

Samsung Fire & Marine Insurance Europe

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report

Year ended 31 December 2025

Contents

SUMMARY 2

A. Business and Performance 10

B. System of Governance 24

C. Risk Profile 42

D. Valuation for Solvency Purposes 56

E. Capital Management 72

F. Quantitative Reporting Templates 79

G. Directors’ Statement 92

SUMMARY

Samsung Fire & Marine Insurance Company of Europe Ltd (“SFME”/“the Company”) is a subsidiary of Samsung Fire & Marine Insurance Co., Ltd (“SFMI”/“the parent”), a composite insurer based in the Republic of Korea. SFME commenced trading in 2011 with the purpose of providing the parent with a presence in the internationally important London insurance market to facilitate the insurance of cargo and some non-cargo risks of Samsung affiliated businesses, principally Samsung Electronics. Over time that policyholder base has expanded to a wider range of Samsung affiliates, other Korean organisations, Chinese and Japanese businesses with European operations and, more recently, London Market business.

KEY FIGURES

(in GBP thousands)

	2025	2024
Gross written premium	55,914	53,280
Insurance revenue	48,763	31,156
Net insurance revenue	9,526	10,423
Retention ratio	9.7%	13.9%
Combined ratio	62.4%	50.4%
Profit after tax	4,366	5,363
Return on equity	8.9%	12.4%
Total assets	108,803	107,544
Gross technical provisions	27,139	25,502
Own funds	53,457	49,717
Solvency Capital Requirement	14,684	16,297
Solvency Coverage Ratio	364%	305%
Minimum Capital Requirement	3,671	4,074
MCR Coverage Ratio	1456%	1220%

Gross written premium (GWP) is the expected premium on contracts which were initially recognised during the financial year and any adjustment premium that the Company recognised during the financial year on contracts which were initially recognised in prior financial years. GWP is an important metric, representing the activities of the Company during the year.

Insurance revenue is the proportion of written premium, net of any commissions, attributable to time on risk during the financial year before amounts ceded to reinsurers. It includes a proportion of GWP relating to contracts entered into in prior years and on risk in the current year. Net insurance revenue is after amounts ceded to reinsurers have been deducted, net of reinsurance commissions received.

The retention ratio is a ratio of net written premium to gross written premium and indicates the extent to which the Company has used reinsurance to mitigate its underwriting exposures. The combined ratio is the ratio of the sum of incurred claims and expenses (both after amounts ceded to reinsurers) to net insurance revenue, as reported in the financial statements and using IFRS 17 inputs⁽¹⁾. The combined ratio is a key indicator of the profitability of an insurer’s insurance operations. Profit after tax is as reported in the financial statements. Return on equity expresses the profitability of the Company relative to the IFRS shareholders’ equity.

(1) IFRS 17 is the accounting standard followed by insurers to account for insurance contracts if the insurer prepares its financial statements using international financial reporting standards

KEY HIGHLIGHTS

The highlights are divided in to five sections which mirror sections A to E of this report.

<p>Business and Performance</p>	<p><u>Gross written premium</u></p> <p>In order to gain an understanding of activity undertaken by the Company purely in the current financial year, the directors use gross written premium (“GWP”) as an alternative financial performance indicator. GWP includes expected premium from contracts issued in the current financial year. Overall, GWP increased in 2025, principally due to a new underwriting arrangement which started in 2024. Under this arrangement, the Company agreed to act as a reinsurer for a number of contracts issued to a single primary insurer and where the Company holds reinsurance contracts issued by a single reinsurer. Given the arrangement started in late 2024, 2025 was the first full year that the arrangement was operational. GWP consequently increased to £30m (2024: £19m) in respect of this arrangement. In contrast, for the Company’s core business, renewal rates came under pressure with competitive tenders held by the Company’s major policyholders. The Company successfully retained these contracts, albeit with a reduction in GWP. The renewal rates reflect the very low claims experience of these policyholders in the preceding contract year. As a result, GWP from the core business fell by £8m in 2025.</p> <p><u>Insurance revenue</u></p> <p>As determined by the application of the IFRS accounting policies, the Company recognises the majority of its insurance revenue premium on a passage of time basis according to insurance services provided. The new arrangement referred to in the ‘gross written premium’ section above had a relatively small impact on insurance revenue in 2024 (£2m out of a total of £31m) given the time on risk was limited in that year. This has increased significantly in 2025 to £22m, out of a total of £49m. Insurance revenue on the core business fell by £2m, a consequence of the reduced renewal premium described in the ‘gross written premium’ section. Overall, cargo insurance revenue was £8m (2024: £10m) and non-cargo £41m (2024: £21m).</p> <p>The two key features of the Company’s insurance revenue are: (a) the use of reinsurance contracts held to mitigate the risk of its non-cargo portfolios and the resulting net insurance revenue; and (b) the split by client type. The following paragraphs explain both factors.</p> <p>Net insurance revenue, the amount retained by the Company after reinsurance, was £9.5m (2024: £10.4m). In 2025, net insurance revenue from the cargo portfolio fell by £1.2m whereas non-cargo portfolios increased by £0.3m. Due to the decline in cargo, non-cargo’s proportion of net insurance revenue increased to 43% (2024: 36%) and, consequently, has made a more significant contribution to the Company’s profitability in 2025. In 2025, the Company retained 72% (2024: 76%) of its cargo portfolio insurance revenue. In contrast, the retention ratio for non-cargo was only 10% (2024: 18%) but, given the significantly higher insurance revenue from non-cargo in 2025, non-cargo’s net insurance revenue has increased overall.</p> <p>The low retention on non-cargo business exposes the Company to a potential high counterparty risk on its reinsurance contracts held, though this is mitigated by controls such as the quality of reinsurers with whom the Company contracts.</p>
--	--

Looking at insurance revenue in terms of type of client, business derived from the wider Samsung group was 42% (2024: 80%). The remainder of insurance revenue was derived from “Korean Interests Abroad” (“KIA”) clients, local market clients and the new reinsurance arrangement. However, the retention of KIA and local market business and the new reinsurance arrangement is low. Therefore, in terms of net insurance revenue, the wider Samsung group is a much bigger share at 78% (2024: 95%). The retention ratio for non-affiliated business was only 7% (2024: 9%). Therefore, it is the Samsung-affiliated business which is likely to have the bigger impact on profitability although the non-affiliated proportion has increased in 2025, from 5% to 22%. In 2025, Samsung affiliated business made up £7.4m (2024: £9.9m) of net insurance revenue compared to £2.1m (2024: £0.6m) for non-affiliated business. The adverse experience on cargo renewal rates in 2025 has negatively impacted affiliated net insurance revenue.

The purpose of issuing contracts to non-cargo/non-affiliated clients is to support the parent in its aim to be a global insurer and, in particular, to support KIA businesses globally. SFME earns fronting commission on this non-retained business which reflects the counterparty risk encountered by the Company and provides a supplementary source of profit to cargo. Fronting commission is incorporated in net insurance revenue.

The mix of affiliated/non-affiliated clients, the mix of cargo/non-cargo business and the levels of reinsurance have been examined in the Company’s Own Risk and Solvency Assessment (“ORSA”) and found to be satisfactory against relevant risk metrics and target capital resources.

The Board was satisfied that the new business opportunities during 2025 formed part of the strategy to support the insurance needs of Samsung affiliates in the UK and Europe as well as to sustain the Company’s sources of insurance revenue. The Board was also satisfied that the Company’s underwriting and reinsurance guidelines have been followed.

Claims and combined ratio

The combined ratio in 2025 was 62% (2024: 50%). The combined ratio is the ratio of net insurance service expenses as a proportion of net insurance revenue. Net insurance service expenses comprise gross incurred claims less reinsurers’ share of incurred claims plus acquisition expenses directly attributable to contracts issued, marketing and administrative expenses and the change in the risk adjustment. The increase in the ratio arises for two reasons: (1) higher insurance service expenses after reinsurance contracts held in 2025 (£5.9m) compared with 2024 (£5.2m); and (2) the reduction in net insurance revenue, as explained in the previous section.

The combined ratio will be impacted by changes in the current financial year in respect of the estimated cost of claims which arose in previous financial years. The Company benefited from a £1.1m reduction in the estimated cost of claims from prior years (2024: reduction of £0.8m). The combined ratio was 74% (2024: 58%) if the prior year movement is excluded. The ratio on this basis more accurately informs directors about the performance of the Company during the current year. A combined ratio at these levels is satisfactory, though above the Company’s business plans for 2025, and reflects the challenging environment for rate renewals, thus making the Company’s expenses a higher proportion of its net insurance revenue.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

	<p><u>Investment income</u></p> <p>Investment income remained stable at £2.4m in 2025, the same as in 2024. The Company invests solely in fixed term deposits and is an unchanged strategy in 2025. Yields at renewal during 2025 have fallen a little given the reduction in the base rate offered by for example, the Bank of England but 2025 retained the benefit of peak yields seen in the second half of 2024.</p> <p><u>Foreign exchange</u></p> <p>The Company conducts a significant part of its business in currencies other than Sterling. Further, a large proportion of insurance revenue is settled in instalments throughout the year which increases the risk of foreign exchange movements between the recognition of insurance revenue and cash settlement from policyholders. During 2025 the Company held surpluses of assets in US Dollars and euro and has incurred a foreign exchange loss of £326,000 (2024: loss of £241,000). Broadly speaking, the Company’s foreign currency assets fell in value in 2025 against a stronger Sterling currency.</p>
<p>System of Governance</p>	<p>The Board’s responsibility includes ensuring that an appropriate system of governance is in place throughout the Company. To discharge this responsibility, the Board has established frameworks for risk management and internal control using a ‘three lines of defence’ model. Management and staff within each function have the primary responsibility for owning and managing risks (first line of defence). Oversight of the effective operation of the internal control framework is supported by the Risk Management and Compliance functions (second of line of defence). The third line of defence is provided by independent verification and challenge of the adequacy and effectiveness of the internal risk and control management framework provided by the Company’s parent’s Internal Audit function.</p> <p>The Board sets the Company’s risk appetite. A strong system of governance aids effective decision-making and supports the achievement of the Company’s objectives for the benefit of customers, the shareholder and regulators. Key features of SFME’s system of governance are:</p> <ul style="list-style-type: none"> • The roles and responsibilities of the Board and its committees are well defined; • The Company has implemented four key control functions – Risk, Actuarial, Compliance and Internal Audit; • The Company’s risk strategy, appetite and framework, its approach to its Own Risk and Solvency Assessment (ORSA) and the governance over the Standard Formula model are set out in its Risk Management policy and associated risk policies. <p>There were no material changes to any part of the system of governance in 2025.</p> <p>The Company conducted a full ORSA and the report was approved by the Board in December 2025. This ORSA takes account of the 3-year planning period 2026 to 2028. The ORSA confirmed that the Solvency Capital Requirement (“SCR”) is expected to increase moderately over this horizon but that the solvency coverage ratio is expected to be higher than the ratio at 31 December 2025 given the expected future profitability of the Company.</p>
<p>Risk Profile</p>	<p>The Company’s primary activity, the acceptance of risk of loss from its clients, exposes it to a number of risks which may adversely affect the ability of the Company to meet its business</p>

objectives. The most significant risks that the Company is exposed to are non-life insurance risk, market risk and counterparty risk.

In terms of the SCR, the SCR has decreased in 2025 by £1.6m, principally from a lower currency risk charge and a lower catastrophe risk charge. The Company has also reduced its net currency exposures for US Dollar and euro at year end 2025 compared with 2024. During 2025, the Company, in conjunction with an independent review of its SCR methodology, reassessed the inputs to the catastrophe risk charge, including those relating to the new underwriting arrangement. Consequently, this arrangement now has no impact on the net catastrophe risk charge, reflecting the fact that the Company has zero retention of any losses.

The Company's biggest net risk on its Risk Register reflects the significance of the Samsung brand to the Company and that its fortunes are closely tied with that of its parent, by virtue of either reinsurance provided by the parent entity or political and reputational risks.

Climate change

The Board has concluded that the Company's exposure to climate-related risks is low and unchanged from 2024, as explained in this section. The PRA has emphasised to the insurance industry the need for a strategic approach to managing climate risk and set out its expectations of Boards to evaluate, manage and report on climate change risks. The Company's approach to these expectations, proportionate to its low exposure, is outlined below.

The Board and senior management understand the Company's exposure to climate-related risk and the exposure is reported to the Board and monitored as part of the risk management framework. The CEO has been appointed the individual to govern the Company's climate-related risks. Developments in climate change awareness and reporting have continued to be reported to the Board during 2025, together with the results of the Company's monitoring.

The Company has analysed its exposure to climate risk, both physical and transitional, in its investment and insurance portfolios. The key findings of the analysis are unchanged and that:

- The Company has very little risk within its investments from climate change. All of its investments comprise deposits placed with banks which have very limited financial emission exposures. Also, these investments are liquid with a maximum duration of 12 months and the investment yield contributes a lower proportion of the profit before tax than its insurance activities. The Company's strategic approach to investments did not change during 2025; and
- The Company's exposure to climate change risk in the insurance contracts it issues and reinsurance contracts it holds remains low. Due diligence is performed on all new business to ensure it sits within the Company's appetite for climate change risk relating to underwriting exposures. The key perils exposed to climate change risk are windstorm and flood events and, since the Company's incorporation, these events comprise a relatively small proportion of all claims (less than 10%). Furthermore, the majority of the Company's contracts that it issues are annual in duration which permits appropriate repricing at renewal as the Company's understanding of climate change risk develops. Only 1 claim was reported to the Company during 2025 (2024: 3) which were deemed to be weather-related.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

The Company also monitors its energy use and its gross emissions in 2025 were 16 (2024: 10) metric tonnes. The Company’s energy use comprises that used at its office in London together with a limited amount of air business travel by its directors and staff (within scope 2 and 3 emissions respectively). The Company does not have any scope 1 emissions.

The following table shows the Company’s energy use and associated greenhouse gas emissions:

	2025		2024	
	Kwh	tonnes CO2e	Kwh	tonnes CO2e
Electricity purchased	32,581	5.8	25,952	5.4
Business travel - flights	81,357	9.7	27,169	5.0
	113,938	15.5	53,121	10.4
Intensity ratio based on tCO2e per employee		0.98		0.68

The Company occupies a single floor of a multi-tenanted building and the data used to calculate the office energy consumption is based on information provided by the landlord, quoting the usage attributed to the Company. In respect of business travel, the Company keeps a log of flights made by its employees. The energy consumption of these flights is determined by reference to the data provided by the International Civil Aviation Organisation (“ICAO”) whereby the ICAO website provides fuel consumed for each flight (all legs of the flight considered). The Company leases motor vehicles and its employees do not make any business travel by car. The amount of travel by other modes of transport is not material. The data disclosed comprises energy used during the calendar year 2025. Total emissions have been calculated using the latest applicable UK Government’s emission conversion factors. Business travel has increased significantly in 2025 since the Company’s staff made more visits to overseas policyholders, in accordance with what the Company judges is appropriate to maintain successful customer relationships as well as to visit its parent company’s head office in Korea.

The Company monitors its climate change risk exposure in its claims and insurance contracts. The Company has set risk appetites and metrics in relation to this exposure. These have been approved by the Board and no exceptions were reported in 2025. The risk will be monitored to ensure it either remains within appetite or that Management take remedial action if the appetite is in danger of being breached.

