Irwell
INSURANCE COMPANY LIMITED

Irwell Insurance Company Limited

Solvency and Financial Condition Report

As at 31 March 2025

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Executive Summary

The purpose of this Solvency and Financial Condition Report (SFCR) is to provide information required by the Solvency UK regulatory framework in respect of Irwell Insurance Company Limited (Irwell) for the year ended 31 March 2025. This report contains qualitative and quantitative information on Irwell's business and performance, system of governance, risk profile, valuation methods used for solvency purposes and its capital management. The SFCR has been prepared in accordance with the relevant PRA Rules and Solvency UK regulations.

Business and Performance

Irwell continued to deploy its growth strategy in the year to 31 March 2025 by maintaining its strong relationships with its traditional business through the subsidiaries of the Peninsula Business Services Group Limited (PBSG). The PBSG subsidiary intermediaries specialise in employment, health & safety and taxation risks. Irwell began writing additional lines of business in FY22 and this has successfully continued through FY25 where Irwell is now operating with 25 intermediaries external to the PBSG. The Solvency UK lines of business written are legal expenses, general liability and miscellaneous financial loss. All business written during the year was written in the UK.

Premiums earned net of reinsurance increased by 22.7% to £36.2m compared to £29.9m in FY24. The growth originated from premiums written external to the PBSG which is consistent with Irwell's business plan and strategy.

Further to the success of Irwell, the company made a statutory underwriting profit at the technical account level of £5.6m compared to £4.7m in the previous year. The company continues to execute its business plan and strategy through expanding the intermediaries it works with whilst maintaining and growing business with existing partners.

Irwell's investments generated a profit of £2.0m (including investment expenses of £242k) in the year to 31 March 2025 compared with a profit of £2.8m in the previous year. The investment strategy continues to be cautious and risk averse.

In the financial year to 31 March 2025, financial market sentiment has been volatile with hope of improved performance rising in the expectation of reductions being made by central banks to interest base rates as inflation reduced in western economies. However, geopolitical events in the second half of the financial year brought further uncertainty to the economic outlook. There remains worldwide geopolitical tensions and possible further economic and political instability. Management continues to monitor the financial markets closely and the Company's exposure to volatility.

System of governance

Irwell is confident in the robustness of its governance procedures, considering them to be both appropriate and proportionate. Outsourced actuarial and internal audit teams support the governance systems and framework and provide a robust system of checks and balances.

The Board meets at least quarterly, with ad hoc Board meetings scheduled as required. The Board members are provided with appropriate and timely information to enable them to review the Company's business strategy, operations, trading performance, regulatory compliance and risk management. The Board is supported by three board committees, the Audit Committee (AC), the Risk Committee (RC) and the Remuneration Committee. Additionally, non-board committees include the Executive Committee (EC) and Underwriting Committee (UC).

Irwell's key Solvency UK functions are risk management, compliance, actuarial, and internal audit. In addition, Irwell has identified the key activities of outsourcing (delegated underwriting, delegated claims handling, and IT management) and investment management as essential to the successful and compliant delivery of Irwell's business plans and strategies. Irwell has appropriate and proportionate controls in place to ensure that these functions and activities are managed appropriately.

Irwell has established clear roles and responsibilities for risk management, operating on a model with three lines of defence. Each has clear reporting lines to the Board to ensure that information relating to risk matters is appropriately communicated.

Through FY25 Irwell has continued to implement a number of changes to both the management structure and day-to-day operations in line with the business plan and strategy as Irwell continues to grow.

Irwell's Own Risk and Solvency Assessment (ORSA) process is an integral part of its risk management system. Responsibility lies with the Chief Risk Officer for creating the ORSA and considering all areas of risk, and the CRO is assisted by the detailed oversight and challenge performed by the RC. The Board is ultimately responsible for accepting and signing off the ORSA and ensuring its completeness.

Further details of Irwell's system of governance are included in section B of this report.

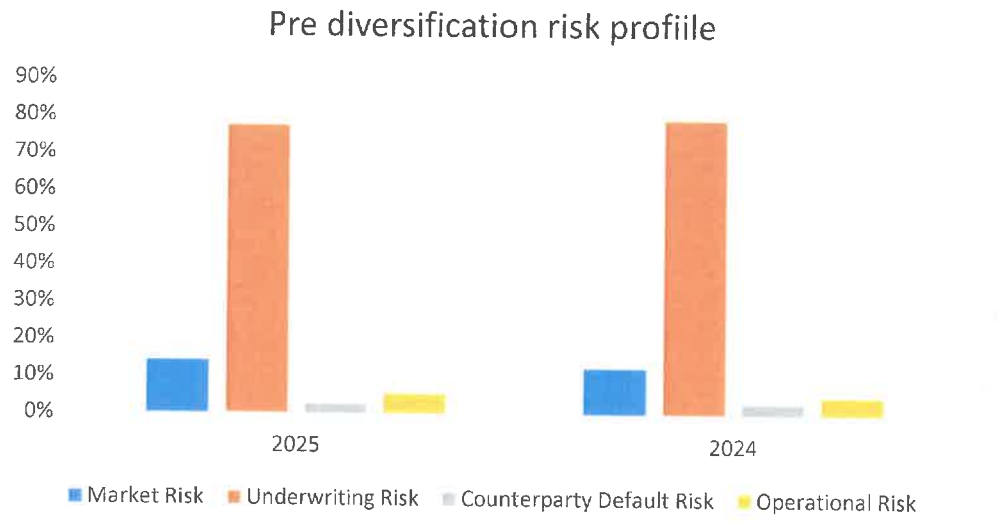
Risk profile

Irwell calculates its Solvency Capital Requirement (SCR) using the Standard Formula. For Irwell, this calculation is based on four risk categories, being non-life underwriting risk, market risk, credit risk and operational risk.

The types of risk to which the company is exposed have not changed significantly over the year. Risk identification is carried out on a regular basis and is overseen by the Company's Risk Committee, based on a combination of internal and external factors, and the Company's risk documentation is updated as necessary.

Material risk exposures are mitigated through a combination of internal controls and reinsurance.

The chart below shows the composition of Irwell's undiversified SCR as at 31 March 2025 together with a comparison with the prior year:



Underwriting risk

Underwriting risk includes premium and reserving risk, lapse risk and catastrophe risk and represents the most significant risk that Irwell is exposed to, comprising 78% (2024: 79%) of the Company's total undiversified risk profile. The graph above shows that the risk profile weighting remains consistent with FY24 whilst Irwell continued to gain momentum from the writing of new business during the FY25 year.

Market risk

Market risk includes interest rate risk, spread risk and concentration risk and is the second most significant risk type for Irwell. The undiversified SCR for market risk has remained consistent with the prior year, increasing slightly to 14% of the overall risk profile (2024: 12%).

Irwell's investment strategy is focused on capital preservation and ensuring sufficient liquidity to meet claims and expenses on an ongoing basis. As a result, Irwell has a low risk, well diversified portfolio of investment assets which is fully compliant with the prudent person principle.

Counterparty default risk

Counterparty default risk (CDR) is the risk that a counterparty will be unable to pay amounts in full when due. Irwell can be exposed to CDR mainly in relation to overdue premium receivables (type 2 counterparties) and in respect of deposits with banks (type 1 counterparties). Reinsurance purchased during the year acts as a risk mitigation tool against claims of high severity. Therefore, CDR relating to amounts due from reinsurers is within scope. At all year ends where a reinsurance programme has been in place (FY22 – FY25), no claims have gone over the retention amounts and therefore no CDR balances relating to reinsurers have been required.

As at 31 March 2025, CDR risk comprised 3% of the Company's undiversified SCR (2024: 3%).

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. As at 31 March 2025, operational risk comprised 5% of the Company's undiversified SCR (2024: 5%).

Further details of Irwell's risk profile are set out in section C of this report.

Valuation for solvency

Assets, technical provisions and other liabilities are valued for solvency purposes according to the Valuation part of the PRA Rulebook and related guidance. The principle that underlies the valuation methodology for Solvency UK purposes is the amount for which assets and liabilities could be exchanged, transferred or settled by knowledgeable and willing third parties in an arm's length transaction.

The following table sets out the differences between the solvency valuation and the valuation in the financial statements:

	2025	2024
	£'000	£'000
Shareholders' equity per the financial statements	38,364	33,445
Solvency adjustments and reallocations - assets	(24,076)	(21,507)
Solvency adjustments and reallocations – technical provisions	15,647	14,646
Solvency adjustments and reallocations – other liabilities	8,952	7,964
Total own funds on a Solvency UK basis	**38,887**	**34,548**

Valuation adjustments to assets relate principally to the removal of deferred acquisition costs, which are not recognised as an asset for solvency purposes, and insurance receivables, which are netted off technical provisions in the Solvency UK balance sheet.

Valuation adjustments to technical provisions reflect the Solvency UK requirement for technical provisions to be a best estimate of liabilities relating to insurance contracts plus a risk margin. Best estimate liabilities are calculated as the discounted best estimate of all future cash flows relating to both claim events prior to the valuation date and future exposures arising from policies that the insurer is obligated to at the valuation date.

Valuation adjustments to other liabilities comprise the removal of insurance payables which are netted off technical provisions in the Solvency UK balance sheet.

Further details of Irwell's valuation of assets and liabilities for solvency purposes are set out in section D of this report.

Capital management

Under Solvency UK, insurance companies at a minimum are required to always hold eligible own funds at least equal to the SCR. In order to ensure continuous compliance with the regulatory capital and solvency position, the objective of the Company is to maintain own funds with a minimum buffer over the SCR of at least 50%, or in other words, the company has a risk appetite of 150% from a SCR perspective.

The Company's SCR as at 31 March 2025 was £17,961k (2024: £15,122k). This is covered by £38,887k (2024: £34,548k) of eligible capital resources, giving a Solvency UK surplus of £20,926k (2024: £19,426k) and a capital ratio of 217% (2024: 228%). It is not expected that any reasonable and plausible stresses applied against Irwell's solvency position would cause the ratio to drop below required levels.

Further details of Irwell's capital management are set out in section E of this report.

D Rimmington 1 July 2025

Chief Financial Officer

A. Business and Performance

A.1 Business

Name and legal form of the undertaking

Irwell Insurance Company Limited (Irwell) is a private company limited by shares. The Company operates from a single office at:

2 Cheetham Hill Road, Manchester, M4 4FB

This is also the registered office of the Company.

The Company has no related undertakings or branches.

Regulator

The Company is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Prudential Regulation Authority is responsible for the financial supervision of insurance companies and is therefore the supervisor for the purposes of Solvency UK regulation. The address of the Prudential Regulation Authority is:

20 Moorgate

London EC2R 6DA

External auditors

The external auditors are:

PKF Littlejohn LLP

3rd Floor, One Park Row, Leeds, LS1 5HN

Ownership

Members of the Done Family are considered to be ultimate controllers through being the trustees of the Fred Done 1998 Children's Life Interest Settlement, a trust fund set up by F. Done into which he placed 2,638,296 shares (65.96%). The beneficiaries are the children of F. Done. The other shareholder is P.E. Done, who holds 1,361,704 shares in the Company (34.04%).

