



FM Insurance Europe S.A.
**Solvency and Financial
Condition Report**
31 December 2025

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Summary

Current Year Performance

The principal activities of FM Insurance Europe S.A. (“FMIE” and the “Company”) during the year continued to be the underwriting of property insurance risks and the provision of related property loss prevention support to large and medium sized clients of the European Economic Area (“EEA”) through branches established in Belgium, France, Germany, Italy, The Netherlands, Spain and Sweden and on a freedom of services basis in the remaining member states. The Company is also authorised by the Swiss Financial Market Supervisory Authority (“FINMA”) to underwrite policies in Switzerland through a Swiss branch and by the UK Prudential Regulation Authority (“PRA”) to underwrite policies in the United Kingdom (“UK”) through a UK branch.

The Company has been underwriting insurance policies in the EEA since 1 January 2018, in Switzerland since 1 January 2020 and in the UK since 1 December 2024. During the prior year, as part of an internal group reorganisation FM Insurance Company Limited (“FMI”) transferred its UK insurance operations to a newly established FMIE UK branch on 30 November 2024. *Section A. Business and Performance* contains more information on the internal group reorganisation transaction.

For the year ended 31 December 2025 the Company reported a profit after tax of €20m (2024: €206m). This year’s profit after tax for the year is significantly affected by unrealised foreign exchange losses on investments amounting to €289m.

Gross premium written for the year was €1,390m (2024: €1,253m). The increase was primarily driven by the impact of the UK branch writing business for the full year (the UK branch commenced underwriting in December 2024), together with new business written, both of which were offset by higher policyholder credits in 2025.

The net loss ratio was 23.0% (2024: 37.0%) and the expense ratio was 27.7% (2024: 27.8%).

The Company had a net investment charge of €126m (2024: €170m net investment income).

Capital Management

The capital modelling process for FMIE includes the standard formula (“SF”) calculation and an internal calculation to support the Own Risk and Solvency Assessment (“ORSA”). A summary of the SF model including the solvency capital requirement (“SCR”) and solvency coverage is presented in the table below:

	2025 €000	2024 €000	Variance €000
Eligible own funds	2,308,517	2,132,446	176,071
Solvency capital requirement (SCR)	1,226,349	1,091,563	134,786
Excess of eligible own funds above SCR	1,082,168	1,040,883	41,285
Coverage of SCR	188.2%	195.4%	(7.2%)

The capital coverage ratio has reduced to 188.2% (2024: 195.4%) driven by an increase in the SCR, which was partially offset by an increase in own funds.

The increase in the SCR of €135m is driven mainly by an increase in market risk driven by equity risk from favourable market value gains and net equity purchases and the associated foreign currency exposure (the investment portfolio of FMIE is US Dollar denominated). The increase in market risk is partially offset by reductions in both counterparty risk and non-life underwriting risk charges.

A more detailed breakdown of the capital modelling results, by risk type, are included in section *C. Risk Profile* and a summary of the SCR by module in section *E. Capital Management*.

The increase in own funds of €176m is driven accounting profit of €20m which includes underwriting profit €161m, offset by net investment charges of €126m and the impact of other income and taxes of €15m, plus Solvency II adjustments in respect favourable market value gains on investments of €209m, offset by an increase in deferred taxes of €42m and €11m in respect technical provisions and other valuation adjustments in moving from GAAP to a Solvency II basis of preparation.

A more detailed breakdown of the movement in own funds by category of assets and liabilities is included in section *D. Valuation for solvency purposes*.

The method of calculation for the SF is set out in the Commission Delegated Regulations (Delegated Acts) which are devised by the European Commission. There is no ability to adjust the core calculation, except for simplification options in some of the individual risk elements. Of these only the simplification applying to the risk margin is considered appropriate for FMIE due to the short tail and monoline nature of the business.

Due to the limited options to tailor the SF calculation, FMIE is unable to fully incorporate the total benefit of the stop loss treaty with FMIC. The treaty is applied only within the catastrophe risk calculations, as mitigating reinsurance. The capital charge therefore understates the benefit the stop loss treaty would provide to FMIE in a volatile calendar year, capping the combined ratio at 125%. Management understands the SCR calculated using the SF is conservative but agree it remains appropriate. FMIE continues to have adequate capital coverage in respect of the SCR despite this significant conservatism.

The ORSA calculation is less prescribed than the SF and designed by FMIE to focus on the main risk areas for the type of business written. The ORSA filed with the Commissariat aux Assurances (the “CAA” and the “Regulator”) in 2025, in respect of the 2024 year-end, determined a capital charge of €234m (2024: €229m) against available funds of €2,162m (2024: €1,710m) under Luxembourg Generally Accepted Accounting Principles (“LuxGAAP”), to give a capital coverage of 924% (2024: 746%).

Whilst the ORSA covers the same key risk areas as the SF, the calculation allows for some of the risk elements to be modelled in a way that is more representative of how the business operates. The treatment of investments is a significant driver behind the different capital requirements under the SF and the ORSA. The ORSA model only applies the market risk component to the assets required to cover the technical provisions and capital requirement. For the ORSA, no equity securities are required to cover the required capital, as the combined cash and debt security balances held by FMIE are sufficient to cover the capital requirement. The inclusion of equity securities within the market risk component of the SF results in a higher risk charge than under the ORSA.

Capital coverage under the SF is lower compared to the ORSA, however management is comfortable with the SF capital coverage due to the Company’s approach to managing capital. This involves managing assets, liabilities and risks in a coordinated way, and taking appropriate action to maintain the capital position of the Company in light of changes in economic conditions and risk characteristics. Management understands the underlying reasons for the higher risk charge under the SF are in respect of the stop loss cover with FMIC being restricted, together with the capital charge relating to equity risk not being included in the ORSA calculation.

Solvency II balances within this report are prepared in accordance with the valuation rules set out in the Delegated Acts.

The key inputs and parameters for the calculations have been reviewed and agreed by the Risk Management Committee (“RMC”). All risks on the risk register have been reviewed, included in the risk assessment and, where necessary, added to the modelling process. Emerging risks are considered at every RMC and discussed at Board meetings, as appropriate. Any risks arising during the year that are deemed to be significant will be included in the ORSA capital modelling. This is achieved by either changing parameters within the model or designing specific scenario tests to consider these risks.

Sensitivity tests and stress and scenario testing have been performed and overseen by the RMC on both the ORSA and SF models to ensure management and the Board are aware of the key drivers and sensitivities of the capital models.

2025 Solvency and Financial Condition

A risk appetite framework is in place which highlights the key risks to FMIE and provides a way of monitoring the tolerances and limits on a regular basis. The RMC regularly reviews the status of this framework and is responsible for putting action plans into place, as required. The framework is used to determine the key risk areas that are required to be incorporated in the capital modelling. The results are fed back into the framework to verify the limits and tolerances remain appropriate.

The main risk areas which affect FMIE are:

- Underwriting risk due to the nature of the business; and
- Market risk due to the level of bonds, cash and equity securities (including collective equity investment funds) held in US Dollars.

Additional risk categories included in the solvency calculation are counterparty risk and operational risk.

Group risk is not included as a separate element of the solvency calculation as the failure of FMIE’s parent, Factory Mutual Insurance Company (“FMIC” or the “parent company”), does not fall within the 99.5% confidence level threshold of the calculation. The AA (Very Strong) Fitch rating, A+ (Superior) AM Best rating and AA- Standard & Poor’s rating of the FM group (“FM”), comprising of FMIC and its branches and subsidiaries, indicate that the likelihood of default is significantly more remote than the one in 200-return period scenario considered for the solvency calculation. Despite this, it is still included on FMIE’s risk register and monitored regularly by FMIE’s senior management and Board. In addition, the risk of FMIC defaulting on its reinsurance balances with FMIE is included within the counterparty risk calculation, in the same way as for any external reinsurer.

Outlook for 2025

The Company has a sustainable book of business. Due to market conditions the expectation is that premium is likely to decrease marginally from the 2025 level, however the Company remains focused on growth through new business throughout the EEA, Switzerland and the UK.

Whilst the business is short tailed in nature with a significant portion of any outstanding claims settled during the first year of development, the impact of the economic outlook, the current inflation rate and the associated increase in costs is being monitored by the RMC. Claims are periodically reviewed and updated by the claims team, based on the most up-to-date information available, to ensure the reserves represent the latest technical measure of the loss.

The Company adopts a long-term view of risk and opportunities and does not expect any significant changes in the investment strategy during 2026.

With regards to the ongoing conflicts in Ukraine and in the Middle East, the Company is carefully monitoring developments related to each of these conflicts, and acts in accordance with European Union (“EU”) regulations and sanctions.

The Company has not underwritten any risks in Ukraine and has very limited exposure in the Middle East.

The Company expects to remain fully compliant with both the minimal capital requirement (“MCR”) and SCR requirements and continues to monitor its solvency position monthly against internal guidelines.

Directors' Report

Directors

The Directors who held office during the year ended 31 December 2025 were as follows:

Christopher M. Dempsey	Dirigeant Agréé
Colin R. Day	
Kevin S. Ingram	Resigned effective 31 December 2025
Thomas S. Keevil	
Dimitri Nys	Appointed as Dirigeant Agréé effective 29 April 2025
Ziad Alex S. Tadmoury	
Evelyn Thome	

Since 1 January 2026 and to the date of this report the following changes to the Board of Directors have occurred:

Christopher M. Dempsey	Resigned as Director and Dirigeant Agréé effective 1 February 2026
Alison B. Erbig	Appointed effective 1 February 2026

Statement of Directors' Responsibilities

The Board of directors is responsible for approving the Solvency and Financial Condition Report ("SFCR") in accordance with the Commissariat aux Assurances regulations and Delegated Acts.

Article 86 of the Insurance Law of 7 December 2015 on the insurance sector requires that the Company must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Company must ensure that its SFCR is subject to approval by the Board of directors.

Each of the Directors, whose names are listed on the Luxembourg Business Register, confirm that, to the best of their knowledge:

- Throughout the financial year in question, the Company has complied in all material respects with the requirements of the CAA regulations and Delegated Acts as applicable; and
- It is reasonable to believe that, at the date of the publication of the SFCR, the Company continues to comply and will continue to comply in future.

On behalf of the Board



Dimitri Nys
Dirigeant Agréé
8th April 2026

A. Business and Performance

Business

FMIE was incorporated on 9 December 2016 and is organised under the “Commercial Companies” laws of the Grand Duchy of Luxembourg as a public limited liability company (Société Anonyme). FMIE is a wholly owned subsidiary of FMIC, a company organised under the laws of the State of Rhode Island, United States of America. “FM” is the communicative name for FMIC and its subsidiaries. The Company is authorised by the Ministry of Finance and supervised by the CAA to establish insurance activities headquartered in the Grand Duchy of Luxembourg and to underwrite policies in the EEA through branches established in Belgium, France, Germany, Italy, The Netherlands, Spain and Sweden and on a freedom of services basis in the remaining member states. The Company is also authorised by the Swiss Financial Market Supervisory Authority to underwrite policies in Switzerland through a Swiss branch and by the PRA to underwrite policies in the United Kingdom through a UK branch.

During the prior year, as part of an internal group reorganisation FMI transferred its UK insurance operations to a newly established FMIE UK branch on 30 November 2024. The insurance business was transferred under Part VII of the UK Financial Services Markets Act 2000 and was sanctioned by the High Court of England and Wales on 20 November 2024. In addition, under a separate business transfer agreement FMI transferred its investment portfolio, excess liquidity, and its investment in subsidiaries to FMIE. Intercompany vendor notes were issued to FMI in consideration for the transfer.