Geopolitical developments – Iran Conflict

Subsequent to the reporting date, armed conflict involving Iran has escalated in the Middle East. The Company issues, via primary insurers, contracts of insurance to policyholders located in Saudi Arabia, Jordan and the United Arab Emirates. The Company does not maintain a branch or subsidiary in these jurisdictions and therefore has no employees located in these countries.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

	<p>The Company has considered the potential impact of the conflict on its business model. Insurance revenue earned during 2025 relating to policyholders located in these three countries amounted to £0.9m, comprising property and cargo risks.</p> <p>Property contracts issued by the Company do not include war coverage, whereas war risks are ordinarily included within cargo contracts. To mitigate the potential exposure arising from cargo contracts, the Company issued notices of cancellation between 2 March and 5 March 2026 to policyholders with shipping activity in the region. Each notice of cancellation provided for a seven-day notice period, during which the Company remained exposed to potential losses until the cancellation became effective. All war coverage therefore was excluded from the main cargo contracts with effect from 13 March 2026. The Company has offered war coverage to each affected policyholder under a separate contract for an additional premium and, where any policyholder has purchased the reinstated war coverage, the Company has reinsured the risk 100% and has no net retention.</p> <p>The Company may also be impacted if clients reduce cargo transportation volumes, which may result in return premiums becoming payable at the end of the contract period.</p> <p>At the date of approval of this report, the Company has not been notified of any losses. While the conflict has increased the Company’s exposure to potential losses, the Board has assessed that the Company continues to operate as a going concern and retains sufficient capital resources to absorb potential losses and any reduction in premium income.</p>
<p>Valuation for Solvency Purposes</p>	<p>The valuation of assets and liabilities for S-UK purposes is the same as IFRS except as described here:</p> <ul style="list-style-type: none"> • The best estimate of claims provisions (“BE CP”) is highly comparable with the liability for incurred claims (“LIC”) under IFRS in the sense that the ultimate claims evaluation is the same for both S-UK and IFRS. Some differences are then subsequently applied through the inclusion of an amount for ENID (events not in data) under S-UK and different discounting factors. The LIC includes a risk adjustment which measures the level of uncertainty inherent in the best estimate. The risk adjustment is not recognised under S-UK. The LIC also incorporates claims payable and receivable which are reported as receivables and payables on the S-UK balance sheet • These characteristics equally apply to the reinsurers’ share of BE CP and the asset for incurred claims (“AIC”) under IFRS. In addition, both S-UK and IFRS apply a counterparty risk provision though the measurement methodologies are slightly different. • The best estimate of premium provisions (“BE PP”) has a more fundamental difference with the liability for remaining coverage (“LFRC”) under IFRS. The LFRC is a measurement of premium earned by the Company but not received (i.e., is an asset) or premium received by the Company but not yet earned (i.e., is a liability – cash held for future service). The LFRC also incorporates the profit expected to be earned during the remaining period of a contract’s coverage term (i.e., the insurer is not permitted to recognise this as profit at the balance sheet date). In contrast, the BE PP is only estimating future cash flows from unexpired contracts and does not ring fence expected profit from those cash flows (i.e., Own Funds includes an element of profit from unexpired risks). • To the extent that the Company has not received premium on instalments which have passed their due date, the S-UK balance sheet includes these as insurance receivables and payables. The BE PP also includes cash flows from contracts to which the Company is bound at the balance sheet date but which have not yet incepted (such contracts are

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

	<p>only recognised by IFRS if onerous). To the extent these bound but not incepted contracts are expected to be profitable, Own Funds are increased by the expected profit from those contracts.</p> <ul style="list-style-type: none"> • These characteristics equally apply to the reinsurers’ share of BE PP and the asset for remaining coverage (“AFRC”). The reinsurers’ share of BE PP includes the cost of future excess of loss contracts which the Company is expected to incur during the future coverage periods. Such costs are not considered by the AFRC. • Leasehold improvements, an asset recognised on the IFRS balance sheet, has been attributed zero value on the S-UK balance sheet given the challenge in attributing an economic value to the fitting-out of the Company’s new office. • A risk margin which is not recognised on the IFRS balance sheet; and • An additional deferred tax liability on the additional profits recognised. <p>As a result of these differences, Solvency UK total assets were higher than IFRS total assets at the end of 2025 (£109m vs £97m). Essentially, Solvency UK reports premium receivables as assets when past-due whereas IFRS only reports receivables (asset) if the premium has been earned but not received (and determines this at a portfolio, or line of business, level). Chapter D provides an explanation about the valuation differences between Solvency UK regulations and IFRS.</p> <p>On the balance sheet, the excess of assets over liabilities (known as Own Funds) increased by £3.8m to £53.5m (2024: £49.7m) following a profitable year’s trading in 2025 (i.e., the increase in Own Funds is largely similar to the £4.3m IFRS profit after tax). There have been no other changes to the Company’s capital.</p>
<p>Capital Management</p>	<p>The Company has a very simple capital structure comprising issued ordinary share capital and retained earnings (known as a reconciliation reserve in Solvency UK terminology). Accordingly, the Company’s own funds are entirely Tier 1. As noted above, Own Funds increased in 2025 by £3.8m largely due to its IFRS reported profits (£4.3m).</p> <p>Own Funds were £53.5m at the end of 2025, which is £0.3m higher (2024: £0.9m higher) than IFRS shareholders’ equity. As described above, there are differences in profit recognition between IFRS and Solvency UK (typically Solvency UK recognises profits now which IFRS will recognise in future periods), as well as some asset and liability measurement differences, which account for the £0.3m.</p> <p>The Solvency Capital Requirement (“SCR”) was £14.7m (2024: £16.3m). The main changes were described on page 6 above in the section ‘risk profile’.</p> <p>The solvency coverage ratio has increased to 364% (2024: 305%) as a result of the lower SCR and the increase in Own Funds.</p> <p>The Minimum Capital Requirement (“MCR”) was £3.7m (2024: £4.1m). The MCR is impacted by net premium which fell during 2025. The MCR coverage ratio increased to 1456% (2024: 1220%). The MCR is slightly higher than the absolute floor (expressed in the PRA Rulebook as £3.5m) given the higher inputs to the MCR calculation.</p>

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report 2025

A. Business and Performance

In this chapter:

- A.1 Business
- A.2 Underwriting performance
- A.3 Investment performance
- A.4 Performance of other activities
- A.5 Any other information

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

A.1 Business

Information regarding the business

This Solvency and Financial Condition Report for the year ended 31 December 2025 has been compiled for Samsung Fire & Marine Insurance Company of Europe Ltd (“SFME” / “the Company”) whose address is Room 975, Gallery 9, Lloyd’s, 1 Lime Street, London EC3M 7DQ.

SFME is a private limited company and is the wholly owned subsidiary of Samsung Fire & Marine Insurance Co., Ltd (“SFMI” / “the parent”) whose address is 14 Seocho-daero-74-gil, Seocho-gu 06620, Seoul, Republic of Korea.

The external auditor for the 2025 year end was Forvis Mazars LLP of 30 Old Bailey, London EC4M 7AU though the Company falls below the threshold at which an external audit of the SCR and this report is required.

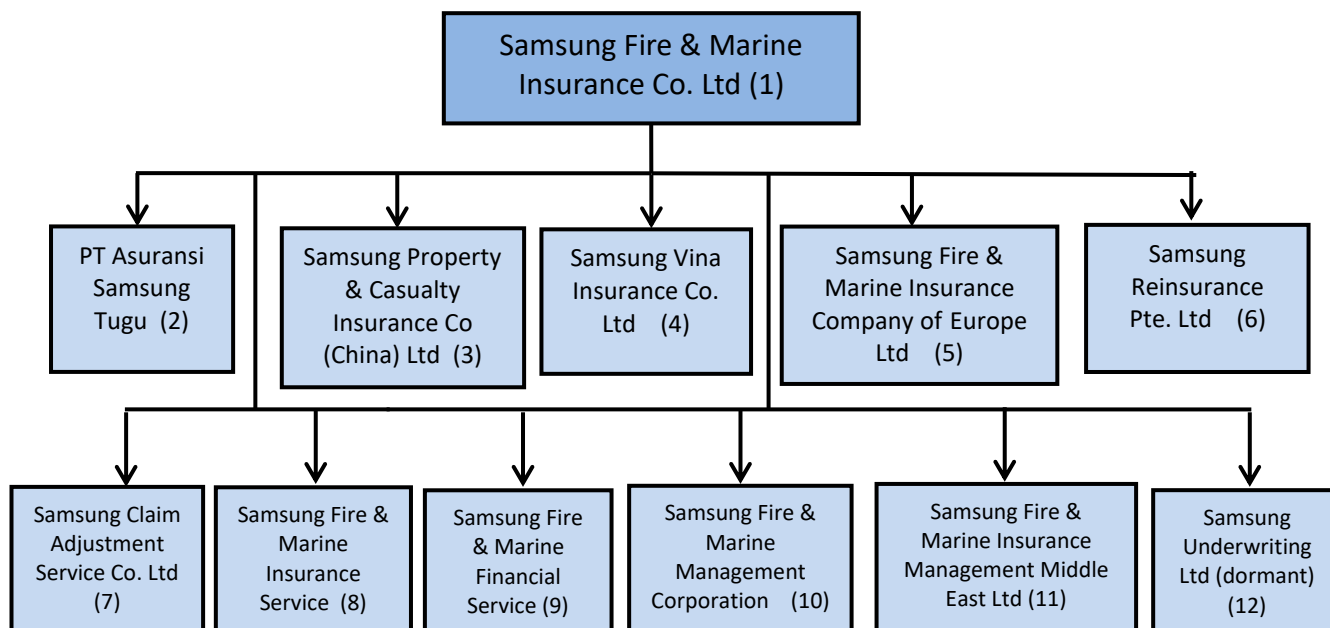
SFME is authorised by the Prudential Regulation Authority (20 Moorgate, London EC2R 6DA) and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Company is a category 4 insurer and does not have an assigned supervisor at the PRA.

Pursuant to a Policy Statement issued by the PRA which set out thresholds for the requirement of an external audit of Solvency UK reporting, the Company fell below these thresholds and accordingly has not engaged Forvis Mazars LLP in an audit of its Solvency UK reporting.

**Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report**

Group structure

SFME’s position within the SFMI group structure is set out by the following diagram. The only significant change is the increase in the shareholding of Fortuna Topco Ltd to 40% (2024: 19%).



Ref	Company	Ownership	Domicile
1	Samsung Fire & Marine Insurance Co. Ltd	Parent	Republic of Korea
2	PT Asuransi Samsung Tugu	70%	Indonesia
3	Samsung Property & Casualty Insurance Co (China) Ltd	37%	China
4	Samsung Vina Insurance Co., Ltd	75%	Vietnam
5	Samsung Fire & Marine Insurance Company of Europe Ltd	100%	United Kingdom
6	Samsung Reinsurance Pte. Ltd	100%	Singapore
7	Samsung Claim Adjustment Service Co., Ltd	100%	Republic of Korea
8	Samsung Fire & Marine Insurance Service Co., Ltd	100%	Republic of Korea
9	Samsung Fire & Marine Financial Service Co., Ltd	100%	Singapore
10	Samsung Fire & Marine Management Corporation	100%	United States of America
11	Samsung Fire & Marine Management Middle East Ltd	100%	United Arab Emirates
12	Samsung Underwriting Ltd (dormant)	100%	United Kingdom
13	Fortuna Topco Limited	40%	Jersey

Fortuna Topco is the ultimate holding entity of the group which owns a significant stake in the Canopiuss Lloyd’s syndicate.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Description of the sources of revenue

The table below shows the amount and share of gross written premium (“GWP”) of each line of business:

		2025		2024	
		£000s	%	£000s	%
<i>basis : IFRS gross written premium</i>					
Cargo	<i>storage & transit</i>	7,592	13.6%	10,939	20.5%
Property	<i>property damage, business interruption & engineering/construction</i>	45,472	81.3%	39,257	73.7%
Liability	<i>general liability, directors & officers liability</i>	2,850	5.1%	3,084	5.8%
Total		55,914	100.0%	53,280	100.0%

The table shows an increase of GWP of £2.6m. Property has increased by £6.2m. This is due to a fronting arrangement that commenced in 2024 under which the Company acts as a reinsurer for a number of insurance contracts issued to a single primary insurer and where the Company holds reinsurance contracts issued by a single reinsurer. The insurance risk is reinsured 100%. The arrangement incorporates a number of property and liability contracts. The contracts issued from the arrangement in 2025 generated GWP of £30m (2024: 19m). Renewal premium from other property contracts fell in 2025, driven by rate reductions in the market for the Company’s policyholders who typically have excellent claims histories. Similarly, the competition in the cargo market meant the Company had to offer lower rates at renewal to retain the business, albeit this was again a satisfactory outcome given the respective policyholders’ loss histories. Cargo GWP accordingly fell by £3.3m.

The following table breaks written premium down in to the industry types of the Company’s policyholders:

	Gross written premium		Net written premium	
	2025	2024	2025	2024
Cargo	13.6%	20.5%	82.5%	86.0%
Manufacturing	78.7%	70.1%	11.1%	8.6%
Warehouse & storage	3.7%	4.0%	2.5%	2.7%
Public buildings/facilities	0.4%	0.5%	1.9%	1.5%
Construction	3.3%	4.4%	-	0.1%
All other types	0.3%	0.6%	2.0%	1.1%
Total	100.0%	100.0%	100.0%	100.0%

The proportion of GWP attributable to ‘cargo’ decreased for the reasons noted in the preceding paragraph. The most significant industrial sectors within “manufacturing” are car battery manufacturers and non-metallic material manufacturing and refining. On a net basis, cargo remains the predominant industry type.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

SFME carries out its business entirely from the UK although the majority of its policyholders are based overseas. The following table analyses gross written premium between different geographical areas in terms of the country of domicile of the original policyholders:

	Gross written premium		Net written premium	
	2025	2024	2025	2024
UK	2.8%	3.0%	7.3%	8.1%
Europe	37.1%	52.3%	58.8%	61.4%
CIS	53.5%	37.0%	2.9%	0.7%
Africa	3.4%	4.6%	21.9%	22.7%
Middle East	2.3%	2.1%	7.0%	5.1%
Other	0.9%	1.0%	2.1%	1.9%
Total	100.0%	100.0%	100.0%	100.0%

European risks remain the primary source of income for the Company's core book. The fronting arrangement derives business from CIS countries.

SFME's business is largely derived from insuring policies bought by subsidiaries of the wider Samsung Electronics group and of other Group's operations as the following table illustrates:

	Gross written premium		Net written premium	
	2025	2024	2025	2024
Cargo - Group entities	12.2%	19.2%	79.7%	84.7%
Cargo - other clients	1.4%	1.4%	2.7%	1.4%
Non-cargo - Group entities	23.6%	30.5%	10.3%	8.6%
Non-cargo - other clients	62.8%	49.0%	7.3%	5.4%
Total	100.0%	100.0%	100.0%	100.0%

Other clients made up 64% of GWP in 2025 compared to 50% in 2024. The majority of this is from the fronting arrangement. On a net basis, cargo from Samsung entities is the predominant client type and overall, 90% (2024: 93%) of NWP is from Samsung affiliated clients. The proportion has fallen in 2025 as a result of the rate reductions incurred at renewal on affiliated business.

A.2 Underwriting Performance

By line of business

The following table sets out the technical result of SFME during 2025:

	Cargo		Property		Liability		Total	
	2025 £000s	2024 £000s	2025 £000s	2024 £000s	2025 £000s	2024 £000s	2025 £000s	2024 £000s
<i>source : IR.05.01 plus adjustments such that combined ratio is consistent with IFRS</i>								
Gross written premium	7,592	10,939	45,472	39,257	2,850	3,084	55,914	53,280
Gross earned premium	8,972	10,800	42,534	25,013	2,758	712	54,264	36,525
Reinsurers' share	(3,830)	(4,048)	(41,622)	(23,875)	(2,690)	(634)	(48,142)	(28,557)
Net earned premium	5,142	6,752	912	1,138	68	78	6,122	7,968
Gross incurred claims	(1,804)	(2,284)	(7,434)	(3,232)	(1,160)	(197)	(10,398)	(5,713)
Reinsurers' share	448	110	6,698	2,815	1,099	190	8,245	3,115
Net incurred claims (undiscounted)	(1,356)	(2,174)	(736)	(417)	(61)	(7)	(2,153)	(2,598)
Net incurred claims (discounted)	(1,364)	(2,183)	(727)	(418)	(62)	(5)	(2,153)	(2,606)
Gross commissions	(867)	(1,186)	(4,077)	(3,348)	(34)	(33)	(4,978)	(4,567)
Reinsurers' share	978	1,182	6,983	6,069	151	45	8,112	7,296
Net commission income (expense)	111	(4)	2,906	2,721	117	12	3,133	2,729
Other technical items								
Net technical result per LoB	3,889	4,565	3,091	3,441	123	85	7,102	8,091
Company total only:								
Overheads							(3,650)	(2,834)
Other items relating to IFRS17							126	(86)
Net technical result							3,578	5,172
Combined ratio - all years							62.4%	50.4%
Combined ratio - current year							73.8%	58.0%

The table has been prepared in a manner consistent with IR.05 data (see Chapter F) other than unallocated claims costs which are included in incurred claims rather than expenses. The combined ratio is consistent with the IFRS measurement of the ratio.

Changes in GWP year-on-year have already been described on page 13 and, overall, GWP is £2.6m higher.

Gross earned premium⁽²⁾ has significantly increased for property and liability as a result of the fronting arrangement which commenced in 2024. The bulk of the 2024 GWP was unearned at year end 2024. Accordingly, 2025 is the first full year of gross earned premium for this business. Cargo GEP has fallen as a result of the reduced rates that impacted renewals in 2025.

SFME has very low retention ratios for property and engineering so net earned premium falls by £1.8m given the higher retention of lower cargo gross earned premium.

(2) earned premium is presented without any netting off of commission, as presented in the IR0504 template. The IFRS 17 presentation in the financial statements requires netting off of commission to derive insurance revenue.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Net claims incurred were lower than in 2024 although make up a bigger percentage of net earned premium (35%; 2024: 33%) given the reduction in net earned premium. In 2025, as with 2024, the Company did not experience any significant claim in which it had a large retention and again was fortunate to avoid any significant weather-related cargo losses and, more generally, the cargo book enjoyed a relatively low loss experience for attritional claims.

Gross commissions expenses fell as a percentage of gross earned premium (2025: 9%; 2024: 13%). Reinsurance commissions received were, as a percentage of reinsurance earned premium, also lower in 2025 (2025: 17%; 2024: 26%). Both ratios were impacted by the first full year earning of the fronting arrangement. Given the absolute value of reinsurance commissions received increased by more than the commission expenses, net commission income increased by £0.4m. The Company generates income on commission from its role as a fronting reinsurer where it does not retain the risk.

Overheads have increased by £0.8m. The main factors relate to increased depreciation on the new office, increased headcount, increased audit fees and increased costs of insurer borne taxes.

The combined ratio was higher at 62% (2024: 50%), largely as a consequence of lower net earned premium. The net technical result fell by £1.6m in 2025 of which £1.8m is due to the lower net earned premium. If the impact of prior year claims movements is removed, the 2025 combined ratio is 74%, above 2024's 58%. 2025 has benefitted from a number of claims that were reserved at year end 2024 and which have been withdrawn in 2025, in addition to the impact on the ratio of lower net earned premium.

Other comments about underwriting performance

Policyholder concentration: a significant part of SFME's income was derived from a small number of policyholders. In 2025, the 10 largest policies in terms of GWP from the core book⁽³⁾, accounted for 67% of total GWP (2024: 73%). After reinsurance, the concentration was 58% (2024: 63%). The majority of policyholders for the GWP metric and all of the NWP metric are Samsung-affiliated so the lapse risk is very small.

(3) excluding the CIS fronting arrangement

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report

Cargo adjustment premium: a significant proportion of the insurance contracts issued by the Company in respect of cargo business are recognised at inception using a premium based on the estimated turnover (also known as sums insured) of cargo expected to be transported during the period of coverage. At the end of the contract, the policyholder declares the actual sums insured and the Company and policyholder agree an adjustment premium based on the difference in turnover. GWP therefore may include (a) estimates of adjustments made by Management prior to receipt of confirmed sums insured data and (b) actual adjustments once the final premium has been agreed and which have not previously been accounted for in (a). Differences in turnover in previous years are not a reliable guide for the current year given the varying factors which can affect sums insured. Factors might be either specific to the policyholder (e.g., desirability of a given product made by the policyholder) and/or relate to more general economic factors affecting consumer demand in any given country. Adjustments can be positive or negative albeit for some contracts, there is a contractual minimum premium. Further, for some of these contracts, the Company is a reinsurer of the primary insurer and therefore more remote from the available data.