Material Lines of Business and Geographical Areas

The principal activity of the Company is the transaction of general insurance business. Throughout the year ended 31 March 2025, the majority of business continued to be written through companies in PBSG acting as intermediaries, these being Peninsula Business Services Limited ('PBS'), Croner Group Limited ('CG'), Croner-I Limited ('CIL') and Bright HR Limited ('BHR'). The business written through PBS, CG and BHR provides indemnity against awards and costs relating to employment tribunal claims and legal costs relating to potential breaches of Health and Safety legislation. That written through CIL provides indemnity against professional fees relating to HM Revenue & Customs investigations. During the year, Irwell continued with its business strategy of underwriting premiums external to PBSG. These products included: Commercial LEI, Guarantors Liability and General Liability products through several new intermediary relationships. The Commercial LEI business provides protection to businesses for legal expenses incurred in relation qualifying legal challenges.

A. Business and Performance (continued)

Guarantors Liability is a product designed to protect guarantors against default of rent by the tenant. The General Liability product is a combination of Employers, Public and Products Liability sold through third party intermediaries and brokers to businesses.

From 1st January 2021, Irwell ceased to write new business in ROI and is not licensed to write business in any EU country following Brexit. As at 31 March 2025, all existing ROI policies have been run off, and all remaining ROI claims are being handled and reported to the Central Bank of Ireland under the temporary run-off regime.

Significant business and external risks

Inflation and Reserving:

Inflation continued to be a focus for the business through the year, whilst the immediate impact of inflation is unlikely to be felt by the Company on claims performance, the risk of latent exposure to inflation is present because of the nature of the business underwritten. This is particularly prevalent for the employment protection insurance that we distribute via PBSG (where our exposure to rising salary levels may only present after several years) but also in our general liability business where the longer tail nature of that business can result in claims several years after the policy was sold.

We therefore closely monitor our reserve position together with claim developments for all material product lines.

Geopolitical uncertainty:

External factors, such as ongoing geo-political risks, continue to present a risk to Irwell's investment portfolio. Such risks include policy uncertainty in the short and medium term which has the ability to fundamentally impact the global business environment.

People Risk:

Recruitment of suitably skilled staff is key to the delivery of Irwell's business plans and strategy. The current recruitment market generally is difficult and, therefore, this has continued to be a key risk for the business during the year and will continue to be so in the short to medium term.

A. Business and Performance (continued)

A.2 Underwriting Performance

Underwriting performance

The following table summarises the underwriting performance of the Company:

	Legal expenses	*General liability*	*Misc financial loss*	*Total*
	£000	*£000*	*£000*	*£000*
2025				
Gross premiums written				
- **UK**	**21,878**	**16,480**	**915**	**39,273**
Premiums earned net of RI	21,832	13,537	861	36,230
Gross claims incurred	6,135	5,080	783	11,998
Net operating expenses	12,494	6,932	337	19,763
Underwriting profit/(loss)	**3,203**	**1,525**	**(259)**	**4,469**
Loss ratio	**28.10%**	**37.53%**	**90.94%**	**33.12%**
Operational expense ratio	**57.23%**	**51.21%**	**39.14%**	**54.55%**
Combined ratio	**85.33%**	**88.73%**	**139.08%**	**87.66%**
2024				
Gross premiums written				
- **UK**	**21,367**	**13,196**	**-**	**34,563**
Premiums earned net of RI	20,969	8,957	-	29,926
Gross claims incurred	6,574	4,627	-	11,201
Net operating expenses	11,378	4,283	-	15,661
Underwriting profit	**3,017**	**47**	**-**	**3,064**
Loss ratio	**31.35%**	**51.66%**	**-**	**37.43%**
Operational expense ratio	**54.26%**	**47.82%**	**-**	**52.33%**
Combined ratio	**85.61%**	**99.48%**	**-**	**89.76%**

A. Business and Performance (continued)

Net operating expenses are analysed as follows:

	Legal expenses	*General liability*	*Misc financial loss*	*Total*
	£000	*£000*	*£000*	*£000*
2025				
Acquisition costs	6,821	3,787	178	10,786
Administrative expenses	2,254	1,697	94	4,045
Profit commission	3,419	1,448	65	4,932
Net operating expenses	**12,494**	**6,932**	**337**	**19,763**
2024				
Acquisition costs	6,589	2,194	-	8,783
Administrative expenses	1,786	1,103	-	2,889
Profit commission	3,003	986	-	3,989
Net operating expenses	**11,378**	**4,283**	**-**	**15,662**

Gross written premiums increased by 13.6% in financial year 2025 as a result of traction and impact from the business written external to PBSG. The claims experience is favourable, decreasing in the year from 37.4% in 2024 to 33.1%. The underlying driver for this is the combined impact of a release of opening reserves where claims development has supported a lower reserve best estimate plus a lowering of the booked claims ratio on one of the newer products. Evolving claims experience supported the downward reserving adjustment. Claims development, as always, will be closely monitored over the coming years.

The combined ratio has decreased to 87.7% from 89.8% in 2024. This reflects the matching approach to claims reserving. Another primary driver is the increase in earned premiums following continued growth in gross written premiums over the last two years. This increase in earnings has more than covered the increase in operating expenses, which remain in line with a Board approved HR strategy.

Irwell made an underwriting profit before profit commission in the year to 31 March 2025 of £9,401k compared to £7,053k in 2024. As a result, profit commission of £5,432k has been provisioned for the year, compared to £3,989k in FY24.

Reinsurance

Reinsurance is purchased to mitigate the Company's exposure to catastrophe risk. Catastrophe risk is deemed to be very low in relation to the lines of business written by PBSG and also legal expenses business; however, excess of loss reinsurance is purchased for the General liability business to transfer our exposure to claims in excess of £1m to a panel of A rated reinsurers on a per event basis.

A. Business and Performance (continued)

The general liability products have limits of indemnity of up to £10m per claim and therefore the excess of loss reinsurance limits Irwell's exposure to large claims, in line with the Company's business strategy, and works to offset, in part, the additional SCR requirements within underwriting risk.

A.3 Investment Performance

Overall investment performance

Irwell's investment portfolio is managed by investment managers and advisors LGT Wealth Management UK LLP (LGT). LGT operate under Irwell's approved investment policy, maintaining a prudent investment strategy with a portfolio predominantly comprised of short and intermediate dated bonds. The policy also mandates strict requirements regarding investment type, grade and counterparty exposure limits.

At 31 March 2025, the Company's investment portfolio and cash comprised the following:

	31 March 2025		***31 March 2024***	
	£000	***% of total***	***£000***	***% of total***
Government bonds	12,555	18.9%	11,156	18.8%
Corporate bonds	42,207	63.5%	39,193	66.2%
Collateralised securities	1,790	2.7%	-	-
Collective investment undertakings	2,205	3.3%	660	1.1%
Cash and cash equivalents	7,690	11.6%	8,191	13.9%
Total	**66,447**	**100%**	**59,200**	**100%**

Amounts are shown are inclusive of accrued income.

Exchange traded derivatives are approved for hedging purposes only, where such instruments can be shown to improve the quality, profitability, liquidity or security of the portfolio. Irwell had no derivative transactions in FY25 and these instruments are unlikely to be used in the foreseeable future.

The investment return for the year ended 31 March 2025 was as follows:

	March 25	***March 24***
	£000	***£000***
Income received	1,937	1,434
Net gains/(losses) on realisation of investments	138	(755)
Net unrealised gains on investments	160	2,261
Investment return before expenses	**2,235**	**2,940**
Investment expenses	(242)	(185)
Total investment return	**1,993**	**2,755**

A profit of £1,993k was made on the investment portfolio after investment management fees (2024: profit of £2,755k). Valuations have increased as financial market sentiment has risen on the expectation of reductions being made by central banks to interest base rates as inflation has

A. Business and Performance (continued)

reduced in western economies. Geopolitical events in the second half of the year brought further uncertainty to the economic outlook, creating volatility within investment markets. There remains worldwide geopolitical tensions and possible economic and political instability. Management will continue to monitor the financial markets closely and the Company's exposure to volatility.

Irwell has a low-risk appetite for its investment portfolio, and as such the credit quality of the bond portfolio is strong. At year-end, the assets within the portfolio and with NatWest and Barclays attracted the following rating breakdown: A and above 60.6%, BBBs 37.9%. The remaining 1.5% related to non-investment grade investments.

The portfolio is well diversified both regionally and from a sector point of view. Individual exposure to any single issuer is limited to 2.5% for A rated issuers and above and to 1.5% to BBB-rated issuers. The modified duration of the portfolio is purposefully relatively low at c.3.9 years, with most investments held in the 1-to-4 year maturity range. The increase in duration reflects the changing mix of insurance business being written by the Company, gradually moving from shorter tail to longer tail insurance liabilities.

Irwell's cautious investment strategy by its very nature reduces the company's exposure to market risk. The company's ORSA document applies stressed scenarios to its future projections, which shows the strength and resilience of plausible shocks against the capital held.

A4. Performance of other activities

Irwell has no leasing arrangements.
There are no other income streams other than those mentioned in A.2 and A.3 above.

A.5 Any other information

There is no material information regarding Irwell's business and performance to be disclosed other than as detailed in A.1-4 above.

B.1 General information on the system of governance

General governance arrangements

Board

The Board has ultimate responsibility for organising and controlling the Company's business. Its principal functions are to determine the Company's risk appetite and business strategy, to have oversight of the Company's operations and performance and regulatory compliance and to ensure that the Company has an effective risk management process. The Board normally meets four times a year.

Board committees

The Board uses a number of board committees to assist it in performing its oversight functions, as follows:

Audit committee (AC)

The Board formally delegates responsibility for audit matters to the AC. The committee meets at least four times a year. Its terms of reference cover the following principal areas:

- review and monitoring of the internal and external audit processes;
- monitoring the financial reporting process;
- monitoring the outsourced actuarial function;
- review and approval of the 3-year business plan;
- review and documentation of the Company's governance arrangements;
- review of the company's internal controls.

Risk committee (RC)

The RC provides support and advice on risk related matters. The committee meets at least four times a year. Its terms of reference cover the following principal areas:

- oversight of the company's risk management systems including the identification and management of key risks and emerging issues;
- developing proposals regarding the Company's risk appetite for review and approval by the Board;
- oversight of the development of the annual Own Risk and Solvency Assessment (ORSA) and review and approval of the ORSA for submission to the Board;
- oversight of the compliance function;
- monitoring the outsourced investment management function;
- periodic review of the Company's outsourcing policy;
- review of whistleblowing procedures.

Remuneration committee

The remuneration committee has responsibility for overseeing the development and implementation of the Company's remuneration policies.

Executive management

Day to day management of the business is in the hands of the executive management team, which is responsible for risk management, compliance, underwriting policy, claims review and approval, claims reserving, investment management and finance and administration.

The executive management team comprises three executive directors, being the CEO, the CFO and the CRO. The business has senior managers to support the executive directors.

B. Systems of Governance (continued)

Investment management is outsourced to LGT who operates under an investment policy approved by the Board. Executive Management is responsible for the regular monitoring of investment performance and adherence to the agreed policy.

The Company uses contractors or consultants as appropriate to provide investment management services, actuarial services, internal audit services and IT management.

