

**BERKSHIRE HATHAWAY EUROPEAN INSURANCE DAC**

**Legal Entity Identifier: 635400OT4VIDMAADLQ13**

**Solvency and Financial Condition Report**

**31 December 2025**

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## Executive Summary

This is the Solvency and Financial Condition Report (**SFCR**) for Berkshire Hathaway European Insurance DAC (**BHEI** or the **Company**), based on the financial position as at 31 December 2025. The Company has prepared the SFCR in compliance with public disclosure requirements under the Delegated Regulation (EU) 2015/235 of the European Parliament, supplementing Directive 138/2009/EC (the Solvency II Directive), transposed into Irish law effective 1 January 2016 as the European Union (Insurance and Reinsurance) Regulations 2015 - Statutory Instrument 485 of 2015 (**Solvency II Regulations**). This report discusses the Company's business and performance; system of governance; risk profile; valuation of assets and liabilities; and capital management.

## Business and Performance

BHEI is a wholly owned subsidiary of National Indemnity Company (**NICO**), an insurance company and subsidiary of Berkshire Hathaway Inc. (**BHI**) a multinational conglomerate holding company quoted on the New York Stock Exchange.

The Company is one of the primary general insurance entities within the Berkshire Hathaway group for writing EU / EEA business and is regulated by the Central Bank of Ireland. The Company's principal activity is underwriting general insurance and reinsurance business and while operations are directed from its head office in Dublin, it also operates from branch offices in the UK, Germany, Spain, France, Italy, Belgium and Sweden.

BHEI writes non-life insurance and reinsurance business, across most major classes of business. The Company operates under three distinct divisions to allow the development of multiple brand offerings, namely Berkshire Hathaway Specialty Insurance (BHSI), Medical Protective (MedPro) and Berkshire Hathaway Reinsurance Group (BHRG). Where appropriate it also partners with a limited number of managing general agents (**MGAs**), to benefit from their expertise and market access.

BHEI's gross premiums written for year ended 31 December 2025 were €1,046.4m (2024: €998.5m). The Company's average combined ratio after reinsurance was 101.0% (2024: 98.2%) and it reported an underwriting loss of €1.8m (2024: €3.1m profit) for the year. Investment gains and foreign exchange losses resulted in the Company reporting a profit before tax of €8.2m (2024: €40.7m). Numbers referenced are those as prepared under Irish Generally Accepted Accounting Practice (**GAAP**).

Personnel in Ireland and the United Kingdom are employed by a group services company, headquartered in the UK with an Irish branch, who, working under the direction of BHEI provide a broad range of insurance and insurance support expertise to the Company. Across its branches in Continental Europe, the Company employs personnel directly. The average number of persons employed by the Company for the year ended 31 December 2025 is 190 (2024: 163).

## System of Governance

The Company has a clearly defined governance framework. BHEI is governed by its Board of Directors and three Board sub-committees: the Risk and Compliance Committee, the Audit Committee, and the Nomination and Remuneration Committee. The Board has ultimate responsibility for the oversight and governance of the Company.

The Company operates the three lines model, where Risk Management and Compliance (as second line functions) and Internal Audit (a third line function) monitor and independently challenge the business (comprised of the first line functions) and report their findings to the relevant Board Sub-Committee.

The Company operates an Internal Control Framework (**ICF**), with identified controls operating in key processes across all functions of the business. The identified internal controls are assessed for operating effectiveness at regular intervals throughout the year and provide reasonable assurance to senior management and the Board regarding the robustness of the ICF, reliability of financial and non-financial reporting and compliance with applicable policies.

The Company's Risk Management Framework (**RMF**) is a key component of the governance framework. The RMF is a collection of processes and tools that have been put in place to ensure that the risks to which the Company is exposed are identified, measured, managed, monitored, and reported on a continuous basis. The Own Risk and Solvency Assessment (**ORSA**) is a fundamental element of the Company's RMF.

BHEI's Compliance Framework sets out the Company's approach to the management of compliance and regulatory risk and describes the role of the Compliance function in managing the associated risks.

## Risk Profile

The Company continually monitors and reports on its risk profile through a quarterly risk reporting cycle to the Risk and Compliance Committee, which comprises risk appetite statement monitoring, risk and control self-assessment, risk assurance activities and risk incident / near misses monitoring. Key risks for the Company include strategic risk, underwriting risk, market risk, credit risk and operational risk. The Company has limited exposure to conduct risk through the types of business its writes, given it is a primarily commercial lines business with limited exposure to consumer related business.

The geopolitical environment has become more complex and volatile in recent years, where shifting trade dynamics and regional conflicts increase uncertainty which could impact both underwriting and operational considerations. The Company continues to be vigilant in policy wordings and is actively monitoring for potential exposure to insurance losses due to the conflicts. It is also monitoring the rapidly changing sanctions regimes of the US, the EU and the UK to ensure its processes and controls ensure compliance. The Company provides very limited war coverage but is potentially exposed to secondary effects through the policies it writes. The main areas of focus have been the aviation, marine, directors and officers and cyber portfolios. Management's ongoing assessment is that the Company's exposure, net of reinsurance, and the changes in the sanction's regime do not significantly impact the Company. The operational impacts on service providers and exposures continues to be monitored.

BHEI and its IT service providers continue to remain vigilant to the risk of increased cyber-attacks, ensuring the IT framework remains suitably robust and personnel receive appropriate training to guard against and mitigate the risk of an attack. The Company's IT Risk Management Framework and supporting policies are aligned with requirements as set out in the Digital Operational Resilience Act (**DORA**).

## Valuation of Assets and Liabilities

The Company's financial statements are prepared in accordance with Financial Reporting Standards (**FRS**) 102 and 103 applicable in the United Kingdom and Republic of Ireland, and

provisions of the Companies Act 2014, as amended by the European Union (Insurance Undertakings: Financial Statements) Regulation 2015. The functional currency of the Company is euro as it is the currency of the primary economic environment in which the Company operates. The financial statements and regulatory returns are also presented in euro. All values are rounded to the nearest thousand euro unless otherwise stated. All references to GAAP as used in this report refer to the accounting standards and regulations under which the financial statements have been prepared.

The assets and liabilities in the Solvency II balance sheet have been valued using Solvency II valuation rules. Solvency II valuation rules are different, in some areas as compared with those used in the Company's Irish GAAP financial statements, with the valuation of technical provisions being the major area of difference. Section D of this report provides greater detail on the valuation methods of assets and liabilities in the Solvency II balance sheet as well as a comparison to Irish GAAP.

Figures in this report are shown in euro rounded thousands (€000) but are calculated to more decimal places. This can give rise to small rounding differences in the calculated totals.

### Capital Management

The Company's capital management objective is to ensure that it maintains an appropriate level of capital at all times in line with its risk appetite and capital requirements and that it fulfils its obligations to measure, monitor and report its capital position internally and externally in accordance with relevant regulatory requirements.

BHEI uses the Standard Formula as the basis for calculating capital requirements. The Company does not use an internal model to calculate its Solvency Capital Requirement (**SCR**). The calculations of the capital requirements are defined by the Solvency II Regulations. The key solvency ratios are disclosed below.

	<b>2025</b> <b>€000</b>	<b>2024</b> <b>€000</b>
Available and Eligible Own Funds	464,073	429,513
Solvency Capital Requirement (SCR)	208,966	190,467
Surplus over SCR	255,107	239,046
Ratio of Eligible Own Funds to SCR	<b>222%</b>	<b>226%</b>
Minimum Capital Requirement (MCR)	64,866	58,574
Surplus over MCR	399,207	370,939
Ratio of Eligible Own Funds to MCR	715%	733%

As at 31 December 2025 BHEI had an SCR of €209.0m (2024: €190.5m). This is covered by €464.1m (2024: €429.5m) in eligible own funds, resulting in a surplus over SCR of €255.1m (2024: €239.0m) and a coverage ratio of 222% (2024: 226%).

It is forecast that the Company will continue to maintain a surplus over both the SCR and Minimum Capital Requirement (**MCR**) over the current planning horizon and there are no current indicators that suggest that this is likely to change over the longer term.

## A. Business and Performance

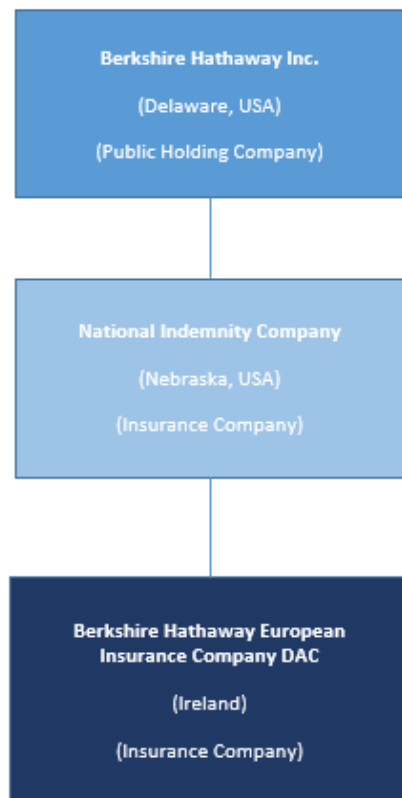
### A.1 Business

As set out in the Executive Summary, BHEI is one of the primary general insurance entities within the Berkshire Hathaway group for writing EU / EEA business and is regulated by the Central Bank of Ireland. The Company's principal activity is underwriting general insurance and reinsurance business operating from its head office in Dublin, with branch offices in the UK, Germany, Spain, France, Italy, Belgium and Sweden. 2025 has continued to be one of company and branch development, creating capability and establishing disciplined underwriting and claims offerings, together with high-quality support services.

#### Berkshire Hathaway Group

The Company's ultimate parent company is Berkshire Hathaway Inc. (BHI), while its immediate parent company is National Indemnity Company (NICO), both companies being incorporated in the US state of Nebraska. A simplified group structure for BHI pertaining to BHEI is shown in Figure 1.

Figure 1 - Berkshire Hathaway Inc. Simplified Corporate Structure



### Name and contact details of the supervisory authority for the Company

BHEI is authorised and regulated by the Central Bank of Ireland (CBI).

**Address** New Wapping Street, North Wall Quay, Dublin 1, D01 F7X3

### Name and contact details of the supervisory authority for the Group

State of Nebraska Department of Insurance

**Address** 156 K Street, Suite 200, PO Box 95087, Lincoln, Nebraska NE 68509 - 5087 USA

### Name and contact details of the external auditor to the Company

The Company's external auditor for the year ended 31 December 2025 is Deloitte Ireland LLP.

**Address** 29 Earlsfort Terrace, Dublin 2, D02 AY28

### Company's registered office and principal place of business

**Address** 2<sup>nd</sup> Floor, 7 Grand Canal Street Lower, Dublin 2, D02 KW81

### Material lines of business and geographical areas

BHEI writes non-life insurance and reinsurance business, across most major classes of business. All classes of non-life insurance business, with the exception of credit are within the Company's appetite. The underwriting activities of BHEI are managed in the following underwriting divisions: BHSI, MedPro and BHRG. Each underwriting division has its own target market, routes to market and expertise. The majority of the business is written via brokers and a limited amount of business written via outsourced service providers (**OSP**) with delegated underwriting authority (**DUA**).

Figure 2 – BHEI Underwriting Division Structure



### BHSI

BHSI writes Property, Casualty, Executive & Professional (E&P), Marine, Healthcare, Surety and Accident & Health (A&H) lines under the BHSI brand. The BHSI operation in Europe was formed in 2016 and is in a growth phase targeting appropriate commercial insurance using the financial strength of Berkshire Hathaway to provide the ability for outsized capacity and creative, flexible solutions customers can count on year after year. A core element in this is building the capability for claims excellence, a key element of the BHSI brand. The division has continued to grow in capability and product offering through the year as planned.

## MedPro

MedPro specialises in the provision of medical malpractice cover for medical practitioners and institutions, with associated ancillary lines, with a focus on the French and Irish markets.

## BHRG

BHRG has an appetite to write all classes of non-life insurance on both an insurance and reinsurance basis. The BHRG business can be broadly split into two groups: large risks underwritten directly by BHRG and smaller risks underwritten via delegated underwriting arrangements with MGAs. The BHRG division within the parent company has a long-standing participation on the Global Aerospace Underwriting Managers (GAUM) aviation pools. This participation allows the Company to write general insurance policies for Airline, Products, General Aviation and Space insurance to the aviation and space industries.

Figure 3 – BHEI branches



## BHEI branches

The Company's operations are directed from Ireland, but it also operates from branch offices in Germany, Spain, France, Italy, Belgium, Sweden and the United Kingdom.

## Performance

On a GAAP basis, the gross profit before tax for the year ended 31 December 2025 was €8.2m (2024: €40.7m).

	2025 €000	2024 €000
Gross premium written	1,046,447	998,505
Premium written, net of reinsurance	184,404	177,230
Earned premium, net of reinsurance	176,718	170,457
Claims incurred, net of reinsurance	(134,335)	(130,187)
Change in unexpired risk reserve	(1,086)	(1,901)
Total acquisition and operating expenses	(43,076)	(35,237)
<b>Technical result</b>	<b>(1,779)</b>	<b>3,132</b>
Investment gains	23,640	31,600
Other income	300	166
Foreign exchange (losses)/gains	(13,982)	5,768
<b>Profit/(loss) on ordinary activities before tax</b>	<b>8,179</b>	<b>40,666</b>

Gross premium written of €1,046.5m (2024: €998.5m) are €48.0m (+5%) increased on the prior year (PY). Earned premium, net of reinsurance is €176.7m, a 4% increase on PY (2024: €170.5m).

The technical result reflects a loss of €1.8m (2024: €3.1m profit) after taking account of claims incurred (net of reinsurance) of -€134.3m (2024: -€130.2m), the change in unexpired risk reserve (URR) of -€1.1m (2024: -€1.9m) and total acquisition and operating expenses of €43.1m (2024: €35.2m). The combined ratio for the year was 101.0% (2024: 98.2%) representing a 2.8% year on year deterioration.

The Company's investment portfolio comprised of short-dated European Government bills, US Treasury bills and cash and cash equivalents generated positive returns of €23.6m (2024: €31.6m) during the year.

### A.2 Underwriting Performance

BHEI's underwriting strategy is driven by the key objective as set by the Board, and agreed with the Company's parent NICO, to maximise bottom line profit over the long term and protect or enhance the reputation of the Company and BHI.

BHEI has a comprehensive outwards reinsurance agreement in place with NICO. The reinsurance agreement is fundamental to the business strategy of BHEI as the primary risk mitigation and capital management tool. However, the reinsurance coverage does not factor into the day-to-day underwriting or pricing of risks; all risks are assessed on a gross basis which encourages more disciplined underwriting. At year-end 31 December 2025, NICO reported surplus assets of USD259bn (2024: USD241bn) and total assets of USD402bn (2024: USD381bn).

The tables below provide details of the Company's underwriting performance for the reporting period, together with the prior period comparatives, by Solvency II line of business. Full details of the Company's premiums, claims and expenses for the period are disclosed in template S.05.01 which is included within the appendix.

