



DARAG Insurance UK Limited
Solvency and Financial Condition Report
for the Financial Year ended 31 December 2025

DARAG 
The origin of value

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Introduction

This Solvency and Financial Condition Report (“SFCR“) has been prepared in accordance with the financial reporting provisions of the Prudential Regulation Authority (“PRA”) Rules and Solvency II regulations and provides key information relating to the performance, system of governance, risk profile, valuation for Solvency and capital profile of the business.

All amounts stated are in GBP 000’s in line with the currency used for the preparation of the financial statements.

Solvency Ratio

126%

Executive Summary

Background and Strategy Update in 2025

DARAG Insurance UK Limited ("DIUK" or "The Company"), previously known as The Underwriter Insurance Company Limited, is a UK-incorporated entity licensed to operate as a non-life insurance company. Established on 19 October 1998, DIUK conducted non-life insurance business until 11 July 2003 when it ceased underwriting activities and entered into run-off. Its portfolio primarily includes Employers Liability, Professional Indemnity, General Third Party Liability, Financial Institution policies, and Construction "All Risk" policies.

In 2019, DARAG Deutschland AG ("DAG") acquired the Company after gaining approval from the Prudential Regulation Authority ("PRA"). After the acquisition was completed in February 2020, the Company was renamed DARAG Insurance UK Limited.

DIUK submitted an application to the PRA for a variation of its regulatory permissions on 21 May 2025. The PRA approved the application on 4 February 2026. Initial growth will be achieved through an intragroup reorganisation, pursuant to which DIUK will acquire the DARAG companies DARAG Legacy UK (DLUK) and DIGL. Two additional transactions are expected to close via a Part VII transfer in late 2026, subject to PRA approval.

Business and Performance

In February 2020, a Sale and Purchase Agreement ("SPA") was entered into with DAG, with the change-of-control already being approved by the PRA in 2019.

The underwriting performance of DIUK continues to reflect the fact that the Company has been in run-off since 2003. The loss after tax was GBP 910k (2024: loss after tax was GBP 1,337k), mainly driven by adverse development of GBP 592k primarily on the Employers Liability and General Third Party Liability lines and higher than usual management expenses.

System of Governance

DIUK operates a governance structure that is proportionate to the size and complexity of the Company and in line with the expectations of a small firm in run-off.

Polo Commercial Insurance Services Limited ("PCIS"), an experienced third-party service provider, has been appointed to provide resources to cover claims management. Acumen Group Management Limited ("Acumen"), who previously provided finance and accounting support, resigned in 2023, with that work being brought inhouse.

Changes to the Board of Directors in 2024 were as follows. Alexander Thomas Roth resigned from the firm on 30th April 2024. On 12 July Director James Insley resigned from the firm, Theo Wilkes was appointed Director on 1 October 2024.

DIUK has updated and submitted the new Governance Map to reflect the responsibilities of individuals for the systems of internal control of DIUK and the holders of specific responsibilities detailed by the new Senior Managers and Certification Regime ("SM&CR").

Risk Profile

As DIUK has remained in run-off in 2025 and the risk profile remains unchanged. The focus of the risk profile continues to be managing claims (including commuting or novating risks to limit any adverse claims development), collecting reinsurance, maintaining a portfolio of high-quality assets and maintaining appropriate staffing resources to execute an efficient run-off strategy.

The most significant risks to the Company are all captured under the Solvency II Standard Formula stress tests used to determine the Solvency Capital Requirement ("SCR"). The Company's primary risk profile is detailed by the components of the SCR as of 31 December 2025, in Section C of this SFCR.

Valuation for Solvency Purposes

In accordance with PRA Rulebook UK, the Company's assets and liabilities are measured in accordance with principles of an arm length transaction between knowledgeable willing parties using consistent valuation methods and the technical provisions have been estimated as the sum of a best estimate and a risk margin.

The assets and liabilities on the Solvency II balance sheet at 31 December 2025 are as follows:

in GBP 000's	2025	2024
Assets	23,729	27,071
Liabilities		
Technical provisions - best estimate	18,722	21,224
Risk margin	272	328
Other Liabilities	316	198
Total Liabilities	19,310	21,750
SII excess of Assets over Liabilities	4,419	5,321

Capital Management

The capital management objective is to ensure that the Company has sufficient Own Funds to cover the SCR and MCR with an appropriate buffer.

The solvency position for DIUK at 31 December 2025 and at the prior year end 31 December 2024 are as follows:

in GBP 000's	2025	2024
Solvency Capital Requirement ("SCR")	1,562	1,392
Minimum Capital Requirement ("MCR")	3,500	3,500
Own Funds	4,419	5,321
SCR Ratio	283%	382%
MCR Ratio	126%	152%

DIUK maintained Own Funds exceeding the SCR and MCR throughout 2025. The Company's Own Funds totaled GBP 4,419k, consisting solely of Tier 1 funds. This resulted in an SCR ratio of 283% and an MCR ratio of 126%. The MCR floor is higher than the SCR and serves as the regulatory capital requirement.

Business and Performance

The Company, previously called The Underwriter Insurance Company Limited (“TUIC”) was incorporated on 19 October 1998 in London and underwrote non-life insurance business from 1 October 1999 until 11 July 2003. TUIC went into solvent run-off on 11 July 2003. TUIC underwrote liability insurance risk (predominantly commercial insurance) through insurance intermediaries.

In 2020, after obtaining change of control approval from the PRA, the Company was acquired by DARAG Deutschland AG (“DAG”). After the completion of the acquisition, TUIC was renamed as DIUK and remains in run-off.

A. Business and Performance

A.1. Business

Name and Legal Form

DIUK is incorporated in the United Kingdom and is a private company limited by shares. The address of the registered office is: 25 Eastcheap 4th Floor, London EC3M 1DT. Registered Number: 03654581

DIUK is a UK regulated insurance company in run-off. Post DAG's acquisition, the Company does not directly employ any staff. To ensure continuity of appropriate resources for all elements of the business and to maintain an effective run-off strategy, the Company has outsourcing service agreements with DAG, PCIS and Goldman Sachs Asset Management from March 2026.

The Company produces its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

On a UK GAAP basis, DIUK generated a loss after tax of GBP 910k (2024: loss after tax of GBP 1,337k). This is mainly due to an underwriting loss and expenses in 2025 and partially offset by the reversal of mark to market gains on its investments. DIUK's net assets decreased from GBP 4,885k to GBP 3,975k, largely as a result of the P&L movement.

Supervision

DIUK is authorised by the Prudential Regulation Authority ("PRA") and regulated by both the PRA and the Financial Conduct Authority ("FCA"). The contact details of the PRA and the FCA

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

External auditor

The registered external auditor of DIUK is PKF Littlejohn LLP, 15 Westferry Circus, Canary Wharf London E14 4HD. The previous registered external auditor of DIUK was PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT.

Business Strategy

The Company, previously called The Underwriter Insurance Company Limited ("TUIC") was incorporated on 19 October 1998 in London and underwrote non-life insurance business from 1 October 1999 until 11 July 2003. TUIC went into solvent run-off on 11 July 2003. TUIC underwrote liability insurance risk (predominantly commercial insurance) through insurance intermediaries.

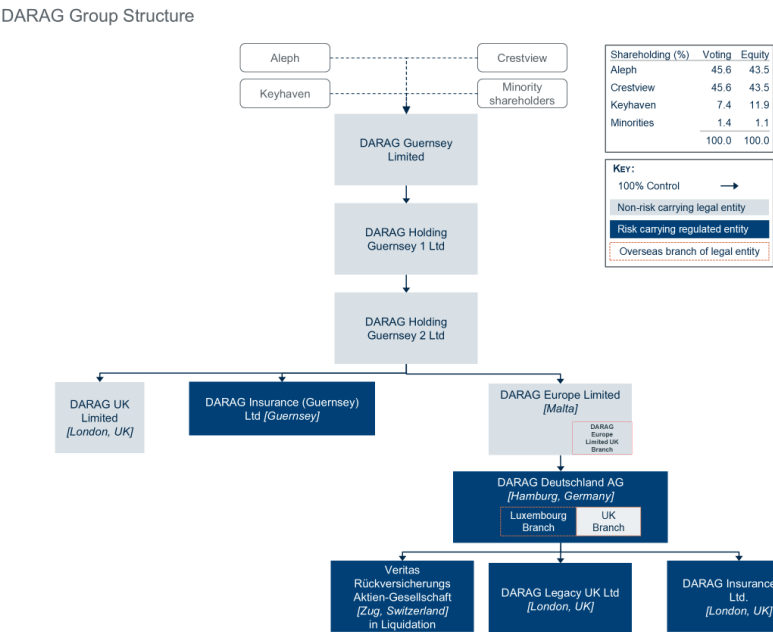
In 2019, after obtaining change of control approval from the PRA, the Company was acquired by DARAG Deutschland AG ("DAG"). After the completion of the acquisition, TUIC was renamed as DIUK and remains in run-off.