Key functions

Irwell has established the four key functions required by Solvency UK. These are:

- Risk management
- Compliance
- Actuarial
- Internal Audit

In addition, the following activities have been classed as key to Irwell's operations:

- Outsourcing
- Investment management

These functions are responsible for providing oversight of the relevant area and assurance to the Board on the operation of the Company's risk management framework. All functions are overseen by one or more executive directors, the AC or the RC, thus ensuing they have the appropriate authority to perform their roles.

Risk management

The key function holder is the Chief Risk Officer (CRO). The RC provides oversight as to the reasonableness, proportionality and effectiveness of the Company's prudential risk management, regulatory compliance and internal control systems.

The Irwell Board has ultimate responsibility for risk management and the function therefore has the required authority to fulfil its role.

Compliance

The CRO performs the function of Compliance Officer and is responsible for both day-to-day compliance monitoring and regular reporting to the Board on compliance related matters.

The RC considers and approves the compliance monitoring programme for the forthcoming year annually.

The compliance function formally reports to the RC and the Board on a quarterly basis.

Actuarial

The Actuarial Function has specific duties and responsibilities under Solvency II. Irwell outsources Actuarial Function holder support to Barnett Waddingham LLP and Wan Heah, partner at Barnett Waddingham LLP, holds the associated regulatory SMF20 responsibilities and works closely with both the CFO and the CRO. The outsourcing arrangement ensures that the Actuarial Function is operationally independent.

The Actuarial Function Report is prepared by Barnett Waddingham LLP and presented to the Board at least annually.

Internal audit

Irwell's Internal Audit function is overseen by the AC. Internal Audit is responsible for evaluating the approach to risk management and governance, with particular emphasis on the internal control system.

Irwell outsources the Internal Audit function to Forvis Mazars, who have the skills, knowledge and expertise to provide the services and are entirely independent from operational aspects of the business.

The Internal Audit function is authorised to review all areas of the Company and its business and it therefore entitled to have full and unrestricted access to all information, records, property, personnel and activities. Board members have a duty to make all requested information available promptly and to assist with any enquiries.

The AC approves the internal audit plan, taking advice on known and potential risks. In addition, the AC receives and reviews the reports produced by Internal Audit.

Investment management

The investment management service is outsourced to independent investment managers who operate under an investment strategy approved by the board. The investment manager reports quarterly to the RC and Executive management is responsible for the regular monitoring of investment performance and adherence to the agreed strategy and provides a quarterly report to the Board.

Outsourcing

Irwell operates a business model whereby several services provided to the Company are outsourced (delegated underwriting, delegated claims handling, and IT services). Therefore, an important function of executive management is the control and regular monitoring of these outsourced functions. The executive management team is collectively responsible for this oversight. In support of this activity, the Company has a comprehensive, documented outsourcing policy, covering scoping, selection, governance, regulatory compliance, performance management and data and information requirements. All intermediaries are regulated by the FCA and provide Irwell with regular compliance reports.

The CEO has overall ownership of the outsourcing policy, which is reviewed and approved by the RC at least once a year. Ultimate responsibility for the outsourcing of key functions and activities lies with the Irwell Board.

Material changes

Other than those mentioned above, the business does not consider there to be any material changes to note.

B. Systems of Governance (continued)

Remuneration policy
Irwell has a Remuneration Committee that is responsible for reviewing the salary frameworks of employees and meets yearly to approve the salaries of all staff and the executive directors. The Remuneration Committee ensures that all salary frameworks are appropriate, and do not encourage the unfair treatment of customers through performance-based remuneration and other incentives.

Related party transactions
Members of the Done Family are considered to be the ultimate controllers of the Company. P.E. Done is a non-executive director of the Company. Throughout the year, members of the Done Family also held a controlling interest in Rainy City Investments Ltd, which is the parent of Peninsula Business Services Group Limited, a company of which P. E. Done is also a director. Throughout the year ended 31 March 2025, Irwell continued to write most of its business for the clients of PBSG and its subsidiary companies. Therefore, the majority of premiums received and claim payments are made via PBSG and its subsidiary companies. Cash settlement is made within 30 days of each month end. Premiums written amounted to £25,418k (2024: £24,687k), total commission payable by the Company totalled £5,632k (2024: £5,519k) of which £2,250k (2024: £6,263k) was owed at the year-end. The PBSG subsidiaries generated claims incurred to Irwell of £6,326k (2024: £7,340k)) in the year.

B.2 Fit and proper requirements
So as to enable sound and prudent management of the Company, a policy is in place to ensure that persons appointed to manage the Company's business activities are fit and proper. As part of that policy, an assessment is made prior to appointment to a role to ensure that the individual has both the appropriate knowledge and skills through their professional qualifications and/or experience and is of good repute and integrity. This assessment takes place prior to appointment to a role and is reviewed periodically thereafter by the Board.

Executive management of the Company collectively possess competence, experience and knowledge in and not limited to the following areas:

- Insurance and financial markets
- Business strategy
- Systems of governance
- Financial and actuarial analysis
- Risk management
- Regulatory requirements

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

Risk Management
Irwell has in place a Risk Management Framework. This framework sets out the principles for managing risk within Irwell and describes the risk management roles and responsibilities of individuals, and the Board and its committees. The Risk Management Framework is reviewed and updated as necessary on a regular basis in light of changes to the Company's risk profile, external risk factors and developments in best practice.

B. Systems of Governance (continued)

Irwell has implemented a robust model for risk management with three main lines of defence, as follows:

First line of defence

The first line of defence owns and manages risk on a day-to-day basis. For Irwell, this consists of the executive management team, the operational functions together with its intermediaries, to whom underwriting is outsourced, and the outsourced actuarial function. All share responsibility for risk management at the operational level.

Second line of defence

The second line of defence provides the oversight and advice necessary to support the first line of defence in identifying, managing and monitoring risk. For Irwell, this comprises the Risk Management and Compliance functions as well as the Actuarial Function in respect of its reviews of the adequacy of our Underwriting and Reinsurance policies. The Chief Risk Officer has responsibility for risk and compliance management on a day-to-day basis with oversight and challenge from the Risk Committee. Further information on the Compliance Function is given in B4 below.

Third line of defence

The third line of defence provides independent assurance that risk management and the internal control system are working as designed. For Irwell, this comprises the Internal Audit function. Further information on the Internal Audit Function is given in B5 below.

The CRO is responsible for the day-to-day operation of Irwell's risk management processes and the production of management information that allows for timely and relevant decision making on risk related matters. The CRO is also responsible for the on-going maintenance of the risk register. The risk register identifies all material risks the Company faces in relation to the implementation of its strategic objectives and details of mitigating actions in place for all risks identified.

The intermediaries supply management information to an agreed timetable to support the process, including:

- Underwriting and claims data;
- Consumer Duty MI including insurance complaints, and
- Operational compliance monitoring.

The RC has oversight of the Company's risk process and is responsible for advising the Board on risk issues, including the Company's risk appetite and risk strategy. In performing this function, the RC considers risk reports and other management information. The RC also undertakes regular reviews of the risk register, and reviews it formally at least annually, and makes recommendations regarding additions/modifications to the register as appropriate. The Board has ultimate responsibility for risk related issues.

ORSA process

The CRO is responsible for all aspects of the process for producing the Company's ORSA Report. The ORSA Report is reviewed and signed off by the Board. The ORSA sets out details of the Company's current business strategy and risk appetite and details of all material risks that Irwell faces in pursuit of its business objectives as well as stress and scenario testing associated with those risks.

B. Systems of Governance (continued)

Irwell uses the standard formula to calculate its SCR. The ORSA includes consideration of whether the SCR calculated in this way is appropriate given our actual risk profile. The ORSA also includes consideration of whether there are any current or emerging risks in Irwell which are not covered explicitly by the standard formula.

The Company operates on a three-year business plan. The ORSA therefore includes consideration of the business plans over that period, and any anticipated changes in risk appetite and risk profile. This includes consideration of any potential changes to current risks and the impact of any emerging risks.

Irwell's policy is for the ORSA to be produced annually. An updated ORSA would be prepared at an intermediate stage in the event of any significant change to the risk profile.

ORSA inputs
The key inputs to the ORSA process are:

- The Irwell risk management process
- The business planning process
- The Solvency UK balance sheet and SCR calculation

ORSA Activities
The following activities are performed at least annually in support of the production of the Company's ORSA:

- Projection of Solvency UK technical provisions, Solvency UK balance sheet and calculation of the SCR (using the standard formula) over the three year planning period;
- Performance of stress and scenario testing, encompassing all material risks that are covered by the standard formula. The effects of the selected stresses and scenarios are quantified using management's own expert knowledge of the business;
- Consideration of whether there are any further risks not covered by the standard formula that is capable of being measured quantitatively, and
- Calculation of an ORSA capital requirement based on the outcome of our stress and scenario testing.

ORSA Outcomes
The outcome of the ORSA process is an ORSA report that covers the following areas:

- A description of the Company's current business strategy and appetite for risk in pursuing that strategy;
- An assessment of all material risks facing the Company and the mitigating actions in place;
- An assessment of any emerging risks impacting the Company's business strategy;
- The Company's own view of its current capital and solvency requirements based on management's expert understanding of the business and appropriate stress and scenario testing; and
- The Company's forward-looking view of its capital and solvency position over a three year planning period.

The ORSA report is used by the Board for the following purposes:

- Confirmation that all material risks facing the business have been identified together with appropriate mitigating actions;
- Concurrence that the risks detailed are within the agreed risk tolerances;
- Concurrence with the view expressed regarding the current and forward-looking capital assessments;
- Confirmation that the level of capital held by the Company is appropriate;
- Setting the business plans and strategies across the three-year business planning horizon, and
- Concurrence that the Company will be able to withstand any reasonably foreseeable shocks over the next three years.

B.4 Internal control system

Internal controls

Irwell's internal control system is designed to ensure the effectiveness and efficiency of its operations, to enable the Company to manage its risks and ensure compliance with its legal and regulatory obligations. The key policies and procedures comprising the internal control system are detailed within the Company's Risk Management system and these include controls which are operated within the key functions of the business, controls relating to outsourcing, reviews and reporting performed as part of the risk management and compliance functions, and the independent assurance provided by internal audit in its capacity as the third line of defence.

The internal control system is subject to review by the internal audit function on a cyclical basis and the results are reviewed by the AC.

Compliance

Irwell's Compliance Function is responsible for ensuring compliance with the Company's legal and regulatory obligations. In particular, its responsibilities comprise:

- Identifying and evaluating compliance risks;
- The establishment and monitoring of procedures and controls over identified compliance risks;
- Ensuring that the Company and its intermediaries comply with all relevant rules, regulations and legislation, and
- Reporting to the Board on all compliance matters.

The CRO also performs the function of Compliance Officer and is responsible for both day-to-day compliance monitoring and regular reporting to the Board on compliance related matters. The compliance functions of the outsourced intermediaries are subject to compliance monitoring as part of the Third Party Audit plan.

B.5 Internal audit function

Internal Audit must be objective, impartial and independent and not subject to influence from the Board or management. Accordingly, Irwell has appointed an external provider to perform the internal audit.

