of risk assumed by HUKIC is commensurate with its risk-bearing capacity, meaning it has access to sufficient economic capital resources to enable it to meet its current and future capital needs, in line with the strategy and risk profile.

The risks are quantified using the standard formula basis and are projected for future periods as part of the company's Own Risk and Solvency Assessment (ORSA) which is approved by the Board and submitted to the PRA.

D – Valuation for Solvency Purposes

The Company and the Group applied the requirements of the Bank of England's new Solvency II requirements which became effective on 31 December 2024. The Group is compliant with the valuation requirements set out in the Valuation, Technical Provisions and Technical Provisions – Further Requirements Parts of the PRA Rulebook. Section D sets out the valuation approach for each material balance sheet item. The rules for the accounting of certain balance sheet items differ under Solvency II from those applied under the United Kingdom Generally Accepted Accounting Practice (UK GAAP) which is the basis on which the Company prepares its statutory accounts. These differences arise primarily in the accounting for loss and premium reserves that are included within technical provisions.

At 31 December 2024, the Group total gross technical provisions of £14.2 million under Solvency II valuation compared to the Group's statutory accounts value of £37.0 million. The Group had net technical Solvency II provisions of £1.7 million which is compared to the statutory accounts value of £6.7m.

E – Capital Management

The Group and Company capital level is considered appropriate. HUKIC's overall capital management strategy is to optimise capital usage in line with the business strategy and risk appetite. Capital management decisions aim to strike a balance between efficient use of capital, value creation for the shareholder and shaping the risk profile such that policyholders and other stakeholders are protected.

For the financial year ended 31 December 2024, the Solvency Capital Requirement ('SCR') has been calculated using the standard formula. The Group SCR is £8.2 million and Minimum Capital Requirement ('MCR') is £3.5 million resulting in a SCR coverage ratio of 275% and a MCR coverage ratio of 643%.

Major Events During the Reporting Period

On 31 January 2024, Hadron Group acquired the company previously known as Folgate Insurance Company Limited and subsequently renamed it Hadron UK Insurance Company Limited. This acquisition resulted in a Change in Control as well as changes to the Board and Senior Management Team as detailed below in Section B1.

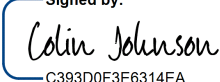
Directors' Responsibility Statement

We acknowledge our responsibility for preparing the Group SFCR in all material aspects in accordance with the PRA Rules.

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 applicable to the Group; and
- b) It is reasonable to believe that the Group has continued to comply subsequently and will continue to comply in the future.

On behalf of the Board

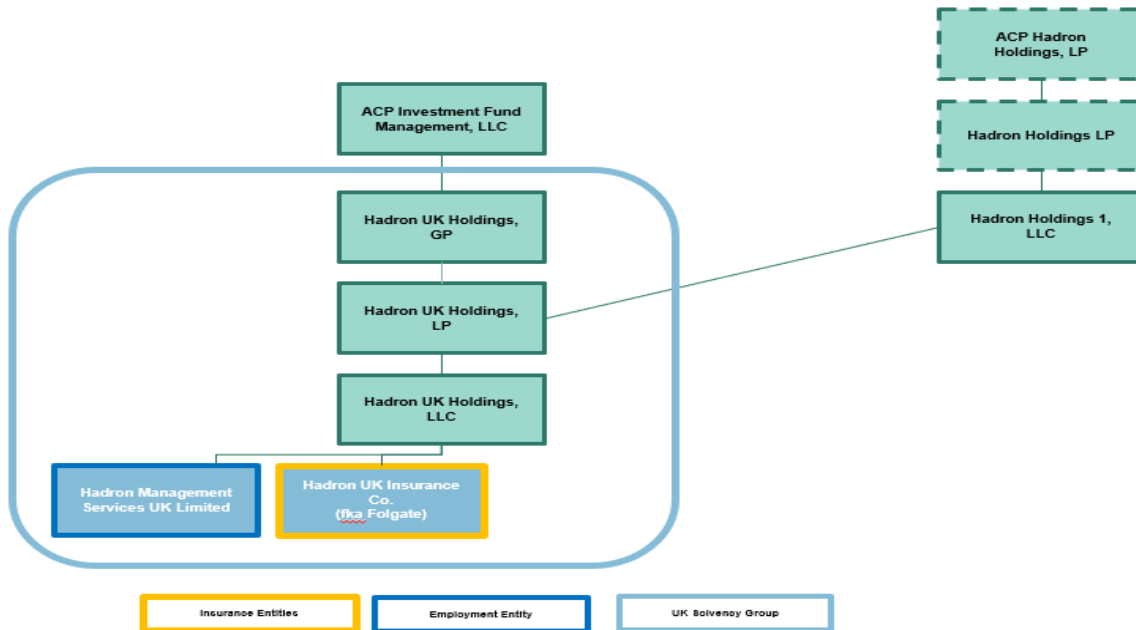
Signed by:

C393D0F3E6314EA...

Colin Johnson
Chief Executive Officer
23 May 2025

A Business and Performance

A.1 Group overview and Insurance Business

A simplified Hadron UK Group ('the Group') structure is presented in the diagram below:



Hadron UK operates as a UK insurance company within the commercial property and casualty market including Small Medium Enterprises ('SME's) and distributes its products by partnering with Managing General Agents ('MGAs').

Hadron UK currently has authorisation for the following lines for all customer types, however currently there is limited appetite to underwrite consumer (retail customers) lines at this time.

- Accident
- Aircraft Liability
- Assistance
- Damage to Property
- Fire and natural forces
- General liability
- Goods in transit
- Legal Expenses
- Miscellaneous financial loss
- Sickness

The Group's risk appetite is aligned to continue to focus on growing its core insurance business, but also through diversification of its product lines and MGA partners as appropriate.

Our Values

The Hadron Values were thoughtfully developed through a company-wide initiative where every employee had a voice. After learning about how values shape successful organisations, team members across all levels contributed ideas for principles that would both advance our mission and foster our commitment to trust and transparency.

These collaboratively crafted values now serve as our shared foundation. The Hadron Values are intentionally displayed throughout our workspaces as daily reminders of our collective aspirations. Each year, we celebrate colleagues who exemplify these principles in their work, recognising those who bring our values to life in exceptional ways.



External Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
Southwark
SE1 2RT
UK

Regulators

Hadron UK Insurance Company Limited is an insurance company trading as ‘Hadron UK’ and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under reference number 202146.

Prudential Regulation Authority (PRA)	Financial Conduct Authority (FCA)
20 Moorgate	12 Endeavour Square,
London	London,
EC2R 6DA	E20 1JN
UK	UK

A.2 Underwriting Performance

The information in this section provides an overview of the 2024 financial year. underwriting performance for Hadron UK group on a UK GAAP basis.

Table 1: Key Financial metrics for the 2024 financial year (UK GAAP)

£'m	2024	2023
Gross written premium	28.4	13.2
Gross earned premium	15.4	13.2
Gross incurred losses	11.8	5.8
Gross operating expenses	6.0	4.8
Gross technical result	- 2.4	2.6
Net written premium	2.5	1.9
Net earned premium	1.8	2.3
Net incurred losses	1.4	2.1
Net operating expenses	0.1	0.3
Net technical result	0.4	-0.1

During the 2024 financial year a net underwriting profit of £0.4 million was generated, compared to £0.1 million loss in 2023. Total gross written premium for the year was £28.4 million (2023: £13.2 million) with the majority of the premium generated by the Property line of business representing 61% (2023: 68%). Liability is the other major line of business accounting for 36% (2023: 32%).

The insurance operations utilise a mix of proportional and non-proportional reinsurance contracts to mitigate underwriting risk from a diversified and well rated panel of reinsurers. Net written premiums were £2.5 million for the year (2023: £1.9 million).

Hadron UK had net incurred losses of £1.4 million for the year (2023: £2.1 million). Property accounted for £0.7 million or 51.5% of the net incurred losses (2023: £1.3 million or 61.4%) with the remainder attributable to Liability lines.

Net operating expense of £0.1 million in 2024 (2023: £0.3 million) represents net acquisition costs. The technical combined ratio of 80.2% in 2024 (105.6% in 2023) reflects pure underwriting results excluding allocation of any administrative costs.

The table below shows the composition of the net technical results by line of business.

Table 2: Underwriting result by class of business: 2024 financial year (UK GAAP)

£'000	Gross written premium	Net earned premium	Net claims incurred	Net operating expenses	Net technical result
Fire and other damage to property insurance	17,384	905	720	83	102
General liability insurance	10,255	931	677	8	262
Miscellaneous financial loss	771	1	-	-	1
Legal Expenses insurance	-	-	1	-	1
Total	28,410	1,837	1,398	75	364

Table 3: Underwriting result by class of business: 2023 financial year (UK GAAP)

£'000	Gross written premium	Net earned premium	Net claims incurred	Net operating expenses	Net technical result
Fire and other damage to property insurance	9,043	1,325	1,267	151	93
General liability insurance	4,166	936	823	122	9
Miscellaneous financial loss	3	3	-	-	3
Legal Expenses insurance	4	4	25	-	29
Total	13,216	2,268	2,065	273	70

A.3 Investment Performance

Table 4: Investment Result

£'000	2024	2023
Investment income	407	300
Gains / (Losses) on the disposal of investments	(57)	(50)
Unrealised gains / (losses) on investments	224	392
Other income and expenses	(77)	(66)
Total	497	576

The investment results shown in the above table are based on the UK GAAP annual statutory accounts. Most of the performance comes from the investment income on fixed interest securities and interest on cash deposits of £407k (2023: £300k) significantly impacted by a higher asset base arising from the capital injections received during the year. Total income was lower than prior year due to lower unrealised gains in 2024 that followed smaller reduction in yields experienced during the year.

Most of the investment portfolio is invested in well rated corporate and government fixed interest securities with 31% of portfolio invested in AA- or better rated securities (2023: 27%) with a small exposure of 6% to BBB and BBB+ (2023: 13%) added for diversification and income enhancement.

Our conservative investment strategy focuses on matching assets with liabilities coupled with risk management activities that include detailed monitoring of investments on a regular basis.

The Board will continue to oversee investment activity and performance.

A.4 Performance of Other Activities

No further information to be reported.

A.5 Any other information

No further information to be reported.

B Systems and Governance

B.1 General Information on the system of governance

Corporate Governance

Hadron Group adheres to a robust corporate governance framework that ensures effective risk management, accountability, and compliance with relevant regulatory requirements. This governance structure is designed to support the business objectives while maintaining adequate financial resources and organising and controlling its activities responsibly.