Holders of qualifying holdings and material related undertakings

DIUK is a subsidiary of DAG, a licensed (re)insurance company registered in Hamburg, and which holds 100% of the ownership interest as well as the voting rights of DIUK. In turn, DAG is owned by DARAG Europe Limited ("DEUL") which is, since the deauthorisation of the Group's Maltese insurance company on 20 December 2022, an unregulated holding company.

DEUL is, at reporting date wholly owned by DARAG Guernsey Limited (indirectly through its subsidiaries, DARAG Holding Guernsey 1 Limited and DARAG Holding Guernsey 2 Limited). DARAG Guernsey Limited is in turn owned by private equity funds managed by three private equity firms, Keyhaven Capital Partners Limited (“Keyhaven”), Aleph Capital Partners LLP (“Aleph”) and Crestview Advisors, L.L.C. (“Crestview”). Keyhaven is an independent company based in London that specialises in financial investments. Aleph is an independent company based in London that specialises in investments. Crestview is an independent company based in New York that specializes in investments.

DIUK’s position within the DARAG Group is depicted in the following simplified Group shareholding chart:



Significant business or other events over the reporting period

There were no significant business events in 2025.

A.2. Underwriting Performance

The underwriting performance of DIUK reflects the fact that the Company continues to be in run-off and has been for a significant period. The Company recorded an underwriting loss arising from adverse development of GBP 592k primarily on the Employers Liability and General Third Party Liability lines. There was no new premium received in the period.

Net claims paid totalled GBP 270k (2024: GBP 399k) consistent with prior years and the continued orderly run-off of the remaining outstanding claims. There was negative reserve development compared to the prior year of GBP 322k (2024: negative GBP 821k) impacting DIUK, resulting in a net overall underwriting loss position of GBP 592k (2024: underwriting loss of GBP 1,220k).

Operating and other expenses increased by 125% to GBP 671k in 2025 (2024: GBP 298k) reflecting higher costs for inter-company charges and general expenses.

The figures in the tables below have been extracted from DIUK’s financial statements and are presented on a UK GAAP basis for the years ended 31 December 2025 and 2024 respectively.

in GBP 000's	2025	2024
Net claims paid	270	399
Technical account for general business	(1,263)	(1,518)
Investment return	(436)	(298)
Profit / (Loss) after tax	(910)	(1,337)
Shareholders' funds	3,975	4,885
Net technical provisions	4,215	4,023
Number of outstanding claims	206	198

A.3. Investment Performance

The company earns interest on fixed income instruments, cash and cash equivalents as well as gains on fixed income instruments. Interest is accrued up to the balance sheet date.

All investment income, including realised and unrealised gains and losses on investments, is reported in the non-technical account. Investment returns during the year increased due to unrealised gains and higher interest rates.

The Company's financial investments consist of listed investments and deposits with credit institutions, and it classifies these as financial assets at fair value through profit or loss. There are no investments in securitisations.

The figures below have been extracted from DIUK's financial statements and are presented on a UK GAAP basis for the year ended 31 December 2025 and 2024 respectively.

in GBP 000's	2025	2024
Non-technical account		
Balance on the technical account – general business	(1,369)	(1,582)
Investment income	436	299
Unrealised gains/(losses) on investments		30
Investment expenses and charges	(58)	(48)
Unrealised (losses)/gains on exchange	81	(35)
Profit / (loss) on ordinary activities before tax	(910)	(1,337)

A.4. Performance of other activities

There are no other material items of income or expenditure for the Company. There are no finance or operating lease arrangements for the Company.

A.5. Any other Information

There is no further material information regarding the business of DIUK and its performance to disclose.

System of Governance

DARAG Insurance UK Limited has an effective corporate governance framework that is commensurate with the scale, nature, complexity and risk profile of the Company considering that the Company has been put into run-off with no additional business written thereafter. Structures, policies, guidelines and processes have been designed to provide for proper organization and conduct of business within the Company and to define the powers and responsibilities of the Company's corporate bodies.

B

B. System of Governance

B.1. General information on the system of governance

The DIUK corporate governance framework reflects the nature, scale, complexity and risk profile of the Company considering that the Company is in run-off. As a subsidiary within the DARAG group the Company has no employees of its own, with management being provided through service agreements with other parts of the DARAG group. Structures, policies, guidelines and processes have been designed to provide for the proper organisation and conduct of the business of the Company and to define the powers and responsibilities of the Company's corporate bodies. Throughout 2025, the Company maintained a Management Responsibilities Map ("MRM") that specifies the allocation of responsibilities and holders of prescribed responsibilities as required by the SM&CR. The Board is satisfied that the system of governance as set out in the MRM is appropriate for the Company.

Board of Directors

The Company is governed by the Board of Directors, which has the ultimate responsibility for the system of governance. The Board is responsible for oversight of the Company's corporate culture and values and ensuring these are implemented through an appropriate system of governance.

The Board of Directors is composed of two Non-Executive Directors and two Executive Directors. During the year, the board composition was as follows:

Members of the Board of Directors

Mark James Hewett	Chairman and Non-Executive Director
Thomas Alexander Booth	Chief Executive Officer and Executive Director
Theo James Rickus Wilkes	Chief Financial Officer and Executive Director
Adrian Peter Ryan	Non-Executive Director

The Board of Directors is collectively responsible for:

- Overseeing the management of the Company, approving the Company's strategy, objectives and regulatory submissions;
- Ensuring sufficient capital is held to meet or exceed the Company's target solvency ratio;
- Overseeing the risk management system, including setting up the risk strategy, risk appetite and tolerance limits;
- Ensuring the company operates in line with regulatory requirements;
- Overseeing the effectiveness of the internal control system including governance policies;
- Overseeing the performance of outsourced functions;
- Managing the investments of the Company.

Executive Committee

The Executive Committee is a management committee, chaired by the CEO and has the following objectives:

- Assist the CEO in delivering the corporate goals, strategies and plans;
- Oversee day-to-day management of business operations;
- Implement projects assigned by the CEO and Board; and
- Carry out responsibilities delegated in approved policies and procedures.

Audit Committee

The responsibilities of the Audit Committee are fulfilled by the Group Audit Committee, including:

- Report on aspects of the statutory audit
- Monitor the financial reporting process
- Monitor the effectiveness of the firm's internal quality control and risk management systems
- Monitor the progress and results of the external statutory audit and internal audits
- Review and monitor the independence of the statutory auditors
- Be responsible for the procedure for the selection of statutory auditor

Changes to the Governance Structure during the year

There were no material changes to the governance structure during 2025.

Key Functions

The key functions of the Company (Actuarial, Risk Management and Internal Audit) are provided on an outsourced basis by staff employed by the DARAG group. The Key Functions have been established to ensure they are free from influence that may compromise the function's ability to undertake its duties objectively, including having unrestricted access to information and direct reporting lines to the Board of Directors. This provides the authority, resources and operational independence which are necessary in the performance of the respective responsibilities.

The Company describes its governance model in terms of "Three Lines":

First Line – Operational Functions

DIUK has continued to outsource day-to-day claims management to PCIS during the year. Delivery of day-to-day Finance and Compliance related activities are provided by resources from within the DARAG group. Other operational activities of the business are provided by DARAG group staff. DARAG management is responsible for managing business risks including developing appropriate operational and technical controls and ensuring that any areas of potential conflicts of interest are identified and managed appropriately. Such controls include (but are not limited to) formal approval processes, verification and reconciliation processes, monitoring of management information and financial forecasts, and checking for compliance with agreed exposure limits and operating principles/instructions and follow-up on non-compliance.

Second Line – Risk Management, Compliance and Actuarial Function

The Risk Management Function facilitates the implementation of effective risk management processes and monitors changes in the risk profile of the Company. The Compliance Function manages the Company's compliance risks and ensures that it complies with applicable laws and regulatory requirements in all material respects. The Actuarial Function assesses the assumptions made and the methodologies adopted by the Company in evaluating its technical provisions, assesses the quality of internal data and any external data that is integrated into the calculation of technical provisions and contributes towards the effective implementation of the risk management system. The second line functions report directly to the Board.