Period ended 31 December 2025	Income Protection	Motor Vehicle Liability	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Credit & Surety Insurance	Total
	€000	€000	€000	€000	€000	€000	€000
Net Premium Written	45	4,917	13,559	52,687	112,820	376	184,404
Net Premium Earned	10	3,982	9,808	49,739	112,945	234	176,718
Claims incurred	(8)	(3,214)	(5,787)	(27,244)	(99,041)	(127)	(135,421)
Expenses incurred	(7)	(1,166)	(3,000)	(12,334)	(26,458)	(111)	(43,076)
<b>Underwriting performance</b>	<b>(5)</b>	<b>(398)</b>	<b>1,021</b>	<b>10,161</b>	<b>(12,554)</b>	<b>(4)</b>	<b>(1,779)</b>
<b>Loss ratio</b>	80.0%	80.7%	59.0%	54.8%	87.7%	54.3%	76.6%
<b>Expense ratio</b>	70.0%	29.3%	30.6%	24.8%	23.4%	47.4%	24.4%
<b>Combined ratio</b>	150.0%	110.0%	89.6%	79.6%	111.1%	101.7%	<b>101.0%</b>

Period ended 31 December 2024	Income Protection	Motor Vehicle Liability	Marine, Aviation & Transport	Fire & Other Damage to Property	General Liability	Credit & Surety Insurance	Total
	€000	€000	€000	€000	€000	€000	€000
Net Premium Written	-	3,218	9,760	47,254	116,624	374	177,230
Net Premium Earned	-	2,132	8,212	43,453	116,467	193	170,457
Claims incurred	-	(1,823)	(5,846)	(23,492)	(100,823)	(103)	(132,087)
Expenses incurred	-	(629)	(1,994)	(8,771)	(23,726)	(118)	(35,238)
<b>Underwriting performance</b>	<b>-</b>	<b>(320)</b>	<b>372</b>	<b>11,190</b>	<b>(8,082)</b>	<b>(28)</b>	<b>3,132</b>
<b>Loss ratio</b>	-	85.5%	71.2%	54.1%	86.6%	53.4%	77.5%
<b>Expense ratio</b>	-	29.5%	24.3%	20.2%	20.4%	61.1%	20.7%
<b>Combined ratio</b>	-	115.0%	95.5%	74.2%	106.9%	114.5%	<b>98.2%</b>

Net premium written of €184.4m in 2025 (2024: €177.2m) is a 4% increase on PY, with the increase driven by Fire and Other Damage to Property (+€5.4m), Marine, Aviation and Transport (+€3.8m) and Motor Vehicle Liability (+€1.7m). These have been partly offset by a decrease in General Liability (-€3.8m). The increase in premium written in Marine Aviation and Transport and Fire and Other Damage to Property is due to the increased territorial scope of writing business through the Company's UK branch. In General Liability, the year-on-year decrease reflects the Company's underwriting discipline in changing market conditions.

The technical result reflects a loss of €1.8m in 2025 (2024: €3.1m profit). In aggregate the combined ratio for the year was 101.0% (2024: 98.2%). The 2.8% deterioration in the combined ratio at the total Company level is attributable to a 5.3% deterioration in Fire and Other Damage to Property where there was favourable actual versus expected loss development but an increase in expenses driving a higher combined ratio of 79.6% (2024: 74.2%) and a 4.2% deterioration in General Liability to 111.1% (2024: 106.9%) again mostly due to higher expenses. General Liability is inclusive of the Company's Casualty, Executive and Professional and Healthcare / Medical Malpractice businesses. In Executive & Professional, experience was better than expected for 2021 to 2023 YOA (in the UK) and in Casualty there was a generally favourable experience. In contrast there was a strengthening of reserves and some individual large claims in Healthcare. Improvements in combined ratios are notable in Marine, Aviation & Transport at 89.6% (2024: 106.9%) and in the Motor Vehicle Liability class at 110% (2024: 115%).

## Underwriting performance by geographic location

<b>Analysis of gross premiums written:</b>	<b>2025</b>	<b>2024</b>
Contracts written by the Company in:	<b>€000</b>	<b>€000</b>
Europe – EEA	733,902	745,626
Europe – Non-EEA	312,545	252,879
	<b>1,046,447</b>	<b>998,505</b>

Business in the current and prior reporting period is underwritten by the Company within the EEA and the UK. A country analysis is provided in template S.04.05 which is also included within the appendix.

### A.3 Investment Performance

The Company has an Investment Management Agreement (**IMA**) in place with New England Asset Management Limited (NEAM), who are responsible for managing the Company's Investment Portfolio within the Board approved Investment Guidelines. The investment strategy is conservative and investment guidelines require funds to be invested in fixed interest securities with a credit rating of BBB+ and above. This conservative strategy is designed to protect the Company's capital so that it is available to support underwriting with a focus to date on asset preservation.

The table below shows the Company's financial assets at fair value by material class of investment as at 31 December 2025 with prior year comparatives:

	<b>2025</b>	<b>2024</b>
	<b>€000</b>	<b>€000</b>
Government bonds	642,935	619,193
<b>Total Investments (GAAP)</b>	<b>642,935</b>	<b>619,193</b>
Liquidity funds (collective investment undertakings)	279,200	178,852
Accrued interest on bonds	-	1,891
<b>Total Investments (Solvency II)</b>	<b>922,135</b>	<b>799,936</b>

Government bonds held by the Company are valued at the quoted market price as at the balance sheet date. Total investments per the Solvency II balance sheet also includes holdings in collective investment undertakings (government backed liquidity funds, which are classified as cash and cash equivalents in the GAAP financial statements) valued at €279.2m (2024: €178.9m) plus the value of accrued interest due on bonds (classified as accrued income in the GAAP financial statements) €nil (2024: €1.9m).

The credit rating of investments are as shown below at 31 December 2025 together with prior year comparatives:

<b>Rating</b>	<b>2025</b>	<b>2024</b>
	<b>€000</b>	<b>€000</b>
AAA	922,135	793,435
AA	-	6,501
	<b>922,135</b>	<b>799,936</b>

The Company has no exposure to derivatives or currency-hedging risks. The Directors consider the current investment policy and matching of liabilities and assets in currency to put the Company on a sound basis to deal with any market volatility.

The Company's investment portfolio comprised of short dated European Government bonds, US Treasury bills and cash and cash equivalents generated positive returns of €23.6m (2024:

€31.6m) during the year and was well positioned to benefit from the rising interest rate environment.

<b>31 December 2025</b>	Investment income €000	Realised gain/(loss) €000	Unrealised gain/(loss) €000	Interest €000	<b>Total €000</b>
Government bonds	987	11,526	3,333	-	<b>15,846</b>
Cash and deposits	-	-	-	7,794	<b>7,794</b>
<b>Investment gains/(losses)</b>	<b>987</b>	<b>11,526</b>	<b>3,333</b>	<b>7,794</b>	<b>23,640</b>

<b>31 December 2024</b>	Investment income €000	Realised gain/loss €000	Unrealised gain/(loss) €000	Interest €000	<b>Total €000</b>
Government bonds	5,023	9,335	8,155	-	<b>22,513</b>
Cash and deposits	-	-	-	9,087	<b>9,087</b>
<b>Investment gains/(losses)</b>	<b>5,023</b>	<b>9,335</b>	<b>8,155</b>	<b>9,087</b>	<b>31,600</b>

Investment income for 2025 was €1.0m (2024: €5.0m). Realised gains of €11.5m (2024: €9.3m), unrealised gains of €3.3m (2024: €8.2m) and interest income of €7.8m (2024: €9.1m) were incurred during the period under review.

#### A.4 Performance of other activities

The below table shows the analysis of costs incurred during the year in acquiring and underwriting insurance contracts and other operating costs of the Company.

	<b>31 December 2025</b>			<b>31 December 2024</b>		
	Acquisition costs €000	Other Operating expenses €000	<b>Total €000</b>	Acquisition costs €000	Other operating expenses €000	<b>Total €000</b>
Administrative expenses	88,612	41,886	<b>130,498</b>	68,598	30,832	<b>99,430</b>
Commission and change in deferred acquisition costs	122,430	-	<b>122,430</b>	107,799	-	<b>107,799</b>
Reinsurers' share of expenses, commissions and change in deferred acquisition costs	(18,568)	-	<b>(18,568)</b>	(149,344)	(22,648)	<b>(171,992)</b>
<b>Total acquisition and other operating expenses</b>	<b>30,407</b>	<b>6,849</b>	<b>37,256</b>	<b>27,053</b>	<b>8,184</b>	<b>35,237</b>

Personnel in Ireland and the United Kingdom are employed by a group services company, headquartered in the UK with an Irish branch, who, working under the direction of BHEI provide a broad range of insurance and insurance support expertise. During the year an amount of €49.3m (2024: €35.0m) has been charged to the Company for the provision of personnel and other ancillary services. Across its branches in Continental Europe, the Company employs personnel directly. The average number of persons employed by the Company is 190 (2024: 163) for the year ended 31 December 2025.

During the year the Company entered into a lease agreement in Stockholm to support its Swedish branch. It also entered into new (Barcelona) or extended existing (Barcelona, Munich, Milan, Lyon, Brussels and Frankfurt) serviced / co-working office arrangements for premises. In 2025 the lease of the London office, housing the staff of the Company and certain other Group employees who provide services to the Company's UK branch expired and a new one at a new office location was entered into; like the expired lease, the new lease is held by a Group services company. The term of the lease covering the Dublin office, where the Company's Irish-based staff work was extended and continues to be held by a Group services company. For both London and Dublin offices, the Company has gone guarantor for the Group services company on the lease agreements. There were no other changes to leases in place covering the Company's various other office locations.

#### A.5 Any other information

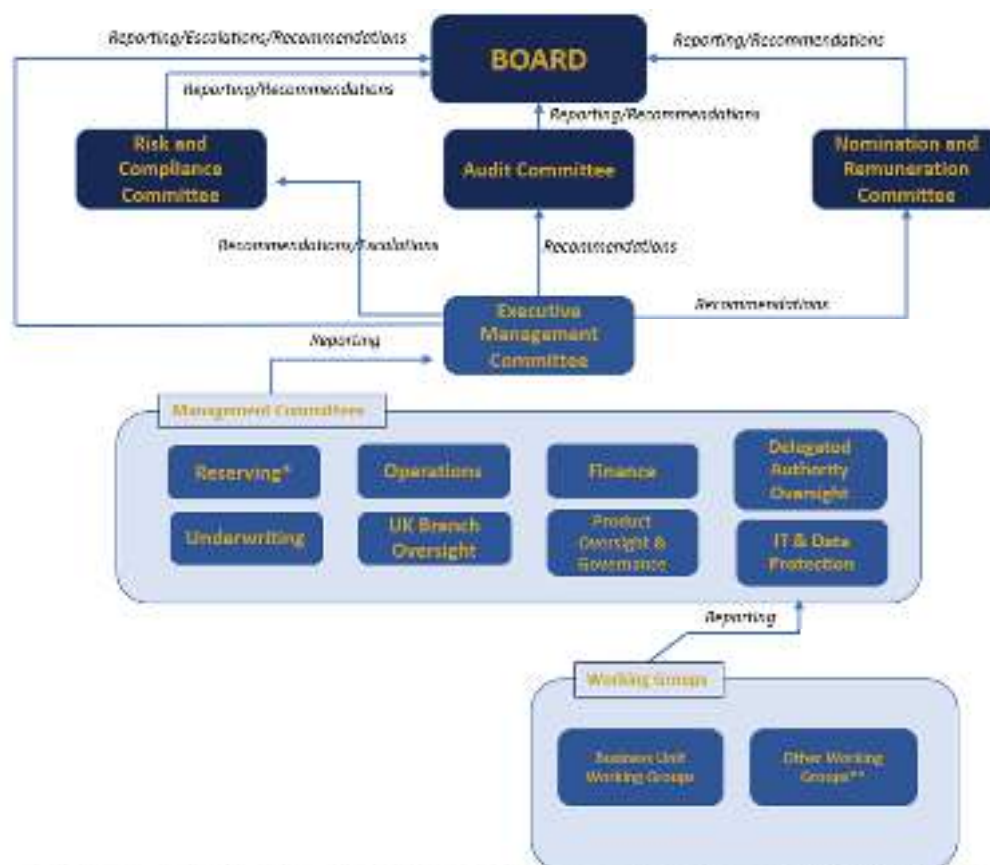
There is no other information to report.

## B. System of Governance

### B.1 General information on the system of governance

An overview of the Company's Governance Structure and key Committees are illustrated in figure 4 below.

Figure 4 - BHEI Governance Structure



\*As the Company has been designated as a Significant Impact firm by the CBI, an independent non-executive director (INED) is a member of the Reserving Committee.

\*\* numerous other working groups are created and dissolved as required.

The Board members during the reporting period were:

<b>Name</b>	<b>Role and F&amp;P Status</b>	<b>Appointment to role</b>	<b>Resignation from role</b>	<b>Other information</b>
Hilary Browne	Executive Director (PCF 1)	2 April 2024	N/A	Chief Underwriting Officer
	Head of Underwriting (PCF 18)	5 April 2020		
Barbara Cotter	Independent Non-Executive Director (PCF 2B)	5 March 2024	N/A	Independent Non-Executive Director
Karl Dooner	Executive Director (PCF 1)	March 2019	N/A	Chief Executive Officer
	Chief Executive (PCF8)			
David Fields	Non-Executive Director (PCF 2A)	2 April 2024	15 April 2025	Group Non-Executive Director
Garry McNamara	Executive Director (PCF 1)	22 April 2025	N/A	Chief Financial Officer
	Head of Finance (PCF11)	28 March 2022		
Stephen Michael	Non-Executive Director (PCF 2A)	19 January 2024	N/A	Group Non-Executive Director
	Chairman of the Board (PCF 3)			
Barbara Merry	Independent Non-Executive Director (PCF 2B)	14 December 2022	31 December 2025	Independent Non-Executive Director
	Chair of the Risk and Compliance Committee (PCF 5)	14 December 2022	3 September 2024	
	Chair of the Audit Committee (PCF 4)	3 September 2024	31 December 2025	
Andrea Petrie (nee Reynolds)	Independent Non-Executive Director (PCF 2B)	4 March 2019	N/A	Independent Non-Executive Director
	Chair of the Audit Committee (PCF 4)	4 March 2019	3 September 2024	
	Chair of the Risk and Compliance Committee (PCF 5)	3 September 2024	N/A	

As at 31 December 2025 the membership of the Risk and Compliance Committee is defined as the Board excluding the Executive Directors. The membership of the Audit Committee is defined as the Board excluding the Chair of the Board and Executive Directors. The Nomination and Remuneration Committee membership comprises of the Independent Non-Executive Directors and the Chair of the Board. In Q1 2026, the Board appointed Brendan McCarthy as Independent Non-Executive Director (PCF 2B) and Chair of the Audit Committee (PCF 4) of the Company effective from 28 January 2026.

