



# IQUW

IQUW Re Bermuda Limited  
**Financial Condition Report**

For the year ended 31 December 2025

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## Background

In accordance with the Insurance (Public Disclosure) Rules 2015, the Bermuda Monetary Authority (the “BMA”) requires Bermudian insurers to publish a Financial Condition Report (the “FCR”). The presentation of the FCR is not templated by the BMA. A copy of the FCR is required to be published on the insurer’s website within 14 days of the date it was filed with the regulator. The purpose of the FCR is to provide stakeholders with additional information on the financial condition of the insurer over and above that contained in the annual financial statements. The FCR contains qualitative and quantitative information on the corporate governance framework, solvency, financial performance and business operations of the insurer.

## General Information

IQUW Re Bermuda Limited (the “Company”) was incorporated in Bermuda on 22 December 2020 and subsequently licenced in Bermuda as a Class 3B commercial insurer. The Company’s registered office is Cannon’s Court, 22 Victoria Street, Hamilton, Bermuda, HM 12

In March 2025, the Company received additional capital contributions worth \$170m. This capital was used to support the process of obtaining a credit rating. The Company was awarded an A- rating by AM Best, enabling it to write third-party business on its own balance sheet.

On 28 March 2025, the BMA approved IQUW Agency Bermuda Limited's ("IQUW ABL") application to provide insurance agent services to the Company. IQUW ABL began writing business on behalf of the Company effective 1 April 2025.

The Company was authorised by the Bermuda Monetary Authority, effective 4 June 2021, as a Class 3B commercial insurer to carry out the activities described below.

### Starr acquisition

On 23 March 2026, Starr, a global investment and insurance organisation, announced it had completed its acquisition of IQUW Group.

## 1 Business and performance

### 1.1 Ownership details

The Company is a wholly owned subsidiary of IQUW Midco Bermuda Limited (“Midco”), a company incorporated in Bermuda as a private company limited by shares. Midco’s registered office is Cannon’s Court, 22 Victoria Street, Hamilton, Bermuda, HM 12. The Company and its parent form part of a group of companies, of which the ultimate parent is IQUW Holdings Bermuda Limited (the “IQUW Group” or “the Group”). An abridged organisation chart is presented below.



## 1.2 Reinsurance business undertaken

The Company underwrites a whole-account quota share agreement (“QSA”) with IQUW Corporate Member Limited, (“Corporate Member”). The principal activity of the Corporate Member is that of a corporate member at Lloyd’s, investing in the underwriting capacity of syndicates in the Lloyd’s market. The Corporate Member participates on Syndicate 218 and Syndicate 1856, (the “Syndicates”) which are managed by IQUW Syndicate Management Limited (the “Managing Agent” or “IQUW SML”).

The principal activity of Syndicate 218 is the transaction of general insurance business focussed on specialist motor insurance business. The principal activity of Syndicate 1856 is the transaction of general insurance and reinsurance business at Lloyd’s.

The Company entered into a QSA with the Corporate Member, in which the Corporate Member cedes 65% of its result of the 2023, 2024 and 2025 years of account to the Company. There is a 10% profit commission on the results of the 2023, 2024 and 2025 years of account, payable by the Company to the Corporate Member.

The QSA operates on a funds withheld basis. Under this arrangement all transactions are undertaken by the Syndicates, until closure of the year of account, when the declared result is remitted to members. Investment returns arising on the business are allocated to the funds withheld balance

In 2025, the Company wrote third-party business across several lines, including mortgage, cyber, credit and bond political risk, casualty, and property. This portfolio comprises a mix of proportional and non-proportional arrangements.

Gross premium written for the period to December 31, 2025 was \$1,044m (\$840m in 2024). Net premium written for the period to December 31, 2025 was \$1,029m (\$840m in 2024).

Net premium written by line of business, as defined by the BMA, is as follows:

Net Premium by line of business	2025	2024
	US\$m	US\$m
International Motor	269	285
Property Catastrophe	159	177
Property	134	93
Property Non – Proportional	26	-
Energy Offshore / Marine	125	71
Energy Offshore / Marine Non - Proportional	16	46
US Casualty	74	35
US Casualty Non - Proportional	19	-
International Casualty Non – Motor	71	-
US Professional	50	101
Aviation	28	15
Aviation Non – Proportional	20	-
Credit / Surety	34	17
Other	4	-
<b>Total Premium</b>	<b>1,029</b>	<b>840</b>

Net premium written by geographical zone, as defined by the BMA, is as follows:

Geographical zone	2025	2024
	US\$m	US\$m
Northern Europe	533	481
South-East US	177	146
North-East US	93	56
Western US	69	39
Mid-West US	30	13
Oceania	30	23
Other	96	82
<b>Total</b>	<b>1,029</b>	<b>840</b>

### 1.3 Investments

Investments by asset class, as defined by the BMA, as at 31 December 2025 and 2024

Investments and cash	2025	2024
	US\$m	US\$m
Debt and fixed income securities	495	312
Deposits with credit institutions/cash and cash equivalents	60	32
Mutual fund - equity	17	15
<b>Total</b>	<b>573</b>	<b>359</b>

Investment Income	2025	2024
	US\$m	US\$m
Investment income	74.7	52.3
Investment management expenses	(0.4)	(0.3)
Net realised and unrealised gain (loss) on investments	11.8	4.2
<b>Total</b>	<b>86.1</b>	<b>56.2</b>

## 1.4 Material Expenses

The Company's material expenses are driven by claims, acquisition costs and operational expenses.