The business model for FM is based on providing worldwide insurance coverage and FMIE plays a key role in this.

FMIE writes commercial property insurance mainly for multinational companies. The Company’s aim is to provide competitively priced insurance to multinational companies based in the EEA, Switzerland and the UK. FMIE also aims to assist in servicing the needs of those clients headquartered throughout the world that have locations in the EEA, Switzerland and the UK.

FMIE has a stable book of business and there are no plans to expand into any new lines of business. The Company provides insurance under the FM business model, and FM is constantly looking to improve and develop the overall service offering provided to its customers and thereby maintain a high level of client retention.

The parent company, FMIC, is a mutual company which is owned by and accountable to its policyholders. Being a mutual company allows FM to take a long-term strategic view, to provide clients with large, stable insurance capacity and to help FMIE absorb and withstand short-term volatility in operating results.

The business model of FM is based on a belief that the majority of property loss and associated business interruption is preventable through loss prevention and risk management solutions. Deploying loss prevention engineering based on scientific research is the basis for the belief that the majority of property loss is preventable and unites the mutual company and its policyholders.

FM’s capital, scientific research capability and engineering expertise are dedicated to property risk management and the resilience of its client-owners. These owners, who represent many of the world’s largest organisations, partner with FM to better understand the hazards that can impact their business continuity in order to make cost-effective risk management decisions; thereby combining property loss prevention with insurance protection.

Willis Towers Watson (“WTW”) are engaged to perform back testing and validation on the technical provisions of the Company. This review is performed every two years given that there is an embedded, stable process in place for the calculation of technical provisions. The most recent review took place during 2024.

Contact details for these organisations can be found within the Appendices.

Underwriting Performance

FM is known as a property insurer specialising in the highly protected risk market and is the main underwriter of this business. Clients are typically made up of Fortune 1000 companies that utilise and value the bundled professional services offering consisting of experienced property underwriting teams, property loss prevention expertise, risk assessment and property loss control activities, training and research.

FMIE provides its policyholders with all-risk policies providing fire and extended coverage, boiler and machinery, difference in conditions, ocean cargo, cyber or any combination of these lines of coverage.

As noted above, the philosophy of FMIE is that the majority of property loss and associated business interruption is preventable and as a result, the Company employs engineers to assess insured’s locations and work with them to minimise the risk of property loss occurring or, if it does, to minimise the impact to the insured. This partnership with the client is a key factor in the high level of business retention year on year.

Each year, the Company sets key result areas (“KRA”) which are used to measure performance and to form the basis of the employee incentive scheme. The KRA’s that the Company measures are:

- Combined Ratio;
- Premium Retention; and
- New Business.

COMBINED RATIO

The combined ratio is calculated as the sum of the loss ratio (net losses incurred divided by net premium earned) and expense ratio (net underwriting expenses incurred divided by net premium earned) for the period.

PREMIUM RETENTION

Premium retention is calculated as the premium in force at the end of the period (total annualised premium on all policies that have not expired or been cancelled) compared to the premium in force at the previous year end, excluding the effect of new business written during the year.

NEW BUSINESS

New business premium is the total annual premium of new policies written during the year. The new business KRA takes the annual premium of new policies written as a percentage of the premium in force at the previous year end.

Throughout the year, management reports are measured against these KRA's and employees are updated on the progress of the Company against the objectives.

The annual results (including policyholder credits) are presented below:

	2025 €000	2024 €000	Variance €000
Gross premium written	1,390,059	1,253,648	136,411
Net premium written	347,170	317,063	30,107
Gross premium earned	1,382,681	1,163,430	219,251
Net premium earned	342,957	299,150	43,807
Gross claims incurred	170,528	305,570	(135,042)
Net claims incurred	78,799	110,605	(31,806)
Gross loss ratio	12.3%	30.1%	(17.8%)
Net loss ratio	23.0%	37.0%	(14.1%)
Expense ratio	27.7%	27.8%	(0.1%)
Combined ratio	50.7%	64.8%	(14.2%)
Investment (charges)/returns	(126,024)	188,790	(314,814)

During the year the Company recognised an underwriting profit with a combined ratio of 50.7% (2024 64.8%). The increase was primarily driven by the impact of the UK branch writing business for the full year, together with new business written, offset by higher policyholder credits of €154m (2024: €112m).

The reduction in the gross loss ratio in 2025 was driven by lower loss frequency and severity.

FMIE predominately insures commercial property. A limited amount of goods in transit cover is also provided at the clients' request; however, this represents less than 1% of FMIE's gross written premium.

Additional information on the Company's performance are contained in the Director's report of the LuxGAAP FM Insurance Europe S.A financial statements for the year ended 31 December 2025.

The table below shows an analysis of LuxGAAP gross premium written, gross premium earned, gross claims incurred, gross operating expenses, reinsurance balances, other technical income and the net technical account by line of business, including

the accepted business that relates to insurance programs for which FMIE is not the primary policy issuer, known as assumed business.

2025					
	Marine, Aviation and Transport	Fire and Other Damages	Miscellaneous Financial Losses	Assumed	Total
	€000	€000	€000	€000	€000
Gross premium written	5,301	880,173	486,395	18,190	1,390,059
Gross premium earned	5,083	872,083	482,754	22,761	1,382,681
Gross claims incurred	(2,891)	(125,786)	(45,816)	3,965	(170,528)
Gross operating expenses	(1,022)	(205,532)	(111,979)	(4,534)	(323,067)
Reinsurance balances	878	(421,727)	(295,116)	(14,243)	(730,208)
Other technical income	4	1,310	608	34	1,956
Net technical account	2,052	120,348	30,451	7,983	160,834

2024					
	Marine, aviation and Transport	Fire and Other Damages	Miscellaneous Financial Losses	Assumed	Total
	€000	€000	€000	€000	€000
Gross premium written	4,380	797,826	423,390	28,052	1,253,648
Gross premium earned	572	742,584	398,268	22,010	1,163,430
Gross claims incurred	(355)	(229,855)	(119,543)	876	(350,629)
Gross operating expenses	(130)	(175,746)	(85,428)	(4,107)	(265,411)
Reinsurance balances	(1,489)	(309,121)	(126,148)	(9,746)	(446,504)
Other technical income	1	860	434	18	1,313
Net technical account	(1,401)	28,718	67,583	7,299	102,199

The underwriting policy and guidelines within FMIE rely on engineering risk assessments of client sites and the knowledge and experience within the Company regarding the likelihood and severity of losses. Premium is based on the loss prevention reports, the clients' commitment to risk improvement, as well as potential exposures. A key aim for FMIE is to retain the client base whilst also focusing on profitable growth through new business. These aims are aligned to the key result areas referred to previously.

The following table reflects the geographical breakdown of the gross direct written premium by country of risk.

	2025	2024
	€000	€000
Germany	286,671	282,615
France	235,449	204,714
The Netherlands	122,781	111,803
Other EU Member States	471,825	472,084
United Kingdom	217,023	114,572
Other states outside the EU	38,120	39,808
Total	1,371,869	1,225,596

To mitigate the impact of claims on FMIE there is a significant reinsurance program in place which incorporates treaty, facultative, captive and group reinsurance. Reinsurance captives will be used at the request of the client, with facultative or treaty reinsurance utilised as required. If the risk exceeds the treaty limit, additional facultative reinsurance can be purchased, within approved guidelines.

Investment Performance

FMIE invests primarily in equity and debt securities, the majority of which are held in the US market, with some additional deposits held in local currencies, as required by regulatory authorities.

The following table reflects the market value and book value of equity and debt securities.

	2025	2025	2024	2024
	Market Value	Book value	Market Value	Book value
	€000	€000	€000	€000
Equity securities	1,462,529	1,231,350	1,218,592	1,163,305
Debt securities	840,968	845,312	931,015	967,209
Total	2,303,497	2,076,662	2,149,607	2,130,514

The increase in the value of the investment portfolio compared to 2024 is driven by the purchase of equity securities during the year, together with increases in the market value of both equity and debt securities.

Looking ahead, FMIE's investment strategy remains unchanged with the Company continuing to hold a significant portion of the investment portfolio in equity securities.

Day to day management of the FMIE investments is outsourced to FMIC with the objective of strengthening the Company and FM's financial position and thereby the capacity to provide for the insurance needs of policyholders. These needs include stability and growth of policyholder surplus as well as liquidity to cover losses.

The following table reflects the investment performance for the year:

	2025	2024
	€000	€000
Net investment (charge)/ income – LuxGAAP	(126,024)	169,697
Net unrealised gain - Solvency II	226,835	19,093
Total	100,811	188,790

The total investment return on a Solvency II basis, not recognised on a LuxGAAP basis, includes a net unrealised gain on investments of €227m (2024: €19m). The net investment charge under LuxGAAP is driven by foreign exchange losses associated with USD denominated investments, investment income and net realised gains on investment disposals.

The underlying investment charge recognised in LuxGAAP of €126m represents investment income of €163m which includes realised gains on disposal of investments, interest earned and dividends received, offset by investment charges of €289 m which relates mainly to foreign exchange losses on USD denominated investments, together with realised losses on disposal of investments.

The Company's investment strategy takes a total return approach. FMIE holds a diversified portfolio of investments to provide the potential for growth while balancing risks and liquidity needs. Over the long term, equity securities are an important contributor to returns in the context of a diversified portfolio. The Company is aware this investment approach may generate shorter term volatility and accepts this risk.

Performance of Other Activities

The only costs excluded from the technical account are investment charges and other income relating to intercompany services, neither of which are material.

There are no anticipated major costs in the future planning period.

Any Other Information

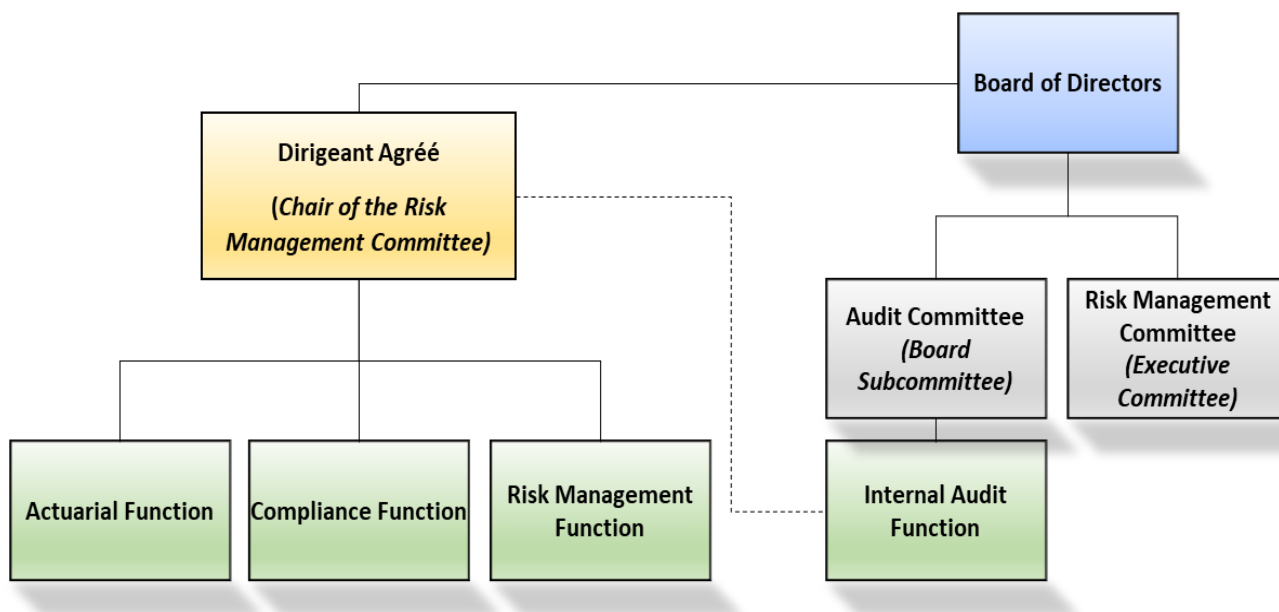
The Company is not aware of any other disclosures that need to be made at this time.