The below table summarises the role of the BHEI Board as at year-end 2025:

<b>Role of the BHEI Board</b>	
<b>Board</b>	<p>BHEI is overseen by a Board of Directors operating under documented terms of reference and matters reserved for the Board. The Board oversees the Audit Committee, Risk and Compliance Committee, and Nomination and Remuneration Committee who operate under their own Board-approved Terms of Reference and report into the Board on a regular basis. The Board meets at least six times per year, and at least three times in every six-month period, with additional meetings scheduled as required. Collective responsibilities of the Board include:</p> <ul style="list-style-type: none"> <li>• The effective, prudent, and ethical oversight of BHEI.</li> <li>• Determining the strategic objectives of the Company and the policies to achieve those objectives.</li> <li>• Setting and overseeing business strategy for the Company.</li> <li>• Setting and overseeing: (i) the amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Company; (ii) strategy for the on-going management of material risks including, amongst other items, liquidity risk; (iii) a robust and transparent organisational structure with effective communication and reporting channels; (iv) a remuneration framework that is in line with risk strategies of the Company; (v) an adequate and effective internal control framework, which includes well-functioning risk management, compliance and internal audit functions as well as an appropriate financial reporting and accounting framework; and (vi) the establishment and delegation of powers, decision-making and tasks to any sub committees.</li> </ul>

The below table summarises the roles of the each of the Board Sub-Committees and how these Committees link into the Board as at year-end 2025:

<b>Board/Committee</b>	<b>Role</b>	<b>Links into Board</b>
<b>Risk and Compliance Committee</b>	<p>The Committee's principal role is to assist the Board in articulating and developing its risk management strategy and oversight of compliance-related matters and risk across the Company, including the oversight of current risk exposures and risk strategy, development and monitoring the effectiveness of the Compliance Framework and Risk Management Framework including risk appetite, risk policies, key process and controls and aid the promotion of a risk awareness and compliance culture throughout the Company. The Risk and Compliance Committee meets at least on a quarterly basis.</p>	<p>The Chair of the Risk and Compliance Committee reports to the Board regularly on the Committee's activities.</p>

<b>Board/Committee</b>	<b>Role</b>	<b>Links into Board</b>
<b>Audit Committee</b>	The Audit Committee's principal role is to assist the Board in monitoring the integrity of the Company's financial statements and ensuring that they give a 'true and fair view' of the financial status of the Company; receiving Actuarial Function Reports (AFRs); monitoring the effectiveness of the Company's internal controls and IT systems; assessing and monitoring auditor independence, objectivity and the effectiveness of the audit process; and liaising with the external auditor particularly in relation to its audit findings. The Audit Committee meets at least on a quarterly basis.	The Chair of the Audit Committee reports to the Board regularly on the Committee's activities.
<b>Nomination and Remuneration Committee</b>	The Committee's principal role is to assist the Board in ensuring that the Board and Executive team retain an appropriate structure, size, and balance of skills to support the objectives and culture of the Company, establish with the Board appropriate remuneration policies and procedures based on best practice, and be involved in succession planning for the Board. The Nomination and Remuneration Committee meets at least two times per year.	The Chair of the Nomination and Remuneration Committee reports to the Board regularly on the Committee's activities.

The following table summarises the roles of the BHEI Management Committees and how these committees link into the Board:

<b>Committee</b>	<b>Role</b>	<b>Links into Board</b>
<b>Executive Management Committee</b>	The Committee's role is to monitor all activities of the Company and executive management in accordance with Board-approved policies, and to act as the primary decision-making managerial committee within the Company. The Executive Management Committee (EMC) meets at least monthly and as otherwise required.	The EMC reports to the Board.
<b>Underwriting Committee</b>	The Committee's role is to monitor all business written by the Company, ensuring that it is consistent with the Company's business objectives and strategy, and ensuring that the Company, its underwriting divisions and business units comply with the Underwriting & Pricing Policy. The Underwriting Committee meets at least on a quarterly basis and as otherwise required.	The Chair of the Committee provides a written report directly to the Board summarising the key operations of the Underwriting function and performance of business written against plan on a quarterly basis.
<b>Operations Committee</b>	The Committee's role is to ensure effective oversight of the Company's intra-group outsourced activities and to ensure it has operational procedures and IT systems that are fit for purpose, robust and secure; operational procedures incorporating guidance from the Legal & Compliance functions in respect of legal and/or regulatory requirements; and that business continuity plans are in place. The Operations Committee meets at least on a quarterly basis and as otherwise required.	The Chair of the Committee provides a written report directly to the Board summarising material operational matters.  The Head of IT Governance and Operational Resilience provides a quarterly update to the Board summarising material relating to Operational Resilience matters.
<b>Delegated Authority Oversight Committee</b>	The Committee's role is to monitor all outsourcing arrangements for the Company under which the Company has delegated underwriting and/or claims handling authority including MGA and Third Party Claims Administrator arrangements.	The Chair of the Committee provides a written report directly to the Board summarising outsourcing monitoring activities on a quarterly basis.
<b>Reserving Committee</b>	The Committee's role is to oversee the calculation of the actuarial and case reserves of the Company, ensuring that they adequately reflect the Company's risk profile and comply with the relevant rules and regulations. The Reserving Committee meets at least on a	The Head of Actuarial Function provides a written report directly to the Audit Committee and Board summarising the reserving and capital positions of the Company on a quarterly basis.

Committee	Role	Links into Board
	quarterly basis and as otherwise required.	
<b>Finance Committee</b>	The Committee's role is to ensure that all financial and regulatory returns are prepared in accordance with the applicable accounting rules and present a true and fair view of the Company; monitor adherence to the Company's Capital Management Policy and Plan; oversee the Treasury function of the Company; and ensure that investments of the Company are managed in accordance with the Company's Asset Management and Liquidity Policy. The Finance Committee meets at least on a quarterly basis and as otherwise required.	The Chair of the Committee provides a written report directly to the Audit Committee and Board presenting the financial position of the Company and the performance of the investment portfolio on a quarterly basis.
<b>IT and Data Protection Committee</b>	The role of the IT and Data Protection Committee is to ensure effective oversight of the Company's IT and Data Protection activities, including the intra-group IT outsourced activities; and to ensure it has operational IT and Data Protection procedures which must incorporate guidance from the Company's Legal and Compliance functions in respect of legal and/or regulatory requirements; IT systems that are fit for purpose, robust and secure; disaster recovery plans are in place; and to provide assurance to the Committee and Board as appropriate. The IT and Data Protection Committee meets at least on a quarterly basis and as otherwise required.	The Chair of the Committee provides a written report directly to the Board summarising key IT matters and the oversight of IT service providers on a quarterly basis.
<b>Product Oversight and Governance Committee</b>	The role of the Product Oversight and Governance Committee is to monitor all activities of the Company in relation to product governance, ensuring it is consistent with Board-approved Policies and risk appetite framework. The Committee ensures products that the Company manufactures are designed, reviewed and distributed in accordance with law and regulation and within risk appetite as set by the Board. The Product Oversight and Governance Committee meets	The Chair of the Committee provides a written report directly to the Board summarising key matters pertaining to Product Oversight and Governance matters on a quarterly basis.

Committee	Role	Links into Board
	at least on a quarterly basis and as otherwise required.	
<b>UK Branch Oversight Committee</b>	The purpose of the UK Branch Oversight Committee is to monitor all activities of the Company's UK Branch in accordance with Board-approved policies. The UK Branch Oversight Committee meets at least on a quarterly basis and as otherwise required.	The Branch Manager presents a summary of the operations of the UK Branch to the Board on an annual basis. The Branch Manager may, at the request of the Board, be required to attend a meeting of the Board to answer any queries in relation to Branch activities.

### Material changes in the system of governance

During 2025 the IT and Data Protection Committee was expanded to give it dedicated responsibilities for overseeing our IT service providers and the Data Protection Framework. Furthermore, the IT Risk Management Framework was enhanced to align with DORA requirements which resulted in a suite of new policies and procedures to support this Framework.

### Remuneration

The Company's Remuneration Policy is set by the Nomination and Remuneration Committee and approved by the Board. The Company's remuneration policies and practices have been designed to ensure that the remuneration of its employees, officers and directors are competitive and do not promote excessive risk-taking. This aim is achieved through a balance between fixed and variable remuneration, which varies depending on an individual's role, experience, performance since the last review and seniority.

The Company provides a range of benefits to employees, complying with (and where appropriate exceeding) minimum local statutory requirements, including salary, paid leave, discretionary bonus, life cover, permanent disability income protection insurance, health insurance for employees and dependents, and an employee assistance programme. The Company pays pension contributions based on a percentage of salary (which in some countries may be capped at a fixed monetary amount) into a personal pension plan on behalf of its employees in accordance with its legal and contractual obligations. The Company does not offer any supplementary pension or early retirement scheme.

The Company operates an annual discretionary bonus plan for employees based on individual performance, which is aligned with BHEI's practices and in compliance with the Company's Remuneration Policy. As well as performance of the individual's responsibilities, the manner in which they do it is important, i.e., aligning with the Company's core values, policies and frameworks. Bonuses, targets or incentives are not related exclusively to top line performance, revenue, premium growth, or other metrics that might encourage undue risk-taking. Thus, its remuneration practices are considered to promote sound and effective risk management and do not promote or encourage excessive risk-taking.

Regarding the remuneration of its Independent Non-Executive Directors, the Company's policy is that, in keeping with their duty of independence, they shall be remunerated by a fixed fee only, and no incentive-based payments will be made. It is the Company's policy that Non-

Executive Directors who are employees of the Group shall receive no remuneration for their duties as directors of the Company.

## Material Transactions

There were no transactions with directors or others with significant influence in the period.

Any material intragroup transactions of the Company with other Berkshire Hathaway Group entities during the reporting period were conducted on an arm's length basis. These transactions primarily relate to reinsurance business ceded by the Company to NICO and to payments for key IT, management, underwriting, claims and administrative services provided by other Group companies.

## B.2 Fit and Proper Requirements

The Fitness and Probity Regime was introduced by the CBI pursuant to the Central Bank Reform Act 2010. The 2010 Act provides that any person performing a pre-approval-controlled function (PCF), or controlled function (**CF**) must have a level of fitness and probity appropriate to the performance of that particular function. Further, the F&P Standards require such individuals to demonstrate that they are:

- competent and capable;
- honest, ethical, act with integrity; and
- financially sound.

BHEI places a high value on appointing fit and proper individuals and seeks to ensure that such individuals are suitably qualified to perform the role for which they were recruited and that they are honest and trustworthy. BHEI has a Fitness, Probity and Accountability Policy which sets out the principles and criteria to ensure that all those who are pre-approved controlled functions or controlled functions within the Company are and remain fit and proper to carry out those functions.

In addition, and in alignment with the Central Bank (Individual Accountability Framework) Act 2024 (the IAF Act), BHEI ensures the Conduct Standards and the Senior Executive Accountability Regime (SEAR) are upheld by ensuring that all individuals holding such functions:

- meet the regulatory requirements;
- comply with the Fitness and Probity Standards;
- adhere to the Conduct Standards;
- understand their responsibilities and take reasonable steps to ensure BHEI is and remains compliant under financial services and other regulations; and
- report anything that could affect their ongoing suitability.

Fitness and propriety checks are made before an individual is appointed as pre-approved function or as controlled function. The due diligence ensures details of the individuals past experience is collated and that the individual has sufficient time to dedicate to the proposed role having regard to his/her other potential concurrent responsibilities.

BHEI's assessment of a candidate's competency and capability is assessed through the provision of supporting documentation as well as interview. Supporting documentation will consist of information to verify that an individual holds relevant qualification, professional body checks (where the individual is a member of a professional body), references from previous employers, as applicable. BHEI, upon completion of the relevant fitness and propriety checks, issue a Certificate of Compliance in adherence to the Fitness and Probity Certification Regulations.

BHEI also carries out checks on the CBI's website, and those of other regulators where available, in each of the jurisdictions in which the candidate was employed as well as checks in relation to directorships, judgements, as applicable.

On an annual basis thereafter, on-going compliance with the F&P Standards is assessed and to achieve this, BHEI ensures a written declaration is obtained from each CF/PCF confirming their ongoing agreement to comply with the F&P Standards and an updated Certificate of Compliance is issued. In addition, CF/PCF holders are required to notify the Company as soon as possible of any changes which might be material to their adherence to the F&P Standards at any point during the year.

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

#### **Risk management governance**

The Risk Management Framework (RMF) is integrated throughout the Company's Governance Framework, ensuring that risk management is considered at every primary committee. The Board is responsible for approving the Company's RMF on an annual basis and the CRO is responsible for the operational implementation of the RMF.

The Company monitors its risk profile through the quarterly risk reporting cycle into the Risk and Compliance Committee, which comprises of risk appetite monitoring, risk and control self-assessments, risk assurance activities and risk incident / near misses monitoring.

#### **Risk taxonomy**

The Company performs a top-down assessment when determining the risk profile of the Company. The output of this assessment is maintained by the Company in a detailed risk taxonomy, which outlines all the risks that it may be exposed to.

#### **Material risk assessment**

The Company performs an annual material risk assessment to determine what risks are considered material. Material risks are those which if not adequately managed could;

- Cause a significant adverse movement in the Company's Own Funds or Solvency Coverage Ratio;
- Create detrimental outcomes for customers, damaging the reputation of the Company and/or Group, and resulting in a loss of confidence among customers;
- Result in regulatory intervention which if not adequately addressed, could result in the curtailment or loss of regulatory licence and permissions.

#### **Risk and control self-assessment**

The risk and control self-assessment process is a 'bottom-up' process through which risks, and associated controls are identified, assessed, mitigated and monitored. The risk and control self-assessment process is performed by the first line (of the Company's three lines model) on a quarterly basis. The output of this assessment is maintained in the Company's Risk Register.

#### **Risk appetite**

Risk appetite is the level of risk that the Company is prepared to accept in pursuit of its strategic and business plans, while ensuring that the Company operates in a safe and sound manner. Risk appetite is set for each material risk, expressed through qualitative statements, supported by a quantitative risk limit. The Risk Appetite Statements are a key element of the Company's Risk Management Framework and are reviewed and approved by the Board annually. The Risk Appetite Statements are monitored on a quarterly basis and reported to the Risk and Compliance Committee, with escalation to the Board if required.

## **Risk incidents / near misses**

Risk incident reporting is an integral part of the Risk Management Framework. Risk incident management allows for the quantification of risk events and to establish lessons learned from observed control failures. All risk incidents are recorded in the risk incident log, remediating actions and controls are put in place, and if required the risk incident is reported to the relevant committee.

## **Risk assurance**

A combined assurance framework between the Risk, Compliance and Internal Audit functions has been designed to ensure no duplication of activities and allow for reliance between functions on controls testing. The Risk function is mandated to perform assurance activities and independently report findings back to the Risk and Compliance Committee. An annual risk assurance plan is developed by the Risk function which comprises of control testing and thematic reviews, which is approved by the Risk and Compliance Committee.