Material expenses	2025	2024
	US\$m	US\$m
Net Losses incurred and net losses	447	393
Acquisition costs and other expenses	363	285
<b>Total</b>	<b>810</b>	<b>678</b>

## 1.5 Office address

Registered office

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

## 1.6 Insurance supervisor

Bermuda Monetary Authority  
BMA House, 43 Victoria Street  
Hamilton HM12, Bermuda  
Telephone: +1 441 295 5278  
Website: [www.bma.bm](http://www.bma.bm)

## 1.7 Approved Auditor

PricewaterhouseCoopers Ltd., Bermuda  
Washington Mall  
16 Church Street  
Hamilton HM11, Bermuda  
Telephone: +1 441 295 2000  
Website: [www.pwc.com/bm](http://www.pwc.com/bm)

## 2 Governance structure

### 2.1 Overview

The Company has established and maintains a sound corporate governance and risk management framework having regard to the principles of corporate discipline, accountability, responsibility, compliance and oversight in

line with best international practice and Bermuda regulation. The board of directors (the “Board”) manages the Company’s affairs and has overall fiduciary responsibility for the Company. The Board meets on a regular basis in Bermuda and the standing Board meeting agenda items include the detailed review of financial, underwriting and investment performance.

The Board has delegated certain functions to committees, i) the audit, risk and compliance committee, ii) the investment committee, iii) the remuneration committee, iv) the reserve committee and v) the Bermuda Executive committee. Committee functions and responsibilities are governed by terms of reference established by the Board. Committee members include directors with additional members appointed by the Board.

## **2.2 Directors**

The Board is comprised of four executive directors and two non-executive directors.

The compensation philosophy is designed to attract and retain top quality talent in the re/insurance industry and to create long-term alignment of interest with other key IQUW stakeholders including policyholders, regulators, and shareholders. The remuneration committee operates in accordance with terms of reference which are set by the Board.

The Company does not provide supplementary pension or early retirement schemes for Board members or senior executives.

No material transactions are in place with shareholder controllers, persons who exercise significant influence, the Board, or senior executives.

### **Fitness and propriety requirement**

Fitness and propriety are assessed for any prospective Director prior to their joining the Board. Employees are assessed for their fitness and propriety at appointment, including an assessment of integrity, reputation, and competence. IQUW conducts background checks, reference checks, verification of designations and other verifications as part of its hiring process.

## **2.3 Outsourcing**

The Company outsources certain operational activities to third-party service providers. Outsourcing arrangements are governed by service level agreements.

The Board and management retain responsibility for outsourced activities and maintain oversight of the functions carried out by each third-party service provider. Management of the Company conduct reviews of services provided by each third party and considers the appropriateness of their continuing engagement. Management of the Company maintain an outsourcing policy for governing the arrangements and contracts with third party suppliers. Service providers throughout the reporting period are listed below.

- Insurance manager – Artex Capital Solutions (formerly Horseshoe Management Limited).
- Investment services - Conning Asset Management Limited and JPMorgan Asset Management (UK) Limited.
- Corporate secretarial services - Appleby Global Corporate Services (Bermuda) Limited.
- Payroll and human resources related services - Island Employment Partners Ltd.

The Company also outsources certain operational activities to other group companies. During the period risk management, exposure management, internal audit, and administrative support were outsourced to group companies. The Company remains responsible for all decision making and supervision of such services.

## **2.4 Risk management and solvency self-assessment**

The Board are responsible for the oversight of the risk management policy. The main objective of risk management is to protect shareholders and reinsurance counterparties. Risk management is embedded into the Company's operations through processes and procedures that have developed by the management and reviewed by the Board.

The Company has risk management processes in place, which identify, assess, control, monitor and periodically review risks that the Company is or might be exposed to and how those risks might impact the overall risk profile. These risks are reflected in the Company's risk register which is reviewed by the Board.

The Board has documented procedures to mitigate and control each of the risks identified within the risk register, which address underwriting, investment, credit, operational, legal, strategic and reputational risks. These are subject to Board review and approval on an annual basis. The Board has reviewed the potential impact various risks might have upon the Company to determine whether such risks are material and what actions can be made to manage and mitigate material risks to the Company.

The Company has established strict reporting and reviewing processes along the entire underwriting and investment process to ensure that risks are not only identified but also that risk measures and controls are in place to take appropriate actions.