A well-constructed governance structure is key to Hadron Group's success. This governance structure allows it to meet its legal and regulatory obligations, whilst delivering good customer outcomes; and setting the tone from the top for a risk first culture. There are various different sections to this approach, and they include:

- The Board
- Board Committees
- Management Committees
- The SMF managers
- The Independent Non-Executive Directors
- The Certification Staff

Board

The Board forms a key part of the governance structure, setting the overall strategy and strategic direction for the Company.

The Board consists of an equal mix of Executive and Non-Executive Directors and is attended by other senior managers and executives as required. The Board's Terms of Reference, ('TOR'), sets out the matters reserved for the Board.

The Hadron UK Insurance Limited Board of Directors has oversight of the various Board Committees documented below, each chaired by an independent non-executive director

To ensure it remains effective, the Board meets every quarter, and ad-hoc as required.

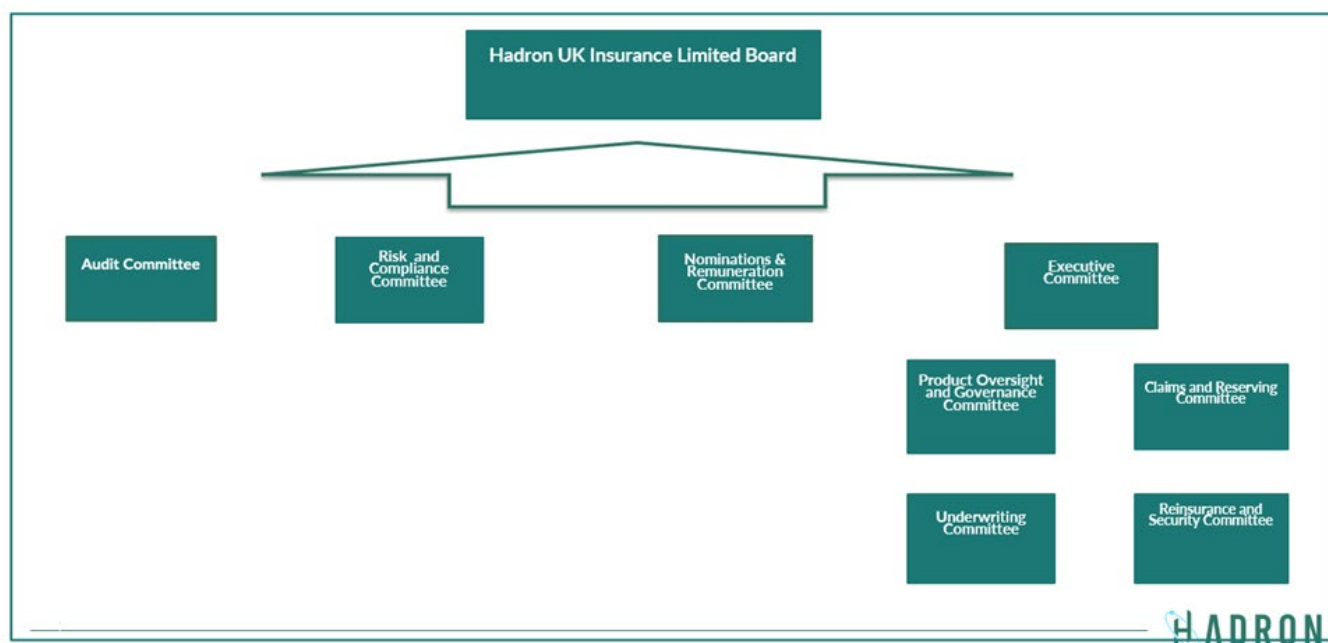
Current Board of Directors

Name	Role	Comment
Sean Rocks	Chair of the Governing Body Chair of the Risk and Compliance Committee Chair of the Audit Committee	Mr. Rocks, an experienced Senior Executive within the Insurance Industry, provides his guidance and expertise as Chair of the Governing Body as well as chairing the Risk and Compliance Committee and Audit Committee.
Adrian Harris	Senior Independent Director	Mr. Harris is an experienced NED with a wealth of experience in the sector.
Colin Johnson	Chief Executive Officer ('CEO')	Mr. Johnson recently received regulatory approval as SMF 1 (CEO) and has joined the Board as an Executive Director.
Greg Guelfand	Chief Financial Officer ('CFO')	Mr. Guelfand is the CFO and one of the two Executive Directors

Board Committees

The Board is supported by Board and Management Committees, each of which has its own Terms of Reference and the members and key function of each is summarised below.

TOM – Governance Structure



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- **Audit Committee**

The Audit Committee meets at least quarterly, and ad-hoc as required, and is responsible for monitoring Financial Reporting, ensuring integrity of the Board and the Company, controlling and maintaining oversight of internal and external auditors including appointment and removal. This Audit Committee reviews and monitors current investments and investment performance reviews whilst maintaining the Company's Investment Risk Policy.

- **Risk and Compliance Committee**

The Risk and Compliance Committee meets at least quarterly, and ad-hoc as required, and is responsible for oversight of the Risk Function and Risk Framework including overseeing the Company's Risk Appetite, Risk Strategy and Risk Systems and Controls. It provides oversight of Risk Reviews, Risk Policies and the Risk Register. It also has oversight of the Compliance activity within the Company and any regulatory interactions.

- **Nominations and Remuneration Committees**

A sub-committee of the Board and comprised exclusively of the independent Non-Executive Directors; the Nominations and Remuneration Committee is responsible for reviewing the terms and conditions of employment along with compensation and remuneration including incentives of senior staff and approves new Senior Management Function holders and Director appointments, it meets annually, or as required.

- **Executive Committee**

The Executive Committee is responsible for the day-to-day management activities within the Company, including finance, operations, underwriting, compliance and risk; whilst developing and implementing the strategy, as well as considering resourcing and budgets. The Executive Committee meets monthly.

- **Claims and Reserving Committee**

The Claims and Reserving Committee is responsible for reviewing the administration of claims, monitoring trends and is responsible for reviewing and concluding on case reserves each quarter. The Claims and Reserving Committee meets monthly.

- **Underwriting Committee**

The Underwriting Committee meets at least quarterly, and ad-hoc as required and is responsible for overseeing the appointment, monitoring and performance of the MGA, programs or Portfolios that will be underwritten by the Company. It also sets the Underwriting Risk Appetite for approval by the Risk and Compliance Committee.

- **Product Oversight and Governance Committee**

The Product Oversight and Governance Committee oversees the development and performance of the Company's products, meeting as required to review new products as well as reviewing existing products annually.

- **Reinsurance and Security Committee**

Oversees and manages the credit risk associated with the company's reinsurance program at both the Group and individual Insurance Company level. The Reinsurance and Security Committee meets at least quarterly, and ad-hoc as required.

The Senior Management and Certification Regime

The Group is subject to the Senior Managers and Certification Regime (SMCR) which is a regulatory framework that came into force on 12 December 2018. The primary purpose of the regime is to strengthen accountability and governance and to ensure that the Senior Managers of an Insurance Company conduct themselves with honesty, integrity and diligence. Hadron UK has a number of Senior Management Function holders 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 and 2025, the following changes and additions were made to Hadron UK's portfolio of SMF managers:

- Jonathan Haasz was appointed as Head of Risk and Compliance, and approval was granted on 24 April 2024.
- John Bates Resigned as Chief Operating Officer, Chief Risk and Compliance Oversight on 30 April 2024.
- Brian Russell Resigned as Chief Actuary on 3 August 2024.
- Ian Russell Resigned as Chief Executive Officer on 3 August 2024.
- Greg Guelfand was appointed as Chief Financial Officer on 11 September 2024.
- John Andrews was appointed as Chief Underwriting Officer. Approval was granted on 4 November 2024.
- David Prince Resigned as Chief Financial Officer on 30 September 2024.
- Jonathan Haasz was appointed as Money Laundering Reporting Officer. Approval was granted on 20 February 2025.
- Colin Johnson was appointed as Chief Executive Officer. Approval was granted on 25 February 2025.
- Kathryn Moore was appointed as Chief Actuary. Approval was granted on 5 March 2025.
- Lee Curtis was appointed as Chief Operations Officer subject to regulatory approval.

Independent Non-Executive Directors ('INEDs')

Hadron UK is cognisant of the PRA's expectation for firms of its size to have at least two Independent Non-Executive Directors on its Board. This independence is important to challenge the Company strategy. To this end Hadron is committed to ensuring at least two INEDs are on the Board and is actively seeking to recruit a further INED by the end of the year. At present the Chair of the Board, who is an INED, has the deciding vote to ensure decisions are balance in favour of independence.

The Certification Staff

As a UK Solvency II insurer Hadron UK employs individuals who perform key functions that fall within the Senior Managers and Certification Regime as employees that should be certified. These individuals form the 'certification staff' and their competence and soundness is subject to annual attestation by Hadron UK. These individuals perform a key role in the Governance of Hadron UK by leading particular functions, such as claims, and attending Management Committees and other fora where their expertise is required.

At present the Operations Director, Lee Russell, is a certified individual. Additionally, our Head of Claims, James Riddiford who started with Hadron UK on 22 April 2025, is in the process of completing the certification process and application.

B.2 Fit and Proper Requirements

All Hadron UK staff go through a thorough interview process before being offered a role within Hadron UK. If successful, the prospective employee then undergoes basic employment checks, which includes references, criminal records check and a credit check.

On an annual basis, all existing employees are required to complete a good repute declaration confirming that their personal circumstances have not changed in a material way which would affect their fitness and propriety to carry out their role.

Hadron UK Senior Manager Function (SMF) Holders are required to have an annual fit and proper assessment and Regulatory References are sought for all SMF holders before their application is submitted to the Regulator, in addition to the checks performed for all employees.

A Skills Gap Analysis and a Training and Development Plan is retained for all staff who hold a Senior Manager Function; identifying areas relevant to their responsibilities and rating their competencies in these areas as considerable; moderate; or limited. This analysis contributes to the training & development actions required to bring the senior managers to the required standards.

In accordance with the Senior Management Arrangements, Systems and Controls (SYSC) rules set by the FCA all employees are required to undertake at least 15 hours of insurance CPD per year. In order to meet this objective, Hadron UK utilises a Training Management System. These comprise a number of E-learning modules on essential regulatory topics including conduct rules, financial crime; and data protection.

Hadron UK's Risk and Compliance team also produce content to present to the different teams. This allows employees of Hadron UK to ask questions and contributes to maintaining the correct culture that is a priority for Hadron UK.

Each learning path will look slightly different for each employee reflecting the tailored learning path to the department/individuals' job role and seniority; for example, senior managers receive a module on the Senior Managers and Certification Regime.

Hadron UK understands the importance of maintaining and updating knowledge to keep up to date with the wider market and therefore relevant stakeholders within Hadron UK undertake an annual exercise to review the available training content and create a new learning path for the following year to ensure the content is up to date and in line with Regulatory 'hot topics', whilst also repeating essential compliance training subjects annually.