## **Risk sensitivities**

The Company performs stress and scenario testing (**SST**) and reverse stress testing (**RST**) as part of the annual Own Risk and Solvency Assessment (ORSA) process, in order to assess the resilience of the Company's solvency position and the viability of the business plan under stressed conditions. These tests are based on the assumptions underlying the Company's 2024 business plan. To calculate these tests the Company used a combination of both stochastic and deterministic modelling.

The aim of the stress and scenario testing process is to identify events which could negatively impact the Company's solvency position, resulting in a deterioration in the Solvency Coverage Ratio below the Company's target solvency or result in a breach in the Company's risk appetite, over the business planning period. The aim of the reverse stress testing process is to identify events which would have a material impact on the Company resulting in the Solvency Coverage Ratio falling below the 100% regulatory solvency requirement.

The SSTs and RST considered as part of the ORSA process are based on the Company's risk profile and consider emerging risks the Company may be exposed to in future. The Board annually approves the tests to be included in the ORSA report. As part of the ORSA process and in line with the domestic actuarial regime, the Head of Actuarial Function (HoAF) is responsible for providing a report to the Board, alongside the ORSA report, outlining their opinion on the ORSA process which considers the appropriateness of the tests included in the ORSA report.

Overall, the SSTs and RSTs performed as part of the ORSA process demonstrate that the Company greatly benefits from the comprehensive intra-group reinsurance arrangement in place and that the Company is adequately capitalised to withstand numerous stresses and adverse scenarios.

## **B.4 Internal Control System**

Internal controls refer to the mechanisms established by the Company to safeguard its assets, ensure accuracy and reliability of financial reporting, promote operational efficiency, and ensure compliance with laws and regulations. They are intended to provide reasonable assurance to the Company's stakeholders including the Board, executive management, employees, shareholder, policyholders, and regulators, that the Company will achieve its objectives and fulfil its obligations.

Internal controls play a crucial role in supporting the achievement of the Company's objectives by mitigating risk and providing reasonable assurance that operations are conducted in a controlled and ethical manner. They are designed to prevent or detect errors, fraud, and

irregularities that could have a negative impact on the Company's reputation, financial stability, and overall performance.

These controls are a fundamental component of the Governance Framework and help the Company's management and Board maintain effective oversight and accountability. They are designed to address risks identified through the risk management process and provide reasonable assurance that the Company's operations are running smoothly and in accordance with applicable laws, regulations, and internal policies.

The internal control framework comprises the following key elements: Control environment; three line of defence model; risk management framework; IT risk management framework; compliance framework; actuarial function and internal audit function.

## Compliance Function

The Company's approach to managing the risk of non-compliance with laws and regulations is articulated in a Board-approved Compliance Framework. The Compliance Framework sets out the Company's approach to the management of compliance and regulatory risk, including the roles and responsibilities of the Board, the Compliance function, Executive Management and the first line (in the three lines model). The Compliance function is managed by the Company's Head of Compliance, who is the PCF-12 role holder.

The key responsibilities of the Compliance function include, but are not limited to:

- Setting of Company policy in relation to regulatory topics, company policy is documented in Board-approved policies which are subject to annual review by the Compliance function and the Board. Where applicable, Compliance Policies are supplemented by procedural documentation.
- Ensuring that new regulatory requirements are identified, the Compliance function operate a horizon-scanning process to ensure that changes to regulation, new regulations, new guidance papers and consultation papers are identified, appropriately considered and communicated to relevant management and staff.
- Providing assurance to the Board, Executive Management, and regulators that the Company is complying with its regulatory obligations. A Compliance Assurance plan is presented to the Board annually for approval.
- Training staff on regulatory topics relevant to their roles.
- Providing advice to the business on a range of regulatory matters, advice is provided to ensure that the business complies with its regulatory obligations.
- The Head of Compliance provides regular reports to the Board on regulatory matters and the activities of the Compliance function, including progress against its annual plans.
- Managing all interactions and correspondence with the Company's regulators.

## B.5 Internal Audit Function

The Board has approved an Internal Audit Charter (**Charter**). The Charter sets out the purpose, activities, scope, and responsibilities of the Internal Audit (IA) function within BHEI and the arrangements for the management of the function, including ensuring its independence from the first and second lines.

IA's purpose is to help the Board and Executive Management to protect the assets, reputation, and sustainability of BHEI by providing independent and objective assurance designed to add value and improve BHEI's operations.

IA's activities include:

- Assessing and reporting to the BHEI Audit Committee and to Management as appropriate, on the effectiveness of the design and operation of the risk management framework which enables risk to be assessed and managed.
- Assessing and reporting to the Audit Committee and Management on the effectiveness of Management actions to address deficiencies in the risk management framework.
- Assessing and reporting on key events such as, significant projects and outsourcing arrangements to determine and report on whether key risks are being proactively addressed. The Internal Audit function may also conduct a lessons learned analysis following significant adverse events in the organisation.
- Undertaking advisory projects where they do not impair the Internal Audit function's actual or perceived independence from Management. Advisory projects will primarily focus on risk and control systems and processes that are embryonic, not yet mature or where material changes are being considered to existing processes.

The Internal Audit function is responsible for performing these activities but is not responsible for setting BHEI's risk appetite or for the effectiveness of the governance framework, risk management framework or the framework of internal controls.

Internal Audit is independent from Management at all times in order to be effective in performing its activities. The arrangements to protect the independence of IA are set out below.

- The Head of Internal Audit has a direct/functional reporting line to the Chair of the Audit Committee and an administrative reporting line to the BHEI CEO. The Head of Internal Audit has direct and unlimited access to the BHEI Board Chair, the Chair of the BHEI Audit Committee, and the Chair of the Risk and Compliance Committee.
- The Chair of the Audit Committee is responsible for recommending the appointment and removal of the Head of Internal Audit to the Board and determines the objectives of the Head of Internal Audit and the evaluation of their levels of achievement, including consultation with the CEO.
- The members of the Internal Audit team will have no direct responsibility or authority over any operational activities reviewed and should not relieve others of such responsibilities.
- Internal Audit team members previously working in BHEI but outside of Internal Audit, will not perform or manage reviews in the business area for which they were responsible for a period of at least one year after the end of that role. This excludes performing or managing reviews in similar business areas in other legal entities or operating units for which they were not previously responsible.
- Internal Audit will at least on an annual basis, provide confirmation of its independence.

## B.6 Actuarial Function

The Head of Actuarial function is responsible for the Actuarial function and for the tasks carried out in accordance with the Solvency II framework and the requirements of the CBI's Domestic Actuarial Regime in Ireland.

The responsibilities of the Actuarial function are to:

- Coordinate the calculation of technical provisions.
- Ensure the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of the technical provisions.
- Assess the sufficiency and quality of the data used in the calculation of the technical provisions.
- Compare best estimates against experience.

- Inform the administrative, management or supervisory body of the reliability and adequacy of the calculation of technical provisions.
- Oversee the calculation of technical provisions in cases where, in specific circumstances, an undertaking has insufficient data of appropriate quality to apply a reliable actuarial method to a set or subset of their obligations.
- Express an opinion on the overall underwriting policy.
- Express an opinion on the adequacy of reinsurance arrangements.
- Contribute to the effective implementation of the risk management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and providing an opinion on the ORSA process.

The Actuarial function provides independent and objective assurance to the Board and its relevant committees. In particular, the Actuarial function reports to the Board on its activities at least annually, documenting the tasks performed, identifying any deficiencies where relevant and giving recommendations as to how they should be remedied.

The Actuarial function also provides independent and objective assurance to the Audit Committee in respect of the valuation of Technical Provisions.

In relation to Technical Provisions requirements, the Head of Actuarial Function provides an Actuarial Opinion on Technical Provisions (**AOTP**) to the CBI and an Actuarial Report on Technical Provisions (**ARTP**) supporting the AOTP to the Board.

The Actuarial function is independent of the operational management of the business and of the activities it reviews as part of its control responsibilities. It receives relevant inputs from the company functions, with appropriately governed processes in place for the production and delivery of those inputs.

## B.7 Outsourcing

Outsourcing is an arrangement where an outsource provider is appointed to perform particular activities which would otherwise be undertaken by staff directly employed by the Company. Entering into an outsource arrangement does not relieve BHEI of its responsibility for the outsourced activity. Any substantial activity carried out by an outsource provider is subject to the requirements of the Outsourcing Policy.

BHEI has a Board-approved Outsourcing Policy which is supported by outsourcing procedures. The objectives of the Policy are to;

- Define the Company's Outsourcing strategy;
- Define the process of selecting and approving OSPs who will carry out certain functions or activities on behalf of the Company;
- Define the criteria to be considered by the Company when determining if a function is critical or important;
- Set out some of the risk considerations to be taken into account when carrying out a risk assessment of the outsourced function or activity;
- Set out the role of the Company's Internal Audit function in respect of Outsourcing arrangements;
- Set out the due diligence obligations in respect of OSPs proposed to carry out critical or important functions;
- Set out the approach to be taken to identify and address any conflicts of interest arising between the Company and the OSP;
- Set out some of the key provisions to be included in agreements with OSPs;
- Set out the approach to continuity procedures in respect of outsourced functions and activities;
- Describe the obligations to notify the CBI in respect of outsourcing arrangements to the CBI;

- Ensure availability and reliability of information on outsourcing arrangements for the CBI if required and set out a process to review and monitor outsourcing arrangements.

In January 2025, the Board approved the IT Outsourcing Policy. This Policy sets out the standards the Company follows throughout the life cycle of IT outsourcing arrangements it enters into. The objectives of this Policy are to:

- define the Company’s IT outsourcing strategy;
- set out the key risk considerations to be taken into account when conducting a risk assessment of the IT outsourced function or activity;
- set out the methodology for determining which IT services support critical or important functions; and
- set out the key provisions to be included in agreements with IT third-party service providers.

This Policy is overseen by the Head of IT Governance and Operational Resilience.

### Critical or important outsourcing arrangements

BHEI has a Board-approved Critical or Important Assessment Policy which establishes clear guidelines for the assessment of a critical or important function. The Policy is supported by a procedure which outlines in detail the methodology, the criteria, the specific risks, and factors considered as part of the critical or important assessment. The assessment of criticality or importance is conducted at a minimum:

- Prior to signing an outsourcing contract or written outsource agreement;
- At appropriate intervals thereafter;
- Where the Company plans to scale up its use of the service or dependency on the OSP;
- If an organisational change at the OSP or a material sub-outsourced service provider takes place;
- If requested by the Board or EMC.

Critical or important outsourced arrangements are required to be notified to the Central Bank of Ireland.

The outsourced critical or important functions/activities as at 31 December 2025 are outlined below:

<b>Critical or important operational functions/activities</b>	<b>Jurisdiction in which the service providers are located</b>
Intra-group services and IT provider	USA, UK
Back-office underwriting and claims administration for BHSI division	Poland, India
Investment managers	Ireland
Delegated underwriting authority	France, Ireland
Delegated claims handling authority	Ireland, France, Spain

In addition to the above there is a number of non-critical or important outsourcing arrangements in place.

## B.8 Any other information

### **Assessment of the adequacy of the system of governance**

In Q2 2025, a Board effectiveness review was undertaken by all Board members in situ as at 31 December 2024, assessing the performance and effectiveness of the Board for the 2024 year-end period. Separate evaluations were also undertaken for each of the Board Committees (Audit Committee, Risk and Compliance Committee and Nomination and Remuneration Committee), the results of which were considered by the relevant Committees and the Board. A Compliance assurance review was also conducted in Q1 2026 in relation to the Company's compliance with the CBI's Corporate Governance Requirements for Insurance Undertakings 2015 (the Requirements) for the year ended 31 December 2025. Following the assessments, the BHEI system of governance is considered appropriate. The system of governance is monitored on an ongoing basis by the Board. In accordance with the Requirements, an external evaluation of the Board and Board Committees by a third-party provider will be conducted in Q2 2026. No other information regarding BHEI's system of governance is considered material for the purpose of this report.

## C. Risk Profile

The Company monitors its risk profile through the quarterly risk reporting cycle into the Risk and Compliance Committee, which comprises of risk appetite monitoring, risk and control self-assessments, risk assurance activities and risk incident / near misses monitoring.

### Analysis of Risk Profile (as per S.25.01)

	2025 €000	2024 €000
Non-Life Underwriting Risk	144,369	133,026
Health Underwriting Risk	6,626	224
Market Risk	49,544	40,644
Counterparty Default Risk	21,291	19,878
Diversification	(45,177)	(34,080)
<b>Basic Solvency Capital Requirement</b>	<b>176,653</b>	<b>159,692</b>
Operational Risk	52,996	47,907
Loss absorbing capacity of deferred taxes	(20,683)	(17,132)
<b>Solvency Capital Requirement (SCR)</b>	<b>208,966</b>	<b>190,467</b>

### C.1 Underwriting risk

#### Risk description

Underwriting risk is defined as the risk of potential for future claims from loss events to be greater than expected, in terms of size and/or frequency arising from underwriting, reinsurance effectiveness and reserving activities of the Company.

The Company considers that underwriting risk comprises of the following sub-components; underwriting and pricing risk, reserving risk and claims management risk.

#### Risk appetite

The Company seeks out and accepts underwriting risk.

#### Risk exposure

As per S.25.01, the Company's non-life underwriting risk component of the SCR was €144.4m as at year end 2025, which increased from €133.0m as at year end 2024, primarily due to increased business volumes.

The Company writes non-life (re)insurance business, across most major classes of business. The Company's business strategy is to manage the underwriting cycle and write selected classes of business over the long-term to achieve an underwriting profit over the course of the cycle. The Company is exposed to future claims from loss events arising from underwriting, reinsurance claims and reserving activities. The Company will manage its development, implementation or use of underwriting/pricing processes to ensure that it adequately accounts for current and/or future claims in its pricing of new business.

#### Risk concentration

Underwriting risk concentrations may occur in relation to geographical locations, industry sectors, and insured counterparties. The potential for build-up of concentration risk is monitored by the Underwriting Committee on a quarterly basis and reported to the Board.

#### Risk mitigation

Some of the primary controls the Company has in place to mitigate underwriting risk are outlined below;

### Underwriting disciplines

The underwriting strategy of the Company aligns with that of the ultimate parent company, Berkshire Hathaway Inc. The Company's underwriting strategy and underwriting disciplines are articulated in the Company's Underwriting & Pricing Policy and a high-level overview of the underwriting disciplines is outlined below:

- Understand all exposures that might cause a policy to incur losses;
- Conservatively assess the likelihood of any exposure actually causing a loss and the probable cost if it does;
- Set a premium that, on average, will deliver a profit after both prospective loss costs and operating expenses are covered; and
- Be willing to walk away if the appropriate premium cannot be obtained.