In connection with reviewing and approving the capital management process and capital allocation of the Company, the Company assesses its capital adequacy according to the Bermuda Monetary Authority requirements. The Company documents its Commercial Insurer's Solvency Self-Assessment ("CISSA") and Bermuda Solvency Capital Requirement ("BSCR") processes and submits them to the Board for approval.

Overall responsibility for risk management rests with the Board, which exercises its responsibility through the risk management framework.

Integral to an effective risk management framework is the internal control environment. A "three lines of defence" model is operated that defines the roles and responsibilities for internal control across the company; a summary of which follows:

## **2.5 Line 1 – Business units (first line of defence)**

As previously stated, the Board sets the corporate and operational strategies and in doing so sets the risk appetites within which the business shall operate. The key risks to those strategies are allocated to risk owners (set at an Executive level and may be delegated) and recorded in the risk register. A suite of controls is developed around these risks, which are also allocated to individuals and recorded in the risk register. All staff members are responsible for the effective management of risk including the identification of new and emerging risks.

To support the activities and operational processes of the business, a suite of policies and procedures are prepared. These policies and procedures reflect the strategies employed by the business and provide direction to all staff in the performance of their roles and responsibilities. Senior and executive management provide oversight of the day-to-day operation of the business.

## **2.6 Line 2 – Risk management & compliance (second line of defence)**

Risk management is responsible for aligning the risk management strategy with the corporate and operational strategies set by the Board, facilitating the implementation and operation of risk management processes and procedures, and supporting risk mitigation strategies. Risk management is also integral to the business planning process to ensure that the framework continues to meet and reflect the needs of the business. Risk management is appropriately positioned to provide challenge to key control owners and risk owners on the adequacy of the control environment and provide insight into the business planning process and any emerging risks relevant to the strategic objectives of the business.

The Compliance function is responsible for ensuring the business operates within the laws, byelaws, regulations, and rules published and in force by domestic and international legislators and regulators in each of the relevant trading jurisdictions.

## **2.7 Line 3 – Independent assurance/internal audit (third line of defence)**

Internal audit is responsible for providing independent assurance to the Board, via the ARCC, as to the effectiveness of the internal control environment. This assurance is achieved via the implementation of an approved rolling, risk-based programme of work involving the substantive testing of the control environment across the key areas of the business. The scope of each review, where applicable, will include an assessment of compliance with external legal and regulatory requirements, internal policies and procedures, the effectiveness of the control environment and the impact on the relevant area of risk. The outputs from the work of internal audit will be considered as part of the risk assessment process.

External audit is specifically responsible for the accuracy and completeness of the financial statements, in terms of representing a true and fair view of the company's financial position, and to opine as to its position as a going concern. In undertaking this work, external audit will also review and opine on the internal controls surrounding its financial systems, including IT. As with internal audit, the findings of the work undertaken by external audit will be considered as part of the risk assessment process.

## **2.8 Internal controls**

The Board is responsible for establishing and maintaining effective internal control. The Board oversees the internal control framework and is supported by the audit, risk and compliance committee, the investment committee, and the remuneration committee.

The Company's internal control framework covers a range of processes including underwriting, claims, investments, risk management and operation functions. The Company has in place various policies to manage the assumption of risk. The policies provide for the Company's risk limits and tolerance levels as well as the process for ensuring compliance with the risk profile of the Company.

## **2.9 Compliance**

The Board has the responsibility to ensure regulatory compliance. The role of compliance is to:

- train and advise the business to promote a thorough understanding of regulatory requirements and the regulatory environment in which it operates

- identify and evaluate regulatory risk and advise on ways to manage and mitigate the risk to protect the Company and its clients
- to track, assess and communicate the impact of new regulation in a manner tailored to the business
- advise the business concerning the design and implementation of controls; and
- monitor the behaviours and controls within the business and promote a compliance culture.

The Company is committed to preventing, detecting and deterring the use of its products and services, for the purposes of money laundering and terrorist financing. The Board adopts policies and procedures in relation to anti-terrorist financing, anti-bribery and corruption.

The Board is provided with regular compliance and regulatory updates and reporting.

## 2.10 Internal audit function

The purpose of Internal audit is to provide independent and objective assurance to the Board on the internal control environment, assist the firm to achieve its strategy, add value and improve business operations. The Internal audit function's mission is to enhance and protect organisational value by providing risk-based, independent and objective assurance, advice and insight. Internal audit helps the firm to achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the design and operating effectiveness of governance processes, risk management procedures, internal controls and information systems whilst working within the Global Institute of Internal Auditors (IIA) International Professional Practice Framework (IPPF) and the UK Financial Services (FS) Code. Internal audit has free and unrestricted access to the Board of Directors, the chair of the Board and the audit committee including in private meetings without management present. In addition, internal audit has the right and responsibility to attend key meetings as deemed necessary to effectively fulfil its role. Authority is granted, with strict responsibility for safe-keeping and confidentiality, for full, free, and unrestricted access to any and all records, information, properties, and personnel relevant to any function or area within IQUW under review by internal audit. All staff are requested to assist internal audit in fulfilling its role.