For firms we delegate authority to, we seek a training & competency framework and policies as well as CVs for any key staff noted during our due diligence process to confirm the employees associated with them are adequately trained to perform the role they are doing. We also monitor any changes to the Senior Management and Directors of our MGA and also expected to be notified of any key personnel changes.

B.3 Risk management system including the own risk and solvency assessment

The Group's Risk Management Framework refers to a collection of policies, standards and procedures (either individually or as they sit within an aligning Framework) which assists Hadron UK to effectively, and equally as important, holistically, manage the risks it faces in pursuit of its strategic objectives.

The Group identifies risk at the level of the solo insurance carrier within the group. The Risk Management Framework sets out high level ideologies, detailed methodologies, and operational guidance to help employees better understand and effectively manage the risk that they face in their roles.

Hadron defines risk as a potential event that could impact the achievement of its objectives, where the outcome of the risk can either be positive, an opportunity, or negative, a threat.

To manage risk the Company has embedded an Enterprise Risk Management ('ERM') Framework and actively seeks to enhance this proportionally to the growth of Hadron UK. This framework ensures a consistent approach to identifying, assessing, managing and reporting on Risk.

The primary purpose of the ERM Framework is to:

- Ensure decisions made are in line with the Risk Appetite set by the Board
- Understand, and mitigate the risk of adverse financial impact of risk
- Ensure appropriate protection is in place for policyholders
- Ensure Hadron UK can meet its regulatory, and internal and external stakeholder obligations.

The ERM Framework centres around our risk culture and aims to adopt best practice in risk management, aligned to the strategic objectives and planning of the Company, keeping a line of sight on interdependence between risk management and controls, risk transfer and corporate governance.

The Senior Management Team then provide appropriate oversight and leadership within the Company to ensure the embedding of the risk culture, the effectiveness of the systems and controls to manage, mitigate and transfer risk and the Corporate Governance to ensure appropriate reporting.

Risk Management Documentation

There are various components to the Risk Management Framework.

These components are documented through a full suite of Policies and Procedures including:

- The Risk Management Policy
- Investment Risk Policy
- Outsourcing Policy
- Operational Resilience Framework and Policy
- Operational Risk Policy
- Own Risk and Solvency Assessment (ORSA) Policy
- Capital Risk Policy
- Claims Risk Policy
- Credit and Counterparty Risk Policy
- Insurance Risk Policy
- Market Risk Policy
- Product Governance and Oversight Policy
- Business Continuity Plan

Embedding the Risk Management Framework

The Risk Function is responsible for effecting the Company's Risk Management Framework and executes its duties objectively and independently. The Function is responsible for ensuring that all of the Company's significant risks are identified, assessed, managed, and duly reported. To ensure that risk underpins all management decisions, the Function is also actively involved in mapping out the Firm's risk strategy to its objectives and embeds itself in the decision-making processes that have a significant influence on the firm's risk landscape.

As part of its obligations, the Function has an established risk review and reporting process in place to ensure each level of the governance structure gets the right data, at the right time, to make informed decisions with respect to the overall achievement of the firm's strategic goals.

The prescribed process includes quarterly 'Top Ten' risk reviews with Risk Stakeholders, which includes reviewing the micro and macro environment to assess the risk landscape and analysing key risk indicators and identified risk responses to assess threat levels on an individual basis.

The Framework also includes other risk monitoring procedures to ensure that the firm has adequate sight of its threat levels such as an annual evaluation of the adequacy and effectiveness of the internal control framework, the annual risk and control self-assessment process, and the own risk and solvency self-assessment process.

Our Risk Management Framework is designed to ensure effective identification, measuring, monitoring, and reporting of any risks to the achievement of the Group's business objectives.

Further to this, the Company also has a robust Risk Appetite Framework, setting out the Risk Appetite to;

- Our business model and sustainability
- Capital and Solvency
- Business resilience

The level of risk the Group is willing to accept, set out in the Risk Appetite Statements, is used in conjunction with the remaining information extracted from various assessments to set Risk Appetite objectives, tolerances, statements, Key Risk Indicator's, and risk response plans.

Board Visibility

To ensure that the Risk Management Framework is effective and well-integrated into the organisation 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 Executive 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 Hadron UKs 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.

The ORSA Process

The Own Risk & Solvency Assessment (the 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. It 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 caliber 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 Executive Committee prior to being referred to the Risk Committee 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 assess the impact on the solvency position were these events to occur.

Stress and Scenario Testing

Stress and Scenario tests employed are approved by the Risk Committee and performed at least annually or more frequently as determined by the Risk Committee.

The Aim of the Stress and scenario tests is to garner a better understanding of the risks faced by the Group and the insurance company under stressed conditions.

These results provide an important input into the ORSA and the validation of the appropriateness of the Group Regulatory Capital.

Regular stress testing and scenario analysis ensure resilience in the face of market downturns, regulatory changes, or catastrophic events:

- Scenario Development: Creating realistic stress scenarios;
- Impact Analysis: Assessing the financial and operational impacts; and
- Mitigation Strategies: Developing responses to identified risks.

The Company regularly conducts stress testing and scenario analysis to assess the resilience of our reinsurance arrangements under adverse conditions. This includes:

- Scenario analysis for reinsurer default and assessment of impact on the Company's capital position.
- Evaluation of the financial and operational impact of these scenarios.
- Development of mitigation strategies for identified risks.

The Board may also determine that an out of cycle ORSA should be completed in prescribed circumstances

These instances require formal Board approval and include, but are not limited to:

- an intended acquisition or divestiture;
- establishing a new line of business;
- a major amendment to the established risk appetite settings;
- a major amendment to the established reinsurance arrangements;
- a portfolio transfer or major changes to the mix of assets;
- a significant change in any related regulation (that would potentially impact our balance sheet strength);
- a new or re-assessed threat to solvency identified by Stress and Scenario testing or any other method; and;
- a request from the PRA to undertake an out of cycle ORSA.

The availability and quality of data used within the ORSA process will be continually assessed to seek to ensure that it retains the highest standards in terms of completeness and appropriateness.

The ORSA by its nature will always be forward looking, and the Group will always seek to include as a minimum, a future time horizon of at least three years.

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 - 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; and
- Control activities - a formal method of execution 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 quarterly Risk & Control review 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 completed on a regular basis and at least annually.

The Risk Function is responsible for maintaining a centralised record (the Control Library) 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 Firm's assets. Control assessments are conducted against how a control is designed and how effective a control operates.

This assessment approach encourages an identification process with respect to Framework gaps or the onset of control failures. Control assessments are completed as part of the quarterly risk assessments.

All assessments must be unbiased, up to date, complete (including adverse information) and delivered timely. The outputs of these assessments must be reported 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 vision.

B.5 Internal Audit Function

The regulated firm within the Group 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.

The Internal Audit Function is currently outsourced to Grant Thornton, see section B7, who take a risk-based approach to audits .

The Internal Audit Plan has been reviewed and approved by the Executive Leadership Team and the Audit Committee. Any audit findings and recommendations will be monitored by the Audit Committee and reported to the Board.

The Internal Audit Function will provide assurance to the Audit Committee and the Board that the appropriate systems and controls are in place throughout the organisation and operate as expected.

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.

B.6 Actuarial function

The Actuarial Function, including that of the Chief Actuary, is currently outsourced to Broadstone Regulatory and Risk Advisory Limited. The Actuarial Function plays a critical role in the management of some of the Company's key risks, including the adequacy of claims reserves, the Solvency II technical provisions, and carrying out the calculation of the Company's Solvency Capital Requirement (SCR) in accordance with the Standard Formula adopted by the Company.

The Chief Actuary reports directly to the Board and Risk Committee.

The outsourced Actuarial Function of the Company will:

- Have access to all necessary resources and information systems,
- Co-ordinate with Finance for the calculation of the Technical Provisions, applying the appropriate methodologies and procedures to assess the sufficiency,
- Assess any uncertainties associated with estimates,
- Calculate the Technical Provisions (including IBNR)
 - Ensuring the appropriateness of methodologies, models and assumptions

- Assessing the adequacy and quality of data used
 - Informing the Board on the reliability of the calculations
- Analysing the movement in technical provisions, including the comparison of the best estimate against experience
- Opinion on the underwriting policy and adequacy of reinsurance arrangements
- Contributing to the effective implementation of the risk management system, in particular to the modelling risk aspect of the ORSA and MCR/SCR calculations.

B.7 Outsourcing

As part of Hadron UK's business model certain functions are outsourced to third parties. The Group does not contract out of any of its regulatory obligations, the oversight and monitoring of the performance of these outsourced functions, as well as the responsibility for them remains with Hadron and the Board.

Where an outsourced activity is deemed a material outsourcing arrangement, additional due diligence is undertaken before that activity is outsourced, and further, the PRA are notified of the outsourcing before it occurs.

Hadron UK defines a material outsourcing arrangement, or 'MOA' as either:

- a) a service without which there is serious doubt that the Company would comply with the FCA's Threshold Conditions, compliance with the FCA Principles for Business, of continuing compliance with the PRA's Fundamental Rules; or
- b) critical or important operational functions or activities to which PRA Supervision Statement 2/21 applies.

At the time of preparing this Solvency and Financial Conditions Report, the following services are outsourced:

- Internal Audit; which is outsourced to Grant Thornton
- Actuarial support and Chief Actuary which is outsourced to Broadstone Regulatory and Risk Advisory Limited
- Investment Management which is provided by Coutts & Co.
- Insurance Distribution which is provided by Accelerant Agencies Limited
- Claims Management which is provided by Accelerant Agencies Limited
- Claims Management of the historic Folgate Claims (run-off) by Reserv Inc
- Intra-group arrangements, such as the provision on certain non-regulatory related services such as;
 - IT and IT security.

B.8 Any other information

No further information to be reported.

C Risk Profile

Hadron underwrites commercial insurance that can be broadly characterised as Property, General Liability, Professional Malpractice, Professional Indemnity, and Warranty.

The current primary risk profile of Hadron UK is one where, on a net basis, 90% of the risks are mitigated to either low or medium likelihood. On an excess profile, higher risk business is limited to less than 10% of the portfolio.

The Company's strategy sets out the ambitions for Hadron UK, which is to enhance the access, growth and affordability of insurance by efficiently and transparently connecting insurance distribution to insurance risk capital, leveraging advanced technology and data to build greater insight and trust across the insurance value chain.

Hadron UK's aim is to write a diverse portfolio mixing SME and larger commercial business with a small and very focused number of retail opportunities that fit within its appetite.