B. System of Governance

General Information

FMIE is governed by a Board which includes executive directors, non-executive directors (“NEDs”) and independent non-executive directors (“INEDs”). The Board has overall responsibilities for the management of the business, the establishment of strategy, and capital allocation within FMIE. The Board meets at least three times a year. The Audit Committee and RMC assist the Board in fulfilling its responsibilities.

The system of governance is reflected in the diagram below:



The Audit Committee shall consist of no fewer than three directors, none of whom shall be an officer of the Company and meet at least twice a year. Their responsibilities include overseeing the Internal Audit Function, approving the external audit plan and reviewing both internal and external audit reports.

The Compliance Function of FMIE reports to the Dirigeant Agréé and has a key role in monitoring and ensuring compliance with the many regulations and statutory obligations to which an international insurance business is exposed. The responsibilities of the Compliance Function include ensuring that FMIE’s risk management framework and controls comply with relevant requirements and reporting any identified gaps or breaches to the FMIE Board. The Compliance Function develops and administers policies, procedures, guidelines, and standards to ensure that FMIE complies with its legal and regulatory requirements such as anti-money laundering, financial sanctions, and anti-bribery and corruption. The Compliance Function releases the code of conduct and code of ethics on an annual basis and provides training to employees as required.

FMIE has a compliance risk policy which details the specific compliance areas relevant to the Company and an internal control policy which describes the internal control system and the monitoring in place to ensure the control system is working effectively. The Head of the Compliance Function is the Compliance Officer.

The FMIE Compliance Officer is a member of the RMC and will report at each meeting on any compliance issues that may have arisen as well as reporting on the progress of any open compliance matters. Nothing of note has been reported in the past year. The FMIE Compliance Officer reviews reports and consults with the RMC on any material breaches of risk limits and on the adequacy of proposed action provided by the RMC after considering the regulatory environment. Further, the Compliance Officer monitors changes in FMIE’s regulatory environment and communicates relevant changes to management and employees, as required.

The following Solvency II key functions are established within the Company with clear reporting lines, as shown on the above diagram:

- Actuarial Function;
- Compliance Function;
- Internal Audit Function; and
- Risk Management Function.

The Risk Management System section B.3 provides more details on these functions. There have been no material changes to the system of governance during the reporting period.

In accordance with its remuneration policy, FMIE ensures that “base pay is structured to ensure employees are paid competitively for their role taking into account the competitive practice of each country in which it operates”. FMIE neither remunerates nor assesses the performance of its employees in a way that conflicts with an employees’ duty to act in accordance with the best interests of prospects or policyholders. FMIE may award incentive payments to its employees during specified performance periods and in accordance with applicable incentive plans, which are intended to provide employees with variable compensation for performance that contributes significantly to the sustained success of the Company.

The independent non-executive members of the Board are paid a retainer by FMIE and do not participate in the incentive plans.

As outlined in section A.2, the incentive scheme is principally based on the three KRA’s. Each of these KRA’s have targets set for each calendar year which are approved by the Board.

The KRAs and incentive plans therefore align with the overall performance of FM and restrict the potential for incentive driven strategies that do not benefit the overall FM group.

Fit and Proper Requirements

FMIE has a ‘fit and proper’ standard in place which applies to those employees of FMIE that are within scope of fit and proper requirements. The standard outlines how such employees are identified, the assessment criteria, the assessment process and the process to maintain compliance with the requirements.

The purpose of the standard is to ensure persons occupying key positions within the business possess appropriate qualifications, knowledge and experience. Such persons must be of good repute and integrity, meeting the criteria specified in Articles 72 and 73 of the Luxembourg Law of 7 December 2015 on the insurance industry (the “Luxembourg Insurance Law”).

Persons occupying key positions within FMIE include:

- Directors;
- Dirigeant Agréé;
- Key Function holders under the Luxembourg Insurance Law; and
- Legal Representatives/Branch Managers.

The standard is maintained by the Law and Governmental Affairs (“L&GA”) Function and at a minimum reviewed and approved annually by the RMC. The RMC monitors compliance with the standard and has ultimate responsibility for ensuring the relevant employees are identified and meet the requirements of the standard.

There is an ongoing responsibility for both executive management and those persons occupying key positions to maintain their fit and proper status throughout their tenure in that role.

Risk Management System

The Board and management recognise the importance that risk management plays in ensuring the business is able to fully capitalise on the opportunities available to it as well as in mitigating potential loss. Risk management is an integral part of the strategic planning process of FMIE and is incorporated into the business plan. The Board aims to ensure that effective risk management practice remains embedded in the Company culture and throughout activities performed within the Company.

Risk management can be evidenced throughout the business processes of FMIE. A Risk Report is prepared by engineers when they conduct site visits at an insured’s location (or a prospect’s location in the case of potential new business). The Risk Reports are used by the account teams to underwrite an account, set limits and deductibles, and buy reinsurance if needed. Copies of the Risk Reports are also provided to the insured to advise them of any recommendations to improve the risk quality at the visited location. There are also additional tools available to the account teams and engineers to assist them in their assessment of risk and in the communication with the insured (e.g. underwriting guidelines, MyRisk, RiskMark scores etc.).

The FMIE RMC was established to provide oversight of the Company’s risks and risk management systems. As noted previously, it is an executive committee that has the power to make decisions regarding the Company’s risk management policies and practices.

The RMC is comprised of several members of the senior management team including:

- Dirigeant Agréé;
- Division Manager;
- Finance Manager;
- Actuarial Key Function Holder;
- Compliance Key Function Holder;
- Risk Management Key Function Holder;
- Engineering Manager;
- Underwriting Manager;
- Claims Manager; and
- Branch Manager of any Branch writing insurance pursuant to a license that is separately regulated from the license issued and regulated by the CAA in Luxembourg.

The RMC is responsible for setting and maintaining the risk management policy and ensuring it is consistently applied across FMIE. It is also responsible for the risk appetite framework which details the limits and tolerances the Company will accept in each of the key risk areas.

Subject matter experts contribute to the identification of the risks faced by the Company, which are then evaluated and reviewed by the RMC. Risks that have the greatest potential for adverse impact are held in a Company risk register which is monitored and regularly reviewed by the RMC. These risks cover areas of the business including, but not limited to; market, underwriting, credit, group, liquidity and compliance risk. The criteria for risks to be included on the Company risk register are based on a combination of severity and frequency factors along with the judgement of the RMC. Each risk on the register must be reviewed by the risk owner at least annually, however, risks with a high rating are reviewed more frequently.

The risk management framework is subject to enhancement and improvement as opportunities to do so are identified. The current framework includes:

- A strongly embedded risk appetite monitoring control system;
- Alignment of the risk register with the FM group; and
- Thorough reviews with Company experts.

WTW performs a periodic review of the technical provisions alongside appropriate technical support on the Igloo software platform utilised for FMIE's Solvency II capital modelling purposes. PwC Luxembourg provide expert technical and actuarial support on Luxembourg regulatory matters and support the preparation of the actuarial report to the CAA.

The risk appetite monitoring system is based on the tolerances and limits outlined within the risk appetite framework. The risk appetite of FMIE is focused on the key risks and therefore the majority of tolerances and limits relate to underwriting risk. These include targets for the combined ratio, premium retention and new business, as well as policy limits. The framework is regularly reviewed to ensure ongoing alignment with the business and its exposures. The framework is a working document and as such is expected to evolve with the business.

The RMC reviews, monitors and documents significant risks. Strategies and operational controls are considered and evaluated to ensure the minimisation and effective management of each risk. There is a standing item on the RMC agenda to consider the potential for any new risks arising from operational changes, outsourcing changes or emerging risk areas. The discussion will include whether to re-run the ORSA process in order to quantify the potential effect on capital. To assist with the identification of new risks there are policies in place for each of the risk categories, reviewed at least annually, which define that risk area and provide examples of the types of risks to be considered and potential controls to mitigate that risk.

The materiality of risks is determined during the development of the risk profile by considering the consequences, likelihood and controllability of each risk. The assessment of risk is based on quantitative and/or qualitative factors.

The risks from the risk register are a key input into the solvency capital model. The RMC are involved in the review of the ORSA and their familiarity with the risks involved gives them a good understanding of the expected capital charge and coverage.

In addition to risks identified and managed through the risk register, FMIE's overall approach is to minimise risk as demonstrated by the levels of internal review and audit within the Company. Regular audits of engineering, claims and underwriting processes and procedures take place to ensure that controls are appropriate and being adhered to. In addition, whenever a significant claim occurs, a review of the underwriting and engineering assessments for that location occurs to determine whether any lessons can be learned and applied going forward.

Assets held for solvency purposes are segregated between long and short-term holdings. Short-term assets are held for working capital purposes and with a policy of neutrality on foreign currency. Cash deposits and short-term investments are held in US Dollars, unless required for a specific liability, in which case the amount required would be held in the relevant transaction currency, if appropriate.

Short-term assets provide the day to day working capital for the Company. The level of assets held is based on rolling 12-month cash flow forecasts prepared at a currency level. Any excess cash is invested in long-term holdings in accordance with the investment policy.

FMIE's long-term assets are managed on behalf of FMIE by the FMIC Investment Function. It is expected that equity securities will provide superior long-term returns than debt securities, albeit with greater volatility.

ORSA

The ORSA process is completed annually as such to have the results available for the business strategy planning process each year.

In certain circumstances an additional interim or partial ORSA will be run. Examples of the potential triggers for an interim or partial ORSA may include:

- Changes to the business structure;
- Significant proposed changes to the investment portfolio; and
- Changes to strategy arising during the planning process.

At each RMC meeting any significant changes to the business or the risk register are discussed and the need for a partial or full ORSA considered.

The ORSA is a method of assessing, in a continuous and prospective way, the solvency of an entity, the potential to deal with severe loss scenarios and the ability to continue operating as a going concern. The ORSA process is clearly defined within the ORSA policy, outlining specific action items that are followed to ensure all material and emerging risks are considered within the modelling process. It forms an important component of the risk management framework, culminating in the creation of an ORSA report at a minimum on an annual basis.

The RMC drives the ORSA process by reviewing key inputs as well as performing a preliminary review of the outputs. The Board has ultimate oversight of the process and performs the final review and sign off.

A review is performed of the levels of coverage arising from each solvency calculation, with FMIE's own solvency assessment compared against the regulatory solvency assessment to determine whether additional cover is required. As FMIE is currently well capitalised no further actions were required as a result of the latest review.

Internal Control System

FMIE has a strong control environment in place, modelled on the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework. Thus, the internal control system within FMIE consists of five key components, namely:

- Control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring activities.

These headings will be used to describe the FMIE internal control system, including any details on the key procedures in place.

CONTROL ENVIRONMENT

The Board and senior management of FMIE lead by example regarding the importance of internal control and play an integral part in setting expectations at all levels within the Company. The Audit Committee addresses key components of the internal control system, as outlined in section B.1.