Management recognises premium adjustments where policyholders are able to provide mid-term estimates of actual turnover. Estimates made by Management are derived solely from this data; that is, the contractual premium rate multiplied by the updated estimated turnover compared with the contractual premium rate multiplied by the original estimated turnover. Since policyholders' estimated data is by its nature uncertain, any estimated premium adjustments recognised by the Company are likely to be different to the adjustment premium ultimately agreed with each policyholder once the policy has expired and exact turnover information has been agreed.

During 2025, the impact of prior year contracts was relatively small; a positive £0.1m GWP was booked in respect of cargo policies incepting in 2024 and prior years (2024: negative £0.3m in respect of 2023 and prior cargo policies).

During 2025, there were no exceptions to the underwriting limits delegated to the Chief Underwriting Officer during 2025. The contract with the largest sum insured was renewed in 2025 with no change to the sum insured and so has been in force throughout 2025. In April 2024, the Company had issued a new engineering contract to the same client and a second engineering contract was issued in April 2025. For the purposes of the Standard Formula SCR and the Company's NatCat modelling, all three are considered to be an exposure at the same location. One other property contract was issued in 2025 with a sum insured in excess of £250m. With its high level of capital resources, the Company has the ability to accommodate these contracts with higher sums insured. Much of the exposure is ceded to reinsurers and, therefore, the SCR impact is largely seen on counterparty risk. As explained below, the maximum net retention loss payable by SFME after all reinsurance per contract and per event remains unchanged at \$1.5m (£1.1m).

Reinsurance: SFME's reinsurance programme comprises proportional facultative reinsurance, proportional surplus treaty and an excess of loss programme. The percentages ceded under the facultative and surplus treaty reinsurance are variable for each contract written and act to bring the net exposure down to within the excess of loss protection. In 2025 and 2024 the cargo book was protected \$20.0m excess of \$1.5m. For non-cargo, the excess loss protection was \$12.5m excess of \$1.5m for both years.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

The Company has significant levels of reinsurance. The Company’s parent, SFMI, is the largest reinsurer of SFME measured by a proportion of reinsurance premium ceded in respect of the core book. During 2025, 33% of total premiums ceded were ceded to SFMI (2024: 47%). This report has already described the significant premium from a new fronting arrangement which is reinsured with 1 reinsurer (2025: £30m; 2024: £19m). That reinsurer’s share of reinsurance premium ceded was 59% (2024: 42%).

The high quality of the Company’s reinsurers is also reflected in the analysis of the reinsurance recoverables (or reinsurers’ share of technical provisions) by reinsurer:

source : IR.31.01

	AAA	AA	A	BBB	> BBB-	not rated
Technical provisions as at 31/12/25	-	35.8%	64.1%	-	-	0.1%
Technical provisions as at 31/12/24	-	44.9%	55.0%	-	-	0.1%

The reinsurer for the fronting arrangement appears within the ‘A’ category in the table, hence the equal and opposite movements between ‘AA’ and ‘A’ between 2024 and 2025.

Pool Re is the only ‘not rated’ reinsurer used for new reinsurance contracts held in 2025 and is backed by the UK Government.

Management’s judgement is that there is no expectation of any impairment in respect of reinsurance recoverables.

A.3 Investment Performance

SFME has a very simple investment portfolio comprising cash equivalents and deposits (which were all 12 months or less to maturity at the time of investment). The credit risk of each counterparty, the liquidity risk of claims liabilities and the available yield are the principal considerations for SFME's investment strategy. There were no material changes to this in 2025.

Basis: IR.06.02, IR.09.01 (which are templates submitted to the PRA)

	Asset category	Income £000s	Average holdings during the year £000s	Holding at year end £000s	Yield on average holding %
2025	Interest-bearing deposits	73	2,405	50,416	4.77%
	Other deposits and bank accounts	72	1	6,363	
	Property, plant and equipment including right-to-use assets	9		2,503	
	Total		2,406	50,416	
2024	Interest-bearing deposits	73	2,399	46,996	5.10%
	Other deposits and bank accounts	72	1	9,817	
	Property, plant and equipment including right-to-use assets	9		1,006	
	Total		2,400	46,996	

The values for interest-bearing deposits exclude accrued interest.

The return on deposits slightly increased in 2025 though as a percentage of deposits, the yield fell, reflecting the reduction in base rates set by the Bank of England and US Federal Reserve. The investment return in 2025 was sustained by deposits placed in 2024 when yields were at their peak.

SFME does not hold any securitised investments.

A.4 Performance of other activities

IFRS profit after tax

The following table presents the net income of the Company for the year, as reported in its 2025 financial statements ("FS"):

	2025	2024
	£000s	£000s
Net earned premium *	6,122	7,968
Reclassification of commission (note 1)	3,298	2,681
Other IFRS 17 adjustments (note 2)	106	(226)
Net insurance revenue (per FS)	9,526	10,423
Net incurred claims *	(2,153)	(2,606)
Other IFRS 17 adjustments (note 2)	22	146
Incurred claims (per FS)	(2,131)	(2,460)
Net earned commission income *	3,133	2,729
Reclassification of commission (note 1)	(3,298)	(2,681)
Reclassification of overheads (note 3)	(438)	(436)
Other IFRS 17 adjustments (note 2)	(2)	(5)
Acquisition expenses (per FS)	(605)	(393)
Net admin and overheads expenses *	(3,650)	(2,834)
Reclassification of overheads (note 3)	438	436
Overheads (per FS)	(3,212)	(2,398)
Net technical result *	3,578	5,172
Combined ratio	62.4%	50.4%
Insurance finance income (expense) (per FS) (note 4)	(28)	(103)
Net investment income **	2,406	2,400
Other income (expenses) (per FS) (note 5)	(122)	(285)
Profit before tax	5,834	7,184
Income tax charge	(1,468)	(1,821)
Profit after tax	4,366	5,363

* as reported previously in section A2 "underwriting performance"

** as reported previously in section A3 "investment performance"

The Company has different reporting requirements for IFRS and for Solvency UK Regulations. The following notes highlight the main differences in the table above (references to QRTs means the quantitative reporting templates that the Company submits to the PRA and of which a small subset is reproduced in Chapter F). More details are provided on the next page:

- Note 1: net earned premium in the QRTs is stated before commission; under IFRS, insurance revenue is stated after commission.
- Note 2: the IFRS 17 presentation includes items such as accretion of interest and foreign exchange effects

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

- Note 3: the IFRS 17 presentation allocates a proportion of overheads to acquisition costs
- Note 3: Insurance finance income (expense) comprises discount rate movements related to incurred claims, foreign exchange movements on balances related to insurance transactions and balances and investment component adjustments
- Note 4: other gains and losses principally comprises foreign exchange gains and losses on deposits, cash at bank and accrued interest, and interest charges on lease liabilities.

IFRS 17

The Company accounts for its insurance contracts using International Financial Reporting Standard 17 (“IFRS 17”, “the Standard”). Solvency UK (“S-UK”) regulations require the reporting of certain items reported under IFRS, either in quantitative templates (section F) or as cited throughout this Report. However, the Regulations do not take account of all IFRS 17 requirements and to some extent are derived from insurance accounting conventions pre-dating IFRS 17. The Company has made some judgements about how best to use data from its accounting systems and to fit the IFRS 17 line items into this report and the templates.

The following list summarises the main judgements and restatements utilised in Solvency UK reporting and measurements:

- Gross written premium (“GWP”) is not recognised by IFRS 17 but the Company considers it to be a key financial metric and continues to produce financial information to quantify GWP on the same basis as before. This has been used to complete any template where GWP is required and where GWP is referenced in this report.
- IFRS 17 requires that for the purposes of reporting insurance revenue, where an insurer, acting as a reinsurer, pays commission to the policyholder under contracts it issues, the commission is netted off against premium to calculate the insurance revenue. An equivalent netting off is made for commission received from the Company’s reinsurers under reinsurance contracts it holds. The Company reports earned premium (gross, “GEP” and net, “NEP”) on the IR.05 templates in line with the PRA’s instructions and within this Report prior to any netting down. Commission therefore is reported within acquisition costs on the IR.05 templates.
- The measurement of incurred claims reported in the IR.05 templates includes allocated claims handling costs (for example, loss adjuster fees attaching to individual claims) but Solvency UK requires that unallocated claims handling costs are reported as an expense on the IR.05 templates. Unallocated claims handling expenses are part of the claims insurance services cost under IFRS 17.
- The Company issues contracts in multiple currencies. In complying with IFRS, the Company evaluates earned premium, acquisition costs and incurred claims based on average FX rates. These FX adjustments are not accommodated in the IR.05 templates on those line items and are therefore reported within FX gains or losses in this Report and the IR.05.
- IFRS 17 requires that premium owed to the Company (insurance receivables) and unearned premium (“UPR”) are reported together as a liability for remaining coverage (“LFRC”). There are equivalent presentations for: reinsurance premium payables and RI UPR, reported as an asset for remaining coverage (“AFRC”); claims payable and claims reserves reported as a liability for incurred claims (“LIC”); and reinsurance recoveries and RI claims reserves reported as an asset for incurred claims (“AIC”). Where

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

IFRS assets and liabilities are reported on the templates (for example, the IR.02) or in this Report, the IFRS 17 presentation has been adopted as far as is possible. Receivables and payables are however reported within Solvency UK asset and liability line items to the extent they are passed their due dates.

- Some inputs used to calculate the solvency capital requirement (“SCR”) are derived from accounting data for which there is no direct IFRS 17 equivalent. For example, earned premium is used to quantify the premium risk and operational risk charges. The Company has used earned premium from its accounting systems which reconciles to IFRS17 insurance revenue by virtue of the netted-off commission amounts and FX adjustments. Another example is that where the counterparty risk charge uses premium receivable, the Company has used a premium receivable number available to it from its financial system and where that item is a component part of the LFRC under IFRS.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Foreign currency

SFME solely transacts non-life insurance business. It conducts this business in several currencies though reports them in GBP. It holds assets and liabilities in multiple currencies. Therefore, SFME incurs exchange gains and losses on its foreign currency transactions and translation of foreign currency assets and liabilities, as described in A4. The following tables analyses the Company's foreign currency exposures:

Breakdown of GWP by currency		
<i>basis : IFRS GWP</i>	2025	2024
GBP	2.6%	3.0%
EUR	27.2%	36.6%
USD	12.2%	18.4%
KZT	52.9%	36.5%
all other currencies	5.1%	5.5%
total of all currencies	100.0%	100.0%

Currency assets held as a percentage of currency liabilities		
<i>basis : IFRS balance sheet</i>	2025	2024
EUR	97%	116%
USD	114%	115%

The fronting arrangement is denominated in KZT.

The foreign exchange exposure is exacerbated by the terms of credit available to policyholders (albeit these follow standard market practice) and the low level of claims reserves meaning SFME typically has an unavoidable surplus asset position in many currencies. The Company holds bank accounts in GBP, EUR and USD and deposits accounts in GBP and USD. An increase in the surplus or deficit of any currency will generate an increase in the currency risk charge of the SCR. Overall, the FX impact was a loss in 2025 of £0.3m (2024: loss £0.3m).

Leases

The Company's only material leasing arrangement is for the premises it operates from, Room 975, Gallery 9, Lloyd's, 1 Lime Street. The current lease contract expires in 2035. The Company entered into this lease in September 2025. The Company triggered a break clause in its previous office lease, at 88 Wood Street, and that lease was terminated.

A.5 Any other information

There is no other information

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report 2025

B. System of Governance

In this chapter:

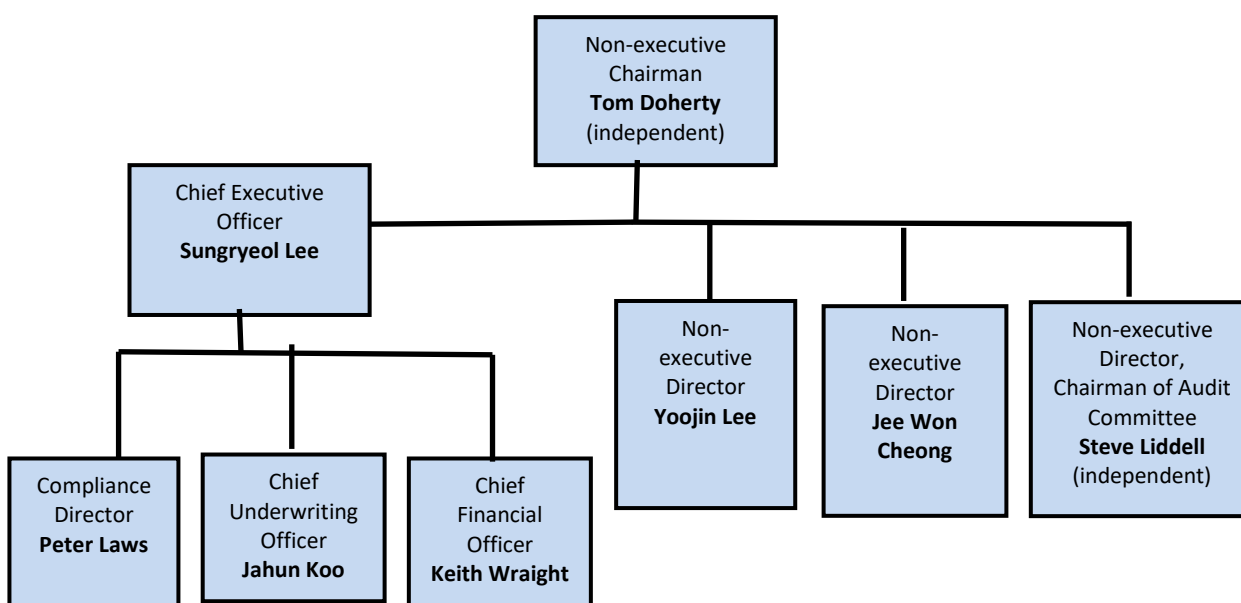
- B.1 General information on the system of governance
- B.2 Fit and proper requirements
- B.3 Risk management system
- B.4 ORSA
- B.5 Internal control system
- B.6 Internal audit function
- B.7 Actuarial function
- B.8 Outsourcing
- B.9 Assessment of the adequacy of the system of governance
- B.10 Any other information

B.1 General information on the system of governance

SFME considers that its governance structure is appropriate for the operation of the business, the market in which it operates and the risks that it faces.

Board of Directors

As at 31 December 2025, the Board comprised the following members:



During the year and until the date of this report there were no changes in Board membership other than:

- J Kim resigned with effect from 29 May 2025;
- Y Lee was appointed with effect from 29 May 2025;
- C Ioannou resigned with effect from 13 August 2025; and
- P Laws was appointed with effect from 21 November 2025.

SFME's Board of Directors is responsible for the stewardship of the business, providing effective leadership to supervise the management of SFME's business and affairs and to grow value responsibly, in a profitable and sustainable manner.

SFME believes that the members of the Board reflect the nature of the business and the risks that are faced in its operations and from the markets in which it operates. In addition to their technical specialist skill sets, the members of the Board bring a high degree of management and general skills to the oversight and management of the business.

SFME has separated the role of Chairman of the Board and CEO as it firmly believes that this is the most effective corporate governance structure. The structure leads to a strong oversight of the business and ensures that market best practice is followed in the Board's conduct. The independent non-executive Chairman leads the Board, sets its agenda and ensures it is an effective working group at the head of the

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Company. The Chairman promotes a culture of openness and debate and ensures that all Board members receive accurate, timely and clear information.

The Chief Executive Officer (“CEO”) is responsible for leading the development and execution of SFME’s long term strategy with a view to creating shareholder value. The CEO’s leadership role also entails being ultimately responsible for all day-to-day management decisions and for implementing SFME’s business plans.

The Company’s independent non-executive directors constructively challenge and help develop proposals on strategy. They provide the necessary oversight of the Board. Non-executive directors possessing relevant skills and experience are also selected from the wider SFMI group in order to provide oversight of the business and act as strong links with the parent company.

SFME recognises that the membership of the Board must be dynamic, changing to reflect the nature of the business and the risks that are faced in its operation and from the markets in which it operates. The membership of the Board is kept under continuous review.

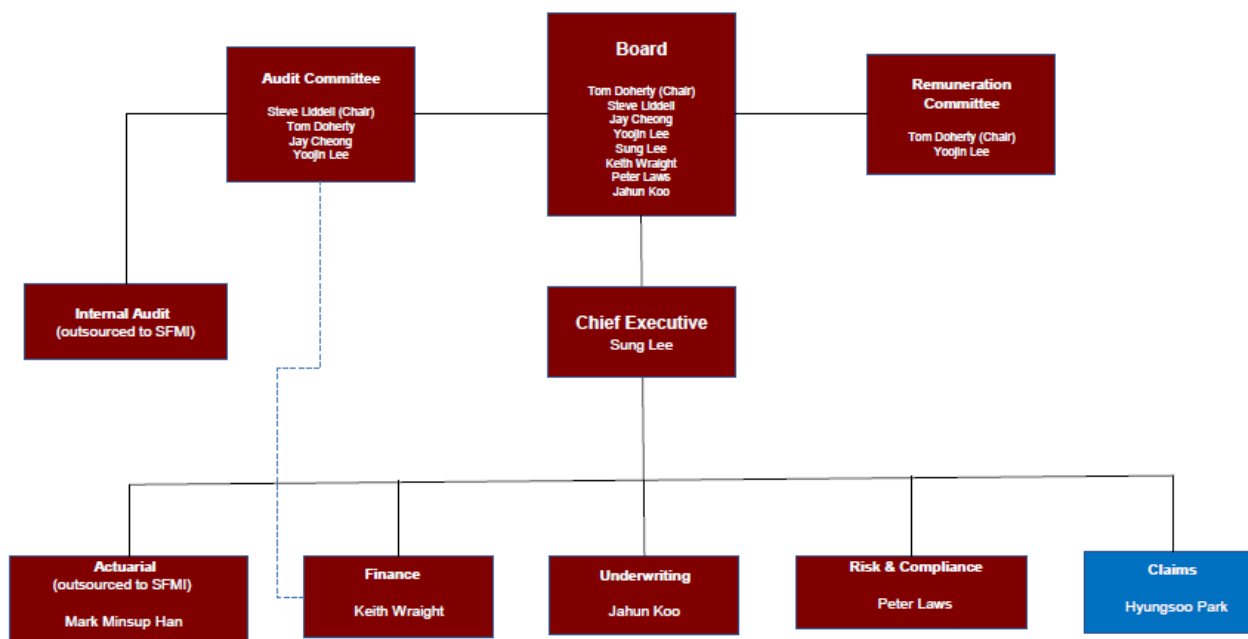
SFME operates an annual internal governance review programme and the results of this are submitted to the Board for consideration and action.