Hadron UK maintains a Risk Register which details the assessment of the recorded risk and the accompanying controls. Not every risk is recorded, only those which could have some financial impact on the Company above a de-minimis level or has a likelihood of occurring.

The Risk Register is reviewed quarterly by the Risk Committee and prior to that Risk Stakeholder Workshops are conducted with each risk owner.

Risks are broadly recorded against one of the following categories and encompasses the following exposures:

- Insurance Risk - 70%
- Market Risk – 2%
- Credit Risk – 23%
- Liquidity Risk (Solvency) – 0%
- Operational Risk – 5%

Additionally strategic, group and emerging risks are not directly covered by Solvency II standard formula calculation because they are inherently difficult to quantify or by nature such that capital is not the most suitable way of mitigating them. For these risks qualitative risk assessments and risk mitigations are performed.

Table 5: Group SCR by risk category

£'m	2024
Non-life underwriting risk	6.4
Market risk	0.2
Counterparty default risk	2.1
Operational risk	0.5
Diversification benefit	(1.0)
Solvency Capital Requirement	8.2

Table 6: Company SCR by risk category

£'m	2024	2023
Non-life underwriting risk	6.4	2.0
Market risk	0.2	0.3
Counterparty default risk	2.1	0.3
Operational risk	0.5	0.4
Diversification benefit	(1.0)	(0.3)
Solvency Capital Requirement	8.2	2.7

Risk Appetites

Risk Appetites are set by the Board and define the level of risk the Group is willing to take in pursuit of its strategic objectives. The Risk Appetite Statements consider the significant risks faced by the Group in its ordinary course of business. These Statements are then documented with Hadron's Risk Policies as well as our ORSA and reviewed regularly by the Risk Committee, and then the Board.

The stress testing detailed above provides the Group with an increased understanding of the potential impact of significant changes to the firm's risk profile when underlying components are exposed to shocks.

Additionally, the ORSA documented above allows for a number of stresses calibrated to cover extreme risks that are likely to occur only once in 200 years

- Two 1 in 200 property losses based on catastrophe data
- A further 1 in 200 casualty net loss based on the Standard Formula Model
- Losses from counterparty defaults
- Extreme variability in insurance losses
- Movements in asset value as a result of prescribed movements in yields.

C.1 Underwriting Risk (Insurance Risk)

As an insurance company the primary risk Hadron UK faces relates to its underwriting (insurance) activities, and associated claims.

Hadron Group defines Insurance Risk as 'the risk of losses owing to the insurance premiums received being less than the resulting claims payments in any given year' together with the risk of the reserves held being insufficient to cover future claims payments. Insurance/underwriting risk therefore also includes Pricing Risk and Reserving Risk.

Some of the mitigations to Insurance Risk are set out below, and most importantly are enshrined in our Underwriting Philosophy.

The Core Principles of Hadron Group's Underwriting Philosophy

At the heart of our Underwriting Philosophy are several core principles that guide our operations and decision-making processes:

- **Comprehensive Risk Assessments:** The Company employs a detailed understanding of risk drivers, counterparty risk management, and near-real-time portfolio management, utilising advanced data analytics. This ensures Hadron Group fully comprehends the risks it underwrites and their potential impacts.
- **Careful Partner Selection:** The Company aligns with MGAs and MGUs that demonstrate strong management, niche expertise and experience in their respective target sectors, and an unwavering commitment to underwriting excellence and profitability.
- **Good Customer Outcomes:** Monitoring and regularly reviewing the outcomes that our customers are experiencing in practice and taking action to redress any failures or risks that would impact good customer outcomes, ensuring that all TPAs deliver an effective service that supports these outcomes.
- **Data-Centric Approach:** The Company's underwriting strategies are built on rigorous data collection, analysis, and utilisation. This ensures transparency and facilitates continuous performance improvement, helping us anticipate market trends and emerging risks.
- **Regulatory Compliance:** The Company maintains a steadfast commitment to meeting and exceeding regulatory standards, contributing to market stability and integrity.
- **Enterprise Risk Management ('ERM') Integration:** Our underwriting decisions are integrated within our ERM framework, ensuring alignment with its broader risk appetite and strategic objectives.

Portfolio Diversification Strategy

The Company implements a deliberate portfolio diversification strategy that extends beyond the SME sector to also include larger commercial enterprises. This strategic approach:

- Balances risk profiles across various business segments and sizes
- Optimises capital efficiency
- Provides portfolio stability through a mix of risk types and sizes

Hadron's Strategy for Delivering on the Underwriting Philosophy

Hadron Group's Policies and Procedures demand the highest standards of risk management, regulatory compliance, and operational excellence within the portfolio of MGUs and MGAs with delegated authority.

Hadron UK requires strict adherence to the stated Underwriting Philosophy.

Hadron UK ensures compliance with the underwriting strategy by its delegated MGUs and MGAs by, amongst other things:

- Carrying out in-depth due diligence on all aspects of the MGAs underwriting ability including analysis of past results, the quality of individuals within the MGA's underwriting and operational teams and their use of data
- Regular monthly or quarterly account meetings with MGAs to review metrics, risks written and their adherence to mutual underwriting appetites, policies and philosophies;
- Exercising oversight over underwriting operations of delegates and third-party administrators; and
- Undertaking regular audits of MGAs to ensure the delegate is meeting the agreed service standards.

The following procedures, controls and approach to the practice are central to the delivery of the underwriting strategy and ensuring a single approach to underwriting amongst the pool of delegates utilising Hadron UK's authority to bind contracts of insurance.

Risk Selection Approach

Our approach to Underwriting risk in target segments includes:

- Rigorous assessment of industry-specific risk factors;
- Prudent policy limit management;
- Exposure monitoring across geographic and business lines; and
- Regular performance reviews against targeted metrics

By strategically focusing on these areas Hadron Group will progressively enhance its portfolio diversification whilst maintaining appropriate risk controls.

Underwriting Guidelines and Strategy Statements

Hadron Group has developed detailed Underwriting Guidelines which provide clarity on:

- Risk Selection Criteria including guidelines for assessing insurability;
- Pricing Framework involving: market-aligned pricing to maintain profitability; and
- Product development and oversight of all current and new product offerings.
- Portfolio composition across key business segments
- Efficient use of capital

Delegated Authority Audit

Audit rights are included within Binding Authority Agreements issued by Hadron UK and the use of these rights assists Hadron Group to identify and manage the potential risks arising from its delegated authority.

In conjunction with all of the above diligence, monitoring and management, a separate independent audit will be performed ensuring coverage of each live MGA and Claims Third Party Administrator on a risk-based approach cycle basis. The Delegated Authority Audit scope will include:

- Underwriting;
- Contract documentation;
- Claims;
- Accounting;
- Reporting;
- Compliance (including Customer outcomes); and
- IT / Information Security

Audits will be performed through a mix of both internal staff and external professional service firms to deliver the appropriate balance and oversight required. Regular reporting of any findings will be made to relevant Management Committees together with outstanding issue trackers to manage the timeline to resolve any adverse findings. Hadron UK will audit all delegates to ensure compliance with the binder agreements and regulatory requirements. This will provide Hadron UK with a clear understanding of how delegates are operating and whether refinements to the delegate's approach are required.

Risk Management and Regulatory Compliance

The Hadron Group places strong emphasis on robust risk management practices and regulatory compliance. We prioritise:

- Proactive risk prevention and efficient claims handling.
- Full adherence to UK regulations and industry standards.

Reinsurance Strategy

Hadron Group partners with highly rated reinsurance companies and brokers to effect successful reinsurance placements on each program and as a whole.

The Company utilises reinsurance placements to manage capital requirements, protect the Company from catastrophic events, and mitigate program volatility. While the structure of these programs may vary the strategy and quality of the Company's partners will remain consistent.

The Company's portfolio is reinsured by a diverse set of high-quality reinsurers, predominately rated A- or better, or fully collateralised. These arrangements provide pro-rata coverage and are strategically supported by a comprehensive suite of inuring coverages through Facultative Excess of Loss, Per Risk treaties and tailored placement solutions designed to address specific Property, Casualty and Catastrophe exposures.

This layered protection framework optimises our risk transfer while maintaining alignment with our reinsurance partners.

Diversification is a key principle in the Group's reinsurance strategy. Hadron UK carefully manages concentration risk by setting and adhering to limits on its exposure to any single reinsurer in line with our Credit and Counterparty Risk Policy.

Collateral Management and Credit Risk Mitigation

Our approach to Collateral Management is set in our Capital Risk Policy and is an integral part of our risk mitigation strategy. We implement collateral requirements based on reinsurers' credit ratings and financial strength, ensuring that Hadron Group has additional security in place to protect against potential defaults. Hadron Group's collateral management processes are dynamic, allowing for adjustments as market conditions or reinsurer circumstances change.

To further manage credit risk, Hadron Group employs a funds withheld approach where appropriate, ensuring focus and attention from each inuring cover placed. Hadron's credit exposure is also captured within its own capital requirements.

Pricing Risk

Pricing risk is defined as the risk that the premiums collected do not adequately cover the cost of incurred claims.

Detailed due diligence is performed for each MGA under consideration. This Due diligence process includes a risk assessment of the MGA's underwriting approach as described above. This includes reviewing their pricing strategy, rating structure and back-office functions. The Program Management Team includes experienced underwriters familiar with the classes and types of business being written.

As further highlighted above all programs are reviewed by the Underwriting Committee (whether brand new to Hadron or renewing), and all new products by the Product Governance Committee and this includes a review of pricing profitability, and fair value. Actuarial performance data is also presented to this Committee for

consideration along with projected Net Loss Ratios and Combined Ratios. Our underwriting strategy set out above is designed to ensure the long-term sustainability and profitability of our portfolio, while adhering to regulatory requirements and aligning with our stated risk appetite of 48% Net Loss Ratio and a 98% combined ratio. It is underpinned by a disciplined approach to risk selection, pricing, and diversification.

Through regular stringent reporting and analysis policies imposed at Hadron UK we are able to continually monitor the aforementioned in order to gauge compliance within the Underwriting and Pricing Guidelines afforded to each MGA partner. Results of these findings are compared back across the original contractual documentation to ensure the Coverholder is underwriting within the terms of both their agreement and the initial appetites of both parties as set out at inception. Results of this analysis are shared with the MGA partners, Hadron UK management and Reinsurers. In the event an MGA Coverholder is found to be Underwriting outside of appetite or in breach of the original contract, Hadron will take action based on the terms and conditions of the contract.

Reserving Risk

Reserving Risk is where provisions made for settling claims prove to be inadequate.

Reserving Risk at an individual claims level is managed by a monthly Claims and Reserving Committee that reviews all claims with particular emphasis on losses above a set threshold (Large losses).