The RMC, with oversight from the Board, regularly reviews, approves, and monitors adherence to the various policies that govern FMIE management and employees.

There is a specific Compliance Function which monitors and maintains compliance with the many regulations and statutory obligations to which an international business is exposed.

RISK ASSESSMENT

FMIE has an established process for identifying and assessing the risks involved in achieving the business' objectives. As noted above, a risk register is used and overseen by the RMC to identify, assess, rate and record the significant risks faced by FMIE.

The risk register also serves as a tool for Internal Audit in the development of the annual risk-based audit plan.

CONTROL ACTIVITIES

Control activities support the internal control system within FMIE and are closely aligned with risk assessment. Management is tasked with enacting policies and procedures that help to prevent, detect or otherwise mitigate the risks identified in the ongoing risk assessment process.

Control activities are built around the general business processes, such as treasury and accounts payable, as well as processes specific to the insurance industry, such as underwriting and claims management. Technology related controls cover information security, system change management and data back-up.

The types of controls that exist within the business include, but are not limited to:

- Reconciliations;
- System controls;
- Authorisations and approvals; and
- Physical controls.

In implementing each of the control activities in the business, consideration is given to the segregation of duties to reduce the possibilities of controls being overridden.

INFORMATION AND COMMUNICATION

Information is important in helping the business achieve its objectives and this includes information regarding the internal control system.

Information about the business' objectives is primarily disseminated by senior management to management and employees through their reporting lines. In addition, there are various other forums, both physical and online, through which Company information is communicated.

Departmental level information is also widely collected to help measure performance, record exceptions and determine any additional measures that are necessary.

Management communicates externally to clients, brokers, vendors and the public through meetings, annual reports, articles in industry publications, and various marketing initiatives.

MONITORING ACTIVITIES

There are various forms of ongoing and independent evaluations to monitor the internal control system. These could be conducted by internal or external resources.

Separate evaluations are performed by both Internal Audit and staff auditors. Internal Audit is tasked with carrying out evaluations on various aspects of the business; financial, operational and compliance. Findings are reported to management and to the Board through the Audit Committee.

In addition to the work performed by Internal Audit, there are discipline specific evaluations performed by staff auditors. Examples of these include:

- Claims audits;
- Engineering audits;
- Operations audits;
- Processing audits;
- Underwriting audits; and
- Health and Safety audits.

COMPLIANCE FUNCTION

FMIE is committed to managing its exposure to compliance risk in accordance with the agreed risk appetite. To properly address the risk, FMIE maintains an effective relationship and remains in good standing with the CAA in Luxembourg and its host regulators in the territories where FMIE is licensed to write insurance and reinsurance business.

The risk appetite framework is used to advise management of the risks to which the Company is exposed. Any potential or existing risks are measured against the framework, and the results and outcomes of actions are monitored to ensure they remain within acceptable limits. The risk appetite and tolerances are subject to review by the RMC to ensure that they remain relevant and achievable.

FMIE's appetite for compliance risk is based upon the assumption that insurance companies are heavily regulated businesses. The loss of or any significant restriction on any of FMIE's licenses would impair FM's ability to meet the needs of its policyholders and thus represents a threat to the business. Serious or persistent non-compliance with the rules and regulations of FMIE's home and host regulators could lead to the loss of, or a substantial restriction to, one or more of its insurance permissions. Appropriate

systems and controls must therefore be maintained and monitored to ensure that FMIE remains in good standing with its home and host regulators, and to ensure that any instances of non-compliance are promptly and effectively identified, assessed and addressed.

Internal Audit Function

FMIE considers Internal Audit as an independent appraisal function tasked with examining and evaluating Company activities on behalf of management and the Board. The mission of Internal Audit is to support the management and employees of FMIE in the effective discharge of their responsibilities, by providing an independent and objective assurance and advisory function.

The Internal Audit Function with responsibility for FMIE is based in Luxembourg and headed by the EMEA Internal Audit manager. The EMEA Internal Audit manager holds the Head of Internal Audit position to the FMIE Audit Committee and reports to the Group Chief Auditor. Bi-annually the EMEA Internal Audit manager will submit to the Audit Committee a written report on the activities of the Internal Audit Function in the preceding auditable period and also makes an oral report to the Audit Committee. The EMEA Internal Audit manager may confer with the Audit Committee or directly with the Chair of the Audit Committee or any other member of the Audit Committee, including the INEDs, outside the presence of Company officials on any subject relevant to Internal Audit’s area of responsibility.

On an annual basis, a risk based Internal Audit plan is developed and presented to the Audit Committee for approval.

The Internal Audit annual plan is a risk-based plan that includes three major categories of work: (1) audit procedures related to internal control over financial reporting; (2) engagements related to regulatory compliance; and (3) risk-based internally focused audits.

- (1) Audit work related to the internal control over financial reporting includes the evaluation of internal controls at the significant financial business processes level. A financial business process is considered significant primarily based on quantitative factors, including the financial misstatement effect.
- (2) Certain regulations require or advise Internal Audit to perform periodic audits including, but not restricted to, compliance with the Solvency II requirements of Pillar 2, Governance and Risk Management. These are included in the audit plan as appropriate.
- (3) Identification of the internally focused audits is based on a risk assessment process. Internal Audit constructs an audit universe based on their knowledge of the business and discussions with various levels of management. The audit universe is made up of auditable areas which are mapped to other assurance activities within the Company. Internal Audit meets with the other assurance providers to understand the nature of their work and to determine what areas require internal audit coverage. The auditable areas covered by Internal Audit are assigned a risk rating and ranked using a risk assessment formula to ensure the most effective use of Internal Audit’s resources.

The risk assessment model considers the following factors when assigning a risk rating to each auditable area:

Likelihood of Control Issues	Impact of Control Issues
Result of prior audits	Efficiency/Effectiveness effect
Time since the last audit	Solvency impact
Complexity of the process	Service to clients
Automated or manual process	Employee relations
Management/Personnel competency	Regulatory
Degree of change in the audit area	Materiality
Susceptibility to fraud	

The ranking of auditable areas as high, medium or low risk helps determine whether to include them in the audit plan for that year. Additional audits and advisory assignments may also be performed outside of the annual audit plan if circumstances dictate, or if requested by management following a change in processes and/or procedures.

Before the commencement of each audit, an audit announcement memorandum will be distributed to management by the Chief Auditor. This details the agreed scope and timing and sets out any other information pertinent to the audit.

A written audit report will be prepared and issued to management by the Chief Auditor following the conclusion of each audit. There is an overall report owner to whom the report is addressed, and any findings noted in the audit are assigned an action owner. The action owners are responsible for remediating their respective findings by a target date agreed with Internal Audit.

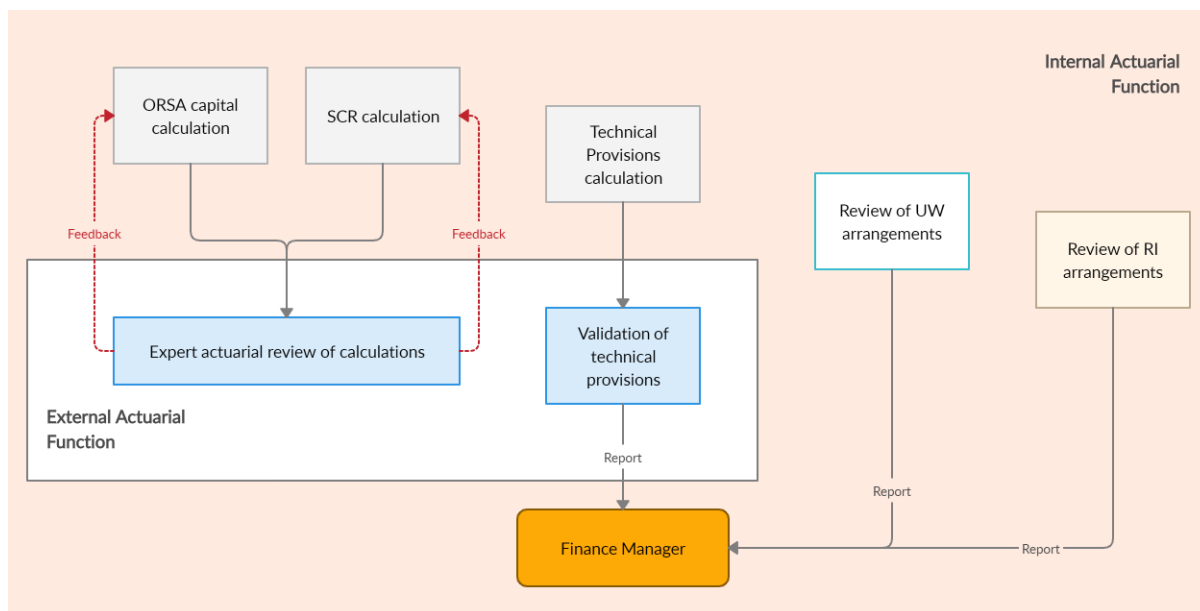
The report owner is responsible for ensuring that progress is made towards correcting any unsatisfactory audit findings and Internal Audit is responsible for determining whether action taken is adequate to resolve the findings. If the action is not adequate, Internal Audit will inform management of the potential risk and exposure in allowing the unsatisfactory conditions to continue.

The Internal Audit Function is structured so that it maintains its independence and objectivity from the activities it reviews. The Internal Audit Function is independent from the business and has direct access to the Audit Committee. With the exception of Operations, which are subject to discipline-specific audits carried out by staff audit functions, Internal Audit perform audits on all areas of the business based on the risk assessment model described above, ensuring that higher risk areas are audited more frequently than lower risk areas. Internal audit is also responsible for evaluating the audit methodologies of the staff audit functions mentioned above.

Actuarial Function

The Head of the Actuarial Function is the Finance Manager who is supported by other members of the Finance department. Expert advice from external actuarial providers and from experts in other areas of FM is obtained as required to cover the obligations of the Solvency II Regulations. The Actuarial Function consists of individuals who have sufficient knowledge of actuarial and financial mathematics to ensure accurate calculations are prepared internally and that there is a robust review of any expert advice provided.

Below is an overview diagram of the workflow and tasks within the Actuarial Function:



An actuarial function policy is in place which clearly defines the division of tasks between the Internal Actuarial Function and the External Actuarial Function. The policy is reviewed at least annually by the RMC. The external actuarial experts have knowledge of capital modelling for general insurers as well as general knowledge of actuarial practices within the insurance industry. In accordance with the outsourcing policy and the outsourcing agreement for actuarial support, PwC Luxembourg supports the preparation of the annual actuarial report. WTW provides an independent validation of the Solvency II technical provisions.

The external actuarial experts report directly to the Finance Manager and work closely with the Finance department as required. Additional ad-hoc work may be required during the year, outside of the predetermined responsibilities, and will be agreed with the Finance Manager at that time.

The reviews of the reinsurance (“RI”) and underwriting (“UW”) arrangements are conducted by experts within FMIC who have sufficient knowledge and skills to accurately perform the review. A written report is provided by the experts to the Head of the Actuarial Function on an annual basis which expresses an opinion on the overall adequacy of reinsurance and underwriting arrangements. These reviews were performed during 2025 and confirmed that all arrangements are in accordance with Article 272 of the Solvency II Delegated Acts.

FMIE has committed to completing a formal review of the technical provisions every two years supported by the fact that no high priority recommendations were made as a result of previous reviews and that there have been no material changes in the technical

provision calculation process. The latest formal review by WTW occurred during the second half of 2024 involving experienced professionals with sufficient expert judgement to review the calculation.