Third Line – Internal Audit

The Internal Audit Function provides independent assurance that the Company's policies and processes are operating as intended. The Internal Audit Function reports directly to the Group Audit Committee.

Material Changes in the System of Governance

During the reporting period there were no material changes in the governance structure of the Company.

Remuneration policy and practices

The Company has no employees, with management and delivery of its operations delivered by staff employed by other parts of the DARAG group, which make recharges to the Company for the services provided. Remuneration of DARAG group employees is subject to the group remuneration policy, which includes provisions designed to ensure staff delivering the operations of the Company are appropriately

incentivised and will seek to ensure the Company's business remains compliant with applicable laws and regulation and managed within applicable risk appetites set by the Board. The compensation of staff employed by the group includes a mixture of fixed and variable elements, with the variable element determined according to the achievement of group and personal objectives. The group Remuneration Committee provides oversight of the remuneration of staff.

Material transactions with shareholders/key stakeholders

There were no material transactions to note.

B.2. Fit and Proper Requirements

All persons who effectively run the Company or have other key functions are required to possess levels of competence, professional qualifications and experience (fit and proper criteria) appropriate to their role in accordance with the Company's Fit and Proper Policy.

Fitness for the Board means that the Board's collective professional qualifications, knowledge and experience is adequate to enable sound and prudent management including market knowledge; business model and strategy, systems of governance, financial and actuarial analysis and regulatory frameworks and requirements.

Individuals fulfilling Key Functions (including when a Key Function is outsourced) are required to have appropriate professional qualifications as well as knowledge and experience to ensure that they can fulfil their roles and responsibilities effectively.

Being proper means that the person is honest and financially sound, based on character, behaviour and business practices, including criminal, financial and regulatory aspects. Behaviour not regarded as proper includes relevant criminal offences (such as money laundering, market manipulation, insider trading or fraud). Persons who effectively run the undertaking or hold Key Functions must be of good repute and integrity. In the event that a person who runs the undertaking or is responsible for a Key Function, or who already holds a management or key position, does not meet or no longer meets the fitness and properness criteria, appropriate measures will be taken, including the replacement of the person in question.

B.3. Risk Management System including ORSA

Implementation of Risk Management function

The Risk Management Function is provided by staff from within the wider DARAG Group. The Risk Management Function is responsible for supporting the operational functions in ensuring that an effective risk management system is in place, monitoring the overall risk profile of the Company and providing an independent view of risk to the Board in accordance with the principles set out in the group Risk Management Framework. Key elements of this framework include:

- Risk strategy and risk appetite
- The risk register and associated risk and control assessment process
- Solvency monitoring, stress and scenario testing and the ORSA process
- Oversight of the effective operation of the risk management system by the Board

While the DARAG group as a whole seeks underwriting risk through the reinsurance or acquisition of legacy insurance portfolios, the primary focus of the Company is to ensure that the run-off of the Company is successful and its capital is managed efficiently. The Company's risk appetite is set in the context of these objectives bearing in mind the Company's overall risk carrying capacity.

The Company adopts a structured risk management process that requires contribution from all organisational units in identifying, managing and monitoring the risks that the Company can be exposed to. The risk management system encompasses the 3-pillar approach of Solvency II:

- Pillar I quantitative requirements, ensuring that capital requirements are met at all times
- Pillar II risk governance including the Own Risk and Solvency Assessment

- Pillar III external risk transparency (i.e. reporting).

Risk management process

The risk management processes are designed to identify at an early stage, and subsequently measure, manage, monitor and report risks that could have an adverse impact on the Company, ensuring key risk mitigating actions are effective and implemented in a timely manner. The Company formally documents its risk management processes and risk appetite including minimum requirements and internal controls.

The Risk Function maintains a risk register which categorises the risks faced by the Company and the Company's risk appetite for each risk. The risk register identifies a risk owner for each risk, who is typically a senior operational manager, and documents the key risk controls which are used to manage and mitigate each risk.

All identified material risks (including risks which are not directly quantifiable such as strategic and reputational risks) are documented in the risk register. Each risk is quantified in terms of likelihood and impact to determine its contribution to the overall risk profile of the Company. Quantification methods include pure quantitative methodologies or judgmental assumptions. The Risk Function also monitors several key risk indicators (KRIs) and stress and scenario tests which consider the impact potential adverse events could have on the Company. The KRIs and stress and scenario test results are used to inform the assessment of the risk profile of the Company.

The Risk Function, in conjunction with the relevant risk owners, performs a regular assessment of the inherent risks and effectiveness of the key risk controls used to mitigate them, to assess the level of residual risk and whether the risk is being managed to within its pre-defined risk appetite. These assessments are used to identify if inherent risks have changed, to build the assessment of the overall risk profile of the business, and to identify potential improvements to the risk management processes in place.

Risk mitigation and control measures are determined depending on the potential impact of the risk in question and considering the cost of implementing the control measure compared with the expected benefit in terms of risk reduction.

Own Risk and Solvency Assessment (ORSA)

The ORSA represents the Company's own forward-looking view of its risk profile, and the capital and other means needed to address these risks. The Company carries out the ORSA taking into consideration the nature, complexity and scale of the risks inherent in its business. The ORSA process brings together business strategy, risk strategy and capital management over the business planning period. Both short-term (i.e. in the next year) and medium-term risks (i.e. over the next three years) are considered.

The ORSA is an integral part of the business strategy and is taken into account on an ongoing basis in the strategic decisions of the Company. The Board of Directors takes an active role in the ORSA by directing the process and challenging the outcome. The actual execution of the ORSA is delegated to the Risk Management Function, who receive input from around the business including financial projections and scenario analyses prepared by the Actuarial and Finance teams. The Board ensures that the Company has an adequate risk management framework to identify, evaluate, manage and monitor on an ongoing basis any risks facing the Company and consideration is given to the likely changes to the risk profile and business strategy over the projected period.

A regular annual ORSA update takes place. Once the ORSA is approved by the Board of Directors, the assessment's results are submitted to the PRA. The solvency projections which form a key component of the ORSA analysis are updated for each Board reporting cycle. In addition, the ORSA process may be performed if the business is considering an action which may potentially change its overall risk profile or if an external event is considered to have a potentially significant impact on the Company's overall risk profile.

Assessment of the overall solvency needs and own funds

The ORSA process analyses whether the Company currently has sufficient financial resources and plans on how to manage any potential shortfall. In assessing the economic position of the Company the recognition and valuation basis applied is in line with the relevant principles set out in the Solvency II Directive. In assessing the sufficiency of the financial resources, the Risk Management Function considers the quality and volatility of the Company's own funds with particular regard to their loss-absorbing capacity under different adverse scenarios.

A key metric used within the ORSA process is the solvency ratio, which describes the ratio of Own Funds to the Company's Solvency Capital Requirement (SCR). The Company uses the Standard Formula as defined by the Solvency II directive to calculate its SCR. The suitability of using the Standard Formula SCR given the specific risk profile of the Company is tested as part of the regular ORSA process.

The assessment of the Company's own risks forms an important part of the decision-making process of the Company. Projections of the solvency ratio, including under adverse scenarios, are compared with internal solvency targets defined within the Company's capital management policy, thereby contributing to the assessment of how best to optimise the Company's capital management.

Board oversight

The Board receives a report from the Risk Management Function at each regular meeting detailing the overall risk profile of the Company, any material changes in risk profile, and projected solvency. Areas of heightened or emerging risk and any risks considered to be outside their pre-defined risk appetite are highlighted, together with the risk mitigating actions in place in order to allow the Board to exercise its oversight of the adequacy of risk management arrangements. The risk profile of the Company is also included in risk reports provided to the group Risk and Compliance Committee which meets more frequently than the Board.

B.4. Internal Control System

Key procedures of the internal control system

Internal controls are defined as processes designed to provide reasonable assurance over the achievement of corporate objectives including effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company has implemented a number of internal controls, including documentation of policies and key procedures, seeking to ensure that appropriate segregation of duties is in place and that any conflicts that arise due to individuals performing more than one role are identified and managed appropriately, and application of the four-eye review principle in key business processes. The Company seeks to link key controls and steering measures with the identified operational risks the Company is exposed to.

The effectiveness of the Company's internal controls is monitored for deficiencies and to ensure that established internal controls continue to be suitable given developments in the business environment. The risk and control assessments which form part of the risk management system may identify areas where controls needed to be adapted or improved given changes in the risk profile of the business. Periodic reviews by the Internal Audit Function are designed to provide assurance over the design, operation and effectiveness of controls. Control weaknesses are managed through improvement measures and monitoring. The internal control system is documented, reviewed, and assessed periodically and any material weaknesses are reported to the Board.