The historic level of IBNR reserves and Solvency II Technical Provisions are compared with updated assessments to highlight insufficiencies and the impact of any required strengthening of reserves are fed back to the Risk and Compliance Committee, with input from the Chief Actuary on a quarterly basis.

C.2 Market Risk

Market Risk means the risk of loss or of an adverse change in the financial situation of HUKIC, resulting – directly or indirectly – from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments. Market risk includes equity risk, interest rate risk, spread risk and currency risk.

HUKIC investment strategy is based on the principle of matching assets and liabilities. This strategy also ensures the Group fulfils its obligations to invest all its assets in accordance with the 'prudent person principle'. We aim to match investment assets by currency and duration to the liabilities and the underlying cash flows of the Company.

The company has a limited risk appetite for market risk, deviations from the strict asset liability management driven allocations within the limits and regulations stipulated by the risk strategy and investment management agreement are permitted.

HUKIC has defined a conservative investment strategy with the majority of investment assets held in high quality and liquid fixed interest securities such as corporate and government bonds. The investment matching strategy considers the duration of insurance liabilities. The company and the group have a very limited exposure to exchange rate risk as the majority of assets and liabilities are denominated in Pound Sterling (GBP).

The group total investments and cash held as of 31 December 2024 stood at £29.5 million, of which cash and equivalents represented 67% mainly due to capital injections received in the latter part of the year. Of the remaining, 26% was held in corporate bonds with the balance of 7% held in government bonds. As of 31 December 2024 the UK group had no investments in equities, participation, property and derivatives.

The risk mitigation techniques for market risk are aimed at reducing the occurrence probability and size of losses. Asset liability management principles are applied consistently to provide sustainable protection.

The investment portfolio is invested in line with the asset allocation strategy and does not fall outside +/- 2%. The overall capital requirement for market risk was 2.5% and well within set requirement not to exceed 15% of total undiversified capital requirements.

C.3 Credit Risk including Counterparty Default Risk

Credit Risk means the risk of loss or of adverse change in the financial situation of Hadron group resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which the group is exposed, in the form of counterparty default risk or credit downgrade risk. The group is exposed to credit risk through its financial investments, reinsurance assets and debts owed by agents.

Credit risk arises from the reinsurance programs (proportional and non-proportional reinsurance), investments and receivables.

The main exposure to credit risk at the balance sheet date is in respect to the group's exposure to J.P. Morgan Chase bank.

Hadron group is prepared to take credit risks resulting from the implementation of its business strategy. The group aims to bear risk against counterparties with sound financial position. Concentrations, notably in reinsurance and investments are monitored with reference to the type of counterparty and credit rating.

At the end of the financial year, 91% of Reinsurance recoverable had a category rating of excellent or better, which corresponds to A.M. Best ratings of (A or higher).

We monitor and manage credit risks on investments using the counterparty limits defined in the investment management agreement and risk strategy by selecting issuers or funds with sound financial position. We use external issuer ratings, most of our investments including cash at the end of financial year, 68% had a category of (Superior / Excellent) corresponding with the Standard and Poor's Ratings of AA- or better.

Receivables from insurance business comprises mainly premiums from policyholders not yet settled by intermediaries. We manage this default risk by carefully selecting and performing checks on our intermediaries, applying rules for payments and ongoing monitoring of the financial strength of our important business partners.

To mitigate credit risk arising from reinsurance counterparties, most of the programs are placed with reinsurers rated A- or higher. Moreover, HUKIC has agreed a "funds withheld" reinsurance basis for most of the business placed in 2024 year to further mitigate credit risks.

C.4 Liquidity Risk

Liquidity risk means the risk that insurance entities are unable to realise investments and other assets to settle their financial obligations when they fall due.

It can arise in correlation with underwriting risks (especially when large claims payments must be made) and is managed through our liquidity management processes. The liquidity risk is not included within the standard formula SCR calculation.

The group and company have a high volume of liquid investments across the wide number of government and corporate issuers, in addition to cash deposits with banks. As at the end of the year, the group had a high concentration to JP Morgan Chase (57%) and UK Government Bonds (7%) of the investment portfolio including cash.

The group and the company place a substantial portion of its investments in liquid and highly marketable instruments in order to be able to meet additional payment obligations at all times. Moreover, the company has agreements in the reinsurance contracts that would allow for additional liquidity in the event of large loss settlements.

C.5 Operational Risk

Operational risk is the risk from Hadron UK's internal practices, policies and systems that leads to a loss to Hadron or our Policyholders. The Company manages its operational risk through defined risk appetites, risk management practices, controls and control testing. The application of sound governance, risk management and control frameworks enable Hadron UK to bring its operational risk within an acceptable level that is proportionate to the size and complexity of the firm, while monitoring any potential events or incidents that could increase the risk level. The following are some of Hadron's key Operational Risks not discussed elsewhere in this SFCR.

C. 5.1 Operational Resilience and Business Continuity

Operational resilience risk represents the risk of not being able to respond, or recover in a timely manner, to clients, policyholders, regulations or other stakeholders from a disaster, business interruption or other similar event. This could be natural or manmade disasters, such as pandemic, flood, terrorism or cyber-attack. Hadron UK has implemented an Operational Resilience Framework to consider its Important Business Services and set impact tolerances against those, together with plans and procedures to remain within those tolerances and has performed severe but plausible scenario tests on those plans to ensure the tolerance level will not be exceeded.

C. 5.2 Outsourcing Risk/ Third Parties

As set out in B7 Outsourcing to Third Parties plays a key role in Hadron UK's business model with certain Material activities such as Insurance Distribution and Actuarial Support outsourced to Third Party Service Providers. Outsourcing Risk is the risk of financial or operational loss as a result of a failure of one of those service providers either in the delivery of the outsourced service, or financially. Hadron UK complies with the PRA Supervision Statement 2/21 on outsourcing arrangement and has an Outsourcing Policy.

Outsourcing Agreements are in place which define the services and the service level of the activities to be performed on Hadron UK's behalf. A thorough due diligence exercise, including reviewing the service providers operational resilience, financial soundness and Business Continuity Plans, is undertaken and a gap analysis and risks assessment presented to the Board.

There is also a process for second line audit and performance reviews. Hadron UK is in the process of developing a Third-Party Risk Management module within its recently sourced, Governance, Risk and Compliance ('GRC') tool to automate the due diligence and review process and to enable automated risk scoring, including identifying any 'red flags' for further exploration. This GRC tool enforces the Outsourcing Policy, and due diligence process before any third party can be on-boarded if they will be providing software or services to, or processing any data on behalf of Hadron UK.

A list of outsourced services was provided in B7.

C. 5.3 Cyber and Information Security Risk

Cyber and Information Security Risk is the risk to the integrity of data or information and communication systems within Hadron Group from hostile third party or bad state actors, or negligent employees. Maintaining the integrity of Hadron's information and security systems is a top-risk to Hadron enterprise wide.

Hadron Group has an organisational structure that establishes, approves, implements, and monitors adherence to an Information Security Program through clear lines of authority and responsibilities.

Hadron Group has written a policy to ensure the security, integrity, and confidentiality of the firm's Insurance data and to protect against unauthorised access, alteration or destruction, or disclosure. In the policy it is detailed how each area is controlled within Hadron, and this has been adopted by Hadron Group.

All references to Hadron Group below therefore include HUKIC as the documented controls are directly applicable to it.

Ultimate Responsibility for IT systems and Security will sit with the HUKIC Board; however, oversight will be from the Risk and Compliance Committee with support from Internal Audit or Risk Management as required.

C.6 Other material risk

Hadron UK's current distribution model is based on a Master Binding Authority Agreement with Accelerant Agencies Limited ('AAL'), an arrangement we consider material, and managed in accordance with outsourcing procedures detailed above. As the first MGA partner, AAL represents a dependency risk with all business flowing from a single source.

Hadron Group is actively seeking to mitigate this by sourcing and partnering with additional MGAs from outside of the AAL relationship. Those partners will bring significant diversification to the products written, the geographical spread of business, the exposures incurred and much more. They all have to go through significant due diligence and must meet absolute minimum standards to qualify for Hadron partnership. Whilst this process

is ongoing and Hadron Group build out the overall portfolio, the risk due to reliance on one single entity remains, albeit diminishing over time.

The Risk to Policyholders by the loss of AAL as a partner is mitigated by the existing reinsurance arrangements that are in place and would remain in place, and the surplus capital held above the SCR requirement. If Hadron were to stop writing new business from AAL, its surplus capital has already been calculated based on its existing policy-base but also takes into account potential future risk and liabilities which would cease to exist until new partners were found.

C.7 Any other information

No further information to be reported.

D Valuation for Solvency Purposes

Differences between figures in accordance with Solvency II and UK GAAP for the Group.

Table 7: Solvency II and UK GAAP balance sheets as at 31 December 2024

£'000	Solvency II value	UK GAAP value
Goodwill		33.2
Deferred acquisition costs		7,594.2
Intangible assets		50.0
Deferred tax assets		183.5
Investments (other than assets held for index-linked and unit-linked contracts)	9,863.7	9,863.7
Bonds	9,863.7	9,863.7
Government Bonds	2,162.6	2,162.6
Corporate Bonds	7,701.1	7,701.1
Reinsurance recoverables from:	12,480.7	30,259.2
Non-life and health similar to non-life	12,480.7	30,259.2
Insurance and intermediaries receivables	2,391.2	14,450.2
Cash and cash equivalents	19,541.5	19,541.5
Any other assets, not elsewhere shown	113.7	217.7
Total assets	44,390.7	82,193.2
Technical provisions	14,216.8	36,958.2
Best estimate - total	13,810.3	-
Best estimate - non-life	13,810.3	-
Risk margin – total	406.5	-
Risk margin - non-life	406.5	-
Deposits from reinsurers	1,775.6	1,775.6
Deferred tax liabilities	124.0	-
Insurance & intermediaries payables	-	8,464.9
Reinsurance payables	1,524.1	9,138.7
Any other liabilities, not elsewhere shown	4,242.6	4,270.4
Total liabilities	21,883.1	60,608.0
Total excess of assets over liabilities	22,507.7	21,585.2

There are fundamental differences between the structure of a solvency balance sheet and a balance sheet prepared in accordance with UK GAAP. There are also differences in individual balance sheet line items regarding their recognition and measurement. As a result, direct comparison between line items in the table above is not possible in all cases. The recognition and valuation of assets, technical provisions and other liabilities assume a going concern basis.

D.1 Assets

We describe below the principles, methods and main assumptions on which valuation for solvency purposes is based for each asset class. We also explain the main valuation differences between Solvency II and UK GAAP. Valuations are based on the Group and Hadron UK year end valuation of 31 December 2024.