Consistent with previous reviews WTW concluded that overall FMIE’s technical provisions met the validation requirements as set out in Article 264 of the Delegated Act. There were no high priority recommendations. Minor recommendations made by WTW will be considered as part of a process review and improvement cycle.

Outsourcing

From time to time FMIE may outsource business activities to other parties, in accordance with its comprehensive outsourcing policy, whose purpose is to provide guidance on how to identify and appropriately manage the risks associated with outsourcing. The policy is available to any employee who may be involved in setting up an outsourcing arrangement and provides guidelines on the levels of agreement that are acceptable to FMIE and compliant with applicable regulatory requirements.

The policy has been developed to ensure that potential service providers have the ability, capacity and authority to perform the function. The policy broadly covers:

- The process to be followed in identifying potential suppliers of outsourced services;
- The terms to be included in the outsourcing contract;
- Supervision of the outsourced services;
- Management and monitoring of the contract; and
- Contingency arrangements and the process to be followed on exiting contracts.

The table below shows the critical functions or activities outsourced by FMIE and the jurisdiction in which the service providers are located:

Outsourced functions/activities	Description	Jurisdiction of service provider
Information & Technology (IT)	Elements of the provision of IT services and support are outsourced to FMIC.	United States of America
Investment management	All investment management activities are outsourced to the FMIC Investments function.	United States of America
Reinsurance structuring	The sourcing, placement and management of the reinsurance programme is outsourced to the FMIC Reinsurance function.	United States of America
Actuarial Function	Provision of data analytics support by FMIC.	United States of America

Any Other Information

FMIE has a robust system of governance. There have been no material changes within the system of governance over the reporting period. All the relevant points have been detailed in this report and there are no further disclosures required at this time.

C. Risk Profile

Non-Life Underwriting Risk

Central to the business model is that underwriting risk within FMIE is accepted and managed within agreed risk parameters. As a result, this area is very closely monitored and regulated through:

- Clear and specific underwriting guidelines;
- Well defined systems of training and monitoring;
- Regular process audits;
- General business controls as detailed in the Internal Control section of this document; and
- Regular risk appetite monitoring.

FMIE has a significant reinsurance program with a number of treaties available, which provide additional cover for those risks that expose FMIE to potentially significant claims outside of the risk appetite. In addition, FMIE can purchase facultative reinsurance, as necessary.

On a local level the pricing structure is set to take into consideration the concentration of clients, and reinsurance is used to limit FMIE's exposure as needed. The risk exposures for any new clients are considered alongside the existing exposures, and any concentrations of risk are considered. Due to the wide geographical spread of the FMIE business, the potential for a concentration of risk to significantly affect capital is limited.

The underwriting risk within the SF calculation generates a capital charge of €146m (2024: €166m). The decrease in underwriting risk is driven by lower levels of budgeted written premium and lower reserves for the current year driven by lower loss frequency and severity. The table below contains the elements of the non-life underwriting capital charge that forms part of the SCR:

	2025	2024	Variance
	€000	€000	€000
Lapse risk	4,719	3,026	1,693
Catastrophe risk	58,438	71,178	(12,740)
Premium & Reserve risk	82,594	91,741	(9,147)
Total Underwriting Risk	145,751	165,945	(20,194)

There are strong controls around the calculation of the underwriting risk within the SF including the review of inputs and parameters by management, sensitivity testing, and management review of the results.

Market Risk

Market risk is the most sensitive area of the FMIE SCR due to the level of US Dollar investments held and the number of currencies in which FMIE transacts. Both areas could potentially lead to significant variability in the market risk charge.

Market risk is rated medium on the risk register and is monitored closely by the RMC. Several sensitivity tests have been run on this risk area, and any significant investment decisions are run through the SF and the ORSA model to assess the potential impact on capital. The results of the sensitivity testing are compared against the risk appetite of FMIE in order that the Board can evaluate the impact of any change.

As FMIE holds and transacts business in a number of currencies other than the Euro, a certain level of market risk exists. Strict guidelines are in place regarding levels of currency, asset/liability matching and investment practices.

The type of investments held by FMIE are a key driver of the market risk charge and an area where management decisions can have a significant effect.

The Company's investment strategy takes a total return approach. FMIE holds a diversified portfolio of investments to provide the potential for growth while balancing risks and liquidity needs. Over the long term, equity securities are an important contributor to returns in the context of a diversified portfolio. The Company is aware this investment approach may generate shorter term volatility and accepts this risk. There is no plan currently to change the investment strategy.

The following table shows the SF capital charge in respect of market risk.

	2025	2024	Variance
	€000	€000	€000
Interest rate risk	64,076	76,583	(12,507)
Equity risk	470,359	327,733	142,626
Property risk	6,565	8,064	(1,499)
Spread risk	42,216	46,185	(3,969)
Currency risk	426,754	364,634	62,120
Concentration risk	100,882	129,464	(28,582)
Total Market Risk	1,110,852	952,663	158,189

The increase of the market risk is primarily attributable to equity and currency risk.

The increase in equity risk is driven by holding higher levels of equity securities at the close of 2025, this being driven by net purchases of equity securities during the year and favourable market value changes. The equity risk symmetric adjustment factor which is issued by EIOPA (a mechanism to smooth the volatility of equity markets and its impact on equity securities) increased from 2.85% to 7.90% during the year, the impact of which was to increase to the equity risk charge by approximately €54m.

The currency risk charge is calculated for the exposure the Company has to currencies other than the Euro. The increase in the currency risk charge is mainly driven by an increase in USD exposure from net investment purchases and favourable market value gains on both equity securities and bonds.

Equity securities are the key driver of the concentration risk capital charge, a small reduction in the concentration of equity securities drives the reduction in the concentration risk charge compared to 2024.

Interest rate risk has decreased compared to the prior year due to a decrease in net asset values included within the calculation of this risk (which include debt securities and net technical provisions), interest rate risk was further impacted by a decrease in interest rates during the year.

The property risk charge is in respect of leased office premises.

The market risk capital charge is within the risk appetite of the Company.

Counterparty Risk

The FMIE policy is to only use reinsurers that meet a specified surplus threshold who have an acceptable credit rating, unless an exception has been granted by FM Staff Underwriting. Historically there have been no instances of reinsurer default. FMIE's largest single reinsurer is FMIC which is rated AA (Very Strong) by Fitch Ratings, A+ (Superior) by AM Best, and AA- by Standard and Poor's; therefore, FMIC is considered unlikely to fail.

The non-rated reinsurance entities used by FMIE are typically captives that are used at the request of the client. As these entities do not have ratings, to mitigate potential exposure to default there are contracts in place which specify that any monies must be received from the captive before FMIE pays the client.

The total counterparty default charge within the SF is €86m (2024: €132m), the reduction in the year driven mainly by a lower level of exposure to reinsurers compared to 2024.

Liquidity Risk

This is not considered a key risk area for FMIE as the investment policy requires that cash in the relevant currency is held against any large outstanding claims. To assist in managing liquidity on a day-to-day basis, a 12-month rolling cash flow forecast is used to forecast claims payments along with income and reinsurance receipts due, to ensure appropriate levels of operational cash are maintained.

There is a small expected loss included in future premium of €9m as at 31 December 2025 (2024: €24m profit), driven by the impact of budgeted policyholder credits and combined ratio. However, this will not impact the liquidity of the Company adversely.

Additionally, to support liquidity management, there is also an arrangement in place with FMIC which provides that if required, the reinsurance due from FMIC will be paid in advance, to fund the payment to the client. This facility is considered on a claim-by-claim basis. Historically, a similar arrangement has proven to be very effective for other group entities following significant catastrophe events.

Operational Risk

Operational risk represents the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. The key risk areas are monitored through the risk register and the risk appetite framework. They are reviewed at RMC meetings to ensure management is aware of the risks, they are being adequately controlled, and mitigation efforts are in place, if deemed necessary.

There is very little concentration of risks within the operational risk area of the capital modelling as these are mostly very disparate events with little or no correlation with each other. As a result, the individual elements of this risk area are not very sensitive and a change to one will not have a significant effect on the overall operational risk charge for the ORSA model.

The SF charge for operational risk is a calculation based either on the technical provisions or earned premium. The total operational charge from the SF model for 2025 is €41m (2024: €33m).

The operational risk charge has increased compared to the prior year, driven by a higher level of gross earned premium.

Other Material Risks

In addition to the above risk categories the Company also considered group risk and the risk of climate change.

Group risk is not considered significant for FMIE, as FMIC is very highly rated and unlikely to fail within a 99.5% confidence level. As at 31 December 2025, FM had US\$31bn in capital.

If FMIC were to fail, this would be the most extreme scenario for FMIE as it would mean the potential loss of many clients and would likely cause FMIE to fail. This is considered as part of the reverse stress testing as it is such an extreme scenario and outside the parameters of the model calculations.

The main risk for FMIE is that FMIC does not meet their financial obligations as they are FMIE's largest reinsurer. As noted above, FM is very highly rated, indicating they are unlikely to default. FMIC also held US\$1.7bn of available cash on their balance sheet at 31 December 2025. In addition, defaulting on FMIE would mean losing one of their international bases of operation thereby adversely impacting FM's business model. The risk of FMIC defaulting on its reinsurance balances with FMIE is included within the counterparty risk section of the model in the same way as for any external reinsurer.

FMIC provides support services to FMIE, including investment management and system support, however the Company could continue to function in the short-term using local resources until new contracts were agreed. As the likelihood of FMIC not meeting their financial obligations is low and there are strong controls and mitigation in place, the overall rating of this risk is rated low and therefore not separately modelled within the ORSA.

All services provided by FMIC are covered by a group risk on the risk register which is reviewed at least annually by the RMC. In addition, the reinsurance exposure of FMIE to FMIC is monitored monthly as part of management reporting and is included in the risk appetite monitoring control sheet which is distributed to the RMC. There is an agreement in place to settle reinsurance balances quarterly which also limits FMIE's exposure to FMIC.

The ORSA capital model takes into consideration the fact that the failure of FMIC will also mean the cessation of the stop loss cover. If a simulation has calculated that FMIC will go into default, then the stop loss and amount ceded on expenses is also considered unrecoverable. A large capital charge for this scenario is generated within the extreme tail of the model, outside of the 99.5% confidence level.

The SF model does not have the facility to fully account for the stop loss cover, with the stop loss only included within the catastrophe risk calculation in the underwriting risk component of the SF. The catastrophe risk element of the calculation is capped at the limit of the stop loss treaty which results in a high level of reinsurance being generated. This reinsurance is initially assigned to any available treaties with amounts generating risk in excess of the stop loss attachment point allocated to FMIC. All reinsurance amounts generated through this calculation are included within the counterparty default charge. The remainder of the SF calculation does not include any further adjustments for the stop loss. The Board understands that this generates a higher SCR, however they are comfortable that there is sufficient capital in place and that the SF remains appropriate for the Company.

As a market leader in property loss prevention, FM will continue to evaluate climate change and its evolving risk. To better understand climate-related risk, FM has more than 140 researchers, scientists, engineers and technicians dedicated to evaluating the potential for natural and technological catastrophes, developing innovative methods and tools to predict and prevent property damage, and providing technically sound and cost-effective loss prevention engineering solutions to clients. FM believes one of

the most effective strategies to address climate-related risks is to help clients identify, assess and manage their climate-related exposures.