Compliance function

The Compliance Function is an integral part of the Company's Internal Control System as it is responsible for protecting the Company from non-compliance with internal policies and applicable external rules and regulations, and potential for consequent financial or reputation loss.

The activities of the Compliance Function are set out in the annual compliance plan which is approved by the Board. The Compliance Function reports to the Board on a regular basis on compliance with applicable laws, regulations and PRA/FCA rules. In addition, the Compliance Function monitors legal and regulatory updates on an ongoing basis and assesses any impact these might have on the Company and reports to the Board and any operational areas that may be affected.

B.5. Internal Audit Function

The Internal Audit Function provides independent and objective audit services to improve the adequacy and operating effectiveness of the Company's risk management, governance and internal control processes. In doing so, it supports the Company's value protection and value creation goals.

The Company's Internal Audit Function is outsourced to the group company DARAG Deutschland AG (DAG). It is organizationally independent and has unrestricted access to all information.

The audit policy sets out the risk-oriented principles of the Internal Audit Function. It is reviewed and updated on a scheduled basis, or as required due to business change. The audit scope includes, but is not limited to, M&A transactions, the implementation of new applications, systems and reporting requirements, as well as areas of focus requested by the Board.

The Internal Audit Function reports regularly and directly to the Company's management and supervisory bodies. The reports include an overall assessment of each audit activity, an evaluation of individual findings, and status updates on the remediation of previous audit findings. The Internal Audit Function also maintains close communication with various management levels and with the other governance functions of the Company.

B.6. In accordance with the Internal Audit policy, the implementation status of measures is monitored on an ongoing basis and reported directly to the respective bodies. Actuarial Function

The key responsibilities of the Actuarial Function with respect to the Company include the calculation and recommendation of the best estimate technical provisions included in the Company's financial and regulatory statements, calculation of the Company's regulatory capital requirements (SCR) and contributing to the risk management processes of the Company including the ORSA. The Actuarial function is delivered by DARAG group staff and provides reports directly to the Board.

B.7. Outsourcing

The Company outsources overall management of the business to DARAG group staff under an intragroup services agreement. In addition, claims handling for the majority of the Company's open claims is managed by PCIS under an external outsourcing agreement. The Company's investments are managed by an external investment manager from March 2026 the new external investment manager will be Goldman Sachs Asset Management. External outsourcing is subject to the Company's Outsourcing Policy, which includes requirements covering the regular monitoring of the performance of providers against contractual service level agreements.

B.8. Any other information

There is no other information regarding the system of governance of the Company that is considered material to this SFCR.

Risk Profile

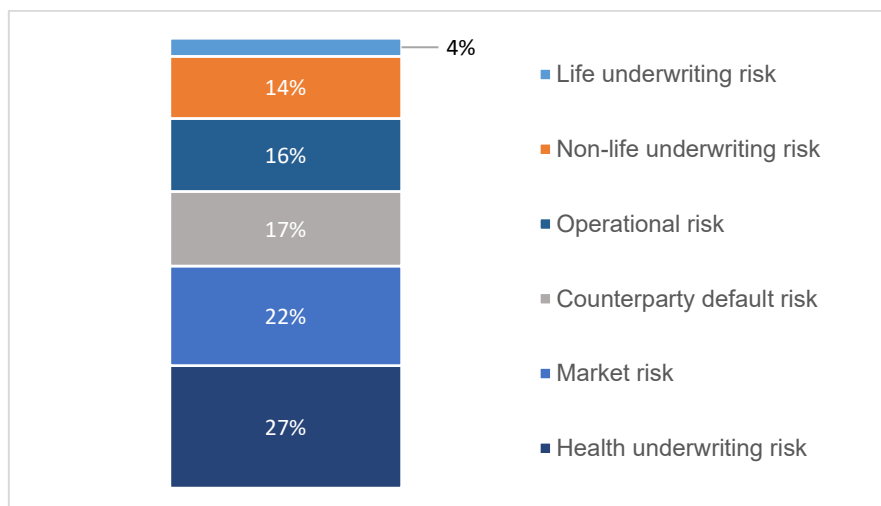
For a run-off company the main focus is on effective and efficient capital management to ensure that the run-off is successful. The most significant risks to the Company are all captured under the Solvency II standard formula stress tests used to determine the SCR.

C

C. Risk Profile

Overview of Risk Profile for the Company

The primary focus of a run-off company is effective and efficient capital management to ensure that the run-off is successful. The most significant risks to the Company are all captured under the Solvency UK standard formula stress tests used to determine the SCR. The profile of the Company's main risks is shown by the components of the SCR as at 31 December 2025 in the chart below and in Chapter E.



Components of the undiversified SCR risk charge as at 31st December 2025.

The biggest risk facing the Company is underwriting risk (more specifically reserve risk) followed by market risk.

C.1. Underwriting Risk

The Company is exposed to the risk that actual claims and payments under insurance contracts differ from expectations in frequency, severity, or timing. Thus, the Company aims to maintain sufficient reserves to cover these liabilities.

The risk exposure is mitigated by using methods to assess and monitor reserve risk exposures. The Company also benefits from reinsurance purchased at the time the original risks were assumed. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements.

The Underwriting risk SCR as at 31st December 2025 is composed of the following sub-risks:

in GBP '000	2025	2024
Non-Life underwriting	306	406
Health underwriting	603	424
Life underwriting	89	88

The principal assumption underlying the liability estimates is that the future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim handling costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example: one-off occurrences, changes in market factors such as public attitude to claiming, economic conditions, as well as internal factors such as portfolio mix, policy conditions and

claims handling procedures. Judgement is further used to assess the extent to which external factors such as judicial decisions and government legislation affect the estimates.

Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in settlement and changes in foreign currency rates, both of which are classified as market risks.

Material exposures and risk concentrations

The Company's Technical Provisions are largely concentrated in liability classes including international corporate and UK Employers Liability exposures. Certain individual risks can increase into large losses.

Sensitivities

The best estimate claims liability is sensitive to a number of different key assumptions. As part of the actuarial review an assessment is made of the impact of a number of different scenarios on the gross and net reserves which are used to inform the assessment of whether the quantification of non-life underwriting risk is appropriate. A number of claim types are long tail in nature, and it is expected that new claims will continue to be notified. Also existing claims can further increase into large claims. Therefore, estimates of future claims cost are sensitive to potential future changes in legislation or judicial interpretations of liability whose impact is difficult to quantify.

C.2. Market risk

The Company defines market risk as the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and volatility of the market prices of assets, liabilities and financial instruments. The Company is exposed to market risk through its financial assets and its technical provisions.

As of 31 December 2025, DIUK has divested its bond and equity holdings, maintaining a cash-only position in major reserve currencies. Investment of these cash reserves is anticipated for 2026. This temporary mismatch in the duration between assets and liabilities results in an elevated interest rate risk compared to the previous year-end.

The categories of market risk to which the company is exposed are:

- Interest rate risk: the risk of changes in assets and liabilities due to fluctuations in interest rates
- Credit spread risk: the risk of changes in the value of assets due to rises in credit spreads over a risk-free rate.
- Currency or FX risks: the risk of changes in assets and liabilities due to changes in foreign exchange rates.

The following strategy is in place to mitigate the Company's exposure to market risk:

- The Company shall hold a well-diversified, low risk portfolio of assets, achieving rates of return measured against defined benchmark indices.
- The Company's asset duration is shorter than its liabilities reflecting that surplus assets are invested in cash and short-term investments.
- The Company's investment portfolio is managed by an experienced investment manager within agreed guidelines.
- The Company's Investment Committee regularly reviews the performance of the investment manager and to ensure the manager is operating within agreed guidelines.
- Currency risk is mitigated through asset liability matching by individual currency, where possible, with the capital surplus held in GBP.

The regulatory risk capital for market risk as determined by the Standard Formula as at 31st December 2025 is composed of the following sub-risks:

in GBP'000	2025	2024
Interest rate risk	257	238
Equity risk	0	0
Property risk	0	0
Spread risk	74	315
Market risk concentrations	0	0
Currency risk	315	199
Diversification within market risk module	(154)	(251)
Market risk	491	500

Prudent person principle

When making investment decisions, the Company considers the associated risks, including the impacts of market shocks and liquidity. Assets covering the Minimum Capital Requirement and Solvency Capital Requirement are invested in highly rated and liquid assets. Assets covering the technical provisions are invested in a manner appropriate to the nature and duration of the liabilities.