## 2.11 Actuarial

The Group actuarial function is made up of qualified individuals who have expert knowledge of actuarial and financial mathematics, led by the IQUW group chief actuary. The Bermuda Reserve Committee brings together appropriate experts, the purpose of which is to challenge reserves and make recommendations for the Board to consider. The Company has appointed a Bermuda based loss reserve specialist to support reserve reviews and the technical provisions of the economic balance sheet. Market-wide feedback issued by the BMA is incorporated into the LRS report.

## 3 Risk Profile

The following is a summary of material risks which arise from business operations and the way in which the Company manages them.

### 3.1 Insurance risk

The predominant risk to which the syndicates, and therefore the Company is exposed is insurance risk, which is assumed through the underwriting process from the syndicates. Insurance risk is defined as the risk of fluctuations

in the frequency, severity and timing of insured events and claims settlements relative to expectation. Insurance risk can be subcategorised into: (a) underwriting risk including the risk of catastrophe and systemic insurance losses, and the insurance cycle and competition; and (b) reserving risk.

### 3.2 Underwriting risk

Underwriting risk is defined as the risk that insurance premium will not be sufficient to cover future insurance losses and associated expenses. Underwriting risk also encompasses people, process and system risks directly related to underwriting.

The board sets the underwriting strategies and risk appetites, seeking to benefit from identified opportunities considering other relevant anticipated market conditions.

The Company aims to manage underwriting risk:

- to achieve acceptable profits and return on equity by ensuring that insurance risks are carefully selected in accordance with the underwriting strategy and risk appetite tolerances, underwritten in accordance with risk strategy and priced to reflect the underlying risk; and
- to mitigate excess insurance risk using optimal reinsurance arrangements.

### 3.3 Reserving risk

Reserving risk is defined as the risk that reserves set in respect of insurance claim losses are ultimately insufficient to fully settle these claims and associated expenses.

The Company aims to manage reserving risk:

- to manage reserve volatility through robust reserving and application of actuarial modelling approaches; and
- to monitor reserve adequacy and performance on an ongoing basis

The Company's provision estimates are subject to regular and rigorous review by senior management from all areas of the business including independent actuaries. The final provisions are approved by the Company's Board.

The Company engages a Loss Reserve Specialist to independently verify claim provisions being held on the Company's Balance Sheet.

#### *Sources of uncertainty in the estimation of future claim payments.*

There are many risks associated with insurance contracts, and this means that there is a considerable amount of uncertainty in estimating the future settlement cost of claims. There is uncertainty in both the amounts and the timing of future claim payment cash flows.

Claims paid are claims transactions settled prior to the reporting date including settlement expenses allocated to those transactions.

Unpaid claims reserves are made for known or anticipated liabilities which have not been settled prior to the reporting date.

Included within the provision is an allowance for the future costs of settling those claims.

The Company relies on actuarial analysis to estimate the settlement cost of future claims via a formal governed process, there is close communication between the actuaries and other key stakeholders, such as the underwriters, claims and finance teams when setting and validating the assumptions. The unpaid claims reserve is estimated based on prior experience and current expectations of future cost levels. Allowance is made for the current premium rating and inflationary environment.

The claim reserves are estimated on a best estimate basis, considering current market conditions and the nature of risks being underwritten.

Estimates of where claim liabilities will ultimately settle are adjusted each reporting period to reflect emerging claims experience. Changes in expected claims may result in a reduction or an increase in the ultimate claim costs and a release or an increase in reserves in the period in which the change occurs.

Booked reserves are held with a margin above the best estimate to help mitigate the uncertainty within the reserve estimates. As the best estimate matures and becomes more certain, the management margin is gradually released in line with the reserving policy.

### **3.4 Financial risk**

The Company is exposed to financial risk through its ownership of financial instruments including financial liabilities. The Company invests in financial assets to fund obligations arising from its insurance contracts and other liabilities.

The key financial risk for the Company is that the proceeds from its financial assets and investment result generated therefrom are not sufficient to fund the obligations. The most important variables that could result in such an outcome relate to credit risk, market risk, and liquidity risk.

### **3.5 Credit risk**

Credit risk arises where counterparties fail to meet their financial obligations in full as they fall due. The primary sources of credit risk for the Company are:

- brokers and intermediaries – the risk of delayed payment or inability to settle outstanding funds owed to the Syndicates by all counterparties, which would in turn impact the Company through its quota share arrangement
- reinsurers - the risk that reinsurance counterparties fail to meet their financial obligations to the Company or Syndicates, which in turn would impact the Company through the quota share arrangement; and
- investments – the risk of an issuer default which results in the Company losing all or part of the value of a financial instrument.

The concentrations of credit risk exposures held by insurers could be material because of the specific nature of reinsurance markets and the extent of investments held in financial markets. In both markets, the Syndicates interact with several counterparties that are engaged in similar activities with similar customer profiles, and often in the same geographies and industry sectors. Consequently, as many of these counterparties are themselves exposed to similar economic characteristics, one single localised or macroeconomic change could severely disrupt the ability of several counterparties to meet the Syndicates' contractual terms and conditions, and thus that of the Company.