The evolving risk of climate change is regularly discussed by the RMC and considered by the Board, resulting in a climate change scenario within the ORSA. The three largest natural hazard exposures for FMIE have been identified by the FM data analytics team and are included within the ORSA model. Risks associated with climate change are incorporated into the location-based approach to underwriting, research and the risk assessments carried out by FM engineers. These risks are priced into the business and as a market leader in property loss prevention, FM continually evaluates risk associated with climate change. The RMC believe that the primary risks to the business from climate change are inherently included within underwriting risk. The potential effect of horizontal risk further increases the frequency and severity of the natural hazard exposures, a driver of which could be climate change. The RMC therefore feel this scenario appropriately captures the primary risks to the business from climate change as part of the 2024 ORSA.

Any Other Information

Sensitivity and scenario testing is performed during the modelling process to assist in both understanding the effect of movements within a specific risk area and illustrating the interaction of the risk areas within the overall capital charge.

The stressed model parameters are recommended by the Solvency II modelling team and agreed with the RMC based on areas considered to be key risks for FMIE. The testing affecting individual risk areas has been discussed previously in this report. The tests performed on the ORSA model differ from those within the SF model.

The sensitivity testing completed on the SF model included the following:

- Converting equity securities into debt securities (test1 in table below)
- Reducing all counterparty ratings by one credit quality level (test 2 in table below)
- Reducing FMIC's rating by one credit quality level (test 3 in table below)
- Adjusting the market risk - equity risk parameters (test 4 in table below)
- Foreign currency exposure, the US Dollar strengthens by 15% relative to the Euro (test 5 in table below).

The results of these tests reflect the significance of each area on the capital charge and offer management focused information to review business decisions and take a strategic view. A summary of the results are as follows:

	Final Submission	Test 1 : Equities to debt securities	Test 2: Counterparty reduction	Test 3: FMIC credit level	Test 4 : Market risk parameters	Test 5: FX exposure USD strengthens
	€000	€000	€000	€000	€000	€000
Non-Life risk	145,751	145,751	145,751	145,751	145,751	145,751
Market risk	1,110,852	728,698	1,110,852	1,110,852	1,135,729	1,279,874
Counterparty risk	86,032	86,032	105,051	95,915	86,032	86,032
Operational risk	41,480	41,480	41,480	41,480	41,480	41,480
Diversification	(157,766)	(150,151)	(169,645)	(163,972)	(158,097)	(159,774)
Total SCR	1,226,349	851,810	1,233,489	1,230,026	1,250,895	1,393,363
Solvency II available own funds	2,308,517	2,308,517	2,308,517	2,308,517	2,308,517	2,568,813
Solvency ratio	188.2%	271.0%	187.2%	187.7%	184.6%	184.4%

The sensitivity tests above demonstrate equity securities are a key driver of the solvency capital charge. The scenario providing the greatest capital coverage for FMIE would be to convert the equity securities (Test 1) into debt securities which, even with bonds in US Dollars, would result in a decrease of the SCR to €852m and an increase in the solvency ratio to 271.0%.

The increase in the equity risk / symmetric adjustment factor (Test 4) from the year-end percentage of 7.9% to the maximum of 10% would reduce the capital coverage ratio, this scenario would result in an increase of the SCR to €1,250m and result in a solvency ratio of 184.6%.

The scenario relating to the strengthening of the US Dollar relative to the Euro (Test 5), results in an increase in the SCR due to the increase in US Dollar exposure. This scenario would result in an increase of the SCR to €1,393m, while own funds also increase to €2,569m, overall, there is a decrease in the solvency ratio to 184.4%.

Reducing the credit ratings of all reinsurance counterparties (Test 2) by one credit level does not have a significant impact on the solvency ratio. This scenario would result in an increase of the SCR to €1,233m and a decrease in the solvency ratio to 187.2%. Management reviews this area regularly and has strict rules in place for utilising new reinsurers.

D. Valuation for Solvency Purposes

The following tables contain summary LuxGAAP and Solvency II balance sheet information and show the assets and liability valuation and presentation differences in moving from a LuxGAAP to Solvency II basis of presentation.

Balance sheet summary as 31 December 2025.

	LuxGAAP	SII valuation adjustments	SII presentation adjustments	Solvency II
	€000	€000	€000	€000
Deferred acquisition costs	8,240	(8,240)	-	-
Pension surplus	-	-	135,131	135,131
Property, plant & equipment	25,754	45,249	-	71,003
Investments	2,076,722	232,359	5,065	2,314,145
Reinsurance recoverable	527,918	(167,243)	(219,256)	141,419
Insurance receivables	254,967	-	(195,725)	59,241
Reinsurance receivables	155,806	-	-	155,806
Receivables (trade, not insurance)	376,000	-	-	376,000
Cash and cash equivalents	125,280	-	-	125,280
All other assets	430,352	-	(346,529)	83,822
Total assets	3,981,039	102,125	(621,316)	3,461,848
Technical provisions	741,663	(109,730)	(256,919)	375,014
Pension benefit obligation	305,326	-	(206,334)	98,992
Provisions other than technical provisions	175,304	-	-	175,304
Deferred tax liabilities	-	73,770	-	73,770
Insurance payables	240,199	-	(219,256)	20,943
Payables (trade, not insurance)	245,694	-	-	245,694
All other liabilities	90,404	12,016	61,194	163,614
Total liabilities	1,798,590	(23,944)	(621,316)	1,153,331
Excess of assets over liabilities	2,182,449	126,068	-	2,308,517

Balance sheet summary as 31 December 2024.

	LuxGAAP	SII valuation adjustments	SII presentation adjustments	Solvency II
	€000	€000	€000	€000
Deferred acquisition costs	7,664	(7,664)	-	-
Pension surplus	-	-	112,955	112,955
Property, plant & equipment	17,959	57,254	-	75,213
Investments	2,130,574	23,645	5,235	2,159,453
Reinsurance recoverable	757,287	(83,959)	(223,229)	450,099
Insurance receivables	266,424	-	(252,094)	14,330
Reinsurance receivables	81,129	-	16,189	97,318
Receivables (trade, not insurance)	119,649	-	-	119,649
Cash and cash equivalents	239,319	-	-	239,319
All other assets	425,595	-	(336,919)	88,676
Total assets	4,045,600	(10,724)	(677,863)	3,357,013
Technical provisions	1,031,090	(39,651)	(252,094)	739,345
Pension benefit obligation	325,607	-	(218,729)	106,878
Provisions other than technical provisions	156,236	-	-	156,236
Deferred tax liabilities	-	31,982	-	31,982
Insurance payables	224,076	-	(207,040)	17,036
Payables (trade, not insurance)	74,676	-	-	74,676
All other liabilities	71,611	26,803	-	98,414
Total liabilities	1,883,296	19,134	(677,863)	1,224,566
Excess of assets over liabilities	2,162,304	(29,858)	-	2,132,446

The basis used for Solvency II valuation of assets and liabilities is outlined below.

Assets

DEFERRED ACQUISITION COSTS

Deferred acquisition costs are not recognised under the Delegated Acts and therefore the Solvency II balance sheet value is € nil.

PENSION SURPLUS

For defined benefit plan pension arrangements, scheme assets are measured at fair value, and the liabilities are measured on an actuarial basis using the projected unit method and are discounted at the current rate of return of a high-quality corporate bond of an equivalent term and currency to the liabilities.

The net pension surplus is recognised to the extent it is considered recoverable through an unconditional right to a refund or in a potential reduction of future funding contributions.

PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is held at cost less accumulated depreciation under both LuxGAAP and Solvency II, which approximates the fair value based on a current replacement costs basis.

In accordance with the principles of IFRS 16: Leases, under Solvency II all material lease commitments with a lease term in excess of one year, have been capitalised and recognised as assets within this category on the balance sheet.

INVESTMENTS

Investments are comprised of equity securities and high-grade debt securities.

Under LuxGAAP basis, equity securities are held at the lower of acquisition cost or market value. Debt securities are held at amortised cost. Investments under Solvency II are held at fair value, measured on a market value basis consistent with Article 10(2) of the Delegated Acts.

Under Solvency II equity securities are financial assets that are measured by reference to published quotes in an active market, with quoted prices readily and regularly available from an exchange, dealer, or broker that represent actual and regularly occurring market transactions on an arm's length basis.

For Solvency II, debt securities are measured using valuation techniques based on assumptions that are supported by prices from observable current market transactions. Debt securities are priced by an independent vendor using evaluated market pricing models.

Solvency II reporting includes accrued interest as part of the investment carrying value, however under LuxGAAP, accrued interest is disclosed separately as part of other assets

For Solvency reporting investments in affiliated undertakings and participating interests are presented at fair value, using an adjusted equity method.

REINSURANCE RECOVERABLE

Details related to the valuation of technical provisions are provided in section D.2.

INSURANCE AND REINSURANCE RECEIVABLES

Insurance and reinsurance receivables are recorded at transaction price. Due to the short-term nature of the balances, they are held at an undiscounted amount. Under Solvency II the portion of insurance receivables not past due for collection are reclassified into the technical provisions.

RECEIVABLES (TRADE, NOT INSURANCE)

Receivables in the balance sheet are comprised of other debtors and are recorded at transaction price.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

ALL OTHER ASSETS

Included within all other assets is an amount of €88m relating to the amount recoverable on an insurance contract covering obligations arising from the Company's German defined benefit pension scheme. The recoverable is recognised at fair value, which is determined using an alternative valuation method linked to the underlying pension obligations covered by the contract.

Liabilities - Technical Provisions

The technical provisions represent a best estimate of future technical cashflows, discounted to present value.

Under Solvency II, the value of technical provisions is expected to correspond to the amount an insurance or reinsurance undertaking would notionally have to pay if it transferred its contractual rights and obligations immediately to another undertaking and should comprise a best estimate of future cashflows, discounted to present value, and a risk margin.

For non-life undertakings, the best estimate is the sum of the following:

- Claims provision - a provision relating to events that have already occurred; and
- Premium provision - a provision relating to events on unexpired risks at the balance sheet date within the contract boundaries.

The best estimate technical provisions on the Solvency II basis are supplemented by the risk margin, representing the cost of capital which a third party would incur in taking over and running the existing obligations to final settlement. In accordance with

the Solvency II Delegated Acts the risk margin is calculated by determining the cost of providing an amount of eligible own funds equal to the SCR necessary to support the current insurance obligations over their lifetime.

A technical provisions policy is in place which outlines the requirements under Solvency II and ensures each set of calculations are performed consistently. In addition, detailed procedures are available to ensure the calculation can be re-performed, if required.

Under Solvency II the technical provisions are based on the calculation specified in section 3 of Chapter III of Title 1 of the Delegated Acts. This requires certain additional elements which are not included under the LuxGAAP valuations used in the LuxGAAP FS. Within the premium provision, the value of premium arising from those contracts which have been bound but not incepted (“BBNI”) at the year-end date is added. Events not in data (“ENIDs”) have been included based on FMIE specific modelled catastrophes, which are generated by FMIC’s data modelling team. Future cash in-flows and out-flows from insurance receivables and payables, representing cash flow benefits and obligations arising from contracts of insurance, are included in the premium provision value before discounting. Values relating to premium and overheads are included in the gross or reinsurance premium provision and those related to claims are included in the claims provision workings.

For both the premium and claims provisions, an adjustment for reinsurer default has been included to account for the possibility that all reinsurance may not be recovered. This has been calculated based on counterparty risk factors within the SF.

The discounting is calculated by currency and uses the risk-free rates published by EIOPA.