C.3. Counterparty default risk

Counterparty default risk refers to the potential for losses due to unexpected default or deterioration in credit standing of non-investment counterparties and debtors. Due to extensive reinsurance protection, reinsurance counterparty risk is one of the most significant risks faced by the Company. Periodic Payment Orders may require regular payments for many years, leading to a risk that reinsurers may face financial issues in the future and be unable to fulfil their obligations.

This risk is mitigated as the reinsurers utilised by the Company are financially strong, with the majority rated A or AA by Standard & Poor's. Deposits are made with higher-rated banks to limit counterparty default risk. The management and monitoring of reinsurance assets aim to minimize outstanding recoveries, including ensuring appropriate non-payment provisions are established against reinsurance recoveries.

The Counterparty Default Risk SCR as at 31st December 2025 composed of the following:

in GBP'000	2025	2024
Type 1 exposure	316	253
Type 2 exposure	64	0
Counterparty Default Risk	367	253

As part of the ORSA process, stress and scenario testing is carried out on credit risk and the consequential outcome on capital requirements is assessed.

C.4. Liquidity risk

Liquidity risk arises from the inability of the Company to generate sufficient cash to meet its obligations as they fall due.

Whilst the Company invests in assets that are readily able to be liquidated, the most significant liquidity risk arises from timing differences between claim payments and expected reinsurance recoveries.

To mitigate the Company's exposure to liquidity risk, contingency funding plans are set for the Group to meet emergency funding in the event of a large demand on cash.

C.5. Operational risk

As part of doing business there is an exposure to operational risk through our people, process, internal systems and external events.

Operational risk is defined as the risk of a loss resulting from inadequacies or flaws in internal processes, individuals or systems, as well as those caused by external events. It encompasses the following risks:

Risk	Description
Key Personnel risk	The Company outsources several services to other parts of the DARAG group. Therefore, the loss of DARAG management personnel is considered a risk.
IT risks	IT risks emerge when the IT systems deployed are not able to meet the needs of the business, leading to delays or failure in delivery of the businesses operational requirements.
Failure of internal processes and controls	This risk can occur due to a lack of documented internal processes and controls, or from deficient internal processes and controls.
Regulatory/ compliance risks	These risks arise due to frequent amendments to legislation, or if personnel are unaware of certain compliance requirements. This can result in a violation of applicable laws and regulations, including deficiencies in conforming to legal/regulatory deadlines.
Disaster recovery	This risk occurs if data or systems are completely lost and cannot be restored, or through loss of personnel in key positions.
Outsourcing	Over-dependency on external service providers can lead to a loss of in-house expertise. Lack of oversight can lead to operational risks as well.
Data protection	This risk could arise if the Company fails to comply with the requirements of General Data Protection Regulations
Cyber risk	This risk arises due to lack of and failure to update IT security

The regulatory risk capital for operational risk as determined by the Standard Formula as at the reporting date was as follows:

in GBP'000	2025	2024
Operational Risk	360	321

Outsourcing

The Company does not have its own employees but relies entirely on outsourced service providers, including the management services provided by other parts of the DARAG group. To ensure continuity of appropriate resources and implement an effective run-off strategy, PCIS have been appointed to provide outsourcing services to DIUK. Therefore, outsourcing represents a key operational risk.

The Company mitigates the potential failure of outsourced providers through having signed contracts in place, which contain agreed Service Level Agreements (SLAs) that clearly state expectations (including availability of systems, overall performance and the level of support made available), as well as with regular interaction and oversight over the service provider. Group risk is mitigated through the application of common processes across the group, whose effectiveness is monitored and reported to the Board as part of the risk management process, in addition to overlaps in the membership of the Company Board with the governing bodies of the group and other group companies.

C.6. Other material risks

The Company is exposed to unexpected external changes to the legal, economic, social, technical and environment systems as well as to internal changes which may arise from changes in business profile.

An emerging risk process is set up to regularly review and identify new or changing risks and assess their impact on the Company should they materialise. Emerging risks are identified through trend research and early warning systems. The analysis of dependencies between different risks allows the identification and mitigation of unwanted accumulations.

There were no other material risks over the reporting period.

C.7. Risk Sensitivities

Sensitivity testing is exercised through stress testing to assess all material risks of the Company. The scope of stress tests includes the consideration of the impact of reserve and market risk factors which may have a perceivable, substantial impact on the prudent and solvent operation of the Company.

Stress testing was carried out as part of the 2025 ORSA to assess the impact of material risks the Company may face. The Company focused on the most relevant stresses in relation to adverse reserve development and increase in risk-free interest rates. Capital, reserving and claims experts discuss various scenarios and estimate the impact on the solvency capital. The results show that the Company would remain solvent within the Board's risk tolerance limits should any of the stresses materialise, indicating that DIUK's solvency position is robust.

C.8. Any Other Information

There is no further material information to note.

Valuation for Solvency purposes

The statutory account values have been prepared in accordance with UK GAAP. They have been prepared on an historical cost basis, except for financial assets and financial liabilities that have been measured at fair value through profit or loss (FVPL).

This section will explain the variances between the values within the statutory accounts and the valuation methodology required for the purposes of Solvency II reporting.

D

D. Valuation for Solvency purposes

The statutory account values have been prepared in accordance with UK GAAP. They have been prepared on an historical cost basis, except for investment properties and financial assets and financial liabilities that have been measured at fair value through profit or loss (FVPL).

This section will explain the variances between the values within the statutory accounts and the valuation methodology required for the purposes of Solvency II reporting.

All amounts in the notes are shown in thousands of pounds sterling, rounded to the nearest thousand, unless otherwise stated. Differences that are consistent between the two sets of assets will be explained separately for the purposes of the solvency valuation.

D.1. Assets

Below are the assets that are held by DIUK as at 31 December 2025:

in GBP 000's	Solvency II value	Statutory accounts value	Difference
Investments	8,213	8,213	0
Collective Investments Undertakings	8,213	8,213	0
Deposits other than cash equivalents	0	0	0
Reinsurance recoverables from:	15,225	20,938	(5,713)
Non-life excluding health	12,703	18,208	(5,505)
Life excluding health and index-linked and unit-linked	2,521	2,729	(208)
Reinsurance receivables	20	20	0
Receivables (trade, not insurance)	64	64	0
Cash and cash equivalents	131	131	0
Any other assets, not elsewhere shown	76	76	0
Total assets	23,729	29,442	(5,713)

Collective Investments Undertakings – were initially recognised at fair value and subsequently carried at fair value. There was no difference in the valuation of the investments in bonds between the DIUK Financial Statements and the Solvency II Balance Sheet. The bond portfolio was valued consistently with the Solvency II regulations (Article 75 1(a) of EU Directive 2009/138/EC) and UK Solvency.

There were no material assumptions, judgments and estimates made in the valuation. The criteria for assessing market activity, and therefore the ability to rely on market values, include reviewing the issuers, reviewing the availability of market prices, and reviewing the ratings of the assets. Gains or losses arising from the sale of investments and changes in the market value of investments were included in the value of the portfolio.

Non-life excluding health (Reinsurance Recoverables) - Under Solvency II, the amount recoverable from reinsurance arrangements is calculated using similar methodology and assumptions as that used for best estimate liabilities, by applying a discounted cash flow technique, with the calculated discount driving the different in valuation from the statutory accounts value. The amount recoverable from reinsurance arrangements is calculated separately and reported as a reinsurance asset. The technical provisions are calculated on a gross basis without deduction of the amounts recoverable from reinsurance arrangements. For more information on the Technical Provisions please refer to the Technical Provisions section of this document.

Life (Reinsurance Recoverables) – The PPO is valued using a discount rate of 2% p.a. in the statutory accounts, in the same way as for the gross claim in the liabilities. Under Solvency II, these are discounted at EIOPA risk-free rates, which are higher.

Insurance and intermediaries' receivables and Reinsurance receivables - Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. Any receivables not yet due are included in the cash flow assumptions used to calculate technical provisions (therefore eliminated and brought back in via the BEL and Risk margin numbers).

Receivables (trade, not insurance), Cash and cash equivalents and any other assets, not elsewhere shown - the valuation of the above assets is consistent between the statutory accounts and Solvency II and therefore there is no variance shown.