Further information on the valuation of assets for UK GAAP financial statements can be found within the Company's financial statements.

The Group

Asset Type	Assets per Solvency II	Variance	Assets per UK GAAP
2024	£m	£m	£m
Investment Securities	9.864	-	9.864
Cash and Cash Equivalents	19.541	-	19.541
Reinsurance recoverables	12.481	17.778	30.259
Deferred acquisitions costs	-	7.594	7.594
Insurance and Intermediary Receivables	2.391	12.059	14.450
Any other assets not shown elsewhere	0.113	0.372	0.485
	44.39	37.803	82.193

Company

Asset Type	Assets per Solvency II	Variance	Assets per UK GAAP
2024	£m	£m	£m
Investment Securities	9.864	-	9.864
Cash and Cash Equivalents	18.938	-	18.938
Reinsurance recoverables	12.481	17.778	30.259
Deferred acquisitions costs	-	7.594	7.594
Insurance and Intermediary Receivables	2.391	12.059	14.450
Any other assets not shown elsewhere	0.007	0.307	0.314
	43.681	37.738	81.419

Investment securities

The group and company hold primarily corporate and government bonds on its balance sheet. We value bonds listed on stock exchanges at the price quoted on the stock exchange on the balance sheet date if we classify the market as active. If no price is quoted in an active market, the valuation is based on valuation models, in which observable market parameters are used as far as possible.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank (bank balances) and deposits as at the balance sheet date and are deemed to be readily available. We value these items at nominal value on both Solvency II and UK GAAP basis.

Reinsurance recoverables

These balances corresponds to the reinsurer share of technical provisions on a Solvency II and UK GAAP basis and the treatment described in section D.2 Technical provisions.

Deferred Acquisition Costs

The Group holds a deferred acquisition cost asset in relation to costs incurred while writing policies. These costs are recognised over the lifetime of the policy and relate to future periods. Deferred acquisition costs are not recognised for SII valuation purposes.

Insurance and intermediary Receivables

These balances relate to balances due from policyholders via intermediaries in the form of the Company's MGA partners from direct insurance operations. We recognise insurance and intermediary receivables at their principal amount, less provision for impairment where necessary. These are valued for Solvency II purposes on the same basis as the annual Financial Statements, which follow UK GAAP.

Insurance and intermediary receivables not due as at the balance sheet date are included in the solvency balance sheet in the technical provisions. The corresponding UK GAAP amounts are included within the insurance and intermediary receivables. Therefore, the amounts in the Solvency II balance sheet are lower.

Any other assets not shown elsewhere

The remaining assets are valued on the same basis between Solvency II and the UK GAAP balance sheet apart from prepayments which are not recognised for SII valuation purposes and create the difference between the two valuation methods.

D.2 Technical provisions

Components of Technical Provisions

Technical provisions represent the current cost of insurance liabilities at the balance sheet date. They are calculated on a discounted cash flow basis and include the following high-level components to be calculated separately:

- Best estimate of claims provisions being claims expected to be incurred at the balance sheet date.
- Best estimate of premium provisions being claims expected to be incurred after the balance sheet date on contracts inception prior to that date.
- Risk margin representing the amount a third party would require in addition to the best estimate to assume liability, calculated on a cost of capital basis.

No significant simplifications of the calculation of technical provisions are used, and sources of uncertainty, magnitude and likelihood are explained under the different components.

Set out in the table below is a summary of the Solvency II and UK GAAP valuations of technical provisions split between the best estimate and risk margin. The reconciling items between UK GAAP and solvency included in the below table.

The Group

	Liabilities per Solvency II	Liabilities per UK GAAP
2024	£m	£m
Technical Provisions	13.810	36.958
Risk Margin	0.406	-
	14.216	36.958

The Reconciling items between UK GAAP and Solvency II are as follows:

	31 December 2024	31 December 2023
	£m	£m
Technical Provisions per UK GAAP	36.958	19.073
Application of loss ratios	(9.529)	(3.169)
Allow for premium income	(12.059)	(0.673)
Discounting of premium provision	(0.737)	(0.155)
Discounting of claim provision	(0.983)	(0.764)
Difference in claim handling expenses	0.160	0.000
Risk margin	0.406	0.206
Technical Provisions per Solvency II	14.216	14.518

Gross claims cash flows and reinsurance recoveries

Our best estimate calculations have been completed on a deterministic basis as per the requirements of the PRA Rulebook.

Claims reserve

The GAAP claim provision is calculated on a best estimate basis. An additional amount is held to cover the expected cost of handling these claims.

The Solvency II claim provision is the discounted best estimate of future claim payments for events which occurred prior to the valuation date together with the associated cost of handling these claims. The future claim cashflows are estimated by applying payment patterns to the GAAP claim provisions. These payment patterns have been calculated based on historic claim payment patterns by line of business.

The expected costs of handling these claims are calculated as percentage of these future claim cashflows. The expense percentage is calculated allowing for the budget expenses.

Events Not In Data ('ENID') is used to mitigate uncertainty driven by using past data. The loadings applied for Solvency II are the same as those incorporated in the GAAP claim provision calculation.

Sources of uncertainty in the claim provision includes the reliance on historic experience being a good fit to the future, the reliance on expected loss ratios for new business with limited historic data and the underlying volatility in the claim experience.

Premium reserve

The GAAP premium provision is the unearned premium reserve (UPR).

The Solvency II premium provision consists of the expected claim payments associated with claims which will occur after the valuation date plus the cost of handling these claims less any premium income due. The future claim cashflows are calculated from the GAAP premium provision by line of business. These are multiplied by the expected loss ratio for the current year and payment patterns are applied. These payment patterns are based on historic claim payment patterns.

As for the claim provision, the expected costs of handling these claims are calculated as a percentage of the future claim cashflows.

Future premium income is used to reduce the Solvency II premium provision.

Sources of uncertainty in the premium provision for relates to the accuracy of the loss ratio assumptions and payment patterns to represent the future experience.

Discounting

Claims, premium and expense cash flows have been discounted using the PRA yield curve.

Given the relatively short-term nature of the payment cycle of claims, the impact of discounting on the Solvency II provisions is limited.

Risk Margin

To calculate the risk margin, we have calculated the SCR using the Standard Formula. We have then projected future SCRs using the expected run-off of the existing business. We have discounted and summed the projected SCR's and multiplied this by the PRA prescribed cost of capital assumption.

Data adjustments and recommendations

Overall, we consider that the Technical Provisions are prepared on a suitable basis, in line with the approach laid down in the legislation and sources of interpretation we have referred to. It is expected that our approach will continue to develop from evolution of industry practice including guidance by the Regulator and our ongoing internal reviews.

D.3 Other liabilities

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

The Group

	Liabilities per Solvency II	Liabilities per UK GAAP
2024	£m	£m
Creditors arising out of direct insurance operations	3.299	19.379
Other creditors including taxation and social welfare	4.243	4.27
Deferred tax liability	0.124	-
Total	7.666	23.649

Company

	Liabilities per Solvency II	Liabilities per UK GAAP
2024	£m	£m
Creditors arising out of direct insurance operations	3.299	21.155
Other creditors including taxation and social welfare	4.483	4.483
Deferred tax liability	0.044	-
Total	7.826	25.638

Creditors arising out of direct insurance operations

In the solvency balance sheet, creditors arising out of direct insurance operations recognised at nominal value and are not discounted for materiality reasons.

Creditors arising out of direct insurance operations that are not due as at the balance sheet date are included in the solvency balance sheet in the technical provisions. The corresponding UK GAAP amounts are included in the creditors arising out of insurance operations. Therefore, the amounts in the solvency balance sheet are lower than under UK GAAP.

Other creditors including taxation and social welfare

This item primarily includes insurance premium taxes owed to tax authorities and payables to third parties. In the solvency balance sheet, creditors arising out of direct insurance operations recognised at nominal value and are not discounted for materiality reasons. There is no valuation difference between UK GAAP and Solvency II.

Deferred tax liability

A deferred tax liability is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

The method for calculation of deferred tax liability is consistent between the financial statements and the Solvency II basis of preparation.

As per the accounting basis, Solvency II recognises the deferred tax liability arising from the difference between the values ascribed to assets and liabilities recognised and valued in accordance with the PRA Supervisory Statement SS2/14, Solvency II: recognition of deferred tax and the values ascribed to assets and liabilities as recognised and valued for tax purposes. Deferred tax assets are offset against deferred tax liabilities where right to offset exists.

Any additional deferred tax liability arising from the differences between assets and liabilities which would result in tax timing differences under UK GAAP and Solvency II balance sheets follow the provisions the PRA Supervisory Statement SS2/14.

A deferred tax liability has been recognised by the Group of £123,997 (2023: £125,137).

D.4 Alternative methods for valuation

No alternative valuation methods are used by The Group

D.5 Any other information

No further information to be reported.

E Capital Management

E.1 Own funds

The Group and the Company actively manages its capital to ensure that capital level is always appropriate. The available own funds thus always cover the capital required by the supervisory authorities.

The company’s overall capital management strategy is to optimise the usage of capital in line with its business strategy, risk appetite and management philosophy, subject to fulfilling all applicable regulatory capital requirements. Capital management decisions must achieve a balance between efficient use of capital and policyholder protection.

The following table shows the composition of capital as at 31 December 2024. The company only has Tier 1 capital.

Group Own Funds	31 December 2024	31 December 2023
2024	£m	£m
Own Funds Tier 1	22.507	5.013
Total Own Funds	22.507	4.88

The amount of admissible capital or own funds held differs between GAAP and Solvency II due to the application of Solvency II valuation principles, primarily over the valuation of the Technical Provisions. In all cases, the amount of actual current total available funds exceeds the capital requirement and is within the Company’s Risk Appetite.

The Board considers that the Group’s current point in time capital and solvency position is appropriate.

E.2 Solvency Capital Requirements and Minimum Capital Requirement

The solvency assessment compares the Solvency Capital Requirement with the available regulatory capital to indicate a solvency margin.

As of 31 December 2024, the Solvency II margin was 265% at the solo level and 275% at a group level.

	31 December 2024	31 December 2023
The Company SCR	265%	178%
The Group SCR	275%	178%

There is no additional diversification benefit at the Group level.

SCR- By Risk Category	31 December 2024	31 December 2023
	£m	£m
Non-Life Underwriting Risk	6.369	2.049
Market Risk	0.232	0.292
Counterparty Default Risk	2.103	0.313
Diversification Benefit	(0.996)	(0.337)
Basic SCR	7.709	2.317
Operational risk	0.462	0.429
LACDT Adjustment	-	-
SCR	8.170	2.746

Overall MCR Calculation	31 December 2024	31 December 2023
	£m	£m
Linear MCR	3.500	0.801
SCR	8.17	2.746
MCR Cap	3.500	1.236
MCR Floor	3.500	0.686
Combined MCR	2.042	0.801
Absolute Floor MCR	3.500	2.184
Minimum Capital Requirement	3.500	2.184

E.3 Differences between the standard formula and any internal model used

Neither the Group, nor Hadron UK, use, and has no short or medium-term intention of using an internal model and therefore no difference exists.