Future claims experience is dependent on the external environment, which is subject to uncertainties related to legislative, social and economic change. The impact of uncertain external factors is considered throughout the reserving exercise and through sensitivity testing, including in the predicted profit ratios. External factors, future client behaviour and management actions are considered when preparing the strategic plan. The external environment is monitored and where relevant, predicted changes to the market and potential impacts are included in the provision, or considered through sensitivity testing. The results of testing this year can be found in section C.7.

The payment of future claims is dependent on historical payment patterns that are used in the reserve best estimate.

The table below reflects the consolidated technical provisions by type, as shown in template s.17.01.02, and compares these to the LuxGAAP values as at 31 December 2025.

2025	LuxGAAP	Solvency II	Difference
	€000	€000	€000
Premium Provision			
<i>Gross</i>	518,217	134,235	383,982
<i>Reinsurance</i>	(387,230)	(11,833)	(375,397)
Net	130,987	122,402	8,585
Claims Provision			
<i>Gross</i>	223,447	211,833	11,614
<i>Reinsurance</i>	(140,688)	(129,586)	(11,102)
Net	82,759	82,247	512
Total best estimate – gross	741,664	346,068	395,596
Total best estimate – net	213,746	204,649	9,097
Risk margin	-	28,946	(28,946)

2024	LuxGAAP	Solvency II	Difference
	€000	€000	€000
Premium Provision			
<i>Gross</i>	540,567	251,719	288,848
<i>Reinsurance</i>	(405,108)	(122,636)	(282,472)
Net	135,459	129,083	6,376
Claims Provision			
<i>Gross</i>	490,523	453,779	36,744
<i>Reinsurance</i>	(352,179)	(327,464)	(24,715)
Net	138,344	126,315	12,029
Total best estimate – gross	1,031,090	705,498	325,592
Total best estimate – net	273,803	255,398	18,405
Risk margin	-	33,847	(33,847)

The difference between the LuxGAAP and Solvency II technical provisions balances is primarily due to Solvency II reporting using discounted cash flows and considering future claims and expense obligations of bound insurance contracts. In addition, Solvency II includes additional provisions such as the risk margin that are required per the Delegated Acts.

The current year differences between LuxGAAP and Solvency II technical provisions can be summarised as follows:

PREMIUM PROVISION GROSS

The movement of €384m is represented by the removal of unearned premium of €518m, a discounting impact of €40m, and future expected premium cash flows of €718m offset by future claims and expenses cash flows of €892m.

PREMIUM PROVISION CEDED

The movement of €375m is represented by removal of the reinsurers' share of unearned premium of €387m, a discounting impact of €25m, and future expected reinsurance premium cash flows of €537m offset by future reinsurance claims and expense recovery cash flows of €574m.

CLAIMS PROVISION GROSS

The movement of €12m is mainly driven by the impact of discounting and an adjustment to remove the implicit LuxGAAP reserving prudence /management margin.

CLAIMS PROVISION CEDED

The movement of €11m is mainly driven by the impact of discounting, adjustments for the provision for reinsurer default, and the implicit LuxGAAP reserving prudence /management margin.

Template S.17.01.02 provides further detail on the technical provisions, including a breakdown of the gross and net technical provisions and the risk margin by line of business. The tables below show an extract of the template:

	MAT	Fire and Other Damages	Miscellaneous Financial Loss*	Non-proportional Property	Total Non-life
Premium Provision	€000	€000	€000	€000	€000
Gross - Total	1,076	85,084	46,355	1,720	134,235
Gross – direct business	1,076	85,084	46,355	-	132,515
Gross – accepted	-	-	-	1,720	1,720
Reinsurance	62	7,336	4,315	120	11,833
Net Best Estimate	1,014	77,748	42,040	1,600	122,402
Claims Provision					
Gross - Total	4,199	130,787	73,088	3,759	211,833
Gross – direct business	4,199	130,786	73,088	-	208,073
Gross – accepted	-	-	-	3,759	3,759
Reinsurance	2,019	72,864	52,906	1,797	129,586
Net Best Estimate	2,180	57,923	20,182	1,962	82,247

* An immaterial amount of general liability technical provisions which are fully reinsured with FMIC are included within miscellaneous financial loss technical provisions.

The majority of the net technical provisions are attributable to the “Fire and Other Damages” and “Miscellaneous Financial Loss” insurance classes.

No transitional provisions or long-term guarantee measures are used by FMIE. There have been no material changes to the basis of measurement.

Liabilities - Other Liabilities

PENSION BENEFIT OBLIGATION

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The prescribed accounting valuation method is consistent with the permitted Solvency II valuation method. Additional details on the valuation method are provided in Note 4.9.1 of the LuxGAAP FS.

DEFERRED TAX LIABILITIES

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax liabilities are recognised to the extent that it is regarded as more likely than not to be incurred.

Under Solvency II, the deferred tax liabilities are calculated based on the temporary differences between the Solvency II and tax values. Deferred tax is not recognised under LuxGAAP.

INSURANCE AND INTERMEDIARIES PAYABLES

Insurance and reinsurance creditors are recorded at transaction price which approximates market value. Due to the short-term nature of the balances, they are held at an undiscounted amount.

Under Solvency II, the future cash out-flows arising from obligations associated with contracts of insurance that are not yet due for payment are included in the technical provisions.

ALL OTHER LIABILITIES

All other liabilities include lease commitments valued on the present value of the future lease payments, income received during the financial year that relates to a subsequent financial year and charges that relate to the current financial year but are payable in a subsequent financial year.

The uncertainty of liability valuations and judgements are as set out in Note 3 of the LuxGAAP FS.

Alternative Methods for Valuation

No alternative valuation methods have been used.

Any Other Information

No further disclosures are required.

E. Capital Management

Own Funds

FMIE is a wholly owned subsidiary of FMIC. No dividends are planned over the period covered by the three-year strategic plan.

Policyholder credits (which include membership and resilience credits) are paid to eligible policyholders of the Company as a reduction of premium at policy renewal or policy anniversary. Policyholder credits of €154m (2024: €112m) were paid in the year, reducing the cash received in respect of premium along with the associated written premium.

If any changes are proposed to the composition of own funds, the Board will ensure they are in accordance with Articles 41 and 93 of the Solvency II Directive. As of 31 December 2025, FMIE has no plans to change the nature of the own funds or issue new own fund items.

FMIE is committed to managing its exposure to loss of capital in accordance with the agreed risk appetite which is detailed in the risk appetite framework. The capital management policy in place is intended to ensure the Company has sufficient own funds to cover the regulatory capital required over the period of the strategic plan. For FMIE, this is a period of three years. In the future planning period, the only factor anticipated to affect the own funds value would be profits or losses made in future years.

FMIE's capital instruments consist of ordinary share capital and the associated share premium. FMIE does not have preference shares or subordinated liabilities which restrict the availability of capital.

The tables below present the component parts of own funds as well as the SCR and solvency ratios:

31 December 2025	Total	Tier 1	Tier 2	Tier 3
	€000	€000	€000	€000
Ordinary share capital		1,670,160	-	-
Share premium account		4,000	-	-
Reconciliation reserve		634,357	-	-
Total available own funds	2,308,517	2,308,517	-	-
SCR	1,226,349			
MCR	306,587			
Ratio of own funds to SCR	188.2%			
Ratio of own funds to MCR	753.0%			

31 December 2024	Total	Tier 1	Tier 2	Tier 3
	€000	€000	€000	€000
Ordinary share capital		1,670,160	-	-
Share premium account		4,000	-	-
Reconciliation reserve		458,286	-	-
Total available own funds	2,132,446	2,132,446	-	-
SCR	1,091,563			
MCR	272,891			
Ratio of own funds to SCR	195.4%			
Ratio of own funds to MCR	781.4%			

As at 31 December 2025 the ordinary share capital was €1,670m and share premium €4m. The reconciliation reserve represents the excess of assets over liabilities that is not accounted for by issued instruments and includes adjustments discussed below to comply with the Solvency II Directive.

There is no requirement to raise additional capital, and it is not anticipated this will be required in the foreseeable future.

As at December 2025, the total available funds under LuxGAAP were €2,182m (2024: €2,162m) and €2,308m (2024: €2,132m) under Solvency II. The primary differences between LuxGAAP reserves and Solvency II own funds are in the valuation of the technical provisions, the investment portfolio and the liability for deferred tax.

Section D. Valuation for Solvency Purposes contains information on the valuation of assets and liabilities, and the assets and liabilities driving the movement between LuxGAAP reserves to Solvency II own funds.

FMIE's own funds are classified as Tier 1 under the Delegated Acts and are therefore fully available for matching against the regulatory capital requirement.

Capital Requirements

The SCR and MCR are calculated annually and when there is a significant change in risk profile. The SF is the prescribed method of calculating the SCR and MCR for a firm which does not have an approved internal model or approval to use undertaking specific parameters. The SF calculation is performed by the Solvency II modelling team using the Igloo software platform which contains the latest technical specifications in accordance with the requirements of the Delegated Acts.

The detailed data required by the technical specifications is generated from FMIE's internal systems and internally generated documents. Where relevant, the data used for the ORSA calculation is utilised to ensure parity between the models.

The method of calculation for the SF is prescribed by EIOPA and there is no ability to adjust the core calculation, except for simplification options in the calculation of the risk margin. Due to this prescription, FMIE is unable to fully incorporate into the SF the total benefit of the stop loss cover provided by FMIC. It is applied only within the catastrophe risk calculations, as mitigating reinsurance. The capital charge therefore understates the benefit the stop loss treaty would provide to FMIE in a volatile calendar year.

The following table contains a breakdown of the SCR by module.

	2025	2024	Variance
	€000	€000	€000
Non-Life risk	145,751	165,945	(20,194)
Market risk	1,110,852	952,663	158,189
Counterparty risk	86,032	132,194	(46,162)
Operational risk	41,480	34,903	6,577
Diversification benefit	(157,766)	(194,142)	36,376
Total SCR	1,226,349	1,091,563	134,786
Eligible own funds	2,308,517	2,132,446	176,071
Excess of eligible own funds over SCR	1,082,168	1,040,883	41,285
SCR ratio	188.2%	195.4%	(7.2%)

The SCR is €1,226m (2024: €1,091m). The current level of capital results in a coverage ratio of 188.2% (2024: 195.4%).

The MCR is calculated as prescribed in the Delegated Acts, using inputs (on a Solvency II basis) from the net best estimate liability and net written premium, subject to minimum and maximum values by reference to the SCR. In the current and prior year, the minimum value has applied, setting the MCR equal to 25% of the SCR. The minimum capital requirement is calculated as €306m (2024: €273m), which provides a coverage of 753% (2024: 781%) when compared to eligible own funds.

No significant developments to these values are expected over the time horizon of the planning period.

The final amount of the SCR is subject to CAA supervisory assessment.

Duration-Based Equity Risk Sub-Module

A duration-based equity risk sub-module is not used in the calculation of the SCR. The calculation of the SCR includes a symmetric adjustment factor applied to the equity capital charge to cover the risk arising from changes in the level of equity prices, in line with the Delegated Acts.

Differences between SF and Any Internal Model Used

FMIE uses the SF to calculate the SCR.

SCR and MCR Non-Compliance

There have been no instances of non-compliance throughout the year.

Any Other Information

The SCR is calculated at a gross level. The regulations allow for the calculation of a net value which includes the 'loss-absorbing capacity of deferred tax'. This option is not utilised by FMIE as the level of complexity is disproportionate to the limited benefit that could potentially be derived.

There are no further disclosures to be made at this time.