D.2. Technical provisions

Technical provisions comprise the Best Estimate of the Liabilities ("BEL") and the Risk Margin. As at 31 December 2025, the gross Technical Provisions for DIUK were:

in GBP 000's	Solvency II value	Statutory accounts value	Difference
Liabilities			
Technical provisions - non-life	15,703	21,636	(5,934)
Technical provisions- non-life (excluding health)	13,725	18,912	(5,186)
TP calculated as a whole	0		
Best Estimate	13,632		
Risk margin	93		
Technical provisions - health (similar to non-life)	1,977	2,724	(747)
TP calculated as a whole	0		
Best Estimate	1,829		
Risk margin	149		
Technical provisions - life (excluding index-linked and unit-linked)	3,291	3,514	(223)
Technical provisions - life (excluding health and index-linked and unit-linked)	3,291	3,514	(223)
TP calculated as a whole	0		
Best Estimate	3,261		
Risk margin	30		
Insurance & intermediaries payables	176	176	0
Reinsurance payables	0	0	0
Payables (trade, not insurance)	0	0	0
Any other liabilities, not elsewhere shown	140	140	0
Total liabilities	19,310	25,467	(6,156)
Excess of assets over liabilities	4,419	3,976	443

The Company estimates Technical Provisions using the methodology prescribed by the Solvency II Directive and the regulations made under the Directive.

Best Estimate of Liabilities (BEL)

The BEL reflects a realistic estimate of future claims based on assumptions about the development of future cash flows relating to existing business as at 31 December 2025.

The calculations have been performed on a best estimate basis in accordance with Articles 75 to 86 of the Solvency II Directive.

Risk Margin (RM)

The Risk Margin is an addition to the Best Estimate (BE) Liabilities to ensure that the Technical Provisions as a whole are equivalent to the amount that insurance undertakings would be expected to require in order to take over and meet the insurance obligations.

Technical Provisions

The Company's main Solvency II lines of business are general third-party liability insurance and workers' compensation insurance. The table below shows a breakdown of the technical provisions for all lines of business. Additionally, there is one annuity from a non-life contract, which is treated as a life insurance risk under Solvency II.

in GBP 000's	Worker compensation	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss insurance	Annuities stemming from non-life insurance contracts	Total Life and Non-Life obligations
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Claims provisions						
Gross	1,829	6	13,539	87	3,261	18,722
Total recoverable from reinsurance	0	0	12,703	0	2,521	15,225
Net Best Estimate of Claims Provisions	1,829	6	836	87	740	3,497
Total best estimate - gross	1,829	6	13,539	87	3,261	18,722
Total best estimate - net	1,829	6	836	87	740	3,497
Risk margin	149	0	82	11	30	272
Technical provisions - total	1,977	6	13,621	98	3,291	18,994
Recoverable from reinsurance	0	0	12,703	0	2,521	15,225
Technical provisions minus recoverables from reinsurance - total	1,977	6	917	98	770	3,769

Reconciliation between US GAAP and Solvency II

Compared to the statutory accounts, there are the following changes in the technical provisions net of retrocession, as a result of revaluing them for Solvency II purposes:

- Discounting the cashflows under Solvency II results in a valuation GBP 824k less than the statutory accounts for non-life business.
- The risk margin of GBP 272k is added to the technical provisions under Solvency.

in GBP 000's	Workers' compensation insurance	Fire and other damage to property insurance	General liability insurance	Miscellaneous financial loss insurance	Annuities stemming from non-life insurance contracts	Total
Technical provisions, net of reinsurance						
UK GAAP net claims provisions	2,255	6	1,156	100	804	4,321
discounting of cashflows	-426	0	-320	-13	-64	-824
addition of risk margin	149	0	82	11	30	272
Other technical provisions						0
Solvency II net technical provisions	1,977	6	917	98	770	3,769

Net (of RI) Technical Provisions

Technical provisions net of reinsurance are shown in the tables above.

The Company has not made use of any long-term guarantee measures. Neither have transitional–matching adjustments, volatility adjustments, transitional measures on technical provisions or transitional risk-free interest rate term structures been applied.

Reinsurance recoverables

The Company has GBP 15,225 of reinsurance recoverables relating to claims reserves as at 31 December 2025.

The Company does not make use of special purpose vehicles (SPVs) or any finite reinsurance.

Changes since the last reporting period

Reserves have increased for UK employers' liability, driven by change in expected future cost of noise-induced hearing loss claims, and general liability, driven by increase in expense cost reserves.

Level of uncertainty associated with the value of technical provisions

There is a level of uncertainty in the value of technical provisions associated with the uncertainty in the policyholder data, methodology and the assumptions used in the valuation of best estimate liabilities and risk margin.

The data used in the calculation is monitored quarterly for quality against the requirements of being complete, appropriate and accurate.

The methodologies are well established and proportional to the nature, scale and complexity of the risks inherent in the business. There are no complicated policyholder behaviours or management actions to model.

The valuation of technical provisions is based on certain economic (e.g. discount rates) and non-economic assumptions. The economic assumptions are largely prescribed by the regulator with very limited uncertainty. The non-economic assumptions are set annually based on the experience investigation exercise. In setting these assumptions, management's past experience has been taken into account and the best forward-looking view to reflect the nature and time horizon of the technical provisions. A variance in assumptions with regards to expected loss ratios and inward reinsurance commissions may lead to variances in the expected profits in future premiums (if any) which leads to uncertainty.

D.3. Other Liabilities

Insurance & intermediaries payables – Consistent with Insurance and Intermediaries Receivables, any payables not yet due are included in the cash flow assumptions used to calculate technical provisions (therefore eliminated and brought back in via the BEL and Risk margin numbers).

Reinsurance payables – Consistent with Reinsurance Receivables.

Payables (trade, not insurance) and any other liabilities, not elsewhere shown - The valuation of the above assets is consistent between the statutory accounts and Solvency II and therefore there is no variance shown.

There are no contingent liabilities within the Company to be considered for SII valuation purposes.

D.4. Alternative Methods of Valuation

DIUK does not use any alternative methods for valuation.

D.5. Any other information

There is no further information applicable for this section.

Capital Management

DARAG Insurance UK Limited maintained Own Funds in excess of the Minimum Capital Requirement and the Solvency Capital Requirement. The Company's Eligible Own Funds amounted to GBP 4,419K consisting exclusively of Tier 1 funds and thereby maintaining a Solvency Ratio of 126% (MCR applies).

E

E. Capital Management

As of 31 December 2025, DIUK's target is to operate to a minimum capital threshold of 122% of the SCR. As the company is in run-off and the current funding level is well in excess of the target, we do not anticipate a capital erosion event to erode the capital close to the SCR minimum capital threshold.

E.1. Own Funds

Own Funds

DIUK's Own Funds are classified entirely as Tier 1 unrestricted capias follows:

in GBP 000's	Tier	2025	2024
Share capital	1 - unrestricted	5,000	5,000
Reconciliation reserve	1 - unrestricted	-581	321
Total Own Funds		4,419	6,532

DIUK's ordinary share capital and reconciliation reserve are all available as Tier 1 unrestricted own funds. The ordinary share capital has full voting, dividend and capital distribution (on winding up) rights; it does not confer any rights of redemption, is not subordinated and has no restricted duration. The reconciliation reserve equals the excess of assets over liabilities less other basic own fund items and the deduction of the ring-fenced funds, as at the reporting date. There are no own shares held. The reduction in own funds is mainly due to a reserve strengthening.

DIUK has no Tier 1 restricted own funds, no Tier 2 own funds (per Article 72 of the Delegated Regulations) and no Tier 3 own funds (per Article 76 of the Delegated Regulations and UK Solvency).

None of DIUK's own funds are subject to transitional arrangements, and there are no ancillary own funds. There are no significant restrictions affecting own funds' availability and transferability.

The key elements of the reconciliation reserve are the investments and the Solvency II technical provisions; see section D for a description of the valuation of these items in the Solvency II balance sheet.

The level of the Reconciliation Reserve can change dependent on a number of factors including market movements (for example in credit spreads), and the underwriting experience of the business. The sensitivity of the balance sheet (and solvency coverage ratio) and the mitigation actions are discussed in Section C. The risk mitigation actions mainly include reinsurance, asset liability matching and adhering to strict investment limits and restrictions.

There are no eligibility restrictions.

There are no deferred tax assets in DIUK as of 31 December 2025.

Reconciliation from UK GAAP to Solvency II excess of assets over liabilities

The tables below represent the adjustments already stated within Section D, and how the Own Funds position under Solvency II can be reconciled to the financial statements.