### Intra-group reinsurance

The Company has significant intra-group reinsurance arrangements in place with its parent company NICO, which comprise of; 80% quota share reinsurance, excess of loss reinsurance and stop loss reinsurance. The Company also has a reinsurance agreement with Homestate Insurance Company, a Berkshire Hathaway Group company, which covers the potentially unlimited claims arising from motor business. The intra-group reinsurance arrangements materially reduce the Company's best estimate reserves on a net basis, and allow the Company to manage capital more effectively, reduce the risk of loss on business written, and limit the Company's exposure to multiple claims from a single occurrence. This reinsurance treaty automatically renews each year, with any proposed changes requiring Board pre-approval.

### Underwriting letters of authority, guidance and training

Underwriting letters of authority (**LOA**), guidance and training is in place to ensure that business written is within the Company's appetite and in line with the approved business plan. All persons committing the Company to business must have a signed LOA specifying what business they can write, their financial authority limits which is based on their experience, and persons for referral if the business is outside those authority levels.

### Underwriting referral and approval process

All risks outside of an Underwriter's authority (as specified in their LOA) are referred to the appropriate senior Underwriter for review and approval prior to binding the risk. This process ensures that all risks written are assessed by a suitably experienced Underwriter.

### Underwriting peer review process

Underwriting peer reviews are performed on a regular basis to ensure that Underwriters write business in line with authority (as specified in their LOA).

### Underwriting performance monitoring

The Underwriting Committee monitors the Company's underwriting performance on a regular basis to ensure that performance is in line with expectations (i.e., in line with the business plan).

### Actuarial reserve review

A review of the Company's best estimate claims reserves is completed by the Actuarial function to ensure they are adequate. The HoAF presents the output of the reserve review to the Board.

In accordance with the Central Bank of Ireland (**CBI**) Domestic Actuarial Regime the HoAF presents the following reports to the Board annually; Actuarial Opinion on Technical Provisions (**AOTP**), which outlines the HoAF's opinion on the adequacy of the Company's best estimate reserves and the Actuarial Report on Technical Provisions (**ARTP**), which is a separate report that supports the AOTP and provides additional justification for the adequacy of Technical Provisions.

### Claims letters of authority and quality file reviews

Claims authority letters are in place for all the Company's claims handlers. A clear claims referral and approval process is in place. Claims handler training is provided on a regular basis. Claims quality file reviews are performed on a regular basis to ensure that the Company's service standards are continually being met.

## **Risk monitoring**

The Company's underwriting activities are regularly monitored by the Underwriting Committee and the Chief Underwriting Officer provides regular updates to the Executive Management Committee and Board.

The Company's Technical Provisions are reported to and reviewed by the Reserving Committee and Finance Committee to ensure that the Technical Provisions are accurate, adequately reflect the Company's risk profile and are aligned with the Company's conservative reserving philosophy. The Company's Reserving Committee monitors claims experience, including large claims / litigation, and the Head of Claims provides quarterly updates to the Board.

The Company's underwriting risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

## **Risk sensitivities**

The underwriting risk SSTs which were considered as part of the ORSA process are outlined below. In all instances the Company's solvency position remained well in excess of the regulatory solvency capital requirement.

- The Company writes more business than expected.
- The Company writes more business than expected combined with no additional capital support from Group.
- The Company writes less business than expected.
- The Company experiences significant underwriting losses across all classes of business, following a soft market with increasing claims, which leads to a significant deterioration in the Company's best estimate combined operating ratio (COR).
- A rogue underwriter knowingly writes a series of risks outside of their authority and a claim is made and is honoured, which results in the Company incurring a full limit gross loss.
- Significant deterioration in the Company's best estimate reserves.
- Large losses experienced at one of the Company's underwriting divisions.

In addition, underwriting risk was considered as part of the ORSA RST. The RST is a combination of several SSTs and considers material risks the Company is exposed to and results in the Company's solvency position falling below the regulatory solvency capital requirement.

## **Climate change risk**

Climate change and the impact on both the frequency and severity of weather-related perils remains a key consideration. Climate change risks can broadly be categorised into two drivers of risk; physical risks and transition risks. Physical risk drivers may include the geographic location of assets, the impact of natural catastrophes on the underwriting portfolio. Physical risks are risks that arise from the physical effects of climate change. They include:

- Acute physical risks, which arise from particular events, especially weather-related events such as storms, floods, fires or heatwaves that may damage production facilities and disrupt value chains.
- Chronic physical risks, which arise from longer-term changes in the climate, such as temperature changes, rising sea levels, reduced water availability, biodiversity loss and changes in land and soil productivity.

Transition risk drivers may include investments in fossil fuel dependent companies, changing risk profile of business, litigation related claims, and reputational risk. Transition risks are risks that arise from a rapid transition to a low-carbon and climate-resilient economy. They for example include:

- Policy risks, for example as a result of energy efficiency requirements, carbon-pricing mechanisms which increase the price of products which are using fossil fuels.
- Legal risks, for example the risk of litigation for failing to avoid or minimise adverse impacts on the climate, or failing to adapt to climate change.
- Technology risks, for example if a technology with a less damaging impact on the climate replaces a technology that is more damaging to the climate.
- Market sentiment risks, for example if the social norms and choices of consumers and business customers shift towards products and services that are less damaging to the climate.
- Reputational risks, for example the difficulty of attracting and retaining customers, employees, business partners and investors if a company has reputation for damaging the climate.

As part of the ORSA process, the Company performed its third climate materiality assessment. The assessment considered the impact of the identified climate risks on the Company's investment portfolio, underwriting exposure, operations, and reinsurance over the short (0-10 years), medium (10-30 years) and long term (30-80 years). Managing the financial risks associated with climate change risk continues to be a key focus for the Company and risks have been identified relating to physical and transition risks. This allows the Company to understand the potential exposure to climate change risk and the impact it might have on its strategy and business model.

The climate change risk SSTs which were considered as part of the ORSA process are outlined below. In all SSTs the Company's solvency position remained well in excess of the regulatory solvency capital requirement.

Acute physical risks, which arise from severe events, especially weather-related events such as storms, floods, wildfires, or heatwaves that may damage production facilities and disrupt value chains. The following Climate SSTs are aligned with acute physical risks.

- Multiple severe natural catastrophes.
- Reduction in Company bond portfolio due to exposure to extreme global weather events.
- Global financial downturn from extreme weather events resulting in intra-group reinsurer downgrade.

Market sentiment risks, for example if the social norms and choices of consumers and business customers shift towards products and services that are less damaging to the climate. The following Climate SST is aligned with market sentiment risk.

- Changes in customer sentiment due to transition to lower carbon economy.

Legal risks, for example the risk of litigation for failing to avoid or minimise adverse impacts on the climate or failing to adapt to climate change. The following Climate SST is aligned with legal risk.

- Multiple D&O Losses due to climate litigation risk
- Climate litigation risk resulting in deterioration in Company best estimate COR.

## C.2 Market risk

### **Risk description**

Market risk is defined as the risk that there is a mismatch between the Company's assets and liabilities due to poor asset returns, adverse changes in economic variables, and costs associated with the liquidation of assets on unfavourable terms.

### **Risk appetite**

The Company is willing to accept market risk.

### **Risk exposure**

As per S.25.01 the Company's market risk component of the SCR was €49.5m as at year end 2025 which increased from €40.6m as at year end 2024, this is driven by an increase in currency risk due to the Company increasing the proportion held in non-Euro denominated currencies together with an increase in the interest rate risk charge.

#### Investment portfolio

The Company's investment portfolio primarily comprises of cash, cash equivalents and highly rated government bonds.

#### Prudent person principle

As part of its prudent person approach, when the Company invests its assets, it ensures that all assets are invested in a manner that ensures the security, quality, liquidity and profitability of the portfolio as a whole. Considerations include but not limited to:

- the type of business carried on by the Company, in particular the nature, the amount and the duration of the expected claims payments, in such a way as to secure sufficiency, liquidity, security, quality, profitability and matching of the Company's investments.
- diversification and adequate spread of assets to enable appropriate response to changing economic circumstances, in particular developments in the financial markets and real estate markets or large impact catastrophic events.
- keeps to a prudent level of investments in assets that are not traded on a regulated financial market.

#### Collateral

The Company is not currently required to pledge assets as collateral with any external counterparties and nor has it been required to do so in previous years. In certain limited instances the Company has issued letters of credit to third parties in respect of its obligations.

#### Technical provisions

The value of Technical Provisions is subject to interest rate risk as these are discounted using risk free rates.

### **Risk concentration**

There is significant concentration risk in the Company's investment portfolio, as German bunds represent a material component of assets held. In respect of the fixed income portfolio, the maximum exposure to any single company or issuer is defined in the Investment Guidelines.

### **Risk mitigation**

Some of the primary controls the Company has in place to mitigate market risk are outlined below;

#### Investment strategy

The Company has adopted a conservative investment strategy and holds high quality assets which are highly marketable. The primary investment objective is to ensure that the Company

has sufficient cash available to meet all claims payments as they fall due, without the need to sell assets at a deep discount, even if claims payments turn out to be larger and paid sooner than expected. The secondary objective is to ensure that the market risk in the asset portfolio does not put undue stress on the solvency of the Company, taking into consideration the Company's risk appetite. The tertiary objective is to maximise investment returns.

#### Investment policy and investment guidelines

Assets are invested in line with the Board approved Investment Policy and Investment Guidelines, which outline the restrictions in place on the types of investments that can be held and are consistent with the prudent person principle. The Investment Guidelines outline the Company's approach to currency matching.

#### Investment manager quarterly performance report

An investment report outlining the Company's investment performance is presented to the Finance Committee quarterly and an exception report is issued if an investment is outside of the Company's Investment Guidelines.

#### Asset liability matching

The Company seeks to invest in such a way that the duration of the asset portfolio is less than the duration of the Company's liabilities, in addition the Company aims to match its investments to the currency of its liabilities.

### **Risk monitoring**

The Company's investment performance is monitored by the Finance Committee quarterly and the Chief Financial Officer (**CFO**) provides regular updates to the Executive Management Committee and Board. The Company's market risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

### **Risk sensitivities**

The market risk SSTs considered as part of the ORSA process assessed the impact on the Company's solvency position of foreign exchange risk, and a significant reduction in interest rates over the business planning period which resulted in a deterioration in the Company's solvency position whilst remaining in excess of the regulatory solvency capital requirement. In addition, market risk was considered as part of the ORSA RST.

## **C.3 Credit risk**

### **Risk description**

Credit risk is defined as the risk of loss arising from either a third party failing to perform its obligations or a weakening in the Company's balance sheet because of changes in counterparty credit worthiness.

### **Risk appetite**

The Company has a limited appetite for credit risk. The Company does not seek out credit risk, it will manage and measure credit risk by engaging with a diverse range of highly rated counterparties to limit default and concentration exposure.

### **Risk exposure**

As per S.25.01 the Company's counterparty default risk component of the SCR was €21.3m as at year end 2025 which increased from €19.9m as at year end 2024, due to increases in cash, reinsurance recoverable and policyholder debtor balances. The Company's banking counterparties and reinsurance counterparties are highly rated.

The Company is exposed to credit risk primarily from its significant intra-group reinsurance arrangements and to a lesser extent from other counterparty default risk (e.g., banks, co-insurers, third party reinsurers, insurance premium receivables, investment credit risk).

### **Risk concentration**

The Company has significant intra-group reinsurance arrangements in place with its parent NICO and as such the Company has a concentration of credit risk. However, the Company accepts this credit risk due to the high rating of NICO and NICO's significant financial strength. As at year end 2025, NICO is rated AA+ by S&P rating agency (2024: AA+) and NICO reported surplus assets of USD259bn (2024: USD241bn) and total assets of USD402bn (2024: USD381bn).

### **Risk mitigation**

Some of the primary controls the Company has in place to mitigate credit risk are outlined below;

#### Trust fund

A trust fund agreement is in place between the Company and its primary intra-group reinsurer NICO. The Company holds collateral from NICO (in the form of the trust fund asset), against the intra-group reinsurers share of Technical Provisions in order to protect the Company against the risk of intra-group reinsurer default. The trust fund must maintain a minimum value which is enough to cover estimated future insurance liabilities. The agreement stipulates that if NICO defaulted on monies owed to the Company, then the Company could use the trust fund assets to pay out customers claims. The Finance Committee monitors the value of the trust fund and NICO's credit rating quarterly to ensure they remain in line with expectations and any adverse movements are escalated to the Board in a timely manner.

#### Investment policy and investment guidelines

Assets are invested in line with the Board approved Investment Policy and Investment Guidelines, which outline the restrictions in place on the types of investments that can be held. The Company's Investment Guidelines outline the percentage level of investments which can be held with each counterparty dependent on its credit rating.

### **Risk monitoring**

The Company's credit risk is regularly monitored by the Finance Committee and the CFO provides regular updates to the Executive Management Committee and Board. The Company's credit risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

### **Risk sensitivities**

The credit risk SSTs which were considered as part of the ORSA process are outlined below. In all credit risk SSTs the Company's solvency position remained well in excess of the regulatory solvency capital requirement.

- The Company's intra-group reinsurers are downgraded from AA+ to BBB.
- The Company's intra-group reinsurers are downgraded from AA+ to BBB combined with no additional capital support provided by Group.
- Significant reduction in the value of the Company's bond portfolio.

In addition, credit risk was considered as part of the ORSA RST.

## C.4 Liquidity risk

### **Risk description**

Liquidity risk is the risk that the Company does not manage its balance sheet correctly resulting in it not being able to meet its short-term liquidity requirements. The Company must meet its liabilities as and when they fall due, notably from claims arising from its non-life insurance contracts. There is therefore a risk that the cash and cash equivalents held will not be sufficient to meet its liabilities when they become due.

### **Risk appetite**

The Company has limited appetite for liquidity risk. This is supported by a conservative investment strategy of short-term assets.

### **Risk exposure**

The Company has adopted a conservative investment strategy. The Company's investment portfolio comprises of cash, cash equivalents and highly rated government bonds (i.e., German bunds and US treasury bills). The Company retains highly sufficient cash balances to meet its liquidity needs. Given the short duration (average duration < 1 year) and credit quality (highly rated government bonds) of the Company's investment portfolio, liquidity risk is considered low.

The total amount of expected profit in future premium as at the valuation date is €1.5m (2024: €2.8m).

### **Risk concentration**

The Company's investment portfolio comprises of cash and highly rated bonds. The concentration risk associated with the bond portfolio is within the Board approved risk appetite.

### **Risk mitigation**

Some of the primary controls the Company has in place to mitigate liquidity risk are outlined below;

#### NICO cash call for insurance liabilities

The Company's liquidity needs are met on both a short and long-term basis by funds provided by premiums collected, investment income, collected reinsurance receivable balances and the sale and maturity of investments. The Company also can make cash calls from NICO for any balances owed over an agreed threshold.

#### Finance Committee monitoring of liquidity levels

The Finance Committee monitoring the liquidity levels of the Company in all major currencies (EUR, USD, GBP, SEK). Coverage checks are performed against a threshold ensuring adequate coverage of short-term assets vs past 3 month expenses in each currency.