E.4 Non-compliance with the Minimum Capital Requirements and non-compliance with the Solvency Capital Requirement

During the reporting period both the Firm and Group remained compliant with its MCR and SCR.

E.5 Any other information

No further information to be reported.

Appendix 1

Hadron UK Holdings GP QRT templates

Hadron UK Holdings GP

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Hadron UK Holdings GP
Entity identification code and type of code	SC/398809
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)	9,864
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	9,864
R0140	<i>Government Bonds</i>	2,163
R0150	<i>Corporate Bonds</i>	7,701
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	0
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	12,481
R0280	<i>Non-life and health similar to non-life</i>	12,481
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	
R0340	<i>Life index-linked and unit-linked</i>	
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	2,391
R0370	Reinsurance receivables	
R0380	Receivables (trade, not insurance)	
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	19,541
R0420	Any other assets, not elsewhere shown	114
R0500	Total assets	44,391

Liabilities

R0505	Technical provisions - total
R0510	<i>Technical provisions - non-life</i>
R0515	<i>Technical provisions - life</i>
R0542	Best estimate - total
R0544	<i>Best estimate - non-life</i>
R0546	<i>Best estimate - life</i>
R0552	Risk margin - total
R0554	<i>Risk margin - non-life</i>
R0556	<i>Risk margin - life</i>
R0565	Transitional (TMTP) - life
R0740	Contingent liabilities
R0750	Provisions other than technical provisions
R0760	Pension benefit obligations
R0770	Deposits from reinsurers
R0780	Deferred tax liabilities
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
R0840	Payables (trade, not insurance)
R0850	Subordinated liabilities
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>
R0870	<i>Subordinated liabilities in Basic Own Funds</i>
R0880	Any other liabilities, not elsewhere shown
R0900	Total liabilities
R1000	Excess of assets over liabilities

**Solvency II
value**

C0010

14,217
14,217
0
13,810
13,810
406
406
1,776
124
1,524
0
0
4,243
21,883
22,508

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	28,411						28,411
R0120 Gross - Proportional reinsurance accepted							0
R0130 Gross - Non-proportional reinsurance accepted							0
R0140 Reinsurers' share	25,861						25,861
R0200 Net	2,550						2,550
Premiums earned							
R0210 Gross - Direct Business	15,393						15,393
R0220 Gross - Proportional reinsurance accepted							0
R0230 Gross - Non-proportional reinsurance accepted							0
R0240 Reinsurers' share	13,556						13,556
R0300 Net	1,837						1,837
Claims incurred							
R0310 Gross - Direct Business	11,772						11,772
R0320 Gross - Proportional reinsurance accepted							0
R0330 Gross - Non-proportional reinsurance accepted							0
R0340 Reinsurers' share	10,375						10,375
R0400 Net	1,397						1,397
R0550 Net expenses incurred	75						75

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		28,411									0	17,384
R0111	Gross written premiums - Insurance (direct)		28,411									0	17,384
R0113	Gross written premiums - accepted reinsurance												
R0160	Net written premiums		2,550									0	1,500
Premiums earned and provision for unearned													
R0210	Gross earned premiums		15,393									0	8,924
R0220	Net earned premiums		1,837									0	905
Expenditure													
Claims Incurred													
R0610	Gross (undiscounted) claims Incurred		11,772									0	6,709
R0611	Gross (undiscounted) direct business		11,772									0	6,709
R0612	Gross (undiscounted) reinsurance accepted												
R0690	Net (undiscounted) claims Incurred		1,397									0	720
R0730	Net (discounted) claims Incurred	1,397	1,397										
Analysis of expenses Incurred													
R0910	Technical expenses Incurred net of reinsurance ceded	2,045											
R0985	Acquisition costs, commissions, claims management costs	75	75									0	83
Other expenditure													
R1140	Other expenses	1,124											
R1310	Total expenditure	4,642											

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

Income

Premiums written

R0110 Gross written premiums

R0111 Gross written premiums - Insurance (direct)

R0113 Gross written premiums - accepted reinsurance

R0160 Net written premiums

Premiums earned and provision for unearned

R0210 Gross earned premiums

R0220 Net earned premiums

Expenditure

Claims Incurred

R0610 Gross (undiscounted) claims Incurred

R0611 Gross (undiscounted) direct business

R0612 Gross (undiscounted) reinsurance accepted

R0690 Net (undiscounted) claims Incurred

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

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
3,754	5,285	1,217	0		0		771						
3,754	5,285	1,217	0		0		771						
354	504	114	0		0		771						
2,595	3,113	725	0		0		6						
375	449	106	0		0		1						
2,224	2,438	389	0		9		2						
2,224	2,438	389	0		9		2						
299	328	48	0		1		0						
-91	38	45	0		0		0						

Basic own funds before deduction for participations in other financial sector

[illegible]

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

275.48%

Reconciliation reserve

C0060

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

22,508
24,085
0
-1,581

IR.25.04.22

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

		C0010
Market risk		
R0070	Interest rate risk	160
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	150
R0110	Concentration risk	78
R0120	Currency risk	0
R0125	Other market risk	0
R0130	Diversification within market risk	-155
R0140	Total Market risk	233
Counterparty default risk		
R0150	Type 1 exposures	2,086
R0160	Type 2 exposures	24
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-6
R0180	Total Counterparty default risk	2,103
Life underwriting risk		
R0190	Mortality risk	
R0200	Longevity risk	
R0210	Disability-Morbidity risk	
R0220	Life expense risk	
R0230	Reversion 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	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	Total Health underwriting risk	0
Non-life underwriting risk		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	2,876
R0340	Non-life catastrophe risk	5,004
R0350	Lapse risk	241
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-1,752
R0370	Total Non-life underwriting risk	6,369
R0400	Intangible asset risk	
Operational and other risks		
R0422	Operational risk	462
R0424	Other risks	
R0430	Total Operational and other risks	462
R0432	Total before all diversification	11,079
R0434	Total before diversification between risk modules	9,167
R0436	Diversification between risk modules	-996
R0438	Total after diversification	8,170
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	8,170
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	8,170
R0490	Stitching interest rate scenario	
R0495	Stitching 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)	8,170
R0560	SCR for undertakings included via D and A	
R0565	SCR for sub-groups included via D and A	
R0570	Solvency capital requirement	8,170

IR.32.01.22

Undertakings in the scope of the group

	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
Row	C0010	C0020	C0040	C0050	C0060	C0070	C0080
1	GB	LEI/213800KLCFTTGHFID336	Hadron UK Insurance Company Limited	Non-life insurance undertaking	Company limited by shares	Non-mutual	PRA
2	GB	SC/398810GB12345	Hadron Management Services UK Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Company limited by shares	Non-mutual	

IR.32.01.22

Undertakings in the scope of the group

					Criteria of influence					
	Country	Identification code and type of code of the undertaking	Legal Name of the undertaking	Type of undertaking	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation
Row	C0010	C0020	C0040	C0050	C0180	C0190	C0200	C0210	C0220	C0230
1	GB	LEI/213800KLCFTTGHFID336	Hadron UK Insurance Company Limited	Non-life insurance undertaking	100.00%	100.00%	100.00%		Dominant	100.00%
2	GB	SC/398810GB12345	Hadron Management Services UK Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	100.00%	100.00%	100.00%		Dominant	100.00%

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/213800KLCFTTGHFID336	Hadron UK Insurance Company Limited	Non-life insurance undertaking	Included in the scope		Method 1: Full consolidation
2	GB	SC/398810GB12345	Hadron Management Services UK Limited	Ancillary services undertaking as defined in the Glossary part of the PRA Rulebook	Included in the scope		Method 1: Full consolidation

Appendix 2

Hadron UK Insurance Company Limited QRT templates

Hadron UK Insurance Company Limited

Solvency and Financial Condition Report

Disclosures

31 December

2024

(Monetary amounts in GBP thousands)

General information

Entity name	Hadron UK Insurance Company Limited
Entity identification code and type of code	LEI/213800KLCFTTGHFID336
Type of undertaking	Non-life undertakings
Country of incorporation	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 SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

-
- 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.17.01.02 - Non-Life Technical Provisions
- IR.19.01.21 - Non-Life insurance claims
- IR.23.01.01 - Own Funds
- IR.25.04.21 - Solvency Capital Requirement
- IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

	Solvency II value
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)	9,977
R0080 <i>Property (other than for own use)</i>	0
R0090 <i>Holdings in related undertakings, including participations</i>	0
R0100 <i>Equities</i>	0
R0110 <i>Equities - listed</i>	
R0120 <i>Equities - unlisted</i>	
R0130 <i>Bonds</i>	9,977
R0140 <i>Government Bonds</i>	2,182
R0150 <i>Corporate Bonds</i>	7,795
R0160 <i>Structured notes</i>	0
R0170 <i>Collateralised securities</i>	0
R0180 <i>Collective Investments Undertakings</i>	0
R0190 <i>Derivatives</i>	
R0200 <i>Deposits other than cash equivalents</i>	0
R0210 <i>Other investments</i>	0
R0220 Assets held for index-linked and unit-linked contracts	
R0230 Loans and mortgages	0
R0240 <i>Loans on policies</i>	0
R0250 <i>Loans and mortgages to individuals</i>	
R0260 <i>Other loans and mortgages</i>	
R0270 Reinsurance recoverables from:	12,481
R0280 <i>Non-life and health similar to non-life</i>	12,481
R0315 <i>Life and health similar to life, excluding index-linked and unit-linked</i>	
R0340 <i>Life index-linked and unit-linked</i>	
R0350 Deposits to cedants	0
R0360 Insurance and intermediaries receivables	2,391
R0370 Reinsurance receivables	
R0380 Receivables (trade, not insurance)	
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	18,824
R0420 Any other assets, not elsewhere shown	8
R0500 Total assets	43,681

		Solvency II value
Liabilities		C0010
R0505	Technical provisions - total	14,202
R0510	Technical provisions - non-life	14,202
R0515	Technical provisions - life	0
R0542	Best estimate - total	13,810
R0544	Best estimate - non-life	13,810
R0546	Best estimate - life	
R0552	Risk margin - total	392
R0554	Risk margin - non-life	392
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	1,776
R0780	Deferred tax liabilities	44
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	1,524
R0840	Payables (trade, not insurance)	1,806
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	2,677
R0900	Total liabilities	22,029
R1000	Excess of assets over liabilities	21,652