Segregation of Responsibilities

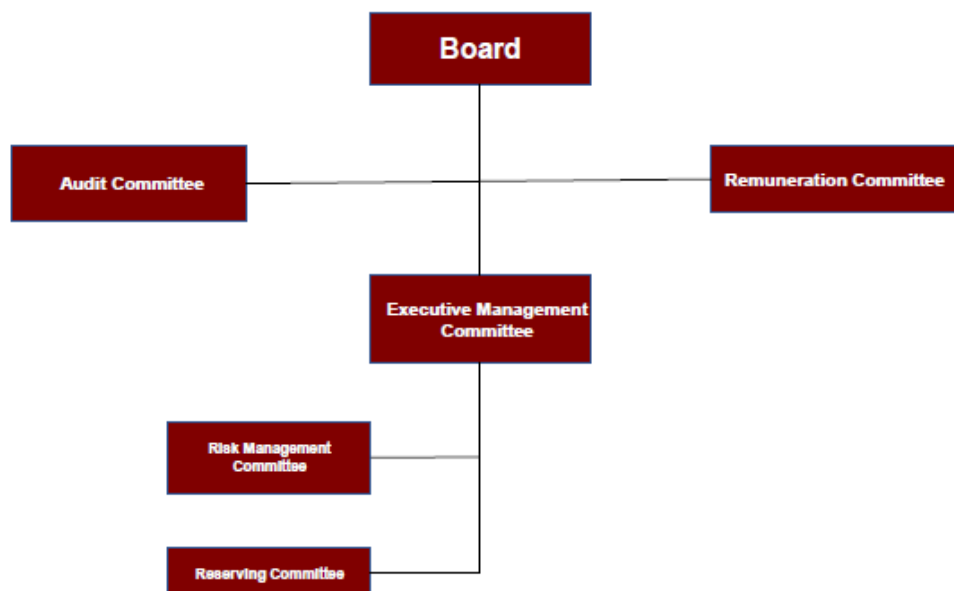
Senior Management Functions (SMFs)

Function number	Function name	Function holder
SMF1	Chief Executive	Sung Lee
SMF2	Chief Finance	Keith Wraight
SMF4	Chief Risk	Peter Laws
SMF7	Group Entity Senior Manager	Jay Cheong
SMF9	Chair of the Governing Body	Tom Doherty
SMF11	Chair of the Audit Committee	Steve Liddell
SMF12	Chair of the Remuneration Committee	Tom Doherty
SMF16	Compliance Oversight	Peter Laws
SMF20	Chief Actuary	Mark Minsup Han
SMF23	Chief Underwriting Officer	Jahun Koo

Functional Reporting Lines



Governance Structure



Typically, the CEO and the CUO roles are filled by appropriately experienced senior managers from within the SFMI organisation.

There is a clear segregation of responsibilities within SFME and this adds to the strength of the governance structure within the business. In addition, SFME has a formal Delegation of Authority Policy that is approved by the Executive Management Committee, setting out authorities for key decision making within the business. The budget setting process is designed to ensure each function is adequately resourced for the planned level of activity both in terms of numbers and skills.

The Chief Actuary is a US qualified actuary with many years' experience in the general insurance industry and reports directly to the SFME Board of Directors. There is an outsourcing agreement in place that ensures that the necessary level of actuarial resource is supplied to the SFME.

Compliance oversight and risk management is owned by the Compliance Director ("CD"). The CD is a member of, and reports directly to, the CEO and SFME Board of Directors.

Overall ownership of the Internal Audit function sits with the SFME Audit Committee (see below) and day-to-day operation is overseen by the CEO. In this way SFME ensures that there is effective independence in the operation of the function. Resource to undertake the audits is supplied by SFME's parent company and this provides the necessary level of independence for the task of auditing.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Board Committee Structure

SFME recognises that for its governance structure to be effective, it is necessary for tasks and responsibilities to be delegated by the Board to separate committees. The Board monitors the actions of these committees through the submission and review of the agreed minutes.

Audit Committee

To ensure effective governance of the committee, voting members comprise solely the non-executive directors of SFME. All executive directors attend and participate in the functioning of the Committee but have no formal voting rights.

The key tasks of the Committee are to review the annual audit plan with the auditors and to review information derived from the audit. Among its other tasks are to review the effectiveness of internal audit and to review the performance of the external auditors. The Committee meets at least four times a year to consider these and other matters.

Remuneration Committee

To ensure that there is appropriate oversight of SFME's remuneration arrangements, a Remuneration Committee has been formed with membership of the Chairman of the Board of SFME, its Chief Executive Officer (non-voting) and the non-executive director representing SFMI's interests.

The primary responsibilities of the Remuneration Committee are to:

- Oversee the Remuneration Policy;
- Ensure that the Remuneration Policy remains consistent with the Company's business strategy and does not incentivise excessive risk taking;
- Approve recommended changes to remuneration practices as may be appropriate from time to time; and
- Consider proposals in relation to Solvency UK staff in accordance with Remuneration Policy.

The Remuneration Policy documents the Company's remuneration framework and ensures an appropriate alignment between risk and individual reward, to discourage excessive risk taking and short-termism and to encourage effective risk management. This is balanced against the need to recruit, retain and motivate high quality staff. The inherent nature of most of SFME's business is that it is short tail and the ultimate cost of claims will be predictable shortly after the expiry of the risks.

Some directors and staff are expatriates from Korea. SFME is of the opinion that the transfer of staff from SFMI is positive for the Company and SFMI. The remuneration for these individuals is set by SFMI albeit borne by SFME both directly through its own payroll and recharged from SFMI. This remuneration includes certain elements of accommodation and family living costs. SFME bears the UK income tax that arises on these benefits. The recharges from SFMI include a variable element which is based on individual evaluation and the achievements of both SFME and SFMI against their respective plans.

The remuneration of the Chief Executive Officer is set by the Remuneration Committee.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

The remuneration of local staff and non-expatriate directors is both fixed and variable (though the variable is a small proportion of the overall total) and determined by the Chief Executive Officer. The fixed remuneration comprises a base salary and, according to each role, pension contributions, a lunch allowance, a car allowance and private medical insurance. The amount of fixed remuneration is determined at appointment and then in accordance with the annual appraisal process. The variable element is an annual bonus which is determined by the individual's performance and the results of SFME. The maximum entitlement is 20% of the basic annual salary. The Company does not administer a long-term incentive scheme for any of its directors.

The remuneration of the Independent non-executive directors is determined by the CEO and agreed by the Board of Directors. Such remuneration comprises fees only. Non-executive directors employed by SFMI are not remunerated.

The Company makes contributions to the defined contributions pensions of the executive directors and UK staff. The contributions are an agreed fixed percentage of base salary.

Executive Committee structures

Executive Management Committee

The members of the Executive Management Committee “EMC” are collectively responsible for directing the Company, establishing guidelines and Company policy and taking appropriate business initiatives. In particular, the EMC oversees the operational activities of the Company and co-ordinates and monitors the implementation of agreed Board policy and procedures.

The EMC ensures that at all times the business conducts itself in a manner consistent with safety and soundness and the protection of policyholders.

The duties of the EMC can be subdivided according to departments and are assigned and/or delegated to individual EMC members. Each EMC Member is responsible for directing his or her department and manages it in accordance with the objectives of the Company. However, the allocation of departments does not affect the joint responsibility of all EMC members for the management of the whole business. In achieving these goals, EMC members discuss management level issues freely and openly.

The Chief Financial Officer, the Compliance Director and the Chief Underwriting Officer all present reports to each monthly EMC. These reports form the basis of the reporting to the Board. These reports form the core documents to enable the Board to assess performance, risks, plans and future actions.

Reserving Committee

The members of the Reserving Committee “ResCom” are collectively responsible for assessing the key reserving methodology, judgements and assumptions proposed by the Chief Actuary and, in particular, the valuation of best estimates and the risk adjustment. ResCom assists the EMC and the Board in determining the appropriateness of the Company’s estimates of IBNR for IFRS and Solvency UK reporting.

Risk Management Committee

The Risk Management Committee “RMC” sits at the centre of SFME’s Enterprise Risk Management Structure and provides leadership and oversight of risk management across the business. At the highest level, the RMC ensures that at all times the business conducts itself in a manner consistent with safety and soundness and the protection of policyholders, with a number of key tasks sitting within its span of authority.

The RMC assists the Board in its oversight of risk issues by maintaining an appropriate risk management framework for SFME with responsibility for providing assurances to the Board that the risk management processes are active, credible and effective. The RMC is authorised to seek any information it requires from any of the employees of SFME in order to perform its duties. The role of the RMC is to implement the risk strategy across the Company and then monitor its implementation. It will also assess any new risks that emerge.

**Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report**

Oversight

The annual Board Effectiveness review considers the effectiveness of the committees and the need for additional committees is kept under constant review.

Material Changes to the System of Governance

There have been no material changes to the governance structure during 2025.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Material Transactions

There have been no material transactions with any person who exercises a significant influence on SFME or with members of the Board.

The Company transacts business with its parent both on an inwards facultative basis and an outwards reinsurance basis. The parent also provides SFME with IT support services, internal audit and actuarial function services. These transactions are summarised in the following table:

<i>source : P&L as per statutory accounts. Balance sheet per IR.31.01</i>	2025	2024
	£'000	£'000
<u>Transactions carried out during the year (IFRS basis) :</u>		
<u>with the parent entity</u>		
Insurance revenue	4	4
Insurance service expenses - reported claims	3	(2)
Expenses from reinsurance contracts held	14,101	9,285
Insurance claims recoverable from reinsurers	3,281	364
Marketing and administrative expenses	350	339
<u>with fellow subsidiaries</u>		
Expenses from reinsurance contracts held	143	19
Insurance claims recoverable from reinsurers	(4)	-
Marketing and administrative expenses	7	8
<u>Balances at the balance sheet date (S-UK basis)</u>		
Amounts payable to related parties net of amounts receivable from related parties	(9,667)	(11,753)
Related parties' share of reinsurance technical provisions	7,229	6,404

B.2 Fit and proper requirements

SFME places considerable importance in the continuing professional development of all managers and staff and it has a fit and proper policy in place to facilitate this. In particular, individuals who are appointed to the role of Executive or Non-Executive Director or the heads of key functions are expected to possess an adequate level of professional qualifications, knowledge and experience relevant to their specific roles. The Fit and Proper Policy incorporates the requirements of the Senior Managers & Certification Regime (SM&CR) and the Company's fit and proper requirements.

The Board collectively possesses appropriate qualifications, experience and knowledge of:

- insurance and financial markets;
- business strategy and business model;
- system of governance;
- financial and actuarial analysis; and
- regulatory framework and requirements.

It is important that the Board contains a balance of skills amongst individuals and it is expected that this will reflect the requirements of the business and its growth areas. Where necessary, changes will have to be made to Board composition to reflect the changes in the risk profile of the business.

As part of the annual SFME governance review process, all executive directors are required to participate in a Board effectiveness review as well as complete a "Fitness & Propriety" questionnaire to assess ongoing propriety. In addition, SFME has in place an appraisal process to assess employee performance and for the development of managerial talent and to enable staff to contribute to the growth and success of the Company.

B.3 Risk management system

Objectives

SFME has seven risk management objectives for its risk management system. These are:

1. Risk culture: improve risk awareness and embed risk management in all areas of the business;
2. Risk identification: prompt identification of risks, control weaknesses and other relevant issues, so as to allow timely and cost-effective resolution;
3. Risk control: reduce unintended exposures thereby contributing to a "no major surprises" culture;
4. Value protection and/or value creation: protect shareholder value and satisfy shareholder expectations;
5. Capital adequacy: ensure that the business maintains a sufficient level of capital;
6. Strategic optimisation: integrate business, risk and capital management strategies; and
7. Good corporate citizen: identify, manage and control risks of regulatory concern, which include:
 - fair treatment of customers;
 - protection of policyholders;
 - ensuring effective competition; and
 - maintaining integrity of the UK financial system (compliance)

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Risk Governance

The Board of Directors is ultimately responsible for SFME's risk management framework as well as managing all risks facing the business.

To assist the Board with this responsibility, executive management has formed a Risk Management Committee to manage the Company's risk management framework and to report to the Board on risk matters. In addition, the day-to-day operation and control of the Framework is undertaken by the risk management function, and all managers and staff must be involved in the day-to-day processes.

Due to the size of SFME, responsibility for the Risk Management function resides with the Compliance Director who has direct access to the Board as well as the Risk Management Committee, in order for it to escalate significant breaches in risk appetite or risk mitigation.

Risk Assessment

SFME has a process in place to identify all risks that have the potential to impact SFME financially. It includes known risks as well as latent and emerging risks. The assessment of a risk involves an assessment of:

- the probability of occurrence (within a one-year time horizon); and
- the severity of the potential loss (given the loss occurs)

These are assessed on a gross risk basis (before risk control) and a residual, or net, risk basis (after risk control). This enables meaningful comparison of all risks so that those with the greatest severity and probability of occurring are managed first. Methods for assessing the severity and probability of a loss include:

- Qualitative basis
- Quantitative analysis
- Expert judgment
- Stress and scenario building

All major risks are recorded in the Risk Register.

Risk Control

Effective risk controls are a key element of the entire Framework as they provide the means necessary to manage excess risks so that the Company achieves its corporate objectives with greater certainty.

The Risk Register

The risk register is a depository of all the identified major risks of SFME, and contains all relevant information related to the identification, control and assessment of risks within SFME.

Risk Reporting

Risk reporting is the reporting of all risk matters to the users of risk information. To effectively achieve the risk reporting objectives, the risk reports have the following characteristics:

- Tailored depending on the purpose and audience to ensure that the right information is presented to the right people;
- Produced at regular intervals (to vary according to purpose and audience) or in a timely manner, to ensure prompt action where required;
- Have forward-looking reporting capabilities to provide early warnings of any potential breaches of risk appetite, tolerance and limits;
- Have capabilities to conduct flexible and effective stress testing to assist with the forward-looking risk assessments;
- Produced using accurate, complete and timely data.

B.4 ORSA

Objectives

The ORSA is the process whereby all elements of SFME’s risk management framework are drawn together to deliver an output that is central to SFME delivering its business goals. The objectives of the ORSA are:

- To promote the safety and soundness of SFME and therefore contribute to the protection of policyholders; and
- To help determine the optimal strategies (both business strategy and risk strategy) that will optimise the return commensurate with the risks undertaken.

The ORSA process:

- a) refers to the continuous process of identifying, assessing, controlling and monitoring all material risks exposed to SFME; and
- b) ensures SFME has sufficient capital to cover against the residual risks (risk net of any mitigation effects); while
- c) ensuring that the output of this assessment is embedded into the decision-making process of SFME.

Governance

In order to ensure the effectiveness of the ORSA process, the roles and responsibilities by function or area shall be as follows:

Responsibility	Roles
Board of Directors	<ul style="list-style-type: none"> • Ownership and oversight of the ORSA process • Review and challenge of each ORSA • Use of ORSA in the management of SFME
Risk Management Committee	<ul style="list-style-type: none"> • Oversight of the ORSA process • Review and acceptance of ORSA output

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Executive Management Committee	<ul style="list-style-type: none"> • Effective engagement with the ORSA process • Use of ORSA output in business planning and the operation of the business
Chief Risk Officer (Compliance Director)	<ul style="list-style-type: none"> • Day-to-day management of the ORSA process • Ownership of ORSA control documentation • Collation of information • Production of ORSA output and other necessary documentation
Finance	<ul style="list-style-type: none"> • Ownership of the SCR, MCR, own funds and technical provisions
Actuarial	<ul style="list-style-type: none"> • Valuation of technical provisions • Expert judgement in selecting appropriate valuation techniques • High level/consultative involvement in the ORSA process • Ownership of the Risk Strategy Capital Requirement (RSCR) model • Documentation of the technical process surrounding the generation of the RSCR • Review of ORSA capital figure and comparison with the SCR
Reserving Committee	<ul style="list-style-type: none"> • Oversight of the methodologies and assumptions used in valuing the technical provisions
All staff	<ul style="list-style-type: none"> • Identification and awareness of risk

The ORSA is produced annually as a matter of routine and can be revisited on other occasions to, for example, assess the impact of a material change to existing business or a new business proposition.

B.5 Internal control system

Overview

Internal control is a process implemented by SFME’s Board of Directors, Management and all other personnel. This process has the goals of providing reasonable assurance that:

- SFME is operating effectively;
- Financial information is accurate and reliable; and
- SFME is operating in compliance with applicable laws and regulations.

An effective internal control process is fundamental to the safe and sound management of SFME as it helps to reduce the possibility of unexpected losses, both financial and non-financial.

Controls are actions that are undertaken by individuals or teams to confirm that something is accurate, correct, completed or that another action has taken place. Such controls are undertaken at all levels within the business although there will be a higher volume of controls at the transactional level.

As described above, the Company has a risk identification process. All risks are assigned one or more controls. The controls and control owners are also recorded in the Risk Register.

Appropriate evidence is obtained to ascertain whether or not controls are being applied and are effective in their operation. Further regular internal audits of the business are undertaken to assess the effectiveness of the control.