An annual internal audit plan is proposed by the external provider and approved by the AC. This plan is developed to ensure that, over the audit universe, sufficient evidence will be obtained to evaluate the effectiveness of the risk management and the control processes across the business.

Each internal audit plan encompasses the following areas:

- Suitability of the internal control system and its efficiency
- Failures/shortcomings of any internal control and potential improvements
- Compliance with internal strategies and policies
- Compliance with internal procedures and processes
- Actions taken to remedy past inadequacies
- Reported deficiencies, failings and irregularities
- Material functions/activities carried out by outsourced service providers

After each audit, appropriate reports are produced and submitted to the AC for review.

B.6 Actuarial function

The role of the Actuarial function is to provide the Board with an independent perspective on key insurance aspects of the Company's operations. This ensures that the Board is fully informed of matters that may impact the business.

Irwell does not employ an in-house actuarial resource and therefore utilises the services of its external actuary in fulfilling the actuarial function.

The Actuarial function is responsible for the following areas:

- Coordinating the calculation of the technical provisions and reporting thereon;
- Assessing whether the methodologies and assumptions used in the calculation of the technical provisions are appropriate;
- Assessing data quality;
- Providing an underwriting policy opinion;
- Providing a reinsurance arrangements opinion, and
- Production of an Annual Actuarial Function Report.

The reporting on the technical provisions and the annual actuarial function report are subject to review and approval by the Board.

B.7 Outsourcing

The Irwell Board has identified the following to be key outsourced functions for the business, together with the relevant responsibilities:

- Underwriting and Claims Handling, to the extent that this is delegated to coverholders and TPAs
- Internal Audit
- Actuarial
- Investment Management
- IT

B. Systems of Governance (continued)

The Board considers that executive management has collectively the appropriate level of knowledge, skills and experience to oversee the provision of these services.

Irwell has a separate outsourcing policy which sets out the processes and procedures to be followed when deciding to outsource a particular activity. This covers, amongst other things:

- Where responsibility for outsourcing sits within Irwell
- Guidelines and procedures on the materiality assessment, due diligence and risk assessment of any outsourced service provider
- Guidelines on Irwell's contractual arrangements for any outsourced service provider
- Responsibility for oversight of each outsourced service provider, including the requirement that a named senior manager be responsible for each arrangement
- Guidelines around termination and exit management
- Formal authorities for the appointment of outsourced service providers

B.8 Any other information

The Company is satisfied that its system of governance, as outlined in B1-7 above, is appropriate and proportionate to the nature, scale and complexity of the Company's business. This is something that is continuously reviewed. Both internal and external audits may provide recommendations for improvement which are considered and implemented if it is deemed appropriate to do so.

C. Risk Profile

Summary of risk profile

Irwell's business model was consistent and constant for many years, underwriting legal protection and accountants' tax fee protection risks through related party intermediaries. In financial year 2022, the Company began writing additional lines of business to widen the market that it operates in. In support of this strategy, the Board pursues a conservative investment policy. The following sections provide a summary of each of Irwell's material risks, including a description of the risk, the measures used to assess the risk, risk concentrations and the risk mitigation techniques used by Irwell to manage the risk.

C.1 Underwriting risk

Underwriting risk is assessed between the following risk categories:

- Premium risk
- Reserving risk
- Catastrophe risk
- Lapse risk
- Concentration risk

Appropriate underwriting and risk selection/pricing directly impacts on claims performance via claims frequency and loss ratios and in the same manner claims development and performance drives underwriting decisions. Appropriate and adequate reserving is a key factor in managing business performance. The Company does not use any special purpose vehicles. Underwriting risk is the most significant risk relating to Irwell's business and accounts.

Measures used to assess risk

Irwell underwrites legal expenses and liability insurance in the UK. As at 31 March 2025, the business was sourced solely via authorised intermediaries who act under a delegated risk transfer agreement for underwriting. In respect of legal expenses, claims are handled by a combination of in-house resource, external solicitors and intermediaries. In respect of liability business, through claims handling agreements with Third Party Administrators (TPAs). Underwriting risks are assessed as follows:

- Levels of business written, the sources of that business and detailed claims information are recorded using management information received from the intermediaries on a monthly basis. This information is used to monitor the performance of the business and the level of reserves required.
- The adequacy of premium income to cover expected claims and expenses is the responsibility of the Board supported by recommendations from the Underwriting Committee and is achieved by following the Company's agreed pricing mechanism.
- The Company performs regular reviews of the intermediaries' underwriting records and claims data, including adherence to premium limits, underwriting guidelines and claims handling authorities. The outcomes of these reviews are submitted to the RC, together with overall MI on results and performance. This information is used in the management of underwriting risk.
- The calculation of the technical provisions is performed by the external actuaries basing their methodology on market best practice, and reviewed and signed off by the AC. This

review process includes consideration of the assumptions used, the suitability of the techniques used and the reasonableness of the results. Economic trends, developments in government policy and legal changes are all closely monitored.

Responsibility for assessing and monitoring insurance risk rests with the RC, which reports directly to the Board.

Premium risk

The key risk relating to business written is that intermediaries fail to follow agreed underwriting guidelines.

This risk is mitigated by:

- All intermediaries are contracted under market standard delegated underwriting authority agreements;
- All policy wordings are reviewed regularly and updated as necessary;
- Detailed delegated authority agreements are written for all new intermediaries writing business for Irwell, setting out the expectations and requirements;
- Any variation to the agreed rates must be approved by the Underwriting Committee;
- Irwell has the ability to change premium and/or commission rates at short notice in the event of a deterioration in loss ratios;
- The Company performs regular reviews of the intermediaries underwriting records to ensure that they adhere to the terms of the delegated underwriting authority;
- The intermediaries are subject to regular audit of both their compliance with the delegated underwriting authority agreement and their own underwriting processes.
- Validation checks are performed on the risk bordereaux to ensure risks are not being written outside of the agreed upon terms.

Reserving Risk

The Company is exposed to the risk that the actual payment of claims, or the timing thereof, differs from expectations with the result that its premium and claims reserves are not sufficient to meet its insurance liabilities. This is influenced by both the frequency and the severity of claims. New challenges are also faced as the mix of business changes over time, in particular presenting risks due to the lengthening tail of insurance liabilities associated with the general liability business. This risk is mitigated by:

- The majority of business written up to 31 March 2025 was on a claims-made basis;
- General liability business is written on a claims occurring basis and has a longer-tail in terms of claims development, this risk group will form an increasingly larger proportion of the book over time as it is a core area of growth for the company. Reserving will be monitored very closely by management and significant reliance on the actuarial input will assist in offsetting material misstatement in this area;
- Regular reviews of intermediaries are performed to ensure the quality of the claims data received and to ensure adherence to delegated claims handling authorities;
- External actuaries have been employed to perform the actuarial function for Irwell, including reviewing and assessing the Company's technical provisions.

This risk is further mitigated through a formal process and approach to ensure that an appropriate margin is maintained to mitigate the risk of reserve insufficiency.

Catastrophe risk and reinsurance risk

Up to 31 March 2022, the majority of the business written by Irwell consisted of employment business, covering awards and fees relating to employment tribunal cases and legal fees relating to breaches of health and safety legislation, and accountants' tax fee protection business, covering professional fees relating to HMRC enquiries. All business written is highly diversified and subject to relatively low policy limits. The directors have therefore previously taken the decision that the Company has limited exposure to accumulation of losses due to catastrophic events in relation to the existing business, and as such there has been no requirement for catastrophe reinsurance.

The general liability business does have an exposure to very large losses and, therefore, excess of loss reinsurance is purchased to mitigate this risk. This insures against individual claims that exceed Irwell's net retention, therefore, reducing the exposure to those large losses. Their remains an exposure to the accumulation of events, although this has been considered low based on the risk profile of the general liability business written. However, this is regularly monitored by Management with consideration being given to other forms and types of reinsurance where appropriate and necessary.

Lapse risk

Lapse risk is ultimately the risk that the company loses policyholders during an underwriting year or there is a reduction in the conversion rate during the renewal of policies. In relation to business written through PBSG, Irwell's lapse risk is not considered significant, due to the success and focus its key intermediary's place on this activity. In relation to general liability, the lapse risk for the Company will be increased due to the diversification of the product portfolio and higher price point of the general liability product. In order to manage this risk, regular discussions are held with intermediaries to assess the commercial position of products sold in relation to the market.

Concentration Risk

Underwriting concentration risk is limited due to fact that the risks that the Company underwrites are diversified across a large portfolio of individually small insurance contracts. At the date of writing this report, the Company continues to source the majority of its business through four intermediaries, who are members of the same group, and as a result of this the Company has a concentration of business around a single key business partner. This risk has been identified and recorded in the Company's risk register. This concentration risk is mitigated by detailed and ongoing monitoring of the intermediaries and maintaining strong relationships thereon. A further mitigation of this risk is the financial strength of PBSG which is monitored by Irwell on a continuous basis.

As the company grows its income external to the group via the introduction of new intermediaries, the concentration risk will be proportionately reduced. This will diversify the portfolio of Irwell's clients, both in type of business written, as well as the nature of the clients. The impact of this will be monitored on a regular basis.

Risk sensitivity relating to underwriting risk

At 31 March 2025, non-life underwriting risk accounted for 78% (2024: 79%) of Irwell's undiversified SCR.

See section C7 for information on stress and scenario testing on underwriting risk.

Material Change

There were signs that a softening market was developing during the financial year ending 31 March 2025, signs which are continuing through FY26. This may have significant implications for growth, renewal ratios and pricing which may all impact profitability.

We are monitoring these signs closely and have made significant improvements to our coverholder oversight tools during the financial year ending 31 March 2025, allowing us to react quickly to adverse trends.

C.2 Market risk

Market risk is the risk of losses on the Company's investments due to fluctuations in market values. Market risk is subdivided into interest rate risk, equity risk, property risk, spread risk, concentration risk and currency risk. The Company's investments comprise cash, government bonds and investment grade corporate bonds. If necessary, derivatives may be used for hedging purposes. All investments are denominated in sterling. Due to the nature of the Company's investment portfolio, only interest rate risk, spread risk and concentration risk apply to Irwell.

Measures used to assess risk

Irwell has a cautious investment strategy with strict requirements laid down regarding investment type, grade and counterparty exposure limits. This is codified in an investment policy which is reviewed and approved by the Board on at least an annual basis. The Investment manager is required to operate within the bounds of the Company's investment policy. The investment manager provides the Company with a monthly investment report which details the monthly performance. This report is reviewed by executive management. In addition, the investment manager provides the Company with a quarterly detailed performance summary and narrative investment commentary. These reports are reviewed at Irwell's quarterly Risk Committee and Board meetings.

Market risk is also identified, assessed and monitored through the Company's risk register. The risk register is the responsibility of the RC and is reviewed and updated as necessary and on at least a six-monthly basis.

Interest rate risk

Interest rate risk is the risk of investment losses due to changes in interest rates. Irwell has a short-dated investment portfolio with an average duration at 31 March 2025 of 3.9 years (2024: 3.2). This feature of the portfolio mitigates the interest rate risk. In addition, and when necessary, derivatives may be used to manage the duration of the portfolio. At 31 March 2025, interest rate risk accounted for 5% (2024: 3%) of our undiversified SCR, reflecting the slightly increased portfolio duration and economic uncertainty.