IR.05.02.01

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

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country	
	Home Country						
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
R0110 Gross - Direct Business	28,411						28,411
R0120 Gross - Proportional reinsurance accepted							0
R0130 Gross - Non-proportional reinsurance accepted							0
R0140 Reinsurers' share	25,861						25,861
R0200 Net	2,550						2,550
Premiums earned							
R0210 Gross - Direct Business	15,393						15,393
R0220 Gross - Proportional reinsurance accepted							0
R0230 Gross - Non-proportional reinsurance accepted							0
R0240 Reinsurers' share	13,556						13,556
R0300 Net	1,837						1,837
Claims incurred							
R0310 Gross - Direct Business	11,772						11,772
R0320 Gross - Proportional reinsurance accepted							0
R0330 Gross - Non-proportional reinsurance accepted							0
R0340 Reinsurers' share	10,375						10,375
R0400 Net	1,397						1,397
Net expenses incurred							
R0550	75						75

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		28,411									0	17,384
R0111 Gross written premiums - insurance (direct)		28,411									0	17,384
R0113 Gross written premiums - accepted reinsurance		0									0	0
R0160 Net written premiums		2,590									0	1,500
Premiums earned and provision for unearned												
R0210 Gross earned premiums		15,393									0	8,924
R0220 Net earned premiums		1,837									0	905
Expenditure												
Claims incurred												
R0610 Gross (undiscounted) claims incurred		11,772									0	6,709
R0611 Gross (undiscounted) direct business		11,772									0	6,709
R0612 Gross (undiscounted) reinsurance accepted		0									0	0
R0690 Net (undiscounted) claims incurred		1,397									0	720
R0730 Net (discounted) claims incurred	1,397	1,397										
Analysis of expenses incurred												
R0910 Technical expenses incurred net of reinsurance ceded		1,713										
R0985 Acquisition costs, commissions, claims management costs	75	75									0	83
Other expenditure												
R1140 Other expenses		-77										
R1310 Total expenditure		3,331										

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	3,754	5,285	1,217	0		0	771						
R0111	Gross written premiums - insurance (direct)	3,754	5,285	1,217	0		0	771						
R0113	Gross written premiums - accepted reinsurance	0	0	0	0		0	0						
R0160	Net written premiums	354	504	114	0		0	77						
Premiums earned and provision for unearned														
R0210	Gross earned premiums	2,595	3,113	755	0		0	6						
R0220	Net earned premiums	375	449	106	0		0	1						
Expenditure														
Claims incurred														
R0610	Gross (undiscounted) claims incurred	2,224	2,438	389	0		9	2						
R0611	Gross (undiscounted) direct business	2,224	2,438	389	0		9	2						
R0612	Gross (undiscounted) reinsurance accepted	0	0	0	0		0	0						
R0690	Net (undiscounted) claims incurred	299	328	48	0		1	0						
R0730	Net (discounted) claims incurred													
Analysis of expenses incurred														
R0910	Technical expenses incurred net of reinsurance ceded													
R0985	Acquisition costs, commissions, claims management costs	-91	38	45	0		0	0						
Other expenditure														
R1140	Other expenses													
R1310	Total expenditure													

IR.17.01.02

Non-Life Technical Provisions

		Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
		Medical expense Insurance	Income protection Insurance	Workers' compensation Insurance	Motor vehicle liability Insurance	Other motor Insurance	Marine, aviation and transport Insurance	Fire and other damage to property Insurance	General liability Insurance	Credit and suretyship Insurance	Legal expenses Insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																		
Premium provisions																		
R0060	Gross							-1,124	-1,562	0	0	0	189					-2,497
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							867	-329		0		170					709
R0150	Net Best Estimate of Premium Provisions							-1,991	-1,233	0	0	0	19					-3,206
Claims provisions																		
R0160	Gross							6,705	9,238	0	7	0	357					16,307
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default							5,398	6,053	0	0	0	321					11,772
R0250	Net Best Estimate of Claims Provisions							1,307	3,185	0	7	0	36					4,535
R0260	Total best estimate - gross							5,582	7,676		7		546					13,810
R0270	Total best estimate - net							-684	1,952	0	7	0	55					1,330
R0280	Risk margin							221	169		0		2					392
R0320	Technical provisions - total							5,802	7,844	0	7	0	549					14,202
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total							6,266	5,724	0	0	0	492					12,481
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total							-463	2,121	0	7	0	57					1,722

IR.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020

Accident year / underwriting year

Underwriting year

Gross Claims Paid (non-cumulative) (absolute amount)													
	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
Year	Development year											In Current year	Sum of years (cumulative)
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	0
R0160	-9	3	231	141	46	70	46	107	6	62	2	2	714
R0170	-8	224	711	445	122	143	109	181	106	7		7	2,047
R0180	-7	261	1,239	692	360	393	156	169	72			72	3,341
R0190	-6	285	1,579	855	262	458	420	191				191	4,049
R0200	-5	261	1,294	1,528	1,069	312	33					33	4,498
R0210	-4	322	1,543	1,248	836	130						130	4,079
R0220	-3	418	2,168	1,389	2,247							2,247	6,221
R0230	-2	262	1,796	1,740								1,740	3,798
R0240	-1	266	1,508									1,508	1,774
R0250	0	462										462	462
R0260												Total	6,392
													30,984

Gross Undiscounted Best Estimate Claims Provisions (absolute amount)												
	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360
Year	Development year										Year end (discounted data)	
	0	1	2	3	4	5	6	7	8	9	10 & +	
R0100	Prior											0
R0160	-9	0	415	213	191	113	135	55	48	18	13	12
R0170	-8	864	1,137	580	566	444	253	138	102	203		191
R0180	-7	1,126	2,021	1,466	1,181	822	501	351	252			236
R0190	-6	1,500	2,091	2,434	1,783	1,642	1,791	2,644				2,548
R0200	-5	1,226	2,472	1,817	833	926	1,809					1,728
R0210	-4	1,370	2,216	1,500	1,037	1,403						1,330
R0220	-3	2,061	2,624	1,648	3,946							3,827
R0230	-2	3,029	3,541	1,732								1,668
R0240	-1	2,730	2,933									2,838
R0250	0	1,989										1,929
R0260												Total
												16,307

IR.19.01.21.22

Gross premium

	C0570	C0580
	Gross earned premium at reporting reference date	Estimate of future gross earned premium
R0160	N-9	754
R0170	N-8	2,594
R0180	N-7	4,123
R0190	N-6	4,687
R0200	N-5	8,023
R0210	N-4	11,465
R0220	N-3	13,657
R0230	N-2	15,615
R0240	N-1	12,607
R0250	N	5,229
		18,743

IR.23.01.01

Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
R0220	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
R0290	Total basic own funds after deductions

Ancillary own funds

R0300	Unpaid and uncalled ordinary share capital callable on demand
R0310	Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand
R0320	Unpaid and uncalled preference shares callable on demand
R0330	A legally binding commitment to subscribe and pay for subordinated liabilities on demand
R0340	Letters of credit and guarantees
R0350	Letters of credit and guarantees other
R0360	Supplementary members calls
R0370	Supplementary members calls - other
R0390	Other ancillary own funds
R0400	Total ancillary own funds

Available and eligible own funds

R0500	Total available own funds to meet the SCR
R0510	Total available own funds to meet the MCR
R0540	Total eligible own funds to meet the SCR
R0550	Total eligible own funds to meet the MCR

R0580	SCR
R0600	MCR
R0620	Ratio of Eligible own funds to SCR
R0640	Ratio of Eligible own funds to MCR

Reconciliation reserve

R0700	Excess of assets over liabilities
R0710	Own shares (held directly and indirectly)
R0720	Foreseeable dividends, distributions and charges
R0725	Deductions for participations in financial and credit institutions
R0730	Other basic own fund items
R0740	Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds
R0760	Reconciliation reserve

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
44	44		0	
21,962	21,962		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-310	-310			
0		0	0	0
-44				-44
0	0	0	0	0
0				
21,652	21,696	0	0	-44

0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0				
0			0	0

21,652	21,696	0	0	-44
21,696	21,696	0	0	
21,652	21,696	0	0	-44
21,696	21,696	0	0	

8,163
3,500
265.23%
619.87%

C0060

21,652
0
21,962
0
-310

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

Market risk		C0010
R0070	Interest rate risk	160
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	150
R0110	Concentration risk	78
R0120	Currency risk	0
R0125	Other market risk	
R0130	Diversification within market risk	-155
R0140	Total Market risk	232
Counterparty default risk		
R0150	Type 1 exposures	2,075
R0160	Type 2 exposures	24
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-6
R0180	Total Counterparty default risk	2,093
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	
R0290	Health non SLT risk	
R0300	Health catastrophe risk	
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	
R0320	Total Health underwriting risk	0
Non-life underwriting risk		
R0330	Non-life premium and reserve risk (ex catastrophe risk)	2,876
R0340	Non-life catastrophe risk	5,004
R0350	Lapse risk	241
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	-1,752
R0370	Non-life underwriting risk	6,369
R0400	Intangible asset risk	
Operational and other risks		
R0422	Operational risk	462
R0424	Other risks	
R0430	Total Operational and other risks	462
R0432	Total before all diversification	11,069
R0434	Total before diversification between risk modules	9,157
R0436	Diversification between risk modules	-993
R0438	Total after diversification	8,163
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	8,163
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	8,163
R0490	Bitting interest rate scenario	
R0495	Bitting life lapse scenario	

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

505

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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R0020 Medical expense insurance and proportional reinsurance
R0030 Income protection insurance and proportional reinsurance
R0040 Workers' compensation insurance and proportional reinsurance
R0050 Motor vehicle liability insurance and proportional reinsurance
R0060 Other motor insurance and proportional reinsurance
R0070 Marine, aviation and transport insurance and proportional reinsurance
R0080 Fire and other damage to property insurance and proportional reinsurance
R0090 General liability insurance and proportional reinsurance
R0100 Credit and suretyship insurance and proportional reinsurance
R0110 Legal expenses insurance and proportional reinsurance
R0120 Assistance and proportional reinsurance
R0130 Miscellaneous financial loss insurance and proportional reinsurance
R0140 Non-proportional health reinsurance
R0150 Non-proportional casualty reinsurance
R0160 Non-proportional marine, aviation and transport reinsurance
R0170 Non-proportional property reinsurance

C0020

C0030

0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	1,736
1,952	1,174
0	0
7	0
0	0
55	77
0	0
0	0
0	0
0	0

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

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

C0050

C0060

Overall MCR calculation

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

C0070

505

8,163

3,674

2,041

2,041

3,500

3,500