Appendices

Glossary and definitions

Board	FMIE Board of Directors
CAA	Commissariat aux Assurances
COSO	Committee of Sponsoring Organisations of the Treadway Commission
Delegated Acts	Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)
EEA	European Economic Area
EIOPA	European Insurance and Occupational Pensions Authority
ENID	Events Not in Data
EOL	Excess of Loss Treaty
FINMA	Swiss Financial Market Supervisory Authority
FM	FM, the group consisting of FMIE, FMI, FMIC and its subsidiaries and affiliates
FMI	FM Insurance Company Limited (UK entity)
FMIC	Factory Mutual Insurance Company (US entity), a mutual company, parent company of FMIE
FMIE	FM Insurance Europe S.A. (Luxembourg entity)
FORTUNE 1000	An annual ranking of the top 1000 corporations worldwide as measured by revenue
INED	Independent Non-Executive Director
KRA	Key Result Area
Luxembourg Insurance Law	Luxembourg Law of 7 December 2015 on the Insurance sector
LuxGAAP	The accounting framework applicable to FMIE for its statutory annual financial statements
LuxGAAP FS	The audited financial statements of FMIE
MCR	Minimum Capital Requirement
NED	Non-Executive Director (employed by FMIC)
ORSA	Own Risk and Solvency Assessment, Solvency II method of assessing the Company's risk and capital requirement.
RI	Reinsurance arrangements
RMC	Risk Management Committee, FMIE Executive Committee
SCR	Solvency Capital Requirement
SF	Standard Formula for calculating the SCR
SFCR	Solvency and Financial Condition Report.
Stop Loss	Internal reinsurance arrangement in place with FMIC which caps FMIE's combined ratio to 125% in any calendar year
Staff Underwriting	Senior underwriters based in FM Corporate office
SA	Symmetric adjustment factor, which forms part of the equity risk SCR charge
UK	United Kingdom
UW	Underwriting arrangements
WTW	Willis Towers Watson and Towers Watson Software Limited

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FM Insurance Europe S.A.

Solvency and Financial Condition Report

Disclosures

31 December

2025

(Monetary amounts in EUR thousands)

General information

Undertaking name	FM Insurance Europe S.A.
Undertaking identification code	222100GPK3TXH3YG0B37
Type of code of undertaking	LEI
Type of undertaking	Non-Life insurance undertakings
Country of authorisation	LU
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	EUR
Accounting standards	Local GAAP
Method of Calculation of the SCR	Standard formula
Matching adjustment	No use of matching adjustment
Volatility adjustment	No use of volatility adjustment
Transitional measure on the risk-free interest rate	No use of transitional measure on the risk-free interest rate
Transitional measure on technical provisions	No use of transitional measure on technical provisions

List of reported templates

- S.02.01.02 - Balance sheet
- S.04.05.21 - Premiums, claims and expenses by country: Non-life insurance and reinsurance obligations
- S.05.01.02 - Premiums, claims and expenses by line of business
- S.17.01.02 - Non-Life Technical Provisions
- S.19.01.21 - Non-Life insurance claims
- S.23.01.01 - Own Funds
- S.25.01.21 - Solvency Capital Requirement - for undertakings on Standard Formula
- S.28.01.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

S.02.01.02

Balance sheet

Solvency II value	
C0010	
	135,131
	71,003
	2,314,145
	0
	5,583
	512,504
	512,504
	0
	846,033
	291,457
	213,917
	0
	340,659
	950,025
	0
	0
	0
	141,419
	141,419
	141,419
	0
	0
	0
	59,241
	155,806
	376,000
	0
	125,280
	83,822
	3,461,848

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	Total assets

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					
	NL	DE	FR	GB	CH	
R0010						
Premiums written (gross)	C0010	C0020	C0021	C0022	C0023	C0024
R0020 Gross Written Premium (direct)	0	560,208	277,553	186,737	217,022	38,120
R0021 Gross Written Premium (proportional reinsurance)	0	0	0	0	0	0
R0022 Gross Written Premium (non-proportional reinsurance)	0	0	5,534	3,733	8,226	0
Premiums earned (gross)						
R0030 Gross Earned Premium (direct)	0	561,634	274,116	176,244	225,992	39,075
R0031 Gross Earned Premium (proportional reinsurance)	0	0	0	0	0	0
R0032 Gross Earned Premium (non-proportional reinsurance)	0	0	5,523	3,910	8,365	0
Claims incurred (gross)						
R0040 Claims incurred (direct)	0	34,974	35,497	36,325	38,276	7,444
R0041 Claims incurred (proportional reinsurance)	0	0	0	0	0	0
R0042 Claims incurred (non-proportional reinsurance)	0	0	-1,850	0	-6,481	0
Expenses incurred (gross)						
R0050 Gross Expenses Incurred (direct)	216	106,064	85,004	69,133	52,139	8,877
R0051 Gross Expenses Incurred (proportional reinsurance)	0	0	0	0	0	0
R0052 Gross Expenses Incurred (non-proportional reinsurance)	3	0	1,695	1,382	1,977	0

S.17.01.02

Non-Life Technical Provisions

Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation	
Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance		
C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180	
Technical provisions calculated as a whole																	
R0010	Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole																
R0050						0	0					0			0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best estimate																	
Premium provisions																	
R0060	Gross																
R0140						1,076	85,084					46,355			131	1,589	134,235
R0150	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																
						62	7,336					4,315			7	113	11,833
R0150	Net Best Estimate of Premium Provisions																
						1,013	77,748					42,040			124	1,476	122,402
Claims provisions																	
R0160	Gross																
R0240						4,199	130,812					73,062			101	3,658	211,833
R0250	Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default																
						2,019	72,605					52,880			0	2,082	129,585
R0250	Net Best Estimate of Claims Provisions																
						2,181	58,208					20,183			101	1,576	82,247
R0260	Total best estimate - gross																
R0270						5,275	215,897					119,417			232	5,247	346,068
R0270	Total best estimate - net																
						3,194	135,956					62,223			225	3,052	204,649
R0280	Risk margin																
						453	18,204					9,830			7	451	28,946
R0320	Technical provisions - total																
R0330	Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total																
						5,729	234,101					129,247			239	5,698	375,014
R0340	Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total																
						2,081	79,941					57,194			7	2,195	141,419
						3,647	154,160					72,053			232	3,503	233,595

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										-1,120	-1,120	
R0160	-9	46,968	90,659	34,498	3,241	248	-1,728	-157	4,436	6	21	21	178,192
R0170	-8	357,994	389,695	65,988	2,563	2,706	71	2,548	2,879	203		203	824,647
R0180	-7	110,342	228,565	31,280	17,164	2,674	13,061	-4,634	-1,061			-1,061	397,391
R0190	-6	164,086	341,167	123,386	272,946	4,575	659	-484				-484	906,335
R0200	-5	103,488	127,373	494,133	5,499	-965	1,244					1,244	730,773
R0210	-4	131,529	258,854	56,802	35,637	4,630						4,630	487,451
R0220	-3	125,884	206,557	46,998	42,035							42,035	421,474
R0230	-2	110,191	135,965	112,176								112,176	358,332
R0240	-1	117,968	219,067									219,067	337,034
R0250	0	36,748										36,748	36,748
R0260												Total	413,459

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										328	370	
R0160	-9	87,176	43,650	4,868	552	38	62	4,650	61	51	46	64	
R0170	-8	396,783	38,371	6,925	2,446	4	1	1	1	0		0	
R0180	-7	264,623	66,646	29,186	11,735	6,189	1,176	675	464			549	
R0190	-6	607,888	235,548	169,790	4,118	650	447	93				122	
R0200	-5	405,453	448,922	9,526	1,014	258	157					216	
R0210	-4	313,469	80,199	30,544	4,183	2,581						3,310	
R0220	-3	314,115	87,955	46,344	8,777							8,713	
R0230	-2	270,560	116,618	17,386								17,866	
R0240	-1	297,483	59,971									64,532	
R0250	0	106,951										116,090	
R0260												Total	211,833

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
R0220	Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds
R0230	Deductions for participations in financial and credit institutions
R0290	Total basic own funds after deductions

Ancillary own funds

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

Available and eligible own funds

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

R0580 SCR

R0600 MCR

R0620 Ratio of Eligible own funds to SCR

R0640 Ratio of Eligible own funds to MCR

Reconciliation reserve

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

Expected profits

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

Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
C0010	C0020	C0030	C0040	C0050
1,670,160	1,670,160		0	
4,000	4,000		0	
0	0		0	
0		0	0	0
0	0			
0		0	0	0
0		0	0	0
634,357	634,357			
0		0	0	0
0				0
0	0	0	0	0
0				
0	0	0	0	0
2,308,517	2,308,517	0	0	0

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

2,308,517	2,308,517	0	0	0
2,308,517	2,308,517	0	0	
2,308,517	2,308,517	0	0	0
2,308,517	2,308,517	0	0	

1,226,349
306,587
188.24%
752.97%

C0060
2,308,517
0
1,674,160
0
634,357

0
0

S.25.01.21

Solvency Capital Requirement - for undertakings on Standard Formula

- R0010 Market risk
- R0020 Counterparty default risk
- R0030 Life underwriting risk
- R0040 Health underwriting risk
- R0050 Non-life underwriting risk
- R0060 Diversification

R0070 Intangible asset risk

R0100 **Basic Solvency Capital Requirement**

Calculation of Solvency Capital Requirement

- R0130 Operational risk
- R0140 Loss-absorbing capacity of technical provisions
- R0150 Loss-absorbing capacity of deferred taxes
- R0160 Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC
- R0200 **Solvency Capital Requirement excluding capital add-on**
- R0210 Capital add-ons already set
- R0211 *of which, capital add-ons already set - Article 37 (1) Type a*
- R0212 *of which, capital add-ons already set - Article 37 (1) Type b*
- R0213 *of which, capital add-ons already set - Article 37 (1) Type c*
- R0214 *of which, capital add-ons already set - Article 37 (1) Type d*
- R0220 **Solvency capital requirement**

Other information on SCR

- R0400 Capital requirement for duration-based equity risk sub-module
- R0410 Total amount of Notional Solvency Capital Requirements for remaining part
- R0420 Total amount of Notional Solvency Capital Requirements for ring fenced funds
- R0430 Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios
- R0440 Diversification effects due to RFF nSCR aggregation for article 304

Approach to tax rate

- R0590 Approach based on average tax rate

Calculation of loss absorbing capacity of deferred taxes

- R0640 LAC DT
- R0650 LAC DT justified by reversion of deferred tax liabilities
- R0660 LAC DT justified by reference to probable future taxable economic profit
- R0670 LAC DT justified by carry back, current year
- R0680 LAC DT justified by carry back, future years
- R0690 Maximum LAC DT

Gross solvency capital requirement	USP	Simplifications
C0110	C0090	C0120
1,110,852		
86,032		
0		
0		
145,751		
-157,766		

0
1,184,869

C0100
41,480
0
0
1,226,349
0
0
0
0
1,226,349

0
0
0
0
0

Yes/No

C0109
0

LAC DT

C0130
0
0
0
0
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_{NL} Result

C0010

57,080

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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C0020

C0030

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

C0020	C0030
0	
0	
0	
0	
0	
3,194	2,267
135,956	230,792
0	
0	
0	
0	
62,223	107,616
0	
0	
225	353
3,052	6,142

Linear formula component for life insurance and reinsurance obligations

R0200 MCR_L Result

C0040

0

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

C0060

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

Overall MCR calculation

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

C0070

57,080
1,226,349
551,857
306,587
306,587
2,700
306,587