#### Investment guidelines

Guidelines are in place which are Board approved and are in place to assist with investment management. The guidelines outline the restrictions in place on the types of investments that can be held.

### **Risk monitoring**

The Company's liquidity levels are regularly monitored by the Finance Committee. The CFO provides regular updates to the Executive Management Committee and Board. The Company's liquidity risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

## **Risk sensitivities**

Liquidity risk was considered as part of the ORSA process. Liquidity risk is not considered to be a material risk given the average duration and quality of the Company's investment portfolio, combined with the strength of the intra-group reinsurance agreement.

In circumstances where the largest individual gross exposures had full limit losses, the Company's net liquidity exposure would be limited by the terms of intra-group reinsurance treaties which mandate remittance of amounts within a short period of time for claims in excess of agreed thresholds.

## **C.5 Operational risk**

### **Risk description**

Operational risk is the risk of loss arising from inadequate or failed internal processes, systems, people, or external events.

Operational resilience risk is the risk of intolerable harm being caused to customers, the Company or the market as result of a significant unplanned disruption preventing the Company from delivering critical or important business services.

### **Risk appetite**

The Company has limited appetite for operational risk. Providing services to customers and group means exposure to operational risk events is unavoidable resulting from inadequate or failed internal processes, people, systems, or external events. Controls and processes therefore need to be well designed and operated to reduce the probability and impact of operational risks unless the cost of doing so is greater than the expected loss.

### **Risk exposure**

As at the report date, the Company's operational risk component of the SCR was €53.0m (2024: €47.9m). The increase over 2025 is driven by increased business volumes. The Company is exposed to operational risk from a wide range of areas including IT risk, outsourcing risk, operational resilience risk, people risk, financial reporting risk, compliance and regulatory risk, data protection risk and legal risk.

### **Risk concentration**

The Company is exposed to concentration risk from its key strategic outsourcing arrangements who provide IT services, and a range of operational support services (e.g., underwriting support).

### **Risk mitigation**

Some of the primary controls the Company has in place to mitigate operational risk are outlined below;

#### Outsourcing Framework

The Company has a range of controls in place to mitigate risks associated with outsourced service providers (OSPs) including the Outsourcing Framework, onboarding due diligence and approval of OSPs, ongoing performance monitoring of OSPs (relationship manager oversight of the OSP including adherence to SLAs and quarterly reporting to the relevant management committees), documented exit strategies, periodic reviews of OSPs performed by the first line, second line and third line.

#### IT Risk Management Framework

The Company's IT Risk Management Framework and supporting policies were updated in 2025 to align with requirements as set out in the Digital Operational Resilience Act (DORA). The ITRMF outlines the minimum requirements and controls in place to ensure effective oversight of IT OSPs and effective IT risk management. The IT & Data Protection Committee is responsible for monitoring the Company's IT and cyber risk profile, and to ensure that the IT services provided to the Company are in line with expectations.

#### Operational Resilience Framework

The Company's Operational Resilience Framework sets out the operating standards and procedures with respect to the management and oversight of operational resilience in accordance with the CBI guidelines and regulations. The Operations Committee monitors adherence to important business service (IBS) impact tolerances to ensure that these services are operating effectively and remain in line with the Company's expectations.

#### Succession planning

The Company has in place several controls to manage risks associated with people risk including the legal entity succession plan which is reviewed annually or as required by the CEO and approved by the Nominations and Remuneration Committee., employee contracts, BHSI staff handbook and policy guidelines, recruitment practices, onboarding process and manager learning sessions.

#### Financial reporting

The financial reporting controls in place to mitigate financial reporting risk includes quarterly financial accounting close and reporting process, Finance Committee review of quarterly financial accounts, Audit Committee approval of financial statements and review of quarterly accounts, external audit opinion, treasury and payroll processes.

#### Data Protection Framework

The Company has a range of controls in place to mitigate data protection risk including the Data Protection Framework, Data Protection Officer (DPO) quarterly reporting to the IT and Data Protection Committee, data protection training, data protection contractual clauses included in all relevant contracts, data protection impact assessments (DPIA) completed for OSPs and data breach log maintained.

#### Compliance Framework

The Company has a range of controls in place to mitigate compliance and regulatory risk including the Compliance Framework, sanction screening process, compliance training, horizon scanning, and assurance work performed by the Compliance team, and Head of Compliance quarterly reporting to the Risk and Compliance Committee.

#### Legal review of contracts

The Company has in place several controls to mitigate legal risk including legal review and approval of contracts, horizon scanning and engaging external counsel for legal advice when required. The Company's Chief Counsel reports to the Board on a quarterly basis.

#### **Risk monitoring**

The Company's operational activities are regularly monitored by the relevant management committee (e.g., Operations Committee, Delegated Authority Oversight Committee, IT & Data Protection Committee) with regular updates provided to the Executive Management Committee and Board. The Company's operational risk appetite is monitored quarterly and reported to the Risk and Compliance Committee.

## **Risk sensitivities**

The operational risk SSTs which were considered as part of the ORSA process are outlined below. In all operational risk SSTs the Company's solvency position remained well in excess of the regulatory solvency capital requirement.

- Ransomware attack.
- Phishing attack from AI.
- Data breach.
- Outsourcing risk.

In addition, operational risk was considered as part of the ORSA RST.

## **C.6 Other material risks**

Other risks the Company considers which are not explicitly captured within the calculation of the SCR which are material include; strategic risk (including group risk), conduct risk, and emerging risks.

### **Strategic risk**

#### **Risk description**

Strategic risk is defined as the risk of lower-than-expected profits, or impact to the Company's long-term positioning and performance due to inadequate strategy, failed business decisions, or lack thereof.

#### **Risk appetite**

The Company is willing to accept strategic risk.

#### **Risk exposure**

The Company operates in a competitive market and identifies opportunities to meet investor requirements, develop efficiencies, etc. The Company will pursue only those opportunities that are consistent with the documented strategy approved by the Board. Key exposures to strategic risk; changes to the external business environment, regulations and tax laws are monitored on a forward-looking basis and, are escalated to the Board if they are expected to materially affect the achievement of the Company's strategy.

#### **Risk concentration**

Strategic risk concentrations are considered by the Board as part of the business planning process.

#### **Risk mitigation and monitoring**

The Company has a suite of oversight and monitoring controls embedded throughout the Governance Framework including annual business plan development and approval, monitoring performance against business plan, expense and solvency position monitoring at the Finance Committee.

#### **Risk sensitivities**

Strategic risk SSTs were considered as part of the ORSA process. In addition, strategic risk was considered as part of the ORSA RST.

## Conduct risk

### **Risk description**

Conduct risk is defined as the risk that the Company's conduct results in harm to its customers.

### **Risk appetite**

The Board acknowledges that the Company is exposed to conduct risk and is risk averse.

### **Risk exposure**

The Company is committed to maintaining market integrity and ensuring appropriate outcomes for customers. It has no tolerance for actions that result in customer detriment, market instability or ineffective competition. The Company ensures that the insurance products that it manufactures, or co-manufactures will be designed and distributed in a way that meets customer needs and prevents foreseeable customer harm. The Company primarily writes commercial lines of business and has limited exposure to consumer related business. Customer conduct risk is therefore considered to be low.

### **Risk concentration**

Minimal concentration risk.

### **Risk mitigation and monitoring**

The Company's conduct risk profile is monitored in line with the Product Governance and Oversight (POG) Framework and is reported by the Head of Compliance to the POG Committee quarterly with further escalation to the Board.

### **Risk sensitivities**

A conduct risk SST was considered as part of the ORSA process.

## Geopolitical risk

The geopolitical environment has become more complex and volatile in recent years, where shifting trade dynamics and regional conflicts increase uncertainty which could impact both underwriting and operational considerations. The Company continues to be vigilant in policy wordings and is actively monitoring for potential exposure to insurance losses due to the conflicts. It is also monitoring the rapidly changing sanctions regimes of the US, the EU and the UK to ensure its processes and controls ensure compliance. The Company provides very limited war coverage but is potentially exposed to secondary effects through the policies it writes. The main areas of focus have been the aviation, marine, directors and officers and cyber portfolios. Management's ongoing assessment is that the Company's exposure, net of reinsurance do not significantly impact the Company and will continue to be closely monitored.

## Emerging risks

The Company monitors emerging risks on an ongoing basis throughout the Governance Framework, across the various management committees, and the Risk Management Framework. An emerging risk register is maintained, monitored and updated at least annually. Based on the Company's review the emerging risks include, geopolitical risk, climate change, cybersecurity, artificial intelligence (AI), harmful substances (e.g., forever chemicals) and social inflation.

#### C.7 Any other information

The Company did not make use of any special purpose vehicles in the reporting period.

The Company does not have any other material information to disclose regarding its risk profile.

#### D. Valuation for Solvency Purposes

The details of the Company's Assets and Liabilities as at 31 December 2025 are disclosed in the tables below along with the valuation adjustments between Irish GAAP financial statements and the Solvency II valuations. Consistent with Article 75 of Directive 2009/138/EC assets have been valued at the amounts for which the Company expects the assets could be exchanged between knowledgeable willing parties in an arm's length transaction.

Solvency II Balance Sheet as at 31 December 2025	Notes	Irish GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
		€000	€000	€000	€000
<b>Assets</b>					
Investments	1	642,935	279,199	-	922,134
Property	2	-	-	6,102	6,102
Reinsurers' share of Technical Provisions	3	2,716,278	(262,252)	(646,535)	1,807,491
Insurance and intermediaries' receivables	4	318,409	(271,345)	-	47,064
Reinsurance receivables	5	32,092	(32,070)	-	22
Receivables - not insurance		20,788	-	-	20,788
Cash and cash equivalents		388,317	(279,199)	-	109,118
Any other assets		1,035	-	-	1,035
Net Deferred Acquisition Costs	6	15,614	(15,614)	-	-
<b>Total Assets</b>		<b>4,135,468</b>	<b>(581,281)</b>	<b>(640,433)</b>	<b>2,913,754</b>
<b>Liabilities</b>					
<b>Total Non-Life Technical Provisions</b>	<b>7</b>	<b>(3,357,659)</b>	<b>319,029</b>	<b>734,872</b>	<b>(2,303,758)</b>
Gross Technical Provisions		(3,357,659)	319,029	792,251	(2,246,379)
Risk Margin		-	-	(57,379)	(57,379)
Provisions other than technical provisions		-	-	-	-
Insurance and intermediaries' payables	8	(40,881)	38,961	-	(1,920)
Deferred tax liabilities	9	-	-	(20,682)	(20,682)
Reinsurance payables	10	(311,159)	223,291	-	(87,868)
Payables - not insurance	11	(29,351)	-	(6,102)	(35,453)
<b>Total Liabilities</b>		<b>(3,739,050)</b>	<b>581,281</b>	<b>708,088</b>	<b>(2,449,681)</b>
<b>Excess of Assets over Liabilities</b>		<b>396,418</b>	<b>-</b>	<b>67,655</b>	<b>464,073</b>

Solvency II Balance Sheet as at 31 December 2024	Notes	Irish GAAP	Reclassification Adjustments	Solvency II Adjustments	Solvency II
		€000	€000	€000	€000
<b>Assets</b>					
Investments	1	619,193	180,743	-	799,936
Property	2	-	-	4,435	4,435
Reinsurers' share of Technical Provisions	3	2,391,748	(247,191)	(546,902)	1,597,655
Insurance and intermediaries' receivables	4	316,279	(254,150)	-	62,129
Reinsurance receivables	5	31,427	(31,404)	(23)	-
Receivables - not insurance		8,645	-	23	8,668
Cash and cash equivalents		290,277	(178,852)	-	111,425
Any other assets		3,088	(1,891)	-	1,197
Net Deferred Acquisition Costs	6	12,719	(12,719)	-	-
<b>Total Assets</b>		<b>3,673,376</b>	<b>(545,464)</b>	<b>(542,467)</b>	<b>2,585,445</b>
<b>Liabilities</b>					
<b>Total Non-Life Technical Provisions</b>	<b>7</b>	<b>(2,950,305)</b>	<b>298,273</b>	<b>619,933</b>	<b>(2,032,099)</b>
Gross Technical Provisions		(2,950,305)	298,273	672,062	(1,979,970)
Risk Margin		-	-	(52,129)	(52,129)
Provisions other than technical provisions		-	-	-	-
Insurance and intermediaries' payables	8	(40,391)	38,166	-	(2,225)
Deferred tax liabilities	9	-	-	(17,132)	(17,132)
Reinsurance payables	10	(284,698)	209,025	211	(75,462)
Payables - not insurance	11	(24,368)	-	(4,646)	(29,014)
<b>Total Liabilities</b>		<b>(3,299,762)</b>	<b>545,464</b>	<b>598,366</b>	<b>(2,155,932)</b>
<b>Excess of Assets over Liabilities</b>		<b>373,614</b>	<b>-</b>	<b>55,899</b>	<b>429,513</b>

## D.1 Assets

Assets are valued for Solvency II purposes using the policies detailed below:

### Investments

The table below shows the Company's financial assets at fair value by material class of investment as at 31 December 2025 with prior year comparatives:

	2025 €000	2024 €000
Government bonds	642,935	619,193
<b>Total Investments (GAAP)</b>	<b>642,935</b>	<b>619,193</b>
Liquidity funds (collective investment undertakings)	279,199	178,852
Accrued interest on bonds	-	1,891
<b>Total Investments (Solvency II)</b>	<b>922,134</b>	<b>799,936</b>

Government bonds held by the Company are valued at the quoted market price as at the balance sheet date. Total investments per the Solvency II balance sheet also includes holdings in collective investment undertakings (government backed liquidity funds, which are classified as cash and cash equivalents in the GAAP financial statements) valued at €279.2m (2024: €178.9m) plus the value of accrued interest due on bonds (classified as accrued income in the GAAP financial statements) €nil (2024: €1.9m).

### Property

The Company values leased property in line with IFRS16 whereby the future cashflow for the duration of the property leases are computed on a non-discounted basis.

### Reinsurance Recoverables

The reinsurance recoverables, as included in the technical provisions, are calculated using a variety of techniques including a stochastic cash-flow model. While the gross cash-flows are uncertain, the reinsurance cash-flows given the gross cash-flows are certain (before consideration of reinsurer default or disputes) as the terms of the reinsurance program are known.

Due to the importance of the reinsurance program to BHEI, and the fact that the reinsurance program is not particularly complex (i.e., does not consist of hundreds of facultative covers or different reinsurance strategies over time), BHEI models the actual reinsurance program.

In general, the reinsurance program consists of a quota share cover; followed by a per event excess of loss cover; followed by whole account stop loss cover.

Actuarial modelling allows the expected values of the non-proportional covers to be more accurately calculated (i.e., the excess of loss and stop loss covers). In order to accurately model the excess of loss cover certain event losses are modelled individually; the remaining losses are modelled in aggregate.