The core business is to accept significant insurance risk through the quota share agreement, the appetite for other risks is low. Acceptable levels of credit risk are maintained by the Company due to each Syndicate and therefore the Corporate Member placing limits on exposure to singular counterparties and to geographical and industry segments. Such risk limits are subject to regular review

The Syndicates' exposure to brokers and insurance intermediaries which would impact the quota share arrangement is managed via a stringent credit policy. IQUW Group's credit control function monitors the ageing and collectability of debtor balances, with credit evaluations on all relevant counterparties.

The Company is exposed to counterparty risk with respect to cash and cash equivalents, and investments and other deposits. This exposure is from its quota share agreement with the Corporate Member and underlying participations on Syndicate 281 and Syndicate 1856 but also the Company's own assets.

The Company mitigates counterparty credit risk by ensuring appropriate diversification of total invested assets across high-quality instruments. Investments are to be fully admissible for Lloyd's and Bermuda Monetary Authority's (BMA) solvency purposes, primarily only in liquid securities and with counterparties that have a credit rating equal to investment grade or better.

The Company imposes guidelines on its external investment managers in relation to the constituents of the investment portfolios. These guidelines specify the acceptable asset classes, duration, and credit ratings. The performance of the investment managers is regularly reviewed to confirm adherence to these guidelines.

### **3.6 Market Risk**

Market risk is the risk of a variation in the value of financial institution deposits and financial investments, relative to the variation in the value of liabilities due to market movements. Market risk arises where the value of assets less liabilities changes because of movements in foreign exchange rates, interest rates, inflation rates and/or market prices.

Investment Managers are engaged to actively manage the market risk associated with financial investments. Detailed guidelines for the Investment Managers are in place and the Board and its Investment Committee regularly monitor performance and risk metrics. Financial investments represent a significant proportion of the Company's assets and the Boards' management monitors various performance and risk metrics.

#### **3.6.1 Foreign exchange risks**

The functional currency of the Company is US Dollars. Most of the Syndicate 218 gross premium written is in UK Pound Sterling which is the functional currency of the Syndicate. Most of Syndicate 1856 gross premium written is in US Dollars which is the functional currency of the Syndicate. Consequently, movements in the UK Pound Sterling against US Dollar exchange rate may have a material impact on the Company's financial performance and position.

#### **3.6.2 Price risk**

Shares, other variable yield securities and units in unit trusts that are recognised on the balance sheet at their fair values are susceptible to losses due to adverse changes in price. This is referred to as price risk and forms part of market risk.

These investments are well diversified within high quality, liquid securities. Guidelines are imposed on the investment managers that set out minimum credit ratings, maximum durations, diversification requirements across industry sectors, and concentration limits in any one industrial sector or counterparty.

Listed investments are recognised on the balance sheet at the quoted bid price. If a current price from an active market or from a recent transaction of an identical asset is not available, then a fair valuation technique using observable and unobservable market data is used. This includes using discounted cash flow models and other valuation techniques that are commonly used by investment managers and custodians.

### **3.6.3 Interest rate risk**

The majority of the Company's investments comprise fixed income securities. The fair value of the investment in fixed income securities is inversely correlated to the movement in market interest rates. If market rates fall, the fair value of the Company's fixed interest investments would tend to rise and vice versa.

Fixed income assets are predominantly invested in high quality corporate, government, supranational and residential mortgage-backed securities. The investments typically have relatively short durations and terms to maturity.

## **3.7 Liquidity risk**

Liquidity risk arises where cash may not be available to pay obligations when due at a reasonable cost. The Company is exposed to daily cash outflows for payment of expenses and annually when the year of account is settled. A sizeable proportion of the Company's investments is in highly liquid assets that can be converted to cash at short notice without any significant capital loss or material expense. These funds are monitored by management daily. The Directors do not consider that there is a material risk of loss arising from liquidity risk.

## **3.8 Operational risk**

Operational risk is the risk of loss from people, processes or systems, or external events with origins outside the scope of other risk categories. The Company actively monitors and controls its operational risks. The nature of the risk means that it can impact all areas of the business. Examples of key operational risks for the Company include IT performance and stability, cyber security, and the delivery of major projects.

Key activities to manage operational risk across the Company include:

- quarterly assessment of the risk register across all areas of the business to identify instances where the risk profile has increased, and/or areas where additional mitigation may be necessary to control the risk within tolerance;
- Operational Committees reviewing key activities across the businesses, with governance, reporting and escalation paths for operational risk;
- independent second line and third line reviews of key controls designed to mitigate operational risk;
- risk culture and management training to ensure continued awareness of operational risk for all employees; and
- disaster recovery planning.