Compliance Function

There are two distinct types of compliance activity – strategic compliance dealing with structural issues (e.g., governance and control structures) and compliance dealing with day-to-day procedural issues.

Strategic Compliance Activities

High-level compliance deals with the following areas:

- Corporate governance
- Fitness and competence
- Systems and controls
- Regulatory requirements
- Business standards
- Legislative requirements
- Business continuity

Compliance Activities

There are also the more routine compliance issues that need to be addressed on a day-to-day basis.

These include:

- Liaison with the PRA, the FCA and other regulators.
- Ownership of the compliance manual.
- Management of compliance reviews and follow up of issues that have been identified.
- Maintenance of a database of reporting and compliance deadlines (both in the UK and Europe) with appropriate allocation of responsibility and monitoring that all deadlines have been met.
- Monitoring of new regulations and documentation of new procedures required as a result of new regulation.
- Dissemination of regulatory information as required.
- Reporting to the Board.
- Money laundering prevention and analysis.
- Maintenance of a Sanctions Compliance Programme and associated sanction controls.
- Maintenance of the Company's policy framework.
- Documentation of procedures and change management of procedures.
- Compliance testing of procedures to ensure continued compliance with applicable regulations.
- Complaints resolution and monitoring.
- Maintenance of database of approved persons and processing applications.
- Litigation monitoring

B.6 Internal audit function

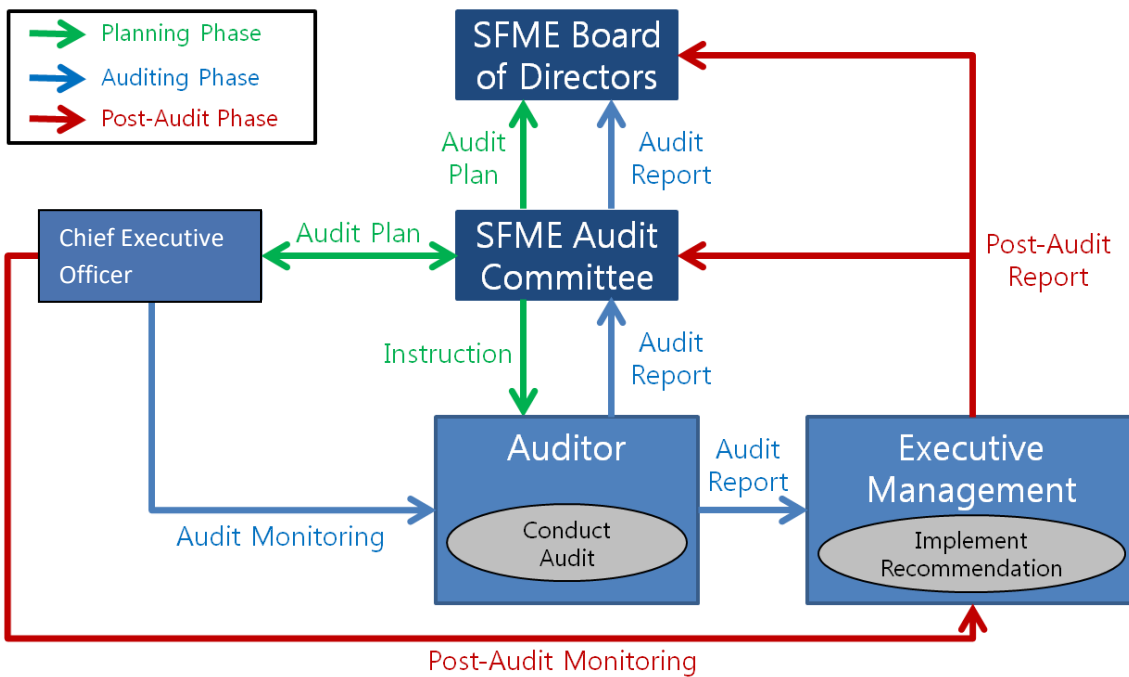
SFME's Audit Committee is the steering group for the oversight and management of the internal audit function. The internal audit itself is outsourced to the Internal Audit department of SFMI. The Audit Committee reviews and approves the annual audit plan prepared by the SFMI Head of Internal Audit.

**Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report**

The SFMI Internal Audit department implements the audit plan according to the instructions received from the Audit Committee and prepares an audit report along with any recommendations. The audit report is disclosed to the Executive Management, Audit Committee and Board of Directors.

The Executive Management is responsible for implementing the recommendations from the audit report and its progress is monitored by the EMC. A post-audit report which contains the results of the implementation is submitted to the Audit Committee and the Board of Directors.

The following diagram depicts the Internal Audit framework.



As noted, the Internal Audit function is outsourced to the parent company’s internal audit team. The Audit Committee believes that SFMI Internal Audit team has a very strong sense of independence from the SFME directors and staff and is able to be objective in its assessment of SFME’s activities.

B.7 Actuarial function

After considering the expertise of SFMI's actuarial staff and having taken in to account the PRA requirements about who can act as the chief actuary for a UK insurer, the Board has concluded that the Chief Actuary should be a senior member of SFMI's actuarial team. SFME and SFMI have entered in to an Actuarial Service Agreement which establishes the obligations on both parties in terms of the actuarial services to be provided. SFMI has committed to make available to SFME an individual of sufficiently high calibre to meet the PRA and Board requirements.

The actuarial function is responsible for the following:

- Calculating the technical provisions
- Ensuring the appropriateness of the methodologies and underlying models used as well as the assumptions made in the calculation of technical provisions
- Assessing the sufficiency and quality of the data used in the calculation of technical provisions
- Comparing best estimates against experience
- Informing the Board of Directors of the reliability and adequacy of the calculation of technical provisions
- Expressing an opinion on the overall underwriting policy
- Expressing an opinion on the adequacy of reinsurance arrangements
- Assisting in the calculation of the own fund and capital requirements

The tasks to be undertaken by the actuarial function are carried out by persons who have knowledge of actuarial and financial mathematics commensurate with the nature, scale, and complexity of the risks inherent in the business, and who are able to demonstrate their relevant experience with applicable professional and other standards. The actuarial function has direct and unrestricted access to the Board of Directors and board committees to report on key findings and recommendations.

B.8 Outsourcing

In principle, all functions and activities can be outsourced provided the Company retains ultimate responsibility for discharging its obligations. SFME remains fully responsible for all outsourced functions and activities. It is therefore essential that risk management systems and controls are in place for choosing a service provider and for monitoring and reviewing the quality of the service provided.

Outsourcing is undertaken in such a way to mitigate the risk of any of the following occurring:

- materially impairing the quality of the system of governance of SFME;
- unduly increasing the operational risk;
- impairing the ability of the supervisory authorities to monitor the compliance of SFME with its obligations;
- undermining continuous and satisfactory service to policyholders;
- materially impairing financial performance; and
- materially impairing soundness or continuity of relevant services and activities.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

SFME has arranged outsourcing of the follow critical/important functions:

- Chief Actuary and Actuarial Function: SFMI actuarial department, Seoul
- Underwriting, claims, reinsurance, accounting and data systems: SFMI IT department, Seoul
- Internal Audit: SFMI internal audit team, Seoul
- Security and controls for the London office computers, NAS server and network: Sekyee Limited

B.9 Assessment of the adequacy of the system of governance

Reviews of the corporate governance and effectiveness of the Board and Committees are carried out on a regular basis, taking in to account the Financial Reporting Council's Corporate Governance Code (whilst not binding on SFME, it is a useful benchmark for corporate governance), recommendations from the PRA and best practice within the industry.

B.10 Any other information

There is no other information.

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report 2025

C. Risk Profile

In this chapter:

- C.1 Underwriting risk
- C.2 Market risk
- C.3 Credit risk
- C.4 Liquidity risk
- C.5 Operational risk
- C.6 Other material risks
- C.7 Any other information

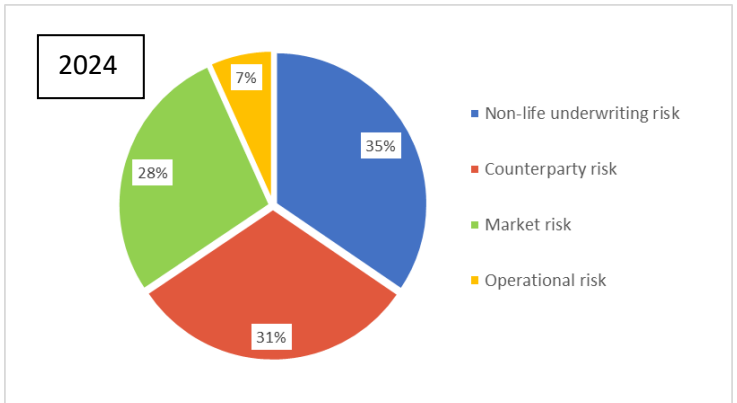
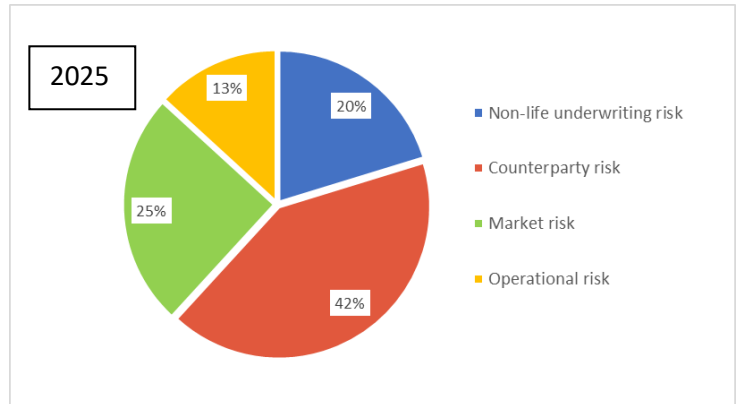
Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

SFME has no off-balance sheet positions and does not transfer risk to special purpose vehicles. Accordingly, none of the following sections makes any reference to these situations.

During 2025 there has been a 17% reduction in the quantification of Company's Solvency Capital Requirement (SCR). The reasons for the reduction are explained in chapter E2. The pie charts show that counterparty and operational risks have increased as a proportion of the total SCR and that underwriting risk has fallen. Broadly, this reflects the reduction in net premium, which impacts underwriting risk, and the increased counterparty exposure from (a) the new fronting arrangement and (b) an increased concentration of sums insured with 1 policyholder for property and engineering risks. The operational risk has increased due to the increase in gross earned premium.

This chapter explains the characteristics of the risks faced by SFME.

SFME uses the Standard Formula to measure risk culminating in the quantification of its SCR. The analysis performed by the Company confirms that the Standard Formula is appropriate and broadly aligned to its risk profile. This chapter provides information about the Standard Formula risks as well as additional risks identified by the Company.



C.1 Underwriting risk

Underwriting risk (20.0% of the SCR (2024: 34.5%)) is the risk of loss to SFME by whatever cause due to actual experience being different than that expected when an insurance product was designed and priced. The Standard Formula has three sub-components of non-life underwriting risk which are shown in the pie chart on the right. The relative decrease in catastrophe risk is explained in E2.

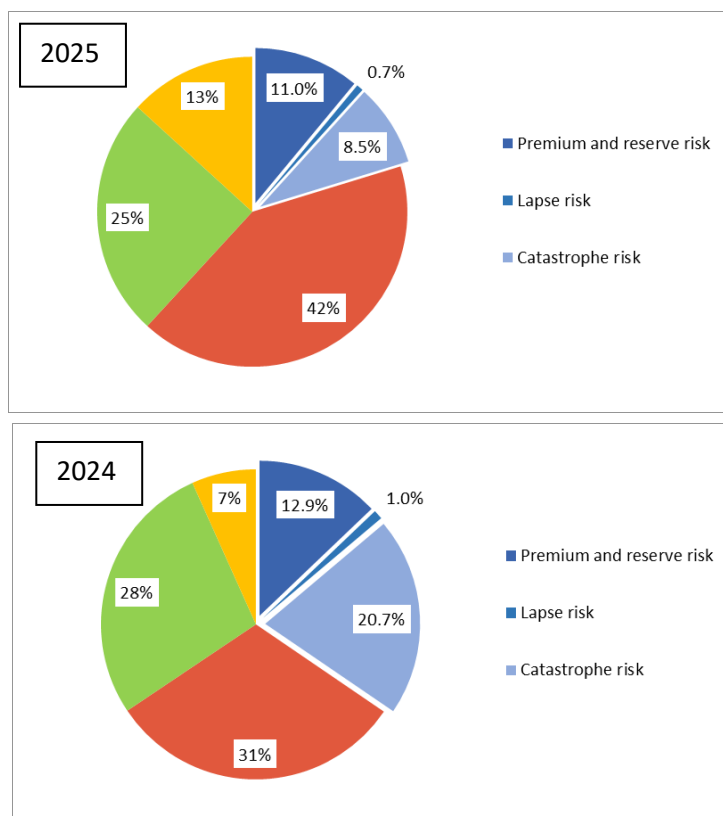
Premium risk results from the uncertainty associated with the variability of claims that have not yet occurred. Reserving risk results from the uncertainty associated with the variability of claims that have already occurred. SFME has an exposure to windstorm, earthquake, hail and flood national catastrophe (“NatCats”) losses from its property risks, as well as man-made fire exposures. Its cargo book is also exposed to losses arising from NatCat events, especially where coverage extends to warehouse storage. Lapse risk is the risk of loss of underwriting profits if in-force contracts lapsed (i.e., were cancelled) before the expected expiry date.

SFME has defined its underwriting risk universe as comprising the following risks:

- Underwriting risk;
- Pricing risk;
- Reinsurance risk; and
- Claims risk.

This underwriting risk universe is characterised by the following features:

- The Company writes reinsurance contracts or contracts of large risk. It does not write any retail business;
- The Company does not delegate any underwriting authority to a third party;
- The lapse risk is very low given the strong Group affiliations;
- The claims run off period is typically relatively short;
- The Company is looking to grow its business outside its traditional base and, further, with new product type;
- Long term relationships with core clients give the Company a strong understanding of the risks and hazards presented by the insured risks;
- Where the Company retains some or all of a claim (i.e., after reinsurance), the most common loss event is theft or loss of or damage to goods-in-transit;
- Extensive use of third parties to handle cargo claims; and



Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

- A spread of clients around the world operating within a volatile global economic climate.

Underwriting Risk

SFME is exposed to underwriting risk through the direct or indirect loss resulting from the inadequacy or failure to write premium in line with the constraints of the business plan. In order to ensure the effective management of this risk, suitable processes, procedures and management information are in place to demonstrate:

- Relevant adherence to the business plan;
- Adherence to underwriting levels of authority;
- That risks are being monitored post signing; and
- Adherence to underwriting standards and guidelines.

Pricing Risk

SFME is exposed to pricing risk through direct or indirect impact on profits resulting from the inadequacy or inappropriate pricing of the risks written. SFME currently has no appetite to delegate underwriting authority to a third party. In addition, SFME's core clients (Samsung Group and KIA) are very stable and there is very low lapse risk. In order to ensure the effective management of this risk, suitable processes, procedures and management information are in place to demonstrate:

- Adherence to underwriting standards and guidelines; and
- Constant monitoring of underwriting performance and technical rating methodologies and adequacy.

Reinsurance Risk

SFME is exposed to reinsurance risk through direct or indirect losses resulting from the inappropriate selection of reinsurance programmes and/or inaccurate administration of these programmes. In order to ensure the effective management of this risk, suitable processes, procedures and management information are in place to demonstrate:

- Necessary oversight by the Risk Management Committee over the determination of the reinsurance programme structure and the implementation of that structure;
- That regular monitoring is maintained against the reinsurer concentration limits; and
- That relevant authorisation procedures for purchasing facultative reinsurance have been followed.

Claims Risk

SFME is exposed to claims risk through direct or indirect loss resulting from a failure of claims management. This can be broken down into two categories:

- Claims handling: a failure or inadequacy to sufficiently handle SFME's claims arising from underwriting losses; and
- Claims operations: a failure or inadequacy in monitoring and reporting on the operational aspects of SFME claims.

In order to ensure the effective management of this risk, claims system controls have been established which set out in detail the controls in place by which the Claims function manages its risks. These include:

- Claims resourcing;

**Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report**

- Processes and management controls;
- Relevant documentation;
- Claim reserving;
- External third-party service providers and experts (including legal advice); and
- Performance management.

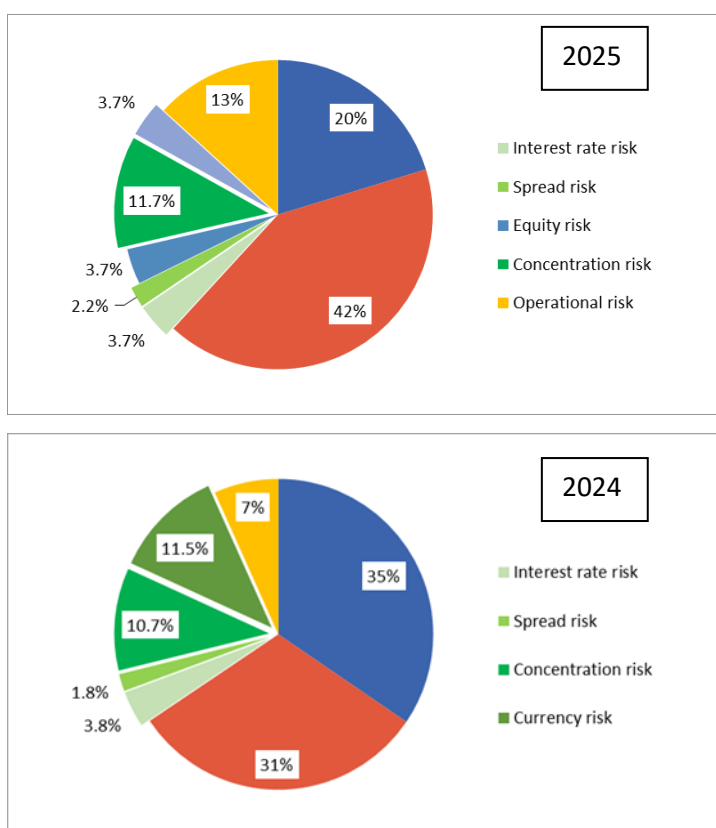
C.2 Market risk

Market risk (25% of the SCR (2024: 28%)) is the risk of loss to SFME by whatever cause as a result of market movements and in particular in relation to assets, liabilities and profit. The Standard Formula has 5 (2024: 4) sub-components of market risk, as demonstrated by the pie charts below. The pie charts highlight the relative change in each component, the reasons for which are explained in E2.