Spread risk

Spread risk is the risk that the value of investments will vary due to changes in credit spreads. Credit spreads are narrower for higher rated securities. The risk is therefore mitigated by Irwell specifying in its investment policy the minimum ratings that must apply to different categories of securities both in terms of individual issuers and in terms of the portfolio as a whole. At 31 March 2025, spread risk accounted for 9.0% (2024: 9.0%) of the Company's undiversified SCR. This increase reflects the change in the mix of ratings of the assets held within the portfolio compared to last year. There is now a greater proportion of assets held with a BBB rating. See Section A3 above for further analysis.

Concentration risk

Concentration risk is the risk of investment losses that may occur due to having a large portion of the investment portfolio with the same counterparty. This risk is mitigated by Irwell ensuring appropriate diversification, specifying in its investment policy maximum limits for any one issuer. As a result, concentration risk relating to Irwell's investment portfolio is managed to a low level. At 31 March 2025, concentration risk accounted for 0.08% (2024: 0.16%) of the Company's undiversified SCR.

Prudent person principle

Irwell's investment strategy is focused on capital preservation and ensuring sufficient liquidity to meet claims and expenses on an ongoing basis. As a result the Company has a low risk, well diversified portfolio of investment assets which is fully compliant with the prudent person principle. In particular:

- The average short duration of the investments matches the short-tail nature of the majority of the insurance business written by the Company. This ensures that the assets held to cover the technical provisions are invested in a manner appropriate to the nature and duration of the insurance liabilities and in the best interest of all policyholders.
- Investment management is outsourced to a leading asset management firm.
- The asset manager operates under a strict set of investment guidelines specifying limits as to duration, security and diversification.
- The investment guidelines also ensure that holdings are only acquired in investments where it is confirmed that data is available properly to identify, measure, monitor, manage, control and report on those assets and perform the necessary solvency capital calculations in accordance with the Standard Formula.
- Exchange traded derivatives are approved for hedging purposes only, where such instruments can be shown to improve the quality, profitability, liquidity or security of the portfolio.

Risk sensitivity relating to market risk

Irwell's investment strategy described above results in total market risk comprising approximately 14% (2024: 12%) of the Company's undiversified SCR at 31 March 2025.

See section C7 for information on stress and scenario testing on market risk.

Material change

Other than those mentioned above, the business does not consider there to be any material changes to note.

C.3 Counterparty default risk (CDR)

CDR is the risk that a counterparty will be unable to pay amounts in full when due. Irwell is exposed to CDR in relation to overdue premium debtors (type 2 counterparties) and in respect of deposits with banks and recoveries due from reinsurers (type 1 counterparties). In respect of reinsurance, our Reinsurance Policy sets out the requirements in respect of the selection of reinsurers to mitigate this risk, the financial rating of reinsurers set by the Board is of "A" or above. It's worth noting that since Irwell engaged in its reinsurance programme, no claims have exceeded the retention limits and as a result no monies or balances associated with reinsurers have been required to be recorded in the Company's books.

Measures used to assess risk

CDR is identified, assessed and monitored through the Company's risk register. These risks are discussed by the RC on at least a six-monthly basis and their potential impact is assessed. In addition, the intermediaries are subject to periodic audit reviews.

Amounts due from intermediaries

All the premium debtors on the Irwell balance sheet will be collected by our intermediaries, the majority of which (in terms of the level of business written) are connected parties, being subsidiaries of PBSG. This increases the CDR because of the concentration to one group of companies. This risk is mitigated as follows:

- Irwell has in place credit terms with its intermediaries and their adherence to those terms is carefully monitored.
- Review of financial information of the intermediaries, including financial statements and visibility of business plans / projections.
- The majority of premiums are paid in instalments and therefore, at any balance sheet date, only one month's premiums is in the hands of the intermediaries.
- A further mitigation of this risk is the financial strength of PBSG which is monitored by Irwell on a continuous basis.

There is a short credit period before premiums received by the intermediaries are payable to Irwell, as agreed in the terms with the intermediaries. Adherence to these credit terms is carefully monitored and controlled. Therefore, at any valuation date, a very small amount, of the premium debtors are past due and consequently are included in CDR for solvency purposes. As the company continues to expand its intermediaries into the future, it is possible that the CDR could increase. Credit terms with all intermediaries will be monitored closely going forward, and due diligence will be performed on all proposed intermediaries before new relationships are entered into.

Deposits with banks

The Irwell investment policy requires that cash deposits are held at banks with a minimum A rating; controls are in place that limit the level of deposit with each bank.

Risk sensitivity to CDR

At 31 March 2025, credit risk relating to deposits with banks (type 1 counterparty risk) accounted for 2% of Irwell's undiversified SCR (2024: 3%).

Material change

Although changes going forward could impact on the CDR as mentioned above, there have been no material changes during the year ended 31 March 2025.

C4 Liquidity risk

Liquidity risk relates to the risk that there may be insufficient financial resources to meet the Company's financial obligations as and when they fall due.

Measures used to assess risk

Liquidity risk is assessed and monitored on a continuous basis to ensure that funds are maintained at a level sufficient for ongoing requirements. Investments and cash are reviewed by the Board at its quarterly meetings.

Liquidity risk is also identified, assessed and monitored through the Company's risk register.

Liquidity risk exposure

The ongoing cash-flow requirements of Irwell are currently more than covered by the premium receipts each month from intermediaries. The main cash movement on a month-to-month basis is through one of the big four UK banks. Irwell's investment portfolio is managed in such a way as to ensure that liquid assets are always readily available to meet liabilities as they fall due.

Prudent person principle

The Company's investment policy emphasises the liquidity requirements of the business and, in particular, the nature and timing of its insurance liabilities.

Risk sensitivity relating to liquidity risk

Liquidity risk is not a material risk for Irwell but stress testing is undertaken through the ORSA process to establish the impact of a single, liquidity intensive event. No material concerns were noted following the outcome of those tests.

Material change

As the Company continues to expand its intermediaries and write new lines of business liquidity risk will increase going forward. This is due to additional reserves being required to cover the new risks being written. In order to ensure that the Company has sufficient funds, stress test analysis work is performed, both in relation to the existing business as well as the forecasts. Irwell has always carried funds well in excess of the SCR, and as at 31 March 2025 the capital ratio was 217% (2024: 228%).

C.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The key operational risks are:

- Outsourcing
- People
- Systems – implementation of new systems, risk of failure of controls
- Regulatory
- Reputation

Measures used to assess risk

Operational risk is assessed and monitored through the Company's risk register. This sets out the key risks to which the Company is exposed and the controls in place to mitigate each risk.

Outsourcing

Underwriting continues to be delegated to the Company's intermediaries which are managed through delegated authority agreements, defined underwriting guidelines, and regular review and monitoring both by the first line and the second line within Irwell. Claims handling is dealt with in-house and supported by TPAs and panel solicitors. This reduces the outsourcing risk and provides the executive team with greater oversight and control of the claims management.

Irwell remains ultimately responsible for the outsourced activities. This responsibility is taken at board level and the associated risk of non-compliance or poor compliance with Irwell's requirements is managed as follows:

- Irwell has a written outsourcing policy, agreed at board level;
- Irwell has written delegated underwriting and claims handling agreements in place with its intermediaries, TPAs and panel solicitors;
- Irwell proactively manages performance of the intermediaries in respect of the delegated authorities; and
- Each intermediary is regulated by the FCA (or the SRA in respect of solicitors) in their own right and Irwell monitors those companies' interactions with the regulator.

People

In line with the Company's continuing growth plans, the Board agreed and implemented a HR Strategy during the financial year to 31 March 2024 and which has been executed through FY25. This ensures the business continues to have adequate non-financial resources to meet both its regulatory obligations and to achieve its strategic and business objectives.

The Company has in place a robust training policy in respect of all staff and this is monitored by the RC to ensure that all individuals employed have the necessary training and skills to fulfil their roles.

Systems – implementation of new systems

Throughout the financial year the Company has continued the development and testing of its IT systems to manage Underwriting (IIP), Claims (CCM), Risk Management and Finance (Sage). As these systems continue to be implemented, there are risks that those systems either fail or fail to operate as intended. This risk is monitored by the RC and reviewed quarterly during the development, implementation and go-live stage of the system build.

Regulatory

This relates to the risk of failing to comply with current regulatory requirements or to identify, understand and apply changes to law or regulations.

This risk is mitigated by the Company having a strong system of governance, including an effective risk management system and effective internal controls. In addition, as mentioned above, Irwell proactively manages the activities of the outsourced underwriting and claims handling functions to ensure regulatory compliance.

Reputation

This is the risk that a regulatory breach or poor customer service could give the Company a poor reputation. In light of the outsourced activities with the intermediaries, Irwell has a dependence on them for maintaining the business's reputation with policyholders. Proactive monitoring of the performance of Irwell's intermediaries includes the regular review of reputational risk, including the monitoring of customer service in line with the FCA's Consumer Duty outcomes.

Bringing claims management in house has increased the management team's control and review of the reputation. Additionally, complaints referred to Irwell are investigated promptly and brought to an appropriate conclusion.

Risk sensitivity relating to operational risk

Operational risk represents 5% of the Company's undiversified SCR as at 31 March 2025 (2024: 5%).

Material change

Other than those changes mentioned above, Irwell is not aware of any material changes.

C.6 Other material risks

All material risks are dealt with in C1-5 above.

C.7 Any other information

Stress and scenario testing

The Company performs an annual stress and scenario testing exercise as part of its ORSA process, testing material risks to which it is exposed compared to the SCR, as well as performing reverse stress tests. Underwriting risk and market risk together account for 97% (2024: 97%) of the Company's post diversification basic solvency capital requirement and therefore these are the risk areas where the Company's stress testing is concentrated.

Underwriting risk

A range of stress tests has been performed by carefully selecting plausible but severe tests upon which the business model is based. As a result, claims experience is modelled against the business plan under various scenarios and importantly, a reverse stress test to ascertain the loss ratio upon which the SCR would become 100% of eligible own funds.

It is projected that the underwriting risk module is likely to increase due to the diversification of the product portfolio and higher liability limits on new risks being written. Stress tests are performed on the forecasts and are included in the Company's ORSA, these provide reassurance that the Company has sufficient reserves to manage the risks.

Market risk

Stress testing was performed in respect of the overall valuation of the portfolio based on sustained pressure from geo-political and economic negative factors.

Future developments

As the product range and markets that Irwell operates in continue to expand, the risks to the Company will be reviewed on a regular basis.