### 3.9 Climate change risk

For the Syndicates and therefore the Company, the underwriting performance is exposed to the physical risk of climate change from an increased frequency or severity of physical hazards because of global temperature increases of 1.5 degrees or more. Further, there are elements of the portfolio that may be exposed to transition risk from the resulting economic transition following regulatory or government intervention, and liability risk from increased litigation raising the issue of climate change in investment management practices. The Company's exposure to climate change risk is through the quota share agreement and its third-party business.

The Company is further exposed to climate change risk through mortgage quota shares and property deals. The impact of natural disasters, longer-term shifts in climate patterns could result in chronic risks such as sustained higher temperatures, sea level rise, water scarcity and increased wildfires that negatively affect certain regions, which could negatively affect home prices and multifamily property values in those regions, the availability, quality and affordability of insurance, as well as the ability of borrowers in those regions to pay their mortgage loans.

### 3.10 Risk Measurement

The Risk Management function, in conjunction with senior management, assess the potential impact and probability of each risk and include in the Risk Register if considered material.

Risks are assessed on an inherent (before controls) and residual (after controls) basis. A risk evaluation matrix is used to quantify the risks where risks are categorised into five bandings of impact based on an inherent basis relating to factors such as financial, operational and reputational impact.

The quantification of risks in the risk register is carried out by the risk owners using historical information and judgement. Quarterly, the risk owners will review and update the risk ratings on the risk register by assessing the performance effectiveness of each internal control.

The risk management function operates as a second line of defence, working closely with the business whilst maintaining its independence. The responsibilities of the risk management team include:

- Development of risk management strategy, principles and policy;
- Design and implementation of appropriate risk processes;
- Facilitate and co-ordinate the risk management activity across the company, including the identification, assessment, mitigation, and monitoring of all material risks;
- Ensuring that any actions arising as a result of the monitoring are addressed and monitored;
- Identify and assess the potential impact of emerging risks;
- Provide advice, consultation and training to business functions on risk and control related matters;
- Provide risk management reports to the ARCC and the Board on the risk profile (in context of the agreed Risk Appetite), control framework, emerging risks and risk events;
- Prepare CISSA reports, ensuring that all material risks (including any not covered by the BSCR) are adequately highlighted and addressed;
- Facilitate the defining of the stress, scenario and reverse stress tests, and the relevant management actions and contingency plans;

- Co-ordination of assurance activities with compliance and internal audit; and
- Keeping a log of risk events and near misses, recording changes in procedures that are recommended to prevent or reduce the effects of their reoccurrence and reporting them to the ARCC and the Board.

### **Investment in assets in accordance with the prudent person principles of the code of conduct**

The prudent person principle is embedded in Solvency II and is used to guide investments. Investment management is outsourced to JPMorgan Asset Management (UK) Limited with the investment mandate approved by the Board. Assets are invested to ensure the security, quality, liquidity and profitability of the portfolio. Assets held to cover technical provisions are invested in a manner appropriate to the nature and duration of liabilities. Assets are diversified in such a way that there is no over reliance on, or concentration of risk in, any particular asset, issuer, group of undertaking, geography, asset class or other risk attribute.

### **3.11 Risk Mitigation**

The Company mitigates risk through a Risk Management Framework that incorporates controlled risk-taking into its business activities. This framework includes an established risk culture, effective risk governance, defined risk appetite, and risk tolerance limits.

The Company employs a system of appropriate risk controls, including defined responsibilities and ownership, risk identification and analysis, risk measurement, risk reporting, and escalations.

The Company conducts regular risk identification, assessment, monitoring, and reporting, supported by a comprehensive Risk Register and Risk Events Register. Stress testing, scenario analysis, and reverse stress testing are also utilised to ensure resilience against adverse events.

### **3.12 Material Risk Concentration**

The Company actively manages material risk concentrations to ensure they align with its risk appetite and tolerance limits. Concentration risk is defined as the potential for losses due to excessive exposure to a single counterparty, asset class, or market segment.

The Company seeks to avoid over-reliance on any single class or group of brokers and ensures a balanced and diverse portfolio through continuous fine-tuning of portfolio weighting by class and risk. Additionally, the Company purchases reinsurance protections to mitigate exposure to large loss events and employs dynamic analysis of exposures and market conditions to ensure adequate protection at appropriate costs.

Investment concentration risk is managed at the Group level, with clear limits and governance for asset types and credit ratings.

### **3.13 Stress Testing and Sensitivity Analysis**

The Company undertakes stress testing, scenario analysis and reverse stress testing as part of the BSCR calculation and Commercial Insurer's Solvency Self-Assessment (CISSA) framework. The results of these stress tests are outlined in the CISSA.

Stress testing is used to assess the Company's ability to withstand severe but plausible adverse events, drawing on information from the Risk Register, emerging risk assessments and historical risk incidents.

These analyses inform capital adequacy assessments against the Bermuda Solvency Capital Requirement (BSCR), forward-looking capital projections, and the selection of stress and reverse stress scenarios. The outputs are reviewed at least annually, reported through established risk governance channels, and used to support Board and regulatory oversight of the Company's risk profile, solvency position and resilience under extreme conditions.