SFME has identified its market risk universe as comprising:

- Interest rate risk; and
- Currency risk.

The Standard Formula deals with concentration risk within market risk but the Company feels concentration is better assessed within the context of its credit risk and so is described in section C.3. The Standard Formula also attaches a spread risk to bank deposits. Spread risk is the risk that arises from the sensitivity of the value of assets to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. The nature of the Company’s deposits is entirely straightforward and in the Company’s view, the value of the deposits will not be affected by spread risk. Consequently, spread risk has not been included in the Company’s risk universe. Finally, the Standard Formula attaches a risk to fixed assets within its equity risk component on the basis that the economic or market value of fixed assets may fluctuate. The nature of the Company’s fixed assets is entirely straightforward and in the Company’s view, the value of its fixed assets will not bear the same risk as the Standard Formula expects. This component of equity risk has been recognised in 2025 given the greater materiality of the Company’s fixed assets at year end 2025 (£0.6m; 2024: £21k).



The SFME market risk universe is characterised by the following features:

- Assets which are low risk and thereby low yield
- A high number of transactional currencies albeit with assets and liabilities of each currency broadly matched within an acceptable range

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Interest Rate Risk

This could arise from one or more of three factors:

- a) Inappropriate Investment strategy: SFME is exposed to market risk through direct and indirect loss resulting from an inadequate or inappropriate setting of the investment strategy. In order to ensure the effective management of this risk, suitable processes, procedures and management information are in place to demonstrate that:
 - The Board is given the opportunity to challenge the strategy; and
 - The investment strategy is set in line with the Company's strategy as well as within the assumptions and parameters adopted in SFME's risk capital calculation.
- b) Lower than expected income from investments: this is the risk of a negative impact on SFME's profit and loss through an unexpectedly low rate of return on investments. This is a low-level risk to SFME as the Company is operating in a relatively stable interest rate and return environment and the nature of its assets can only ever generate a predictable return. Investment income is notified as a separate profit and loss item to the Executive Management Committee and Board of Directors to allow for effective monitoring and challenge.
- c) Impact from the movement of asset values: movements in the value of assets could have a particularly severe impact on SFME's regulatory capital. However, throughout 2025, SFME held only deposits with a small number of banks so had no exposure to asset value movements.

Currency Risk

Currency risk arises from two factors:

- a) Impact on the matching of assets against liabilities: SFME trades in three core currencies, GBP, EUR and USD as well as holding cash at bank and deposits solely in these three currencies. The Kazakhmys scheme is booked in KZT though the fronting scheme is a near match. A high proportion of cargo business is transacted in EUR. Given the Company retains a high proportion of its cargo business, EUR is likely to be a major contributor to the surplus of currency assets if business is profitable (deficiency if loss-making) without mitigating actions to minimise the surplus. For the three main currencies, it is the policy of the Company to match assets against liabilities in the currency of that liability over a period of time notwithstanding the fact that a surplus may be held in EUR and USD to obtain, if available, better investment yields than in GBP. Whilst the broad aim is to avoid the risk of a significant mismatch if there is a change in the value of a currency, the Company accepts a higher capital requirement in exchange for improved yields (within prescribed tolerances). Mitigation actions to correct surpluses or deficits can necessarily only be taken at appropriate times (for example, upon the maturity of a deposit) so at any given reporting date, there is likely to be a moderate mismatch in any event. The surplus/deficit for USD and EUR are reported on page 23;
- b) Impact on profit and loss of the business: it is acknowledged by SFME that currency risk poses a threat to the profit and loss of the business. SFME reports in GBP but transacts policies in a number of different currencies. This means that SFME is vulnerable to movements in the transactional currencies against GBP and swings in the value of currencies must be accounted for immediately and there is little that SFME can do to mitigate the risk. In particular, the Company is too small to use hedging solutions.

C.3 Credit risk

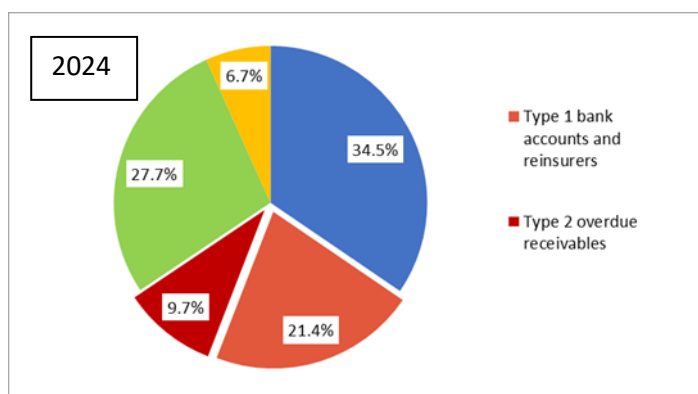
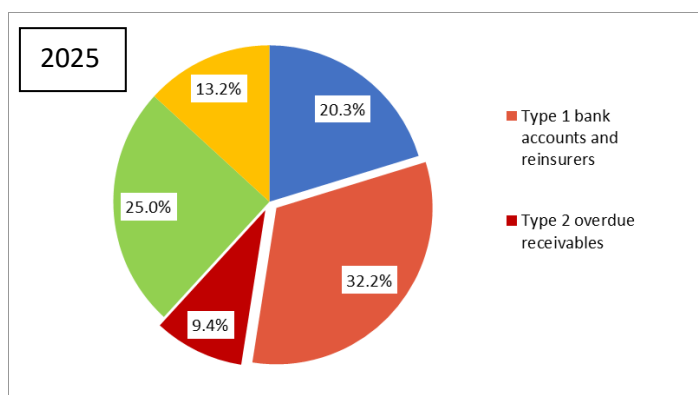
Credit risk (42% of the SCR (2024: 31%)) is the risk of loss to SFME as a result of failure by another party to meet its contractual obligations or fails to perform them in a timely fashion. The Standard Formula has 2 sub-components, type 1 bank accounts (not included in market risk) and reinsurers; and type 2 for other debtors. Type 1 has increased in 2025, as explained in E2.

SFME has defined its credit risk universe as comprising:

- Counterparty default – where money that is due to SFME under a contractual obligation is not paid, or where assets held by a third party are lost; and
- Concentration risk – where money that is due to SFME under a contractual obligation become overly concentrated with one third party which acts to magnify the risk of that party’s default (the Standard Formula deals with concentration risk within market risk).

The SFME credit risk universe is characterised by the following features:

- Reinsurance protection is sought by SFME to limit underwriting risk where potential losses exceed the risk appetite. Reinsurance is in the form of treaties and facultative placements on individual insurance policies. The fortunes of a reinsurance company can change over time;
- SFME contracts a significant proportion of its business through brokers. A broker could become insolvent and in such a situation it is likely that SFME would become another creditor and see little or none of the outstanding funds yet the contract of insurance remains in force. In addition, there is the risk of fraud and theft where premium and claims monies taken by the broker are either stolen for personal gain, or used by the broker to support their business;
- In the countries where SFME does not issue local policies, there is a reliance on fronting companies. These act as a primary insurer, issuing the policy in accordance with local requirements and acting to manage any claims. The fronting company then cedes a pre-determined reinsurance share to SFME and in turn pays claims before making recoveries from SFME in accordance with the reinsurance schedule;
- There is a risk that a customer goes into liquidation before they have paid the premium either to the broker, or directly to SFME. The majority of SFME policies are on 90 days, if not longer, credit terms and there is thus a significant window for problems to manifest themselves in a client. SFME’s current business portfolio is mainly comprised of other members of the Samsung group of companies and the risk of their failure is extremely low;



Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

- SFME has chosen to place its investment funds in deposits with banks, predominantly Korean banks with UK branches

Counterparty Default Risk

In order to ensure the effective management of this risk, suitable processes, procedures and management information are in place to demonstrate that:

- The counterparty had appropriate financial strength at the time that they were appointed or the relationship commenced;
- The counterparty maintains their financial strength at an appropriate level during the period of the relationship;
- There is appropriate reporting; and
- There is appropriate governance and oversight.

Concentration Risk

Concentration risk can act to magnify the effects of a counterparty default and it is therefore necessary to identify and control such concentrations as and when they occur. This is implemented through:

- Rules regarding the size/proportion of concentrations of credit that are allowed with a third party;
- Appropriate reporting; and
- Appropriate governance and oversight.

SFME has 2 types of material concentration risk: investments deposited at a single bank and reinsurance ceded to a single reinsurer. SFME's Board of Directors sets thresholds for what it regards as an acceptable level of risk for both in most circumstances although there are some circumstances in which the Board will accept a higher level of concentration for appropriate business reasons. Acceptance of the higher amount is only approved after a reappraisal of the ORSA and the impact on the SCR.

C.4 Liquidity risk

Liquidity risk is the risk that a firm, although solvent, does not have sufficient financial resources available to enable it to meet its obligations as they fall due, or is able to secure them only at excessive cost. It is not explicitly quantified by the Standard Formula; however, the following provides details on how this risk is monitored and managed. In particular, the Company has a risk that it may be obliged to pay a large claim before receiving amounts from its reinsurers for their share of the claim.

The SFME liquidity risk universe is characterised by the following features:

- The majority of assets are held as cash either in a normal deposit account or in a timed deposit account. They are thus realisable within set timeframes;
- Claims liabilities are generally known about some time before there is an obligation to settle;
- Simultaneous payment or cash call clauses feature in some of the Company's reinsurance contracts;

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

- For reinsurance contracts held with unrelated reinsurers, the Company monitors the exposures on its largest contracts (ie, sum insured) to assess the accumulation of exposures against its liquid funds; and
- Other liabilities tend to conform to specific annual timetables.

Overall, the operation and management of the business means that knowledge of a material liability is obtained well before the necessary time required to liquidate and realise non-cash assets. In addition, there is the expectation that SFME's parent company will wish to support it and thus ensure the continuing operation of the firm. To reinforce this expectation, SFME and SFMI have entered in to a net worth agreement whereby SFMI pledges to maintain SFME's capital resources at or above a certain multiple of the SCR and MCR. In general, however, the Company monitors its immediately available funds to ensure they exceed the typical cash outflow requirements.

C.5 Operational risk

Operational risk (13% of the SCR (2024: 7%)) is the risk of loss to the firm resulting from inadequate or failed internal processes, people or systems, or from certain external events. By its nature operational risk is very diverse, dependent on the skills and experience of its staff and is inherent in the Company's activities. Rules and best practice relating to governance are constantly evolving, such as the PRA's new requirements regarding operational resilience. As noted above, the Company relies on its parent for the provision of its main underwriting, claims and accounting systems and actuarial and internal audit services.

- Change within SFME and the market in which it operates means that processes and procedures become obsolete and require review, update or replacement
- Changes to regulations and laws and/or non-compliance with regulation and legal requirements
- IT and systems are essential to the business and their failure or inability to deliver business critical functionality will have a severe impact on the business
- The risk of financial crime, both internally from staff and externally from third parties is increasing during the global economic turmoil
- SFME is at the risk of business disruption through the loss of the building from which it operates or loss of access through an incident such as a fire or a terrorist attack. The Covid pandemic has demonstrated however that working from home for a sustained period is easily managed and the disruption is therefore principally related to use of office PCs and servers which facilitate remote working
- SFME, like any other insurance firm, makes use of outsourcing relationships which bring their own risks as SFME retains responsibility for the functions and must ensure that they are being correctly discharged by the outsourcer

Under the Standard Formula, the operational risk charge is quantified by a given percentage of gross earned premium. Given the new fronting arrangement has increased gross earned premium, the operation risk charge has increased.

C.6 Other material risks

Group Risk

Group risk which means the potential impact of risks to SFME arising either directly from ownership by Samsung Fire & Marine Insurance in Korea, or indirectly from membership of the Samsung group of companies. Elements of SFME Group Risk include:

- Contagion risk from reputational damage affecting another part of the Samsung group;
- Impact of a credit rating downgrade applied to SFME's parent company, Samsung Fire and Marine Insurance (SFMI);
- Political risk exposure in Korea and in particular historical disputes between North and South Korea; and
- SFME's high reliance on Samsung entities for premium volume.

Group risk is unavoidable for SFME but two of its executive directors are senior employees seconded from SFMI and two non-executive directors are senior managers at SFMI. These individuals maintain close contact with the parent company and Samsung clients which give them an opportunity to identify issues and advise the Board of necessary actions in response.

Strategic & Reputational Risk

Strategic risk is a function of the incompatibility between two or more of the following components:

- SFME's strategic goals;
- business strategies developed;
- resources deployed to achieve these goals;
- quality of implementation;
- economic situation of the markets that SFME operates in.

Reputation risk is a function of:

- loss of the value of a brand; and
- loss of ability of an organisation to persuade other entities to trade with it.

Strategic risk management is a process for identifying, assessing and managing risks and uncertainties, affected by internal and external events or scenarios, that could inhibit SFME's ability to achieve its strategy and strategic objectives with the ultimate goal of creating and protecting shareholder and stakeholder value. Reputational risk management involves aligning strategies and corporate culture, creating a commitment to quality and ensuring a strong internal control environment.

Climate change

The Board has concluded that the Company's exposure to climate-related risks is low and unchanged from 2024, as explained in this section. The PRA has emphasised to the insurance industry the need for a strategic approach to managing climate risk and set out its expectations of Boards to evaluate, manage and report on climate change risks. The Company's approach to these expectations, proportionate to its low exposure, is outlined below.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

The Board and senior management understand the Company’s exposure to climate-related risk and the exposure is reported to the Board and monitored as part of the risk management framework. The CEO has been appointed the individual to govern the Company’s climate-related risks. Developments in climate change awareness and reporting have continued to be reported to the Board during 2025, together with the results of the Company’s monitoring.

The Company has analysed its exposure to climate risk, both physical and transitional, in its investment and insurance portfolios. The key findings of the analysis are unchanged and that:

- The Company has very little risk within its investments from climate change. All of its investments comprise deposits placed with banks which have very limited financial emission exposures. Also, these investments are liquid with a maximum duration of 12 months and the investment yield contributes a lower proportion of the profit before tax than its insurance activities. The Company’s strategic approach to investments did not change during 2025; and
- The Company’s exposure to climate change risk in the insurance contracts it issues and reinsurance contracts it holds remains low. Due diligence is performed on all new business to ensure it sits within the Company’s appetite for climate change risk relating to underwriting exposures. The key perils exposed to climate change risk are windstorm and flood events and, since the Company’s incorporation, these events comprise a relatively small proportion of all claims (less than 10%). Furthermore, the majority of the Company’s contracts that it issues are annual in duration which permits appropriate repricing at renewal as the Company’s understanding of climate change risk develops. Only 1 claim was reported to the Company during 2025 (2024: 3) which was deemed to be weather-related.

The Company also monitors its energy use and its gross emissions in 2025 were 16 (2024: 10) metric tonnes. The Company’s energy use comprises that used at its office in London together with a limited amount of air business travel by its directors and staff (within scope 2 and 3 emissions respectively). The Company does not have any scope 1 emissions.

The following table shows the Company’s energy use and associated greenhouse gas emissions:

	2025		2024	
	Kwh	tonnes CO2e	Kwh	tonnes CO2e
Electricity purchased	32,581	5.8	25,952	5.4
Business travel - flights	81,357	9.7	27,169	5.0
	113,938	15.5	53,121	10.4
Intensity ratio based on tCO2e per employee		0.98		0.68

The Company occupies a single floor of a multi-tenanted building and the data used to calculate the office energy consumption is based on information provided by the landlord, quoting the usage attributed to the Company. In respect of business travel, the Company keeps a log of flights made by its employees. The energy consumption of these flights is determined by reference to the data provided by the International Civil Aviation Organisation (“ICAO”) whereby the ICAO website provides fuel consumed for each flight (all legs of the flight considered). The Company leases motor vehicles and its employees do not make any business travel by car. The amount of travel by other modes of transport is not material. The data disclosed

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

comprises energy used during the calendar year 2025. Total emissions have been calculated using the latest applicable UK Government's emission conversion factors. Business travel has increased in 2025 since the Company's staff made more visits to overseas policyholders, in accordance with what the Company judges is appropriate to maintain successful customer relationships, as well as the parent entity's offices in Korea.

The Company monitors its climate change risk exposure in its claims and insurance contracts. The Company has set risk appetites and metrics in relation to this exposure. These have been approved by the Board and no exceptions were reported in 2025. The risk will be monitored to ensure it either remains within appetite or that Management take remedial action if the appetite is in danger of being breached.

C.7 Any other information

Material changes

There have been no material changes in the nature of any of SFME's risks during 2025 although the quantification of them has changed during the year (see E2).

Stress testing and sensitivity analysis

As part of its annual Own Risk and Solvency Assessment (ORSA), the Company has carried out sensitivity and scenario testing and reverse stress testing in order to:

- assist in the identification and control of risk
- provide assurances and validation of the risk capital calculations
- support the establishment of the capital management plan; and
- help identify any liquidity issues.

Sensitivity tests look at the impact of singular and joint changes to key assumptions on the solvency position. Scenario tests look at the impact of a particular scenario on the solvency position. Reverse stress tests are stress tests that require SFME to assess scenarios and circumstances that would render its business model unviable, which in turn will help identify potential business vulnerabilities.

Sensitivity tests included a significant increase in written premium, an increase in currency fluctuations and an increase in the default probability for reinsurance counterparties. The maximum impact was an increase in the SCR of approximately 145% (2024: 49%) arising from a 2-grade downgrade of SFMI (ie, from AA to BBB). This bigger increase in 2025 reflects the increased level of reinsurance provided by SFMI compared to year end 2024. In this test, and without considering the impact on Own Funds, the solvency coverage ratio is reduced to 152% (from the core ratio of 374% as at 30/6/25) (2024: reduced to 222% from a core ratio of 331% at 30/6/24). The reduction in the ratio is significant, reflecting the severity of the stresses and the magnitude of the SFMI reinsurance and is just above the Company's target minimum ratio.