The key steps in calculating the reinsurance recoverables are summarised below:

- Simulate the gross claims by segment (the segmentation of the business is described in the "Technical Provisions" section of this document)
- Calculate the reinsurance recoverables by applying the reinsurance program applicable to each segment

- Simulate reinsurer default including the mitigating effects of the trust funds and reinsurer recovery rate
- Discount the reinsurance recoverables based on the expected payment pattern and currency of the cash-flows
- Calculate the average reinsurance recoverables across all simulations (usually 32,000)
- Finally, allocate reinsurance recoverables to Solvency II class of business and geographical location

### **Insurance & Intermediaries' Receivables**

Insurance and intermediaries' receivables are valued at the fair value of the amount outstanding reduced by the bad debt provision where applicable. Due to the short-term nature of these amounts discounting is not considered to be material.

### **Cash & Cash Equivalents**

Cash and cash equivalents are valued at fair value as at the balance sheet date.

### **Differences between Solvency II Valuation and Irish GAAP valuation**

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Investments <sup>1</sup> – Investments valued on a Solvency II basis include accrued interest income which is included in other debtors on an Irish GAAP basis. Liquidity funds are included under cash in the financial statements and reclassified to investments for Solvency II reporting purposes.

Property <sup>2 & 11</sup> – Leasehold property and its associated liability are included in the Solvency II valuations in accordance with the valuation guidelines; neither are included in the Statutory Financials.

Reinsurance Recoverables and Gross Technical Provisions <sup>3 & 7</sup> – Solvency II values calculated by applying the reinsurance program to the best-estimate gross claims on a Solvency II best estimate basis; as opposed to being applied to the booked (i.e., prudent) gross claims reported in the statutory accounts on a prudent basis. The Solvency II values are also discounted; the statutory values are not.

Insurance and Intermediaries Receivables and Payables <sup>4 & 8</sup> – Receivables exclude the value of inwards pipeline premiums as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance receivables and Payables <sup>5 & 10</sup> - Reinsurance receivables exclude the value of outwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Deferred Acquisition Costs <sup>6</sup> – Deferred Acquisition Costs are not included in the Solvency II valuation in accordance with the valuation guidelines.

## D.2 Technical Provisions

The technical provisions are the discounted present value of future insurance cash-flows, valued on a best-estimate basis, for business bound as at the valuation date, plus a risk margin. Gross and reinsurance cash-flows are modelled explicitly.

Summary of Technical Provisions At 31 December 2025	Income Protection	Motor Vehicle Liability	Marine, Aviation & Transport	Fire & Other Property Damage	General Liability	Credit & Surety Insurance	Total Non-Life
	€000	€000	€000	€000	€000	€000	€000
<b>Best estimate Premium provisions</b>							
Gross	(12)	3,964	12,531	33,509	50,552	1,285	101,829
Reinsurers' share	(12)	3,091	9,710	25,190	36,948	1,028	75,955
Net	-	873	2,821	8,319	13,604	257	25,874
<b>Best estimate Claims provisions</b>							
Gross	31	13,504	80,605	358,814	1,690,383	1,213	2,144,550
Reinsurers' share	25	10,816	69,824	288,997	1,360,902	972	1,731,536
Net	6	2,688	10,781	69,817	329,481	241	413,014
<b>Total Best Estimates</b>							
Gross	19	17,468	93,136	392,323	1,740,935	2,498	2,246,379
Net	6	3,561	13,602	78,136	343,085	498	438,888
<b>Risk Margin</b>	<b>4</b>	<b>498</b>	<b>2,256</b>	<b>11,128</b>	<b>43,437</b>	<b>56</b>	<b>57,379</b>

Summary of Technical Provisions At 31 December 2024	Income Protection	Motor Vehicle Liability	Marine, Aviation & Transport	Fire & Other Property Damage	General Liability	Credit & Surety Insurance	Total Non-Life
	€000	€000	€000	€000	€000	€000	€000
<b>Best estimate Premium provisions</b>							
Gross	-	2,776	7,154	21,414	75,247	900	107,491
Reinsurers' share	-	2,161	5,656	15,624	56,609	719	80,769
Net	-	615	1,498	5,790	18,638	181	26,722
<b>Best estimate Claims provisions</b>							
Gross	-	7,385	87,654	327,795	1,448,813	831	1,872,478
Reinsurers' share	-	5,920	78,461	265,452	1,166,386	666	1,516,885
Net	-	1,465	9,193	62,343	282,427	165	355,593
<b>Total Best Estimates</b>							
Gross	-	10,161	94,808	349,209	1,524,060	1,731	1,979,969
Net	-	2,080	10,691	68,133	301,065	346	382,315
<b>Risk Margin</b>	<b>-</b>	<b>272</b>	<b>1,804</b>	<b>10,358</b>	<b>39,653</b>	<b>42</b>	<b>52,129</b>

The estimation of technical provisions is subject to a substantial degree of uncertainty and the best estimate should be viewed as only part of a wide range of possible values produced by alternative methods or assumptions. Sources of uncertainty in the estimation of technical provisions will include:

- Material adverse or favourable developments in large claims.
- Actual future claims inflation may differ from assumed.
- Change in underlying business mix or types of coverage over time.
- Final settlement cost of open claims cannot be known precisely to the extent it will depend on court decisions on liability or the prognosis for recovery from injuries.
- The emergence of new claim types not included in historical data resulting in different claims development patterns or uncertainty due to the potential claim event not having yet occurred.

For modelling purposes, the business is segmented by:

- Branch – BHEI operates in Ireland and has branches in Germany, Spain, France, Italy, Belgium, Sweden and the United Kingdom.
- Division – BHEI groups business according to Berkshire Hathaway internal reporting divisions including BHSI, MedPro and BHRG.
- Distribution Channel – BHEI writes business through numerous distribution channels; these distribution channels can vary according to each Division. They can broadly cover underwriting teams (for business written directly), brokers (for facility business in which BHEI takes a follow line) and MGAs.
- Class of Business – BHEI writes multiple classes of business. Large speciality accounts may be treated as distinct classes of business for modelling and reporting purposes.
- Year of Account – Gross claims are modelled by year of account (i.e., the year in which the business incepts) as opposed to accident year (i.e., the year in which the business was earned).
- Loss type – There are two loss types modelled: non-event and event. Non-event losses are modelled in aggregate, while the event (e.g. catastrophe) losses are modelled 'per event'.

The methodologies used to calculate the premiums, deductions, expenses, and reinsurance cash-flows are the same for all classes of business. The methodologies used to calculate gross claims depend on the distribution channel and class of business and are generally based on standard actuarial techniques such as chain-ladder, Bornhuetter-Ferguson and initial expected loss ratio.

Premiums, and associated deductions (e.g., commission and brokerage), are calculated at policy level. Once a premium 'due date' passes it is removed from the technical provisions and moved to the 'payables' section of the balance sheet.

Future expense cash-flows are assessed at the Company level and are estimated by the Finance team.

All cash-flows are calculated gross of discounting; the discounted present values are then calculated using the relevant payment pattern and currency yield curve.

In calculating the technical provisions BHEI does not apply the following:

1. Matching adjustment referred to in Article 77b of Directive 2009/138/EC.
2. Volatility adjustment referred to in Article 77d of Directive 2009/138/EC.
3. Transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC.
4. Transitional deduction referred to in Article 308d of Directive 2009/138/EC.

Risk margin is calculated using the "cost of capital" approach – the cost of holding capital to support the technical provisions until their ultimate run-off.

The technical provisions are an output from a variety of sources including the stochastic business model; the figures reported in the QRTs are the mean of the distributions.

### **Differences between Solvency II Valuation and Irish GAAP valuation**

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Technical Provisions <sup>7</sup> – the liabilities for the statutory accounts are calculated using prudent methodologies and assumptions while the liabilities for the Solvency II accounts are calculated using technically compliant “best estimate” methodologies and assumptions.

The main contributors to the difference in the two liability figures are:

Risk margin is added in Solvency II and is calculated as described above using the “cost of capital” approach – the cost of holding capital to support the technical provisions until their ultimate run-off.

Pipeline premium is treated as a negative liability in the Solvency II balance sheet (and included in the technical provisions) whereas the pipeline premium is treated as an asset in the Statutory balance sheet.

Premium provisions - Under Solvency II the premium provision is equal to a best estimate of future cashflows in respect of unexpired exposures, including future premium cashflows, rather than the unearned proportion of written premium (UPR).

Discounting: The Solvency II technical provisions are discounted whereas the statutory technical provisions are not.

### **D.3 Other Liabilities**

Other liabilities are valued for Solvency II purposes using the policies detailed below:

#### **Insurance & intermediaries’ payables**

Insurance & intermediaries payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

#### **Reinsurance payables**

Reinsurance payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

#### **Payables (trade, not insurance)**

Other payables are valued at the fair value of the amount payable. Due to the short-term nature of these amounts discounting is considered to be inappropriate.

The Company values property leasing liabilities in line with IFRS16 whereby the future cashflow for the duration of the property leases are computed on a non-discounted basis.

## **Deferred Tax**

Deferred taxation is provided for using the liability method on all timing differences, arising from the different treatment of items for accounting and taxation purposes, calculated at the rates at which it is expected that tax will arise. Deferred tax balances are not discounted.

## **Differences between Solvency II Valuation and Irish GAAP valuation**

The material differences between the Solvency II valuation and the Irish GAAP valuation as detailed in the table above are as a result of the following:

Insurance Payables <sup>8</sup> - Insurance payables exclude the value of inwards pipeline commissions due as these are included within the valuation of the technical provisions for solvency purposes.

Reinsurance Payables <sup>10</sup> - Reinsurance payables exclude the value of outwards pipeline premiums due as these are included within the valuation of the technical provisions for solvency purposes.

Leasehold Properties – there is no requirement under FRS102 to capitalise any leasehold properties (and their associated liabilities). However, this is not the case for solvency reporting purposes.

### **D.4 Alternative methods for valuation**

BHEI does not use any alternative valuation methods.

### **D.5 Any other information**

There is no other information to report.

## E. Capital Management

### E.1 Own Funds

The Company has put in place a Capital Management policy to ensure that 'Own Fund' items, both at issue and subsequently, meet the requirements of the Solvency II capital regime. The objectives of the policy are to ensure the Company has sufficient capital to meet its financial obligations, even under adverse conditions. More specifically, to outline the Company's risk appetite with regards to capital, to ensure there are clear lines of responsibility in respect of the Company's capital management, to ensure there are adequate models, systems, and processes in place to estimate and monitor capital requirements, and to ensure there are clearly defined triggers and subsequent actions at different levels of capital.

On a quarterly basis own funds are reviewed to ensure they continue to meet the Company's own solvency needs, and its regulatory obligations in respect of SCR and MCR. A three-year forward-looking time horizon is used for business planning purposes and any anticipated changes to the Company's business and risk profile are factored into the ORSA process to assess the solvency and capital needs over this business planning period.

Own Funds are the measurement of the available financial resources the Company has available to meet its regulatory SCR and MCR. Company Own Funds are Tier 1 capital, it being unrestricted and of high quality, consisting of ordinary share capital and retained earnings.

The details of the Company's Own Funds at the end of the reporting period and the prior comparative period are set out in the table below:

	<b>2025 €000</b>	<b>2024 €000</b>
<b>Tier 1 Funds</b>		
Called up share capital	406,033	386,033
Reconciliation reserve	58,040	43,480
<b>Total Basic Own Funds</b>	<b>464,073</b>	<b>429,513</b>

The Company authorised an additional 20,000,000 ordinary shares of €1 each with the additional capital being received from the parent company, NICO, on 2 April 2025.

The reconciliation reserve represents the Company's retained earnings as adjusted for the differences between the Solvency II valuation of the balance sheet and the statutory valuation under Irish GAAP.

The impact of these differences on the equity position in the Company's 2025 year-end financial statements and the basic own funds (excess of assets over liabilities) are set out in the table in Section D and explained in Sections D1-D3.

The Company does not hold any ancillary own funds.

## E.2 Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR)

BHEI uses the Standard Formula as the basis for calculating capital requirements having reviewed the assumptions underlying the formula and assessed them as appropriate for the Company. Whilst the standard formula is not intended to be a perfect fit for every company it is intended to be a reasonable fit. An assessment of the appropriateness of the use of the SII Standard Formula approach is completed on an annual basis. The SII Standard Formula approach is deemed to be appropriate to calculate the Company's solvency needs as it incorporates all material risk types to which BHEI is exposed. Accordingly, the Company has not utilised Undertaking Specific Parameters available under Article 104(7) of Directive 2009/138/EC.

At 31 December 2025, the Company's SCR is €209.0m (2024: €190.5m) and MCR is €64.9m (2024: €58.6m), as follows:

### Solvency Capital Requirement

	2025 €000	2024 €000	Change €000
Market Risk	49,544	40,644	8,900
Counterparty default risk	21,291	19,878	1,413
Health underwriting risk	6,626	224	6,402
Non-life underwriting risk	144,369	133,026	11,343
Operational risk	52,996	47,907	5,089
Loss-absorbing capacity of deferred taxes	(20,683)	(17,132)	(3,551)
Diversification credit	(45,177)	(34,080)	(11,097)
<b>Solvency Capital Requirement</b>	<b>208,966</b>	<b>190,467</b>	<b>18,499</b>

### Minimum Capital requirement

	2025 €000	2024 €000	Change €000
Linear MCR	64,866	58,574	6,292
MCR Cap (45% of SCR)	94,035	85,710	8,325
MCR floor (25% of SCR)	52,242	47,617	4,625
Absolute floor of the MCR	4,000	4,000	-
<b>Minimum Capital Requirement</b>	<b>64,866</b>	<b>58,574</b>	<b>6,292</b>

Compared with the prior reporting period, the increase in SCR across all risk modules reflects the growth in business written during 2025, as well as the projected business volumes for the forthcoming year. The MCR has also increased in the reporting period, reflecting its calculation as a percentage of the SCR.

At 31 December 2025 BHEI had an excess of assets over liabilities (eligible own funds) of €464.1m (2024: €429.5m) as against an SCR of €209.0m (2024: €190.5m) resulting in a surplus in excess of SCR of €255.1m (2024: €239.0m) and a coverage ratio of 222% (2024: 226%).

## E.3 Use of the duration-based equity risk sub-module in the calculation of the SCR

BHEI has not opted to use the duration-based equity risk sub-module of the SCR at 31 December 2025.

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

BHEI applies the standard formula model and does not use an internal model to calculate the SCR.

#### E.5 Non-compliance with the MCR and non-compliance with the SCR

There was no breach of the SCR (and hence the MCR) over the reporting period.

By reference to the SCR and MCR, the Solvency II own funds substantially exceed the capital requirements. By these measures, BHEI remains in a satisfactory capital position.

#### E.6 Any other information

There is no other information to report.