## 4 Solvency valuation

The valuation bases, assumptions and methods used to derive the values of statutory assets and liabilities are described below.

### 4.1 Investments

The Company outsources investment management function to JPMorgan Asset Management (UK) Limited . The Company primarily invests in short-duration fixed-income instruments that benefit from relatively active secondary markets. Valuations are sourced from a range of reliable, independent third-party pricing providers

### 4.2 Technical provisions

Reserves are recorded when reported to the Company by the corporate member or third parties. Additional risk margin has been added by the Company for the year to 31 December 2025 and 2024.

The statutory valuation of the Company's reserve provisions in its economic balance sheet as at 31 December 2025 and 2024 are as follows:

Insurance Technical Provisions	2025	2024
	US\$m	US\$m
Best estimate net premium provision	58	101
Best estimate net loss and loss expense	684	629
Risk Margin	45	34
<b>Total technical provision</b>	<b>787</b>	<b>764</b>

### 4.3 Other assets and liabilities

The recorded value of other assets and other liabilities reflects their fair value due to their short-term nature.

## 5 Capital management

### 5.1 Capital management policy

The Company has issued 120,000 fully paid US\$1 shares to IQUW Midco (Bermuda) Limited. The shares have attached to them full voting, dividend, and capital distribution (including winding up) rights. The shares do not confer any rights of redemption. The remaining capital consists of US\$531.4m contributed surplus.

The Company completes the BSCR on an annual basis, with a review on a quarterly basis. Solvency and capital requirements are considered by management during the decision-making process for underwriting and investment transactions and solvency is reviewed at each Board meeting.

### Eligible capital

Eligible capital is categorised by tiers in accordance with the eligible capital rules. The eligible capital of the Company as of 31 December 2025 is as set out below.

Capital	2025	2024
	US\$m	US\$m
Tier 1 Capital	1,054	608
Tier 2 Capital	-	-
Tier 3 Capital	-	-
<b>Total capital</b>	<b>1,054</b>	<b>608</b>

### Confirmation of eligible capital subject to transitional arrangements.

None

### Identification of any encumbrances on capital.

The Company is required to provide Funds at Lloyd's ("FAL") in respect of its quota share agreement with the Corporate Member. The level of FAL that Lloyd's requires a member to maintain is determined by Lloyd's based on Prudential Regulation Authority (PRA) requirements and resources criteria. FAL has regard to a number of factors including the nature and amount of risk to be underwritten by the member and the assessment of the reserving risk in respect of business that has been underwritten. As at 31 December 2025, restricted cash and cash equivalents held in FAL amounted to \$1.4m and restricted investments held in FAL amounted to \$239.5m.

The Company is required to post collateral to a trust account in relation to the mortgage quota share agreements with a third party. The amount of collateral is based on a percentage of the expected Gross Written Premium collected by the cedant. As at 31 December 2025, total investments held in trust amounted to \$9.7m.

### Identification of ancillary capital instruments approved by the Bermuda Monetary Authority

None

### Identification of differences in shareholder's equity as stated in the financial statements versus available statutory capital and surplus.

The only difference between UK GAAP equity and available surplus is an adjustment to disallow prepaid expenses.

ECR and MSM requirements	2025	2024
	US\$m	US\$m
Enhanced Capital Requirement	394	331
Minimum Margin of Solvency	155	126

The Company is in compliance with ECR and MSM requirements as of 31 December 2025.

### Approved Internal Capital Model

None

## 6 Subsequent events

The Company has completed its post balance sheet events evaluation for the period subsequent to the balance sheet date of 31 December 2025 through 27 April 2026, the date the financial statements were available to be issued.

On 8 January 2026, the BMA approved the Company's application to write insurance business. The Company began writing insurance business in the first quarter of 2026.

This event does not adjust the financial statements as at 31 December 2025.

Starr acquisition:

On 23 March 2026, Starr, a global investment and insurance organisation, announced it had completed its acquisition of IQUW Group.

## 7 Declaration

To the best of our knowledge and belief, this Financial Condition Report represents the financial condition of the Company in all material respects.

Signed by:  
  
028F767F9AEE449...  
Stephen Young  
Director

Signed by:  
  
2FAA4418D4E6453...  
Giles Holland  
Chief Risk Officer

## Appendix 1 – Directors

### *Robert Deutsch (non-executive director)*

Bob Deutsch is Chairman of Pelican Ventures, a private insurance-focused investment firm whose portfolio companies include Ariel Re and Tango Specialty. Additionally, he serves on the boards of IQUW, Mosaic Insurance and M.M. LaFleur.

From May 2018 to December 2020, Bob was Managing Director of North American Life & Health, the insurance division of GE Capital. There he was responsible for significantly reducing the risk inherent in the long-term care and structured settlement annuity books of business. Previously he was Chief Strategy Officer for Hamilton Insurance Group from July 2014 to December 2017, as well as CEO of Hamilton USA from October 2015 to October 2016.