Scenario testing included three storm surge losses in the Netherlands, the default of 2 banks with whom SFME has deposits and the default of SFME's largest reinsurer. The bank default scenario reduces Own Funds such that the solvency coverage ratio falls to 167% (compared with the core ratio of 374%) which is not significantly different to 2024 (177% vs core ratio of 331%). In any event, the banks are A+ rated or better so the probability of this scenario is very low. The three storm surges scenario reduces the ratio to 342% (2024: 298%) but scenario is significantly more severe than the Company's historical claims experience. The ratio in the event of a default of the largest reinsurer was modelled at 315% (2024: 286%).

Reverse stress testing included loss of premium income arising from the reputational failure of the Samsung brand, multiple catastrophes and a bank default. In these scenarios, especially if combined, the own funds of the Company would be significantly adversely impacted albeit the probability of such is highly remote. The reverse stress testing however indicated that SFME's risk register is complete – no hitherto unknown risks were identified.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

The Board consider that the risks are therefore well managed and that the own funds are suitable for the business strategy being pursued.

Prudent Person Principle

SFME has a very conservative investment policy and since incorporation has only had investments in government bonds or deposits with global banks. Such assets can easily be measured, monitored, controlled and reported upon. Their impact on the solvency requirements can be easily assessed. Such assets expedite the security and liquidity of the Company to meet its insurance obligations. The Company monitors its concentration risk to ensure there is no excessive exposure or accumulation of risk.

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report 2025

D. Valuation for Solvency Purposes

In this chapter:

- D.1 Balance sheet
- D.2 Technical provisions
- D.3 Alternative methods for valuation
- D.4 Any other information

D.1 Balance sheet

The Company prepares a balance sheet to satisfy the reporting requirements of Solvency UK regulations and of its IFRS-based statutory reporting. There are differences between the two approaches, details of which are set out in this chapter. A summary of the balance sheets is shown here:

	2025		2024	
	Solvency UK	IFRS	Solvency UK	IFRS
source : template IR.02.01	£000s	£000s	£000s	£000s
Assets				
Property, plant and equipment	2,503	3,038	1,006	1,006
Investments	55,144	53,798	48,458	47,035
Reinsurance recoverables	22,562	31,827	20,917	24,687
Portfolio grossing up	-	571	-	2,063
Insurance receivables	16,028	-	19,937	-
Reinsurance receivables	5,972	-	7,027	-
Other receivables	25	-	99	-
Cash and cash equivalents	6,363	6,363	9,817	9,817
Other assets	205	1,557	282	1,707
Total assets	108,803	97,154	107,544	86,315
Liabilities				
Technical provisions	27,139	39,463	25,502	32,638
Portfolio grossing up	-	571	-	2,063
Deposits received from reinsurers	1,089	-	1,233	-
Deferred tax liability	205	107	311	5
Insurance payables	3,723	-	4,811	-
Reinsurance payables	19,273	-	22,960	-
Other payables	490	397	876	736
Other liabilities	3,427	3,454	2,134	2,074
Total liabilities	55,346	43,992	57,827	37,516
Shareholders' equity/Own Funds	53,457	53,162	49,717	48,799

The following table summarises the nature of the differences between Solvency UK and IFRS. These will be more fully explained in this chapter:

	Assets		Liabilities		Shareholders' equity / Own Funds	
	2025	2024	2025	2024	2025	2024
source : template IR.02.01	£000s	£000s	£000s	£000s	£000s	£000s
Total per IFRS financial statements	97,154	86,315	43,992	37,516	53,162	48,799
Reclassifications	37,159	45,133	37,159	45,133	-	-
Portfolio grossing up	(1,346)	(3,056)	(1,346)	(3,056)	-	-
Cash flows from unexpired risks	(8,148)	(8,996)	(9,349)	(10,687)	1,201	1,691
Cash flows from BBNI risks	(11,176)	(8,431)	(11,181)	(8,285)	5	(146)
Cash flows from expired risks	(4,305)	(3,421)	(4,698)	(3,737)	393	316
Difference on leasehold improvements	(535)	-	-	-	(535)	-
Risk margin	-	-	671	637	(671)	(637)
Deferred tax	-	-	98	306	(98)	(306)
Total per S-UK balance sheet	108,803	107,544	55,346	57,827	53,457	49,717

The text on the next 6 pages describes the differences and similarities between Solvency UK and IFRS measurements of assets and liabilities.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Plant and equipment

Solvency UK value £2.5m; IFRS value £3.0m (2024: Solvency UK and IFRS values £1.0m)

Under IFRS, property, plant and equipment are valued at cost less depreciation and includes right-of-use assets in accordance with IFRS 16. As a result of entering into a new office lease, the Company has capitalised £0.5m of fitting-out costs in accordance with IAS16. The Company has attributed a nil value to this asset for the Solvency UK balance sheet on the basis that the bespoke fitting-out costs are unlikely to have a demonstrable material value to a third party. The amount of other owned plant and equipment is immaterial and the fair value for Solvency UK is considered to be materially the same as IFRS. The fair value of right-of-use assets is considered to be the same as the IFRS net book value.

Investments

Solvency UK value £55.1m; IFRS value £53.8m (2024: Solvency UK value £48.5m; IFRS value £47.0m)

The financial investments solely comprise deposits with credit institutions. SFME has a number of deposits which have a term of up to 12 months and these are classified as financial assets for both Solvency UK and IFRS. However, accrued interest is also added to the principal amounts under Solvency UK which is why the Solvency UK values are higher.

The basis of valuation of the deposits and accrued interest under Solvency UK is a fair value. This value is the same as IFRS. Under IFRS, accrued income is included in "other assets".

Reinsurance recoverables

Solvency UK value £22.6m; IFRS value £31.8m (2024: Solvency UK value £20.9m; IFRS value £24.7m)

Reinsurance recoverables are the proportion of the gross technical provisions (see later) that are recoverable from reinsurers (also known as RI technical provisions). More information about the valuation of technical provisions is given in section 'D2 Technical Provisions'. Briefly, however, reinsurance recoverables are future cash flows expected from reinsurers in connection with the expected future cash flows from the Company's insurance contract liabilities. These comprise cash flows for premium and for claims. On the IFRS balance sheet, reinsurance recoverables comprise assets for remaining coverage ("AFRC") and assets for incurred claims ("AIC"). The AFRC assesses cash flows relating to the unexpired portion of reinsurance contracts held and the AIC assess cash relating to the expired portion of reinsurance contracts held. The following points of similarity and difference can be made:

- The AFRC and AIC incorporate all receivables and payables arising from reinsurance contracts held whereas the Solvency UK RI technical provisions only include receivables and payables that have not yet reached their due dates (hence are future cash flows). Typically, this will reduce the IFRS RI technical provisions for items reported as RI payables on the Solvency UK balance sheet. Individual receivables and payables have the same valuation on both balance sheets.
- The Solvency UK requirements are designed to assess solvency, not measure profit or loss. IFRS technical provisions include a measurement of profitability corresponding to the portion of insurance contracts which are unexpired. The Company is only allowed to recognise these profits at a future date when the Company has provided service to the policyholder. The AFRC incorporates a parallel "profit blocking" item. However, this is not recognised on the Solvency UK balance sheet; future profits and the reinsurers' share thereof are permitted to count towards Own Funds. This will typically reduce the Solvency UK RI technical provisions since these are outflows to reinsurers.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

- The Solvency UK RI technical provisions include expected cash flows from reinsurance contracts bound at the balance sheet date but not issued (“BBNI” contracts). The IFRS balance sheet does not recognise BBNI contracts unless loss-making. RI BBNI cash flows include an estimate of future excess of loss costs. The effect of BBNI contracts is, typically, to reduce Solvency UK RI technical provisions since the future cash flows will be premium payable to reinsurers.
- Undiscounted best estimates of claims cash flows are the same save that Solvency UK includes a component for events not in data (“ENID”) albeit this is always an immaterial value. The AIC however includes reinsurers’ share of a risk adjustment which is an additional reserve to compensate the Company for the uncertainty in the best estimate. The risk adjustment is not recognised on the Solvency UK balance sheet and this reduces the Solvency UK value compared to the IFRS equivalent.
- Discounting is applied to the future cash flows of the Solvency UK RI technical provisions but only IFRS AIC. The discounting is therefore likely to be greater on the Solvency balance sheet. Further, whilst the AIC discount rates are similar, Solvency UK requires the use of risk free rates whereas IFRS are adjusted for a liquidity premium.
- Both Solvency UK and IFRS cater for the risk of non-performance of issuers of reinsurance contracts held. The default factors are not quite the same albeit the quantification of the impairment on both balance sheets is not material.

Portfolio grossing up

Solvency UK value £nil; IFRS value £0.6m (2024: Solvency UK value £nil; IFRS value £2.1m)

For the purposes of reporting under IFRS, the Company defines portfolios of contracts. Portfolios are a group of risk which are similar in nature (i.e., offer the same type of insurance) and are managed together. Equivalent portfolios are defined for groups of reinsurance contracts held. In measuring the value of its asset for reinsurance contracts held, an individual portfolio may in fact be a net liability, for example, where the settlement of RI premium payable has been delayed until after the service has been received from the reinsurer. In such cases, IFRS requires the liability of these portfolios to be reported as liabilities. There is no equivalent “grossing up” on the Solvency UK balance sheet.

Insurance receivables

Solvency UK value £16.0m; IFRS value £nil (2024: Solvency UK value £19.9m; IFRS value £nil)

Under Solvency UK, technical provisions consider only future cash flows. To this end, insurance receivables which have reached their due date are shown as receivables rather than being incorporated in technical provisions. On the IFRS balance sheet, premiums and commissions which are due are included in the LFRC and claim receivables are included in the LIC. The basis of valuation of insurance receivables under Solvency UK is a fair value. Notwithstanding the different categorisation, the fair value under Solvency UK is regarded as being the same as IFRS.

Reinsurance receivables

Solvency UK value £6.0m; IFRS value £nil (2024: Solvency UK value £7.0m; IFRS value £nil)

Under Solvency UK, technical provisions consider only future cash flows. To this end, reinsurance receivables which have reached their due date are shown as receivables rather than being incorporated in technical provision. On the IFRS balance sheet, RI premium and commissions which are due are included in the AFRC and RI claims are included in the AIC. The basis of valuation of reinsurance

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report

receivables under Solvency UK is a fair value. Notwithstanding the different categorisation, the fair value under Solvency UK is regarded as being the same as IFRS.

Other receivables

Solvency UK value £>0.1m; IFRS value £nil (2024: Solvency UK value £0.1m; IFRS value £nil)

Amounts owed to the Company for insurance premium tax ("IPT") receivable is shown in other receivables. These are included in the LFRC on the IFRS balance sheet. Notwithstanding the different classification, the valuation basis is the same.

Cash and cash equivalents

Solvency UK and IFRS value £6.4m (2024: £9.8m)

Under Solvency UK, cash and cash equivalents have a narrower definition than is conventional under IFRS. The IFRS value includes deposits which have a month's maturity horizon whereas these are included within investments under Solvency UK not cash and cash equivalents. Under Solvency UK, cash equivalents are effectively bank balances from which the Company can make operational payments. At both 31 December 2025 and 2024, the Company had no very short term deposits and, consequently, the balance sheets have the same value. Both Solvency UK and IFRS include operational bank accounts on the same valuation basis.

Other assets

Solvency UK value £0.2m; IFRS value £1.6m (2024: Solvency UK value £0.3m; IFRS value £1.7m)

Receivables and other assets comprise items such as leasehold deposits, corporation tax receivable and prepaid expenses. IFRS also includes accrued interest on investments which, as noted above, is added to the value of financial assets on the Solvency UK balance sheet. The fair value of assets within these categories is regarded as being the same under Solvency UK as under IFRS.

Judgements used in valuing assets

Judgement is needed in respect of the Company's assets in the assessment of RI technical provisions (reinsurance recoverables). The value of RI technical provisions is wholly dependent on the estimation of gross technical provisions (described in D2) and net technical provisions. Given the small size and short history of the Company, it is the Company's judgement that projecting cash flows net of reinsurance is more reliable than projecting reinsurers' share. Nonetheless, the impact of the reinsurance programmes is considered when judging the appropriateness of the elements that go in to assessing the net best estimates (for example, if a large loss has significant levels of reinsurance). Under IFRS, a similar basis has been adopted given the extent to which the reinsurance contracts predominantly mirror the underlying contracts issued.

There have been no significant changes in judgements during 2025.

Technical provisions

Solvency UK value £27.1m; IFRS value £39.5m (2024: Solvency UK value £25.5m; IFRS value £32.6m)

More information about the valuation of technical provisions is given in section 'D2 Technical Provisions'. Briefly, however, technical provisions are estimated future cash flows from the Company's insurance contract liabilities. These comprise cash flows for premium and for claims. On the IFRS balance sheet, technical provisions comprise liabilities for remaining coverage ("LFRC") and liabilities for incurred claims

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

("LIC"). The LFRC assesses cash flows relating to the unexpired portion of insurance contracts issued and the LIC assess cash relating to the expired portion of insurance contracts issued. The following points of similarity and difference can be made:

- The LFRC and LIC incorporate all receivables and payables arising from insurance contracts issued whereas the Solvency UK technical provisions only include receivables and payables that have not yet reached their due dates (hence are future cash flows). Typically, this will reduce the IFRS technical provisions given the net receivables on the Solvency UK balance sheet. Individual receivables and payables have the same valuation on both balance sheets.
- The Solvency UK requirements are designed to assess solvency, not measure profit or loss. IFRS technical provisions include a measurement of profitability corresponding to the portion of insurance contracts which are unexpired. The Company is only allowed to recognise these profits at a future date when the Company has provided service to the policyholder. The LFRC thereby incorporates a "profit blocking" item. However, this is not recognised on the Solvency balance sheet; future profits are permitted to count towards Own Funds. This will typically reduce the Solvency UK technical provisions.
- The Solvency UK technical provisions include expected cash flows from insurance contracts bound at the balance sheet date but not issued ("BBNI" contracts). The IFRS balance sheet does not recognise BBNI contracts unless loss-making, otherwise known as onerous contracts. The Company has determined that it does not have any onerous contracts. The effect of BBNI contracts is typically to reduce Solvency UK technical provisions since the future cash flows will, in the aggregate, represent premium receivable by the Company.
- Undiscounted best estimates of claims cash flows are the same save that Solvency UK includes a component for events not in data ("ENID") albeit this is always an immaterial value. The LIC however includes a risk adjustment which is an additional reserve to compensate the Company for the uncertainty in the best estimate. The risk adjustment is not recognised on the Solvency UK balance sheet and typically this reduces the Solvency UK value.
- The Solvency UK technical provisions include an additional reserve called the risk margin. Whilst ostensibly serving a similar purpose to the risk adjustment (to cater for uncertainty), the risk margin has a different method of calculation. Further the risk adjustment is accounted for separately for insurance contracts issued and reinsurance contracts issued whereas the risk margin is accounted as a single "net" value.
- Discounting is applied to the future cash flows of the Solvency UK technical provisions but only the IFRS LIC. The discounting is therefore likely to be greater on the Solvency UK balance sheet. Whilst the discount rates are similar, Solvency UK requires the use of risk free rates whereas IFRS are adjusted for a liquidity premium.

Deposits received from reinsurers

Solvency UK value £1.1m; IFRS value £nil (2024: Solvency UK value £1.2m; IFRS value £nil)

The Solvency UK requirements of the IR.31.01 template require that cash received from reinsurers in advance of RI claims recoveries and/or RI premium withheld to mitigate the default of the reinsurer are reported as 'deposits received from reinsurers'. In addition to a small deposit received for a claims float, the Company's judgement is that some reinsurance premium payable could be considered as meeting this requirement. There is no equivalent on the IFRS balance sheet; rather these amounts are accounted within the AFRC.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Deferred tax liabilities

Solvency UK value £0.2m; IFRS value £0.1m (2024: Solvency UK value £0.3m; IFRS value >£0.1m)

A provision for deferred tax is needed when the balance sheet – either IFRS or Solvency UK – is prepared under a different basis to that used by His Majesty’s Revenue and Customs. Under IFRS, the difference is typical trivial though has increased to £0.1m for the 2025 year end due to the acquisition of fixed assets which qualified for a 100% deduction against taxable profits in 2025. Under Solvency UK, the differences can be more significant. Effectively the increase in the deferred tax provision from IFRS to Solvency UK is the future tax charge that will be payable on additional profits recognised today under Solvency UK. The deferred tax liability is based on enacted corporation tax rates which, as at 31 December 2025, are 25% (2024: 25%).

Insurance payables

Solvency UK value £3.7m; IFRS value £nil (2024: Solvency UK value £4.8m; IFRS value £nil)

Under Solvency UK, technical provisions consider only future cash flows. To this end, insurance payables which have reached their due date are shown as payables rather than being incorporated in technical provisions. On the IFRS balance sheet, premiums and commissions payable which are due are included in the LFRC and claim payables are included in the LIC. The basis of valuation of insurance payables under Solvency UK is a fair value. Notwithstanding the different categorisation, the fair value under Solvency UK is regarded as being the same as IFRS.

Reinsurance payables

Solvency UK value £19.3m; IFRS value £nil (2024: Solvency UK value £23.0m; IFRS value £nil)

Under Solvency UK, technical provisions consider only future cash flows. To this end, reinsurance payables which have reached their due date are shown as payables rather than being incorporated in technical provision. On the IFRS balance sheet, RI premium and commission payables which are due are included in the AFRC and RI claim payables are included in the AIC. The basis of valuation of reinsurance payables under Solvency UK is a fair value. Notwithstanding the different categorisation, the fair value under Solvency UK is regarded as being the same as IFRS.