D. Valuation for Solvency Purposes

D.1 Assets

D1.1 Assets at 31 March 2025:

	Financial statements valuation	Reanalysis for solvency	Solvency valuation adjustments	Solvency valuation
	£'000	£'000	£'000	£'000
Deferred tax assets	-	76	-	76
Fixed assets	177	(7)	(170)	-
Government and corporate bonds	55,853	(1,091)	-	54,762
Collaterised securities	-	1,790	-	1,790
Collective investment undertakings	-	2,205	-	2,205
Reinsurance recoverables	-	-	(1,843)	(1,843)
Reinsurers' share of technical provisions – provision for unearned premiums	853	-	(853)	-
Amounts due from intermediaries	16,521	-	(16,114)	407
Other debtors	700	(700)	-	-
Receivables (trade, not insurance)	-	422	-	422
Cash at bank	9,895	(2,205)	-	7,690
Deferred acquisition costs	5,095	-	(5,095)	-
Accrued interest	699	(699)	-	-
Prepayments & Other Assets	210	208	-	418
Total assets	90,003	(1)	(24,075)	65,927

D1.1a Assets at 31 March 2024:

	Financial statements valuation	Reanalysis for solvency	Solvency valuation adjustments	Solvency valuation
	£'000	£'000	£'000	£'000
Fixed assets	205	(7)	(198)	-
Government and corporate bonds	49,762	587	-	50,349
Collective investment undertakings	-	660	-	660
Reinsurance recoverables	-	(568)	-	(568)
Reinsurers' share of technical provisions – provision for unearned premiums	706	-	(706)	-

Amounts due from intermediaries	15,406	-	(15,406)	-
Cash at bank	8,851	(660)	-	8,191
Deferred acquisition costs	4,694	-	(4,694)	-
Accrued interest	586	(586)	-	-
Prepayments & Other Assets	69	71	-	140
	80,279	(503)	(21,004)	58,772

D1.2 Solvency valuation

- Government and corporate bonds are valued at fair value, being bid price at the valuation date plus any accrued interest. They are all level 1 investments, valued by reference to quoted prices on an active market:
- The Company may use futures contracts for the purpose of managing its portfolio duration. These contracts are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account. At the balance sheet date, Irwell held £nil (2024: £nil) in cash futures.
- Amounts due from intermediaries are all due within one year. They are therefore valued at the undiscounted amount of the amount expected to be received. For solvency purposes, they are netted off technical provisions, with the exception of amounts more than 3 months overdue, which are retained on the Solvency UK balance sheet.
- Cash at bank and collective investment undertakings are valued at their carrying value at the valuation date plus any accrued interest.

D1.3 Differences between solvency valuation and valuation in financial statements

The valuation of assets for solvency purposes is consistent with the valuation in the financial statements, with the following exceptions:

- In the financial statements, accrued interest is shown within 'prepayments and accrued income', whereas in the Solvency UK balance sheet it is included within 'Government and corporate bonds, Collective Investment Undertakings' and 'Cash at bank' as applicable.
- As stated in D1.2 above, amounts due from intermediaries are netted off technical provisions in the Solvency UK balance sheet, with the exception of amounts more than 3 months overdue, which are retained on the Solvency UK balance sheet.
- Deferred acquisition costs (DAC) comprise acquisition costs that are attributable to premiums unearned at 31 March 2025. DAC is not recognised as an asset for solvency purposes. Intangible assets should only be valued for Solvency UK purposes if they can be sold separately and where a quoted value from an active market can be pertained.
- Amounts due to reinsurers are shown within creditors in the financial statements, whereas in the Solvency UK balance sheet, being part of technical provisions, they are reanalysed as a credit balance within reinsurance recoverables.

- Under UK GAAP, the reinsurers' share of unearned premium provision (RI UPR) comprises the proportion of the premiums written in a year relating to the period of risk from 1st April to the subsequent dates of expiry of policies. In contrast, technical provisions, for solvency purposes, are calculated on a best estimate basis and therefore take account of any expected reinsurance recoveries. RI UPR is therefore not recognised as an asset for solvency purposes.

D.2 Technical Provisions

D2.1 Technical provisions at 31 March 2025:

Line of business	Claims provision	Premium provision	Risk margin	Total technical provisions
	£'000	£'000	£'000	£'000
General liability	12,683	(91)	1,289	13,881
Legal expenses	13,202	(4,101)	1,145	10,246
Misc financial loss	252	(184)	5	73
Total	**26,137**	**(4,376)**	**2,439**	**24,200**

The technical provisions shown above are gross best estimates. Net best estimate technical provisions differ in relation to the general liability line of business and total £15,523k. Legal expenses and miscellaneous financial loss net best estimate technical provisions are the same as above.

D2.1a Technical provisions at 31 March 2024:

Line of business	Claims provision	Premium provision	Risk margin	Total technical provisions
	£'000	£'000	£'000	£'000
General liability	8,617	(708)	1,194	9,103
Legal expenses	13,884	(3,112)	1,310	12,082
Total	**22,501**	**(3,820)**	**2,504**	**21,185**

D2.2 Solvency valuation

Technical provisions comprise claims provisions, premium provisions and a risk margin. These are calculated by the Company's external actuaries in adherence with the Technical Provisions Part of the PRA Rulebook on a best estimate basis.

Both the claim and premium provisions are required to include all future expenses that will be incurred in servicing all existing business including any expected profit commission that will be generated by business that has not yet expired. All future expenses have been derived from the forecasts that are produced as part of the Company's business planning process.

Allowance is made in the technical provisions for both bound but not incepted (BBNI) and events not in data (ENID). The methodology used to set the ENID loadings is based on a commonly used "truncation distribution" method.

Amounts due to and from intermediaries, comprising premiums receivable in respect of existing policies (with the exception of amounts more than 3 months overdue), the related commission creditors and creditors for claims payable, are included within technical provisions for solvency purposes. There are no valuation differences compared with the amounts for these items in the financial statements.

The technical provisions are presented on a gross and net basis and on a discounted basis. Loss cash flows are projected using payment patterns from the reserving analysis. Cash flows are discounted at the PRA's risk-free spot rate. The difference between gross and net relates to amounts due to reinsurers.

The risk margin represents the amount that a third party would require in addition to the best estimates to assume the Company's insurance liabilities, calculated on a cost of capital basis. The risk margin is estimated by assuming that future solvency capital requirements ('SCR') will be proportional to best estimate discounted technical provisions.

D2.3 Level of uncertainty associated with the value of technical provisions

The key areas of uncertainty relating to technical provisions are as follows:

- When projecting future claims, it is necessary to make some assumptions regarding the future claims development. There is always inherent uncertainty in estimating future liabilities since events and circumstances may not occur exactly as predicted.
- A significant amount of judgement is applied in establishing claims provisions, making their estimation inherently uncertain. Judgement is applied both in establishing case estimates and in interpreting historical data in the process of projecting ultimate claims. However, the level of uncertainty is moderated due to the fact that the majority of business is written on a claims made basis. All business apart from the general liability line, written from January 2022, is written on a claims made basis. Irwell therefore started introducing an IBNR to the provisions at the 2022 year end.
- For employment business, there is uncertainty as to the number of claims that will proceed to tribunal. For all business, there is inherent uncertainty as to the rate of claims development. A slower development pattern than that anticipated will result in adverse development.
- Irwell's employment dispute claims cover is also exposed to tort inflation. With wage inflation increasing more in line with economic inflation it is expected tribunal awards may also increase. There are however mitigations in place such as in-house security of claims and economic factors, increasing cost of living pressure, which may increase the likelihood of negotiated settlements. This reduces the claims size of settlements compared to tribunal

awards. Actuarial methods may however implicitly allow for the uncertainty associated with inflation.

- The new lines of business, and new intermediaries, introduced during 2022 and after, increased the uncertainty attached to the technical provisions, as the internal data available for measurement is limited, however the actuaries reference industry trends to mitigate this.
- On the majority of business written, Irwell has low indemnity limits in place. PBS, BHR and CG claims severity is affected by the indemnity limit in place on the amount that can be awarded at an employment tribunal. CIL claims severity is influenced by HMRC's historical practice of using one complex case as a test case with other similar claims following the ruling in that case, making it unlikely that a large number of claims would incur high tribunal fees. These considerations mean that the Company's catastrophe exposure is low. The general liability product has a £10m limit on each product line, however Irwell has mitigated the risk of very large losses with excess of loss reinsurance in relation to this business.
- The determination of the premium provision is inherently uncertain in that it is based on actuarial analysis of historical data. In addition, since the premium provision relates to future cash flows relating to unearned exposures, there is greater uncertainty attached to unearned exposures.
- ENID are by definition uncertain in that they relate to events not represented in the historical data. They are not significant in the context of the Company's total technical provisions.
- The risk margin is uncertain by nature in that it is based in part on forecasts of future SCRs.
- COVID-19 added uncertainty to the technical provisions and impacted on the claims logged as well as the payment patterns. The impact of this will continue to be monitored going forward however, we believe the uncertainty in relation to this is now low and trends have reverted back to pre COVID-19 albeit at reduced levels.
- The current economic environment, impacted by the Ukraine/Russia conflict and other geopolitical events has created additional uncertainty for the technical provisions. Relatively high interest and inflation rates, especially in relation to salary and wage awards may increase the cost of claims for instance. The impact of the economic uncertainty on the underwriting performance will continue to be monitored going forward.

D2.4 Differences between solvency valuation and valuation in financial statements

The technical provisions per the financial statements (UK GAAP) and per the solvency valuation are reconciled in the following table:

	Third party liability	Legal expenses	Misc financial loss	Total
At 31 March 2025	**£'000**	**£'000**	**£'000**	**£'000**
Claims provision				
UK GAAP claims provisions	10,797	14,991	298	26,268
Removal of margin	(120)	(482)	(1450	(747)
Expenses	977	1,306	14	2,297
Events not in data	753	330	16	1,099

D. Valuation for Solvency Purposes (continued)

Other reserves (claims creditors)	9	(4,793)	-	(4,784)
Other accounting items (profit commission)	1,491	3,460	78	5,029
Discounting	(1,407)	(1,610)	(8)	(3,025)
Solvency UK claims provision	**12,682**	**13,202**	**253**	**26,137**
Premium provision				
Booked unearned premiums reserve	6,401	6,873	275	13,549
Bound but not incepted premium	42	5,364	-	5,406
Expected future profit	(2,480)	(4,396)	(55)	(7,471)
Expenses	357	657	20	1,034
Events not in data	285	385	17	687
Other accounting items (profit commission)	591	1,643	-	2,234
Future premium to be received	(4,576)	(13,154)	(426)	(18,156)
Discounting	(711)	(933)	(15)	(1,659)
Solvency UK premium provision	**(91)**	**(4,101)**	**(184)**	**(4,376)**
Gross solvency UK best estimate	**12,591**	**9,101**	**69**	**21,761**
Net solvency UK best estimate	**14,434**	**9,101**	**69**	**23,604**
Risk margin	1,289	1,145	5	2,439
Solvency UK technical provisions	**15,723**	**10,246**	**74**	**26,043**
At 31 March 2024	**£'000**	**£'000**	**£'000**	**£'000**
Claims provision				
UK GAAP claims provisions	7,816	16,031	-	23,847
Reserve Sufficiency Risk	(95)	(210)	-	(305)
Expenses	618	1,265	-	1,883
Events not in data	434	384	-	818
Other reserves (claims creditors)	38	(4,732)	-	(4,694)
Other accounting items (profit commission)	1,002	3,008	-	4,010
Discounting	(1,196)	(1,862)	-	(3,058)
Solvency II claims provision	**8,617**	**13,884**	**-**	**22,501**
Premium provision				
Booked unearned premiums reserve	5,564	6,797	-	12,361
Bound but not incepted premium	-	2,286	-	2,286
Expected future profit	(1,727)	(3,558)	-	(5,285)
Expenses	307	442	-	749
Events not in data	272	134	-	406
Other accounting items (profit commission)	486	1,202	-	1,688
Future premium to be received	(4,757)	(9,723)	-	(14,480)
Discounting	(853)	(692)	-	(1,545)
Solvency II premium provision	**(708)**	**(3,112)**	**-**	**(3,820)**
Gross solvency II best estimate	**7,909**	**10,772**	**-**	**18,681**
Net solvency II best estimate	**8,478**	**10,772**	**-**	**19,250**
Risk margin	1,194	1,310	-	2,504
Solvency II technical provisions	**9,672**	**12,082**	**-**	**21,754**

The key adjustments required to affect the transition from the UK GAAP technical provisions to the technical provisions for solvency purposes are as follows:

- Under UK GAAP, the unearned premium provision and reinsurers' share of unearned premium provision comprises the proportion of the premiums written in a year relating to the period of risk from 1st April to the subsequent dates of expiry of policies. In contrast, the premium provision for solvency purposes is calculated on a best estimate basis and therefore takes account of expected future profits and reinsurance recoveries.