For DIUK's Own Funds excess of assets over liabilities, the attribution of valuation differences is as follows:

in GBP 000's

UK GAAP excess of assets over liabilities	3,976
Difference in the valuation of assets	(5,713)
Difference in the valuation of technical provisions	6,156
Difference in the valuation of other liabilities	0
Solvency II excess of Assets over Liabilities	4,419

The difference in the valuation of assets relates to different discounting rates used to value the partially reinsured technical provisions.

The difference in valuation of technical provisions is also due to discounting, as well as the risk margin under Solvency II.

The above differences are explained in more detail in Sections D.1 and D.2 respectively.

E.2. Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement

The table below presents the amount of DIUK's Solvency Capital Requirement by risk categories as per the Standard Formula Model at the valuation date. Note that the final amount of the Solvency Capital Requirement is still subject to supervisory assessment as per Article 297(2)(a) in the Solvency II Delegated Regulation.

DIUK's SCR components by risk type are as follows:

in GBP 000's	2025	2024
Market risk	491	500
Counterparty default risk	367	253
Life underwriting risk	89	88
Health underwriting risk	603	424
Non-life underwriting risk	306	406
Diversification	-655	-601
Basic Solvency Capital Requirement	1201	1071
Operational risk	360	321
Loss-absorbing capacity of technical provisions	0	0
Loss-absorbing capacity of deferred taxes	0	0
Solvency Capital Requirement	1,562	1,392

No simplifications or undertaking-specific parameters are used in the SCR calculations.

The SCR movement in 2025 is predominantly attributed to the heightened insurance risks resulting from reserve strengthening.

Minimum Capital Requirement

The table below shows the inputs into the MCR calculation as at 31 December 2025 and the prior year ended 31 December 2024. The absolute floor of the minimum capital requirement is GBP 3,500k.

in GBP 000's	2025	2024
Linear MCR	320	288
SCR	1,588	1,392
MCR cap	715	626
MCR floor	397	348
Combined MCR	397	348
Absolute floor of the MCR	3,500	3,500
Minimum Capital Requirement	3,500	3,500

in GBP 000's	2025	2024
Linear MCR	314	288
SCR	1562	1392
MCR cap	703	626
MCR floor	390	348
Combined MCR	390	348
Absolute floor of the MCR	3500	3500
Minimum Capital Requirement	3,500	3,500

The following table shows the net best estimate technical provisions used as inputs into the calculation of the MCR. As no new business was written in 2025 (same as years before), premiums were not used in the calculation.

in GBP 000's	Net (of reinsurance) best estimate TP's
Non-life insurance or reinsurance obligations	
Workers' compensation insurance and proportional reinsurance	1,903
Fire and other damage to property insurance and proportional reinsurance	6
General liability insurance and proportional reinsurance	819
Miscellaneous financial loss insurance and proportional reinsurance	83
Life insurance or reinsurance obligations	
Other life (re)insurance and health obligations	740

in GBP 000's	Net (of reinsurance) best estimate TP's
Non-life insurance or reinsurance obligations	
Workers' compensation insurance and proportional reinsurance	1,829
Fire and other damage to property insurance and proportional reinsurance	6
General liability insurance and proportional reinsurance	836
Miscellaneous financial loss insurance and proportional reinsurance	87
Life insurance or reinsurance obligations	
Other life (re)insurance and health obligations	740

The Minimum Capital Requirement ("MCR") reflects the minimum level of security below which the amount of financial resources should not fall. The company's linear MCR (based on the company's net TP's) and the MCR Floor (based on 25% of the SCR) both fall below the absolute floor that is prescribed by the standard formula approach. Therefore, the MCR of DIUK as at 31 December 2025 is set to the absolute floor of GBP 3,500k.

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

No usage.

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

No usage.

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

DIUK is compliant with the MCR and SCR.

E.6. Any other information

No further information to disclose.

DARAG Insurance UK Ltd

Solvency and Financial Condition Report

Disclosures

31 December
2025

(Monetary amounts in GBP thousands)

General information

Entity name	DARAG Insurance UK Ltd
Entity identification code and type of code	LEI/213800QCAZ4G5QJ2O277
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	GBP
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

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IR.02.01.02 - Balance sheet
IR.05.02.01 - Premiums, claims and expenses by country: Non-life obligations
IR.05.02.01 - Premiums, claims and expenses by country: Life obligations
IR.05.03.02 - Life income and expenditure
IR.05.04.02 - Non-life income and expenditure : reporting period
IR.12.01.02 - Life technical provisions
IR.17.01.02 - Non-Life Technical Provisions
IR.19.01.21 - Non-Life insurance claims
IR.23.01.01 - Own Funds
IR.25.04.21 - Solvency Capital Requirement
IR.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

IR.02.01.02

Balance sheet

		Solvency II value
Assets		C0010
R0030	Intangible assets	
R0040	Deferred tax assets	
R0050	Pension benefit surplus	
R0060	Property, plant & equipment held for own use	0
R0070	Investments (other than assets held for index-linked and unit-linked contracts)	8,213
R0080	<i>Property (other than for own use)</i>	0
R0090	<i>Holdings in related undertakings, including participations</i>	0
R0100	<i>Equities</i>	0
R0110	<i>Equities - listed</i>	
R0120	<i>Equities - unlisted</i>	
R0130	<i>Bonds</i>	0
R0140	<i>Government Bonds</i>	0
R0150	<i>Corporate Bonds</i>	0
R0160	<i>Structured notes</i>	0
R0170	<i>Collateralised securities</i>	0
R0180	<i>Collective Investments Undertakings</i>	8,213
R0190	<i>Derivatives</i>	
R0200	<i>Deposits other than cash equivalents</i>	0
R0210	<i>Other investments</i>	0
R0220	Assets held for index-linked and unit-linked contracts	
R0230	Loans and mortgages	0
R0240	<i>Loans on policies</i>	0
R0250	<i>Loans and mortgages to individuals</i>	
R0260	<i>Other loans and mortgages</i>	
R0270	Reinsurance recoverables from:	15,225
R0280	<i>Non-life and health similar to non-life</i>	12,703
R0315	<i>Life and health similar to life, excluding index-linked and unit-linked</i>	2,521
R0340	<i>Life index-linked and unit-linked</i>	0
R0350	Deposits to cedants	0
R0360	Insurance and intermediaries receivables	
R0370	Reinsurance receivables	20
R0380	Receivables (trade, not insurance)	64
R0390	Own shares (held directly)	
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
R0410	Cash and cash equivalents	131
R0420	Any other assets, not elsewhere shown	76
R0500	Total assets	23,729

		Solvency II value
Liabilities		C0010
R0505	Technical provisions - total	18,994
R0510	<i>Technical provisions - non-life</i>	15,703
R0515	<i>Technical provisions - life</i>	3,291
R0542	Best estimate - total	18,722
R0544	<i>Best estimate - non-life</i>	15,461
R0546	<i>Best estimate - life</i>	3,261
R0552	Risk margin - total	272
R0554	<i>Risk margin - non-life</i>	242
R0556	<i>Risk margin - life</i>	30
R0565	Transitional (TMTP) - life	0
R0740	Contingent liabilities	
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	
R0790	Derivatives	
R0800	Debts owed to credit institutions	
R0810	Financial liabilities other than debts owed to credit institutions	
R0820	Insurance & intermediaries payables	176
R0830	Reinsurance payables	
R0840	Payables (trade, not insurance)	
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in Basic Own Funds</i>	
R0870	<i>Subordinated liabilities in Basic Own Funds</i>	0
R0880	Any other liabilities, not elsewhere shown	140
R0900	Total liabilities	19,310
R1000	Excess of assets over liabilities	4,419

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

R0010

Premiums written
R0110 Gross - Direct Business
R0120 Gross - Proportional reinsurance accepted
R0130 Gross - Non-proportional reinsurance accepted
R0140 Reinsurers' share
R0200 Net
Premiums earned
R0210 Gross - Direct Business
R0220 Gross - Proportional reinsurance accepted
R0230 Gross - Non-proportional reinsurance accepted
R0240 Reinsurers' share
R0300 Net
Claims incurred
R0310 Gross - Direct Business
R0320 Gross - Proportional reinsurance accepted
R0330 Gross - Non-proportional reinsurance accepted
R0340 Reinsurers' share
R0400 Net

R0550 **Net expenses incurred**

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country	
	US						
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
							0
							0
							0
							0
	0	0					0
							0
							0
							0
	0	0					0
	623	0					623
							0
							0
	0	-77					-77
	623	77					700
							0