## F. Appendix

### F.1 SFCR Reporting Templates

<b>Reference</b>	<b>Title</b>
S.02.01	Balance Sheet*
S.04.05	Premium, claims and expenses by country
S.05.01	Premium, claims and expenses by line of business
S.17.01	Non-Life Technical Provisions*
S.19.01	Non-Life Insurance Claims*
S.23.01	Own Funds*
S.25.01	Solvency Capital Requirement*
S.28.01	Minimum Capital Requirement*

\*Templates subject to external audit. Amounts are in €000

*Note:* Tables within this report and the appendix contain minor rounding differences in certain instances due to amounts being displayed in thousands while the source workings underlying the annual reporting templates are calculated to two decimal places. These differences are immaterial.

## S.02.01.02

## Balance sheet

Solvency II value	
C0010	
	6,102
	922,135
	0
	0
	0
	642,935
	642,935
	0
	0
	0
	279,199
	0
	0
	0
	1,807,490
	1,807,490
	1,807,477
	13
	0
	0
	47,064
	23
	20,788
	0
	109,117
	1,035
	2,913,755

**Assets**

R0030	Intangible assets
R0040	Deferred tax assets
R0050	Pension benefit surplus
R0060	Property, plant & equipment held for own use
R0070	Investments (other than assets held for index-linked and unit-linked contracts)
R0080	<i>Property (other than for own use)</i>
R0090	<i>Holdings in related undertakings, including participations</i>
R0100	<i>Equities</i>
R0110	<i>Equities - listed</i>
R0120	<i>Equities - unlisted</i>
R0130	<i>Bonds</i>
R0140	<i>Government Bonds</i>
R0150	<i>Corporate Bonds</i>
R0160	<i>Structured notes</i>
R0170	<i>Collateralised securities</i>
R0180	<i>Collective Investments Undertakings</i>
R0190	<i>Derivatives</i>
R0200	<i>Deposits other than cash equivalents</i>
R0210	<i>Other investments</i>
R0220	Assets held for index-linked and unit-linked contracts
R0230	Loans and mortgages
R0240	<i>Loans on policies</i>
R0250	<i>Loans and mortgages to individuals</i>
R0260	<i>Other loans and mortgages</i>
R0270	Reinsurance recoverables from:
R0280	<i>Non-life and health similar to non-life</i>
R0290	<i>Non-life excluding health</i>
R0300	<i>Health similar to non-life</i>
R0310	<i>Life and health similar to life, excluding index-linked and unit-linked</i>
R0320	<i>Health similar to life</i>
R0330	<i>Life excluding health and index-linked and unit-linked</i>
R0340	<i>Life index-linked and unit-linked</i>
R0350	Deposits to cedants
R0360	Insurance and intermediaries receivables
R0370	Reinsurance receivables
R0380	Receivables (trade, not insurance)
R0390	Own shares (held directly)
R0400	Amounts due in respect of own fund items or initial fund called up but not yet paid in
R0410	Cash and cash equivalents
R0420	Any other assets, not elsewhere shown
R0500	<b>Total assets</b>

## S.02.01.02

## Balance sheet

		Solvency II value
		C0010
	<b>Liabilities</b>	
R0510	Technical provisions - non-life	2,303,758
R0520	<i>Technical provisions - non-life (excluding health)</i>	2,303,735
R0530	<i>TP calculated as a whole</i>	0
R0540	<i>Best Estimate</i>	2,246,360
R0550	<i>Risk margin</i>	57,375
R0560	<i>Technical provisions - health (similar to non-life)</i>	22
R0570	<i>TP calculated as a whole</i>	0
R0580	<i>Best Estimate</i>	19
R0590	<i>Risk margin</i>	4
R0600	Technical provisions - life (excluding index-linked and unit-linked)	0
R0610	<i>Technical provisions - health (similar to life)</i>	0
R0620	<i>TP calculated as a whole</i>	
R0630	<i>Best Estimate</i>	
R0640	<i>Risk margin</i>	
R0650	<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	0
R0660	<i>TP calculated as a whole</i>	
R0670	<i>Best Estimate</i>	
R0680	<i>Risk margin</i>	
R0690	Technical provisions - index-linked and unit-linked	0
R0700	<i>TP calculated as a whole</i>	
R0710	<i>Best Estimate</i>	
R0720	<i>Risk margin</i>	
R0740	Contingent liabilities	0
R0750	Provisions other than technical provisions	
R0760	Pension benefit obligations	
R0770	Deposits from reinsurers	
R0780	Deferred tax liabilities	20,682
R0790	Derivatives	
R0800	Debts owed to credit institutions	0
R0810	Financial liabilities other than debts owed to credit institutions	0
R0820	Insurance & intermediaries payables	1,920
R0830	Reinsurance payables	87,869
R0840	Payables (trade, not insurance)	12,209
R0850	Subordinated liabilities	0
R0860	<i>Subordinated liabilities not in BOF</i>	
R0870	<i>Subordinated liabilities in BOF</i>	0
R0880	Any other liabilities, not elsewhere shown	23,244
R0900	<b>Total liabilities</b>	2,449,682
R1000	<b>Excess of assets over liabilities</b>	464,073

## S.04.05.21

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

Home Country	Top 5 countries (by amount of gross premiums written): non-life					
	DE	ES	FR	GB	NL	
<b>R0010</b>						
<b>Premiums written (gross)</b>	<b>C0010</b>	<b>C0020</b>	<b>C0021</b>	<b>C0022</b>	<b>C0023</b>	<b>C0024</b>
R0020 Gross Written Premium (direct)	105,343	171,079	111,139	213,521	196,598	25,122
R0021 Gross Written Premium (proportional reinsurance)	0	0	25	0	-3	7
R0022 Gross Written Premium (non-proportional reinsurance)	0	0	0	0	0	0
<b>Premiums earned (gross)</b>						
R0030 Gross Earned Premium (direct)	100,865	173,554	112,201	208,317	182,725	27,443
R0031 Gross Earned Premium (proportional reinsurance)	0	0	25	0	-3	7
R0032 Gross Earned Premium (non-proportional reinsurance)	0	0	0	0	0	0
<b>Claims incurred (gross)</b>						
R0040 Claims incurred (direct)	52,283	127,256	115,612	154,056	110,931	18,290
R0041 Claims incurred (proportional reinsurance)	-12	-5	-1,718	2	-1,204	-720
R0042 Claims incurred (non-proportional reinsurance)	0	0	0	0	0	0
<b>Expenses incurred (gross)</b>						
R0050 Gross Expenses Incurred (direct)	28,888	35,724	25,989	59,308	48,550	5,875
R0051 Gross Expenses Incurred (proportional reinsurance)	0	0	5	0	-1	1
R0052 Gross Expenses Incurred (non-proportional reinsurance)	0	0	0	0	0	0





S.19.01.21

Non-Life insurance claims

Total Non-life business

Z0020 Accident year / underwriting year

Gross Claims Paid (non-cumulative)

(absolute amount)

Year	C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0170	C0180
	Development year										In Current year	Sum of years (cumulative)	
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	
R0160	-9	0	0	0	0	0	0	0	0	0	0	0	0
R0170	-8	0	0	0	0	0	0	0	0	0	0	0	0
R0180	-7	0	0	0	0	0	0	0	0	0	0	0	0
R0190	-6	99	3,108	20,212	2,675	5,237	3,699	1,802				1,802	36,831
R0200	-5	6,406	20,162	15,446	10,867	13,398	5,967					5,967	72,246
R0210	-4	7,514	69,346	33,624	47,347	43,225						43,225	201,057
R0220	-3	7,584	39,526	57,492	49,079							49,079	153,682
R0230	-2	18,083	84,017	75,966								75,966	178,066
R0240	-1	9,405	61,117									61,117	70,522
R0250	0	11,566										11,566	11,566
R0260												<b>Total</b>	<b>248,722</b>

Gross Undiscounted Best Estimate Claims Provisions

(absolute amount)

Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	
	Development year										Year end (discounted data)		
	0	1	2	3	4	5	6	7	8	9	10 & +		
R0100	Prior										0	0	
R0160	-9	0	0	0	0	0	0	0	0	0	0	0	
R0170	-8	0	0	0	0	0	0	0	0	0	0	0	
R0180	-7	0	0	0	0	0	0	0	0	0	0	0	
R0190	-6	17,514	58,903	76,027	50,669	41,159	37,540	33,850				29,846	
R0200	-5	121,550	240,688	196,031	139,752	113,210	104,354					91,394	
R0210	-4	351,105	551,436	441,209	412,817	345,227						301,682	
R0220	-3	418,572	556,985	471,975	409,466							358,823	
R0230	-2	519,163	606,578	510,626								446,458	
R0240	-1	408,124	606,601									528,878	
R0250	0	447,294										387,468	
R0260												<b>Total</b>	<b>2,144,550</b>

**S.23.01.01  
Own Funds**

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

R0010	Ordinary share capital (gross of own shares)
R0030	Share premium account related to ordinary share capital
R0040	Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings
R0050	Subordinated mutual member accounts
R0070	Surplus funds
R0090	Preference shares
R0110	Share premium account related to preference shares
R0130	Reconciliation reserve
R0140	Subordinated liabilities
R0160	An amount equal to the value of net deferred tax assets
R0180	Other own fund items approved by the supervisory authority as basic own funds not specified above
<b>R0220</b>	<b>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</b>
<b>R0230</b>	<b>Deductions for participations in financial and credit institutions</b>
<b>R0290</b>	<b>Total basic own funds after deductions</b>

**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 under Article 96(2) of the Directive 2009/138/EC
R0350	Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC
R0360	Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0370	Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC
R0390	Other ancillary own funds
<b>R0400</b>	<b>Total ancillary own funds</b>

**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	<b>SCR</b>
R0600	<b>MCR</b>
R0620	<b>Ratio of Eligible own funds to SCR</b>
R0640	<b>Ratio of Eligible own funds to MCR</b>

**Reconciliation reserve**

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

**Expected profits**

R0770	Expected profits included in future premiums (EPIFP) - Life business
R0780	Expected profits included in future premiums (EPIFP) - Non- life business
<b>R0790</b>	<b>Total Expected profits included in future premiums (EPIFP)</b>

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
406,033	406,033		0	
0	0		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
58,040	58,040			
0		0	0	0
0				0
0	0	0	0	0
0				
0				
0				
0				
0			0	0
464,073	464,073	0	0	0
464,073	464,073	0	0	
464,073	464,073	0	0	0
464,073	464,073	0	0	
208,966				
64,866				
222.08%				
715.44%				
C0060				
464,073				
0				
406,033				
0				
58,040				
1,468				
1,468				

## S.25.01.21

## Solvency Capital Requirement - for undertakings on Standard Formula

	Gross solvency capital requirement	USP	Simplifications
	C0110	C0090	C0120
R0010 Market risk	49,544		
R0020 Counterparty default risk	21,291		
R0030 Life underwriting risk	0		
R0040 Health underwriting risk	6,626		
R0050 Non-life underwriting risk	144,369		
R0060 Diversification	-45,177		
R0070 Intangible asset risk	0		
<b>R0100 Basic Solvency Capital Requirement</b>	<b>176,653</b>		
<b>Calculation of Solvency Capital Requirement</b>			
R0130 Operational risk	52,996		
R0140 Loss-absorbing capacity of technical provisions	0		
R0150 Loss-absorbing capacity of deferred taxes	-20,682		
R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	0		
<b>R0200 Solvency Capital Requirement excluding capital add-on</b>	<b>208,966</b>		
R0210 Capital add-ons already set	0		
R0211 <i>of which, capital add-ons already set - Article 37 (1) Type a</i>	0		
R0212 <i>of which, capital add-ons already set - Article 37 (1) Type b</i>	0		
R0213 <i>of which, capital add-ons already set - Article 37 (1) Type c</i>	0		
R0214 <i>of which, capital add-ons already set - Article 37 (1) Type d</i>	0		
<b>R0220 Solvency capital requirement</b>	<b>208,966</b>		
<b>Other information on SCR</b>			
R0400 Capital requirement for duration-based equity risk sub-module	0		
R0410 Total amount of Notional Solvency Capital Requirements for remaining part	0		
R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds	0		
R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	0		
R0440 Diversification effects due to RFF nSCR aggregation for article 304	0		
	Yes/No		
<b>Approach to tax rate</b>			
R0590 Approach based on average tax rate	No		
<b>Calculation of loss absorbing capacity of deferred taxes</b>			
	LAC DT		
	C0130		
R0640 LAC DT	-20,682		
R0650 LAC DT justified by reversion of deferred tax liabilities	-20,682		
R0660 LAC DT justified by reference to probable future taxable economic profit	0		
R0670 LAC DT justified by carry back, current year	0		
R0680 LAC DT justified by carry back, future years	0		
R0690 Maximum LAC DT	0		

## USP Key

**For life underwriting risk:**  
1 - Increase in the amount of annuity benefits  
9 - None

**For health underwriting risk:**  
1 - Increase in the amount of annuity benefits  
2 - Standard deviation for NSLT health premium risk  
3 - Standard deviation for NSLT health gross premium risk  
4 - Adjustment factor for non-proportional reinsurance  
5 - Standard deviation for NSLT health reserve risk  
9 - None

**For non-life underwriting risk:**  
4 - Adjustment factor for non-proportional reinsurance  
6 - Standard deviation for non-life premium risk  
7 - Standard deviation for non-life gross premium risk  
8 - Standard deviation for non-life reserve risk  
9 - None

S.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<sub>NL</sub> Result

C0010	64,866
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Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
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- R0020 Medical expense insurance and proportional reinsurance
- R0030 Income protection insurance and proportional reinsurance
- R0040 Workers' compensation insurance and proportional reinsurance
- R0050 Motor vehicle liability insurance and proportional reinsurance
- R0060 Other motor insurance and proportional reinsurance
- R0070 Marine, aviation and transport insurance and proportional reinsurance
- R0080 Fire and other damage to property insurance and proportional reinsurance
- R0090 General liability insurance and proportional reinsurance
- R0100 Credit and suretyship insurance and proportional reinsurance
- R0110 Legal expenses insurance and proportional reinsurance
- R0120 Assistance and proportional reinsurance
- R0130 Miscellaneous financial loss insurance and proportional reinsurance
- R0140 Non-proportional health reinsurance
- R0150 Non-proportional casualty reinsurance
- R0160 Non-proportional marine, aviation and transport reinsurance
- R0170 Non-proportional property reinsurance

C0020	C0030
0	
5	45
0	0
3,561	3,938
0	0
13,602	13,323
78,136	51,460
343,085	108,859
499	277
0	
0	
0	
0	
0	
0	
0	
0	

Linear formula component for life insurance and reinsurance obligations

R0200 MCR<sub>L</sub> Result

C0040	0
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Net (of reinsurance /SPV) best estimate and TP calculated as a whole	Net (of reinsurance /SPV) total capital at risk
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- R0210 Obligations with profit participation - guaranteed benefits
- R0220 Obligations with profit participation - future discretionary benefits
- R0230 Index-linked and unit-linked insurance obligations
- R0240 Other life (re)insurance and health (re)insurance obligations
- R0250 Total capital at risk for all life (re)insurance obligations

C0050	C0060

Overall MCR calculation

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

C0070	64,866
	208,966
	94,035
	52,242
	64,866
	4,000
	64,866