- For solvency purposes, insurance debtors and creditors are netted off technical provisions.
- The solvency technical provisions include loadings for ENID and for future expenses in relation to exiting insurance business.
- Under UK GAAP, the DAC is shown as an asset, whereas for solvency purposes, they are netted off the UPR within the premium provision.
- The solvency technical provisions include values for business bound but not incepted at the balance sheet date.
- The UK GAAP technical provisions are not discounted whereas discounting is applied to the solvency technical provisions.
- The solvency technical provisions include a risk margin whereas no allowance is made for a risk margin when establishing the UK GAAP technical provisions.

D2.5 Other matters

The Company has not applied for approval for, and therefore has not applied the matching adjustment, the volatility adjustment, transitional risk-free interest term structure or the transitional deduction with respect to the calculation of Solvency II technical provisions.

The Company has continued to purchase reinsurance against the general liability products offered to the market. Where necessary reinsurance recoveries are included in GAAP results, determined from retention and incurred levels at the case level and under solvency UK based on actuarial techniques and measurement.

There has been no change in the methodologies used to calculate technical provisions compared to the previous period; however, as highlighted above, the assumptions in relation to general liability have changed to match reserves to the actuarial best estimate.

D.3 Other liabilities

D3.1 Other liabilities at 31 March 2025:

	Financial statements valuation	Reanalysis for solvency	Solvency valuation adjustments	Solvency valuation
	£'000	£'000	£'000	£'000
Insurance creditors	8,990	(80)	(8,910)	-
Amounts due to reinsurers	192	-	(192)	-
Other creditors	1,155	(1,155)	-	-
Deferred tax liability	-	-	149	149
Payables (trade, not insurance)	-	1,236	-	1,236
Accruals	1,455	-	-	1,455
Total	**11,792**	**1**	**(8,953)**	**2,840**

D3.1a Other liabilities at 31 March 2024:

	Financial statements valuation	Reanalysis for solvency	Solvency valuation adjustments	Solvency valuation
	£'000	£'000	£'000	£'000
Insurance creditors	7,828	-	(7,828)	-
Amounts due to reinsurers	568	-	(568)	-
Other creditors	1,527	64	-	1,591
Accruals	1,080	-	-	1,080
Total	**11,003**	**64**	**(8,396)**	**2,671**

D3.2 Solvency valuation

Insurance creditors comprise claims agreed for payment and acquisition costs and profit commission payable to intermediaries. All amounts are due within one year and are therefore valued at the undiscounted amount due to be paid. For solvency purposes, claim, acquisition cost and profit commission creditors are netted off technical provisions, with the exception of commissions relating to premium receivables more than 3 months overdue, which are retained on the Solvency UK balance sheet.

Similarly amounts due to reinsurers form part of net technical provisions for solvency purposes and are netted off reinsurance recoverables.

Other creditors and accruals, including taxes payable, are all expected to be settled within one year and are therefore valued at the undiscounted amount of the amount expected to be paid. At 31 March 2025, there is no derivative financial liability included within other creditors (2024: £nil).

D3.3 Differences between solvency valuation and valuation in financial statements

As stated in D3.2 above, claim, acquisition cost and profit commission creditors are netted off technical provisions in the Solvency UK balance sheet.

Amounts due to reinsurers are netted off reinsurance recoverables.

Irwell's retained profits on a Solvency UK basis are greater than on a GAAP basis and therefore a deferred tax liability arises on the Solvency UK balance sheet. A deferred tax asset arising under GAAP is shown separately within assets.

The Solvency UK net assets position is summarised below.

	Financial statements	Solvency UK adjustments	Solvency UK valuation
	£'000	**£'000**	**£'000**
Assets (see D1.1)			
Deferred tax assets	-	76	76
Fixed assets	177	(177)	-
Investments – government and corporate bonds	55,853	(1,091)	54,762
Collateralised securities	-	1,790	1,790
Collective investment undertakings	-	2,205	2,205
Cash	9,895	(2,205)	7,690
Reinsurance recoverables	-	(1,843)	(1,843)
Reinsurers' share of technical provisions – provision for unearned premiums	853	(853)	-
Debtors – insurance and intermediary receivables	17,221	(16,814)	407
Receivables (trade, not insurance)	-	422	422
Prepayments and other assets	6,004	(5,586)	418
Total Assets	**90,003**	**(24,076)**	**65,927**
Liabilities (see D2.4)			
Claims provision	21,203	4,934	26,137
Premium provision	18,644	(23,020)	(4,376)
Risk margin	-	2,439	2,439
Technical provisions	39,847	(15,647)	24,200
Deferred tax liability (see D3.1)	-	149	149
Other liabilities (see D3.1)	11,792	(9,101)	2,691
Total Liabilities	**51,639**	**(24,599)**	**27,040**
Total Net Assets	**38,364**	**523**	**38,887**

D.4 Alternative methods for valuation

Not applicable.

D.5 Any other information

There is no other material information to disclose regarding the valuation of assets and liabilities for solvency purposes.

E. Capital Management

E1 Own Funds

E1.1 Objectives, policies and processes for managing own funds

In order to ensure continuous compliance with the regulatory capital and solvency position, the objective of the Company is to maintain own funds so as to hold a minimum buffer over the SCR of at least 50% i.e. a SCR risk appetite of 150%. Irwell uses the standard formula to calculate its SCR. The board formally reviews the ratio of own funds over the SCR at each board meeting.

The Company operates on a three-year business planning timeframe. As part of the normal business planning process, a three-year forecast is produced at the commencement of each financial year. The forecast includes a projection of the of the solvency margin over that period. The business plan also forms a key input to the Company's ORSA.

E1.2 Own funds by tier

Own fund item	Tier	2025	2025	2024	2024
		£'000	%	£'000	%
Ordinary share capital	1	4,000	10.3	4,000	11.6
Reconciliation reserve	1	34,887	89.7	30,548	88.4
Total Tier 1 Own funds		**38,887**	**100**	**34,548**	**100**

The reconciliation reserve comprises retained earnings together with solvency valuation adjustments.

The total own funds shown in the above table is eligible to cover the SCR.

Only tier 1 items totalling £38,887k (2024: £34,548k) are available to cover the MCR.

There are no restrictions regarding the availability of own funds.

E1.3 Reconciliation of equity in the financial statements and the excess of assets over liabilities as calculated for solvency purposes

There is no difference between the amount of ordinary share capital reported in the financial statements and the amount included in own funds.

The differences between equity in the financial statements and the excess of assets over liabilities as calculated for solvency purposes relate to adjustments made in order to value assets and liabilities at their solvency valuation. These adjustments are fully described in section D above and summarised in the table below:

	2025	2024
	£'000	**£'000**
Shareholders' equity in UK GAAP financial statements	38,364	33,445
Adjust technical provisions to best estimate	(1,403)	(430)
Risk margin	(2,439)	(2,504)
Discounting of technical provisions	4,684	4,603
Deferred tax asset/(liability)	(149)	(368)
Intangible asset elimination	(170)	(198)
Total own funds	**34,887**	**34,548**

E.1.4 Other disclosures

No basic own funds are subject to Rule 4 of the Transitional Measures Part of the PRA rulebook. There are no ancillary own funds and no deductions made from the own funds.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E2.1 SCR

At 31 March 2025, the SCR was £17,961k (2024: £15,122k). The SCR was determined using the standard formula, and is summarised as follows:

	2025	2024
	£'000	**£'000**
Market risk	3,126	2,308
Counterparty default risk	577	577
Non-life underwriting risk	16,981	14,684
Diversification	(2,362)	(1,841)
Total Basic SCR	**18,322**	**15,728**
Operational risk	1,182	924
Deferred tax adjustment	(1,543)	(1,530)
Total SCR	**17,961**	**15,122**

E2.2 MCR

At 31 March 2025, the MCR was £6,066k (2024: £5,069k). The inputs used by the Company to calculate the MCR were as follows:

Line of business	**Technical provisions**		**Written premiums in last 12 months**	
	2025	**2024**	**2025**	**2024**
	£'000	**£'000**	**£'000**	**£'000**
Third-party liability	14,435	8,478	14,886	11,972
Legal expenses	9,101	10,772	22,370	21,367
Misc financial loss	68	-	915	-
Total	**23,604**	**19,250**	**38,171**	**33,339**

The MCR calculation is based on the technical provisions and the expected level of retained premiums over the previous 12 months. The result of the calculation is then subject to a floor and a cap, of 25% and 45% of the SCR respectively. The MCR for Irwell is subject to an absolute floor of £2,924k as at 31 March 2025 (2024: £3,495k).

E2.3 Analysis of change

The Company's solvency capital requirement has increased year on year from £15,122kk in FY24 to £17,961k in FY25, an increase of £2,839k. This is primarily due to writing increased volumes of more capitally intensive, longer tailed general liability business. This is reflected in the increase of premium and reserve risk in relation to non-life underwriting risk. Other notable movement is seen in the increase of market risk. This is attributable to changes in the investment portfolio in relation to ratings and the duration of assets held.

E2.4 Other

No simplifications are used to calculate the SCR.

No undertaking-specific parameters are used to calculate the SCR.

E.3 Use of the duration-based equity risk sub-module to calculate the SCR

The Company does not hold equities and therefore the equity risk sub-module is not applicable.

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

The Company does not use any internal model.

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

The Company has complied throughout the year with the minimum capital requirement and the solvency capital requirement.

E.6 Any other information

The conflict between Ukraine and Russia is ongoing at the time of writing. The energy sector appears to have stabilised since the beginning of the war following restrictive sanctions being applied to Russian oil and gas. Financial market sentiment has risen on the expectation of reductions being made by central banks to interest base rates as inflation has reduced in western economies. There remains however worldwide geopolitical tensions and possible economic and political instability. The Company continues to monitor the financial markets closely and the Company's exposure to volatility.

The investment portfolio is purposely risk averse, as a result Irwell is in a position to meet its liabilities as they fall due and there is sufficient headroom in the ratio of own funds to the solvency capital requirement at 217% to accommodate any further economic shocks.

From an insurance sector perspective, the Company continues to closely monitor legislative and policy changes which may impact the insurance products underwritten.