IR.05.02.01
Premiums, claims and expenses by country: Life obligations

		C0150	C0160	C0170	C0180	C0190	C0200	C0210
R1400	Home Country	Top 5 countries (by amount of gross premiums written)					Total Top 5 and home country	
	C0220	C0230	C0240	C0250	C0260	C0270	C0280	
Premiums written								
R1410	Gross							0
R1420	Reinsurers' share							0
R1500	Net	0						0
Premiums earned								
R1510	Gross							0
R1520	Reinsurers' share							0
R1600	Net	0						0
Claims incurred								
R1610	Gross	19						19
R1620	Reinsurers' share	15						15
R1700	Net	4						4
R1900	Net expenses incurred							0

IR.05.03.02

Life income and expenditure

	Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Premiums written							
R0010 Gross direct business							0
R0020 Gross reinsurance accepted							0
R0030 Gross	0	0	0	0	0	0	0
R0040 Reinsurers' share							0
R0050 Net	0	0	0	0	0	0	0
Claims incurred							
R0110 Gross direct business				19			19
R0120 Gross reinsurance accepted							0
R0130 Gross	0	0	0	19	0	0	19
R0140 Reinsurers' share				15			15
R0150 Net	0	0	0	4	0	0	4
Expenses incurred							
R0160 Gross direct business							0
R0170 Gross reinsurance accepted							0
R0180 Gross	0	0	0	0	0	0	0
R0190 Reinsurers' share							0
R0200 Net	0	0	0	0	0	0	0
R0300 Other expenses							
Transfers and dividends							
R0440 Dividends paid							

Non-life income and expenditure : reporting period

[illegible]

Non-life income and expenditure : reporting period

R1310 Total expenditure

IR.12.01.02
Life technical provisions

Best estimate	
R0025	Gross Best Estimate (direct business)
R0026	Gross Best Estimate (reinsurance accepted)
R0030	Gross Best Estimate
R0080	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default
R0090	Best estimate minus recoverables from reinsurance/SPV and Finite Re
R0100	Risk margin
Amount of the transitional on Technical Provisions	
R0140	TMTP - risk margin
R0150	TMTP - best estimate dynamic component
R0160	TMTP - best estimate non-dynamic component
R0170	TMTP - amortisation adjustment
R0180	Transitional Measure on Technical Provisions
R0200	Technical provisions - total

Insurance with profit participation	Index-linked and unit-linked insurance	Life annuities	Non-life annuities	Other life insurance	Health insurance	Total life and health
C0010	C0020	C0030	C0040	C0050	C0060	C0070
			3,261			3,261
						0
0	0	0	3,261	0	0	3,261
			2,521			2,521
0	0	0	740	0	0	740
			30			30
						0
						0
						0
						0
0	0	0	0	0	0	0
0	0	0	3,291	0	0	3,291

IR.17.01.02
Non-Life Technical Provisions

Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																
Premium provisions																
R0060	Gross	0				0	0				0					0
R0140	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default															0
R0150	Net Best Estimate of Premium Provisions	0				0	0				0					0
Claims provisions																
R0160	Gross	1,829				6	13,539				87					15,461
R0240	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0				0	12,703				0					12,703
R0250	Net Best Estimate of Claims Provisions	1,829				6	836				87					2,757
R0260	Total best estimate - gross	1,829				6	13,539				87					15,461
R0270	Total best estimate - net	1,829				6	836				87					2,757
R0280	Risk margin	149				0	82				11					242
R0320	Technical provisions - total	1,977				6	13,621				98					15,703
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	0				0	12,703				0					12,703
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	1,977				6	917				98					2,999

Non-Life insurance claims

Total Non-life business

Accident year / underwriting year	Underwriting year
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R0100
R0160
R0170
R0180
R0190
R0200
R0210
R0220
R0230
R0240
R0250
R0260

R0100
R0160
R0170
R0180
R0190
R0200
R0210
R0220
R0230
R0240
R0250
R0260

R0160
R0170
R0180
R0190
R0200
R0210
R0220
R0230
R0240
R0250

IR.23.01.01

Own Funds

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

R0220 Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

R0290 Total basic own funds

Ancillary own funds

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

Available and eligible own funds

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

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
5,000	5,000		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
-581	-581			
0		0	0	0
0				0
0	0	0	0	0

0				
4,419	4,419	0	0	0

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

4,419	4,419	0	0	0
4,419	4,419	0	0	
4,419	4,419	0	0	0
4,419	4,419	0	0	

1,562
3,500
283.01%
126.26%

C0060
4,419
0
5,000
0
-581

IR.25.04.21

Solvency Capital Requirement

Net of loss absorbing capacity of technical provisions

	Market risk	C0010
R0070	Interest rate risk	257
R0080	Equity risk	0
R0090	Property risk	0
R0100	Spread risk	74
R0110	Concentration risk	0
R0120	Currency risk	315
R0125	Other market risk	
R0130	Diversification within market risk	-154
R0140	Total Market risk	491
	Counterparty default risk	
R0150	Type 1 exposures	316
R0160	Type 2 exposures	64
R0165	Other counterparty risk	
R0170	Diversification within counterparty default risk	-14
R0180	Total Counterparty default risk	367
	Life underwriting risk	
R0190	Mortality risk	0
R0200	Longevity risk	89
R0210	Disability-Morbidity risk	0
R0220	Life-expense risk	0
R0230	Revision risk	0
R0240	Lapse risk	0
R0250	Life catastrophe risk	0
R0255	Other life underwriting risk	
R0260	Diversification within life underwriting risk	0
R0270	Total Life underwriting risk	89
	Health underwriting risk	
R0280	Health SLT risk	0
R0290	Health non SLT risk	603
R0300	Health catastrophe risk	0
R0305	Other health underwriting risk	
R0310	Diversification within health underwriting risk	0
R0320	Total Health underwriting risk	603
	Non-life underwriting risk	
R0330	Non-life premium and reserve risk (ex catastrophe risk)	306
R0340	Non-life catastrophe risk	0
R0350	Lapse risk	0
R0355	Other non-life underwriting risk	
R0360	Diversification within non-life underwriting risk	0
R0370	Non-life underwriting risk	306
R0400	Intangible asset risk	
	Operational and other risks	
R0422	Operational risk	360
R0424	Other risks	
R0430	Total Operational and other risks	360
R0432	Total before all diversification	2,384
R0434	Total before diversification between risk modules	2,217
R0436	Diversification between risk modules	-655
R0438	Total after diversification	1,562
R0440	Loss absorbing capacity of technical provisions	
R0450	Loss absorbing capacity of deferred tax	
R0455	Other adjustments	
R0460	Solvency capital requirement including undisclosed capital add-on	1,562
R0472	Disclosed capital add-on - excluding residual model limitation	
R0474	Disclosed capital add-on - residual model limitation	
R0480	Solvency capital requirement including capital add-on	1,562
R0490	Biting interest rate scenario	
R0495	Biting life lapse scenario	

IR.28.01.01

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

Linear formula component for non-life insurance and reinsurance obligations

R0010 MCR_{NL} Result

C0010

298

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
1,829	
0	
0	
0	
6	
836	
0	
0	
0	
87	
0	
0	
0	
0	

R0020 Medical expense insurance and proportional reinsurance
 R0030 Income protection insurance and proportional reinsurance
 R0040 Workers' compensation insurance and proportional reinsurance
 R0050 Motor vehicle liability insurance and proportional reinsurance
 R0060 Other motor insurance and proportional reinsurance
 R0070 Marine, aviation and transport insurance and proportional reinsurance
 R0080 Fire and other damage to property insurance and proportional reinsurance
 R0090 General liability insurance and proportional reinsurance
 R0100 Credit and suretyship insurance and proportional reinsurance
 R0110 Legal expenses insurance and proportional reinsurance
 R0120 Assistance and proportional reinsurance
 R0130 Miscellaneous financial loss insurance and proportional reinsurance
 R0140 Non-proportional health reinsurance
 R0150 Non-proportional casualty reinsurance
 R0160 Non-proportional marine, aviation and transport reinsurance
 R0170 Non-proportional property reinsurance

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
C0050	C0060

R0210 Obligations with profit participation - guaranteed benefits
 R0220 Obligations with profit participation - future discretionary benefits
 R0230 Index-linked and unit-linked insurance obligations
 R0240 Other life (re)insurance and health (re)insurance obligations
 R0250 Total capital at risk for all life (re)insurance obligations

Overall MCR calculation

R0300 Linear MCR
 R0310 SCR
 R0320 MCR cap
 R0330 MCR floor
 R0340 Combined MCR
 R0350 Absolute floor of the MCR

C0070

298

1,562

703

390

390

3,500

R0400 Minimum Capital Requirement

3,500