Before joining Hamilton, Bob was Managing Director of GCP Capital Partners, starting in February 2010. He was a founder and the CEO of Ironshore Inc., an insurance company established in 2006. From 1999 to 2004, he was CFO of CNA Financial. Before joining CNA, Bob was one of the founders of Executive Risk (now part of Chubb), where he was President of its insurance subsidiaries, Chief Actuary and CFO. Prior to joining Executive Risk in 1987, he worked for Swiss Re and Ernst & Young.

Regarding other board positions, Bob has previously served as a director of Acrisure, Beazley, Chaucer, Darwin, Enstar, Platinum Underwriters, Wilton Re and others. He currently serves as a Trustee of Renbrook School and Emeritus Trustee of The Actuarial Foundation.

Bob is a Fellow of the Casualty Actuarial Society, an Associate of the Society of Actuaries and a past Member of the American Academy of Actuaries. He is a graduate of The Wharton School, University of Pennsylvania.

### *Daniel Pascal Flueckiger (non-executive director) (resigned 19 March 2026)*

Daniel joined Aquiline Capital Partners, London team in 2019 and conduct investments in financial institutions and financial technology companies in Europe, with a particular focus on insurance. Previously he was a Director in the Financial Institutions Group at Deutsche Bank in London, where he advised on M&A and Capital Markets transactions across Europe. Daniel also worked in the Financial Institutions Group at Credit Suisse, Lazard and Bank Sarasin.

Daniel is also a Board member of Polish software development company VirtusLab, UK digital MGA Ripe, Dutch Insurance Broker Quintes.

Daniel has a Bachelor of Arts degree in Business Administration from the University of St. Gallen.

### *Peter Bilsby (executive director)*

Peter Bilsby currently serves as IQUW Group Chief Executive Officer, operating two syndicates at Lloyd's.

IQUW (Syndicate 1856) is a new property, commercial and specialty insurance and reinsurance business, developing new ways to combine data, intelligent automation and human expertise to make accurate decisions, fast.

ERS (Syndicate 218) is a leading, 70-year-old, UK motor insurer, providing quality personal and commercial insurance solutions that insures customers livelihoods and passions.

Prior to IQUW Group, Peter was the Chief Executive Officer of the Talbot Group and Global Head of Specialty of the AIG Group. Prior to this, Peter served as Managing Director of Talbot and Director of Underwriting, where he was instrumental in the development of the overall strategy of the business, including pricing, catastrophe modelling, operations and claims.

Peter joined Talbot in September 2009, as Head of Global Aerospace from XL London Market Ltd. During his time at XL, Peter was accountable for the Global Aviation P&L of \$500m, in conjunction with their Head of Specialty responsible for the strategic development of Specialty lines.

Prior to XL, Peter held the role of Managing Director for the Aviation Division of Markel International.

Peter has over 30 years' experience in the insurance market and has served on various senior committees throughout his career.

*Richard Hextall (executive director)*

Richard is the Group CFO. From 1999 to 2017 he was the Group CFO (from 2011 - Chief Finance & Operations Officer) of Amlin plc where his leadership responsibilities included the finance, investments, actuarial and operations functions. Richard is a highly experienced re(insurance) executive. He was instrumental in growing Amlin from c £500m GWP in 1999 to over £3bn in 2016 and setting up Amlin Bermuda in 2005.

Richard started his career at Deloitte & Touche and progressed to Director specialising in the insurance and financial services sector, responsible for management of a portfolio of clients, incorporating audit and advisory work. He also managed the administration of Financial Institutions Group, in support of Lead Partners, after becoming a Director.

Previously Richard was the Chairman of the LMA Finance Committee and a Director of the Lloyd's Market Association and was a Member of the Lloyd's Investment Committee.

*Stephen Young (executive director)*

Stephen Young joined IQUW in July 2021 and is the Chief Executive Officer of IQUW Bermuda and Global Head of Reinsurance. Stephen was previously Chief Executive Officer, Global Reinsurance of Sompo International Holdings Ltd. He worked for Endurance and Sompo International for 19 years. Overall, he has 25 years' experience in the reinsurance industry and has held various underwriting positions throughout his career. A native of Bermuda, he graduated from Babson College with a Bachelor of Science degree in finance.

*Helen Thornton (executive director)*

Helen Thornton joined IQUW in Bermuda in January 2022 as Chief Financial Officer for IQUW Agency Bermuda Limited and Group Head of Finance. Helen was previously Co-Head of Reinsurance at Nephila Capital with responsibility for Nephila's Reinsurance Unit. She joined Nephila in 2011 as Senior Controller with responsibility for finance and operations and was promoted to Chief Operations Officer in 2012. Prior to 2011 Helen was SVP at Citi Hedge Fund Services in Bermuda. Helen is a Chartered Accountant and a Chartered Professional Accountant. She trained with KPMG in Glasgow and Bermuda. Helen is a Chartered Financial Analyst charter holder and has a BA (hons) in Accounting and Finance from the University of Strathclyde.