Annex - Quantitative reporting templates

IR.02.01.02	Balance Sheet
IR.05.02.01	Premiums, claims and expenses by line of business
IR.05.04.02	Non-life income and expenditure
IR.17.01.02	Non-Life Technical Provisions
IR.19.01.21	Non-Life Insurance Claims Information
IR.23.01.01	Own funds
IR.25.04.21	Solvency Capital Requirement
IR.28.01.01	Minimum Capital Requirement

IR.02.01.02
Balance sheet
Quarterly solo and group, disclosure solo and group

		Solvency II value
		C0010
Assets		
Deferred tax assets	R0040	76
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	58,757
Bonds	R0130	56,552
Government Bonds	R0140	12,555
Corporate Bonds	R0150	42,206
Collateralised securities	R0170	1,790
Collective Investments Undertakings	R0180	2,205
Reinsurance recoverables from:	R0270	-1,843
Non-life and health similar to non-life	R0280	-1,843
Insurance and intermediaries receivables	R0360	407
Receivables (trade, not insurance)	R0380	422
Cash and cash equivalents	R0410	7,690
Any other assets, not elsewhere shown	R0420	419
Total assets	**R0500**	65,928
Liabilities		
Technical provisions - total	R0505	24,200
Technical provisions - non-life	R0510	24,200
Best estimate - non-life	R0544	21,761
Risk margin - non-life	R0554	2,439
Deferred tax liabilities	R0780	149
Payables (trade, not insurance)	R0840	1,236
Any other liabilities, not elsewhere shown	R0880	1,455
Total liabilities	**R0900**	27,041
Excess of assets over liabilities	**R1000**	38,887

IR.05.02.01
Premiums, claims and expenses by country
Annual solo, group and branch, disclosure solo and group

Home Country - non-life obligations		Total Top 5 and home country - non-life obligations	
		Home country	Total Top 5 and
		C0080	C0140
Country	R0010		
Premiums written			
Gross - Direct Business	R0110	39,273	39,273
Gross - Proportional reinsurance accepted	R0120		
Gross - Non-proportional reinsurance accepted	R0130		
Reinsurers' share	R0140	1,603	1,603
Net	R0200	37,670	37,670
Premiums earned			
Gross - Direct Business	R0210	37,685	37,685
Gross - Proportional reinsurance accepted	R0220		
Gross - Non-proportional reinsurance accepted	R0230		
Reinsurers' share	R0240	1,455	1,455
Net	R0300	36,230	36,230
Claims incurred			
Gross - Direct Business	R0310	11,658	11,658
Gross - Proportional reinsurance accepted	R0320		
Gross - Non-proportional reinsurance accepted	R0330		
Reinsurers' share	R0340		
Net	R0400	11,658	11,658
Net expenses incurred	R0550	20,345	20,345

Annex – Quantitative Reporting Templates

IR.05.04.02.01
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)	Line of Business for: non-life insurance and accepted proportional reinsurance obligations				
				General liability insurance				
				Employers Liability	Public & products Liability	Other general liability	Legal expenses insurance (lines of busness 10 and 22)	Miscellaneous financial loss (Lines of business 12 and 24)
		C0010	C0015	C0190	C0200	C0220	C0240	C0260
Income								
Premiums written								
Gross written premiums	R0110		39,273	5,278	7,631	3,579	21,870	915
Gross written premiums - insurance (direct)	R0111		39,273	5,278	7,631	3,579	21,870	915
Gross written premiums - accepted reinsurance	R0113							
Net written premiums	R0160		37,670	4,622	6,684	3,579	21,870	915
Premiums earned and provision for unearned								
Gross earned premiums	R0210		37,685	4,579	6,916	3,497	21,832	861
Net earned premiums	R0220		36,230	3,999	6,041	3,497	21,832	861
Expenditure								
Claims incurred								
Gross (undiscounted) claims incurred	R0610		11,658	2,453	2,096	879	6,028	202
Gross (undiscounted) direct business	R0611		11,658	2,453	2,096	879	6,028	202
Gross (undiscounted) reinsurance accepted	R0612							
Net (undiscounted) claims incurred	R0690		11,658	2,453	2,096	879	6,028	202
Net (discounted) claims incurred	R0730	11,658	11,658					
Analysis of expenses incurred								
Technical expenses incurred net of reinsurance ceded	R0910	20,345						
Acquisition costs, commissions, claims management costs	R0985	16,058	16,058	1,628	2,462	1,372	10,347	249
Other expenditure								
Other expenses	R1140							
Total expenditure	R1310	33,546						

IR.17.01.02
Non-life technical provisions
Quarterly solo and branch, disclosure solo

		Direct business and accepted proportional reinsurance			Total Non-Life obligation
		General liability insurance	Legal expenses insurance	Miscellaneous financial loss	
		C0090	C0110	C0130	C0180
Best estimate					
Premium provisions					
Gross	R0060	-91	-4,101	-185	-4,376
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due	R0140	-1,843			-1,843
Net Best Estimate of Premium Provisions	R0150	1,752	-4,101	-185	-2,533
Claims provisions					
Gross	R0160	12,683	13,202	252	26,137
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due	R0240				
Net Best Estimate of Claims Provisions	R0250	12,683	13,202	252	26,137
Total Best estimate - gross	R0260	12,592	9,102	68	21,761
Total Best estimate - net	R0270	14,435	9,102	68	23,604
Risk margin	R0280	1,289	1,145	5	2,439
Technical provisions - total (best estimate plus risk margin)					
Technical provisions - total	R0320	13,880	10,247	73	24,200
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses du	R0330	-1,843			-1,843
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	R0340	15,723	10,247	73	26,043

IRWELL
INSURANCE COMPANY LIMITED

Annex – Quantitative Reporting Templates

IR.19.01.21
Non-life insurance claims
Disclosure solo

Accident year /	Z0020	Accident year AY

Gross Claims Paid (non-cumulative) - Development year. Total Non-Life Business

			1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											16
N-9	R0160	3 526	3 599	1 100	263	147	81	164	6	31	1	
N-8	R0170	3 222	4 273	967	457	430	546	32	150	97		
N-7	R0180	4 512	5 993	1 434	555	761	125	491	213			
N-6	R0190	5 077	4 369	1 091	1 238	104	416	331				
N-5	R0200	4 130	3 295	2 494	691	783	399					
N-4	R0210	1 909	2 837	1 223	447	320						
N-3	R0220	1 441	1 840	699	731							
N-2	R0230	1 501	3 031	1 870								
N-1	R0240	1 574	3 367									
N	R0250	1 892										

		In Current year	Sum of years (cumulative)
		C0170	C0180
Prior	R0100	16	16
N-9	R0160	1	8 918
N-8	R0170	97	10 173
N-7	R0180	213	14 083
N-6	R0190	331	12 628
N-5	R0200	399	11 792
N-4	R0210	320	6 736
N-3	R0220	731	4 712
N-2	R0230	1 870	6 402
N-1	R0240	3 367	4 941
N	R0250	1 892	1 892
Total	R0260	9 237	82 294

Gross undiscounted Best Estimate Claims Provisions - Development year. Total Non-Life Business

			1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											179
N-9	R0160		3 318	1 410	736	413	352	122	54	19	11	
N-8	R0170	3 875	3 430	2 372	1 814	1 616	892	759	507	361		
N-7	R0180	7 374	4 882	2 913	2 376	1 742	1 407	575	198			
N-6	R0190	5,883	5,426	3,570	2,187	1,673	1,119	607				
N-5	R0200	5,868	6,535	3 689	2,485	1 602	955					
N-4	R0210	3 026	4,326	2,293	1,404	871						
N-3	R0220	7 026	4,059	2,765	1 354							
N-2	R0230	9.018	7,258	4 203								
N-1	R0240	10 111	9 044									
N	R0250	11 381										

		Year end (discounted data)
		C0360
Prior	R0100	175
N-9	R0160	11
N-8	R0170	340
N-7	R0180	184
N-6	R0190	556
N-5	R0200	877
N-4	R0210	799
N-3	R0220	1,241
N-2	R0230	3 802
N-1	R0240	8 120
N	R0250	10 034
Total	R0260	26 137

Annex – Quantitative Reporting Templates

IR.23.01.01
Own funds
Annual and quarterly solo, disclosure solo

IR.23.01.01.01
Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds						
Ordinary share capital (gross of own shares)	R0010	4,000	4,000			
Reconciliation reserve	R0130	34,887	34,887			
Total basic own funds	R0290	38,887	38,887			
Total available own funds to meet the SCR	R0500	38,887	38,887			
Total available own funds to meet the MCR	R0510	38,887	38,887			
Total eligible own funds to meet the SCR	R0540	38,887	38,887			
Total eligible own funds to meet the MCR	R0550	38,887	38,887			
SCR	R0580	17,961				
MCR	R0600	6,066				
Ratio of Eligible own funds to SCR	R0620	216.51%				
Ratio of Eligible own funds to MCR	R0640	641.08%				

IR.23.01.01.02
Reconciliation reserve

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	38,887
Other basic own fund items	R0730	4,000
Reconciliation reserve	R0760	34,887

IR.25.04.21
Solvency Capital Requirement
Disclosure solo

Rows		C0010
Net of loss-absorbing capacity of technical provisions		
Market risk	R0140	3,126
Interest rate risk	R0070	1,598
Spread risk	R0100	2,686
Concentration risk	R0110	23
Diversification within market risk	R0130	-1,182
Counterparty default risk	R0180	577
Type 1 exposures	R0150	526
Type 2 exposures	R0160	66
Diversification within counterparty default risk	R0170	-15
Non-life underwriting risk	R0370	16,981
Non-life premium and reserve risk (ex catastrophe risk)	R0330	14,435
Non-life catastrophe risk	R0340	5,626
Lapse risk	R0350	2,776
Diversification within non-life underwriting risk	R0360	-5,857
Operational and other risks	R0430	1,182
Operational risk	R0422	1,182
Total before all diversification	R0432	28,918
Total before diversification between risk modules	R0434	21,865
Diversification between risk modules	R0436	-2,362
Total after diversification	R0438	19,504
Loss-absorbing capacity of deferred taxes	R0450	-1,543
Solvency capital requirement including undisclosed capital add-on	R0460	17,961
Solvency capital requirement including capital add-on	**R0480**	17,961
Biting interest rate scenario	R0490	Increase
Biting life lapse scenario	R0495	decrease

IR.28.01.01
Minimum Capital Requirement - Only life or only non-life activity
Annual solo , disclosure solo

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCR_{NL} Result	R0010	6,066

Background information

		Background information	
		Net (of reinsurance/SPV) best estimate and TP calculated as a	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
General liability insurance and proportional reinsurance	R0090	14,435	14,886
Legal expenses insurance and proportional reinsurance	R0110	9,102	22,370
Miscellaneous financial loss insurance and proportional reinsurance	R0130	68	915

Overall MCR calculation

		C0070
Linear MCR	R0300	6,066
SCR	R0310	17,961
MCR cap	R0320	8,082
MCR floor	R0330	4,490
Combined MCR	R0340	6,066
Absolute floor of the MCR	R0350	2,924
Minimum Capital Requirement	R0400	6,066