Other payables

Solvency UK value £0.5m; IFRS value £0.4m (2024: Solvency UK value £0.9m; IFRS value £0.7m)

Other payables include corporate tax payable, receipts received in advance of allocation against receivables and IPT liabilities. However, IPT liabilities are accounted in the LFRC on the IFRS balance sheet. The fair value under Solvency UK is regarded as being the same as IFRS.

Other liabilities

Solvency UK value £3.4m; IFRS value £3.5m (2024: Solvency UK value £2.1m; IFRS value £2.1m)

Other liabilities principally comprise accrued expenses and lease liabilities. The classifications are the same under IFRS and Solvency UK. The fair value of other assets under Solvency UK is regarded as being the same as IFRS. There is a small presentational difference for items which are treated as ‘deposits received from reinsurers’ on the Solvency UK balance sheet.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Judgements used in valuing liabilities

Judgement is needed in respect of the Company's liabilities in the assessment of the technical provisions (best estimates) (described in D2). Another area of material judgement is in respect of adjustment premium. Premium includes estimates in respect of adjustments required under the terms of policies written for changes in underlying exposures during the life of the policy. Management necessarily has to estimate adjustments prior to the policyholder providing final and complete evidence of exposures. Such estimates are likely to be different to the adjustments which are ultimately agreed with policyholders. Solvency UK adopts the same valuation as IFRS but as the estimated premium adjustments are not due, they form part of the best estimates.

There have been no significant changes in judgements during 2025.

D.2 Technical Provisions

The total value of gross technical provisions under Solvency UK is £27.1m (2024: £25.5m) and net £4.6m (2024: £4.6m). The following table shows a summary of the technical provision for each line of business:

	2025				2024			
	Premium provision	Claims provision	Risk margin	Total	Premium provision	Claims provision	Risk margin	Total
<i>source : IR.17.01</i>								
Cargo	93	955	180	1,228	(79)	1,043	202	1,166
Property	1,026	1,557	444	3,027	1,570	1,202	399	3,170
Liability	113	163	47	323	110	103	36	249
Total net technical provisions	1,232	2,674	671	4,577	1,601	2,348	637	4,586
Gross technical provisions	(1,966)	28,434	671	27,139	1,933	22,933	637	25,502
Reinsurance recoverables	(3,198)	25,760		22,562	332	20,585		20,917
Net technical provisions	1,232	2,674	671	4,577	1,601	2,348	637	4,586

Valuation Methods

Under Solvency UK, the technical provisions are made up of a claims best estimate, a premium best estimate and a risk margin.

SFME's approach is to evaluate its best estimates at a gross level and a net (i.e., net of reinsurance) level. Reinsurers' share of best estimates is a balancing figure between gross and net. In SFME's view, the short history of the Company and its relatively small size means that extrapolating net cash flows will be more reliable than projecting reinsurance ones. The same approach is taken for IFRS given the mirroring of the relevant reinsurance to the underlying gross contracts.

Claims best estimate

The claims best estimate is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums) relating to claim events prior to the valuation date. The undiscounted claims best estimate is calculated using the following common actuarial techniques:

- Chain Ladder / Loss Development Methods
- Loss Ratio Methods

The undiscounted claims best estimate is derived from the same process used for calculating the undiscounted best estimate used in the LIC under IFRS. There is an additional factor under Solvency UK for events not in data ("ENID"). Differences between Solvency UK and IFRS arise on the discounting given that Solvency UK uses risk free discount rates but IFRS requires the use of risk free rates adjusted for a liquidity premium. There are also differences because the blended discount curve derived for IFRS data is based on slightly different inputs compared to Solvency UK data.

Both IFRS and Solvency UK provide for the cost of expected future overheads (unallocated loss adjustment expenses - "ULAE"). The same percentage, based on historical expenses, is used in both calculations. The percentage is applied to the undiscounted best estimate under Solvency UK whereas it is applied to the discounted best estimate under IFRS leading to a different quantification.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Premium best estimate

The premium best estimate is the discounted best estimate of all future cash flows (claim payments, expenses and future premiums due) relating to future claims events arising from policies that SFME is obligated to at the valuation date. Undiscounted claims cash outflows are calculated using broadly the same approach as the claims outflows calculated in the claims best estimates. When selecting the loss ratio for use to calculate future claims on unexpired and BBNI contracts, the reasonableness and suitability of the selected loss ratios are assessed by analysing pricing loss ratios, plan loss ratios and /or the adjusted combined ratios used to evaluate onerous contracts. The premium best estimate also takes account of an estimate for expenses to complete the run off of all policies.

The premium best estimate also includes cash inflows from premium (outflows for commissions) in respect of policy instalments not yet due for policies that have incepted. By contrast, the nearest equivalent IFRS value, the LFRC, is stated for both future due and past due receivables.

The premium best estimate also includes cash inflows and outflows for policies not incepted at the balance sheet date but for which SFME is obligated (bound but not incepted "BBNI" contracts). Given these are profit making and represent an asset, the Solvency UK premium best estimate will be lower than the IFRS LFRC since BBNI contracts are not considered on the IFRS balance sheet. Finally, the premium best estimate incorporates the cost of the excess of loss programme in the year after the balance sheet date. As a liability, this increases the Solvency UK value compared to IFRS.

The premium best estimate is discounted to a present value. The discount rates used vary for each line of business and take account of the currency mix of SFME's business. The Company obtains the risk-free rates for each currency. The risk free rates of some currencies used by the Company are published by the PRA but given all currencies are available from EIOPA, the Company uses EIOPA's for efficiency. Any difference between the two sources is immaterial. No discounting is applied to the IFRS LFRC.

The LFRC includes a component which represents the expected future profits on incepted contracts but which will be recognised in future accounting periods when the Company performs its service to the policyholder. This "profit blocking" factor is not recognised in Solvency UK and the future profit margin is released under Solvency UK valuation methods. This has the effect of reducing the premium best estimate compared with the IFRS LFRC value.

IFRS recognises a risk adjustment. Solvency UK recognises a risk margin. Both are intended to be an amount that another (re)insurer, taking on the liabilities at the valuation date, would require over and above the best estimates. In other words, there is a degree of uncertainty around the best estimate and the technical provisions are increased to cater for that uncertainty. However, the calculations of the risk adjustment and risk margin are different. The risk adjustment is an estimate by the Company such that LIC equates to the 75th percentile over and above the best estimate. It is calculated gross and net of reinsurance. The risk margin is calculated using a cost of capital approach based on SCR factors. Since the SCR is a single calculation (not before/after reinsurance), it is a single value on the balance sheet.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Wherever the above text is set out in terms of LFRC/LIC, there will be an equivalent effect through the AFRC/AIC.

Both IFRS and Solvency UK apply an impairment for the risk of non-performance of a reinsurer for reinsurance contracts held. Whilst there are differences in the inputs to this calculation, the overall impairment provision on both balance sheets is trivial.

Uncertainty

The amount of the liability for technical provision is inherently uncertain for the following reasons:

- a) Models used to evaluate claims and premium best estimates represent a simplification of a complex claims process.
- b) Even if the models used were a perfect representation of the nature of the underlying claims process, past random fluctuations in the claims experience mean that uncertainty arises from estimating the parameters of the model.
- c) Any shortcomings of and/or errors in the data available increase uncertainty regarding the estimated parameters of the model.
- d) Even if the true underlying parameters could be determined precisely for a perfect model, the amount of the liability would still be uncertain.
- e) Random fluctuations in the future claims experience.
- f) The possibility of future systematic, i.e., non-random, changes in the claims experience.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Comparison of IFRS and Solvency UK

The following tables demonstrate the differences between IFRS technical provisions and Solvency UK technical provisions

Gross technical provisions (insurance contracts issued)

	2025			2024		
	IFRS £000s	adjustment £000s	S-UK £000s	IFRS £000s	adjustment £000s	S-UK £000s
Reserve for reported claims	10,669			10,678		
Incurred but not reported (IBNR)	17,969			12,661		
Unallocated loss adjustment expenses (ULAE)	985			694		
Best estimate - undiscounted basis	29,623	198	29,821	24,033	(124)	23,909
Discount	(1,713)	327	(1,386)	(1,321)	345	(976)
Best estimate - discounted basis	27,910	525	28,435	22,712	221	22,933
Risk adjustment	3,878	(3,878)	-	2,653	(2,653)	-
Risk Margin	-	671	671	-	637	637
(Receivables)/Payables	25	(25)	-	151	(151)	-
Liability for incurred claims	31,813	(2,707)	29,106	25,516	(1,946)	23,570
UPR/DAC vs S-UK future cash flows from incepted but unexpired risks	39,773	(9,572)	30,201	37,167	(10,879)	26,288
(Receivables)/Payables (S-UK only for items not yet due)	(32,123)	12,500	(19,623)	(30,045)	14,823	(15,222)
Reclassification journals	-	(16)	(16)	-	606	606
S-UK future cash flows from bound but incepted (BBNI) risks	-	(11,181)	(11,181)	-	(8,285)	(8,285)
Best estimate - undiscounted basis	7,650	(8,269)	(619)	7,122	(3,735)	3,387
Discount	-	(1,348)	(1,348)	-	(1,455)	(1,455)
Liability for remaining coverage - best estimate - discounted basis	7,650	(9,617)	(1,967)	7,122	(5,190)	1,932
Total technical provisions for insurance contracts issued	39,463	(12,324)	27,139	32,638	(7,136)	25,502

In summary, the liability from insurance contracts issued is £12.3m lower under Solvency UK than IFRS (2024: £7.1m lower). One significant factor in this is the profit being blocked by the IFRS phased profit recognition approach by virtue of accounting for UPR (2025: £9.6m; 2024 £10.9m). Removing the future profit reduces the liability. A second is the profit expected from BBNI contracts (2025: £11.2m; 2024: £8.3m). This is effectively an asset within the gross technical provisions for Solvency UK.

The gross risk adjustment is much higher than the risk margin since the risk margin is a function of the SCR (effectively net of reinsurance) rather than a measure of uncertainty within insurance contracts issued (gross of reinsurance).

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

RI technical provisions (reinsurance recoverables - reinsurance contracts held)

	2025			2024		
	IFRS	adjustment	SII	IFRS	adjustment	SII
	£000s	£000s	£000s	£000s	£000s	£000s
Reserve for reported claims	9,693			9,552		
Incurred but not reported (IBNR)	17,305			12,023		
Best estimate - undiscounted basis	26,998	57	27,055	21,575	(87)	21,488
Impairment	(5)	(2)	(7)	(2)	(3)	(5)
Discount	(1,662)	374	(1,288)	(1,269)	371	(898)
Best estimate - discounted basis	25,331	429	25,760	20,304	281	20,585
Risk adjustment	3,498	(3,498)	-	2,355	(2,355)	-
Receivables/(Payables)	465	(465)	-	359	(359)	-
Liability for incurred claims	29,294	(3,534)	25,760	23,018	(2,433)	20,585
UPR/DAC vs S-UK future cash flows from incepted but unexpired risks	35,414	(8,371)	27,043	32,090	(9,189)	22,902
Receivables/ (Payables) (S-UK only for items not yet due)	(32,881)	14,836	(18,045)	(30,421)	17,442	(12,979)
Reclassification journals	-	223	223	-	192	192
S-UK future cash flows from bound but incepted (BBNI) risks	-	(11,176)	(11,176)	-	(8,431)	(8,431)
Best estimate - undiscounted basis	2,533	(4,488)	(1,955)	1,669	14	1,683
Impairment	-	(1)	(1)	-	(2)	(2)
Discount	-	(1,242)	(1,242)	-	(1,349)	(1,349)
Liability for remaining coverage - best estimate - discounted basis	2,533	(5,731)	(3,198)	1,669	(1,337)	332
Total technical provisions for insurance contracts issued	31,827	(9,265)	22,562	24,687	(3,770)	20,917

Reinsurance recoverables

As described elsewhere in this report, SFME cedes reinsurance for the purpose of limiting its net loss exposure. Reinsurance recoverables include balances due from reinsurers in respect of unpaid claims and commissions net of premium payable to them. They also include an estimation of the cost of the excess of loss programme required to protect the run off of bound business until expiry. The time value of money is taken in to account as well as an adjustment for expected losses from counterparty defaults although the value of discounting and the default adjustment are immaterial.

Overall, the Solvency UK balance sheet reports a reinsurance recoveries asset of £9.3m less than the IFRS equivalent (2024: £3.8m lower). Reinsurers' share of the expected profit from BBNI contracts has increased, effectively creating a liability within RI technical provisions.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

Net technical provisions

	2025			2024		
	IFRS	adjustment	SII	IFRS	adjustment	SII
	£000s	£000s	£000s	£000s	£000s	£000s
Reserve for reported claims	976			1,126		
Incurred but not reported (IBNR)	664			638		
Unallocated loss adjustment expenses (ULAE)	985			694		
Best estimate - undiscounted basis	2,625	140	2,765	2,458	(37)	2,421
Impairment	5	2	7	2	3	5
Discount	(51)	(47)	(98)	(52)	(26)	(78)
Best estimate - discounted basis	2,579	95	2,674	2,408	(60)	2,348
Risk adjustment	380	(380)	-	298	(298)	-
Risk margin	-	671	671	-	637	637
Receivables/(Payables)	(440)	440	-	(208)	208	-
Liability for incurred claims	2,519	826	3,345	2,498	487	2,985
UPR/DAC vs S-UK future cash flows from incepted but unexpired risks	4,360	(1,203)	3,157	5,077	(1,692)	3,385
(Receivables)/Payables (S-UK only for items not yet due)	758	(2,336)	(1,578)	376	(2,620)	(2,244)
Reclassification journals	-	(239)	(239)	-	414	414
S-UK future cash flows from bound but incepted (BBNI) risks	-	(5)	(5)	-	147	147
Best estimate - undiscounted basis	5,118	(3,783)	1,335	5,453	(3,751)	1,702
Impairment	-	1	1	-	2	2
Discount	-	(104)	(104)	-	(104)	(104)
Liability for remaining coverage - best estimate - discounted basis	5,118	(3,886)	1,232	5,453	(3,853)	1,600
Total technical provisions for insurance contracts issued	7,637	(3,060)	4,577	7,951	(3,366)	4,585

The table shows that the Solvency UK evaluation of future claims cost (liability for incurred claims) is £0.8m higher than IFRS (2024: £0.5m), of which £0.4m (2024: £0.2m) is presentational. The risk margin under Solvency UK is £0.3m higher (2024: £0.3m higher) than the net risk adjustment under IFRS.

The table also shows that the Solvency UK evaluation of future cash outflows from unexpired risks (liability for remaining coverage) is £3.9m less than the LFRC under IFRS (2024: £3.9m lower). £2.6m of this is presentational (2024: £2.2m). £1.2m (2024: £1.6m) of future profits are blocked under IFRS (added to liabilities) but which are treated as part of Own Funds under Solvency UK.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Volatility Adjustment

SFME has not used the volatility adjustment referred to in the PRA's Rulebook "Technical Provisions", section 8.

Transitional risk-free interest rates

SFME has not applied a transitional risk-free interest rate structure referred to in the PRA's Rulebook "Transitional Measures", section 10.

Changes from the previous reporting period

There have been no material changes during 2025 to the methodologies employed by SFME to evaluate its technical provisions. However, in assessing its best estimates, the Company necessarily has to take account of the fact that historically, its claims data is inherently volatile due to the low number of policies issued and high value sums insured. This volatility has, statistically speaking, reduced with an additional year's experience and the Company has been able to reduce its best estimates on prior accident years whilst retaining the same level of confidence that the IBNR chosen will be sufficient to meet future claims cash outflows.

D.3 Alternative methods for valuation

Due to the simple nature of SFME's assets and liabilities, no alternative valuation methods are applied.

D.4 Any other information

Due to the simple nature of SFME's assets and liabilities, there is no other material information to be disclosed. SFME has no defined benefit pensions liabilities.

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report 2025

E. Capital Management

In this chapter:

- E.1 Own funds
- E.2 Solvency Capital Requirement and Minimum Capital Requirement
- E.3 Use of the duration-base equity risk sub-module in the calculation of the Solvency Capital Requirement
- E.4 Difference between the standard formula and any internal model used
- E.5 Non-compliance with the Minimum Capital Requirement and the Solvency Capital Requirement
- E.6 Any other information

E.1 Own Funds

Own Funds at the balance sheet date and changes during 2025

Total value of Own Funds is £53.5m under Solvency UK (2024: £49.7m) compared to shareholders' equity of £53.2m (2024: £48.8m) under IFRS. The following table shows a summary of the balance sheet under both bases.

source : template IR.02.01

	2025		2024	
	Solvency UK	IFRS	Solvency UK	IFRS
	£000s	£000s	£000s	£000s
Total assets - see section D1	108,803	97,154	107,544	86,315
Total liabilities - see section D1	55,346	43,992	57,827	37,516
Excess of assets over liabilities	53,457	53,162	49,717	48,799
Issued share capital	10,600	10,600	10,600	10,600
Reconciliation reserve	42,857	42,562	39,117	38,199
Basic/eligible own funds	53,457	53,162	49,717	48,799

Under Solvency UK's classification of Own Funds into tiers, SFME's Own Funds can all be classified into Tier 1, funds which are available, or can be called up on demand, to fully absorb losses on a going concern basis, as well as in the case of winding up. Own Funds comprise issued ordinary share capital and the reconciliation reserve. The same Own Funds, known as eligible Own Funds, are available to meet the SCR as well as the MCR.

The following table explains both the change in Own Funds between this and the previous year end and the reasons for the differences with IFRS shareholders' equity:

	2025	2024
	£000s	£000s
Solvency UK Own Funds	53,457	49,717
IFRS shareholders' equity	53,162	48,799
Additional profits recognised under Solvency UK	295	918
which is explained by :		
Difference between IFRS and S-UK for claims best estimate	(88)	(85)
Difference between IFRS and S-UK for premium best estimate (incepted contracts)	1,305	1,797
S-UK for premium best estimate (unincepted contracts)	5	(146)
IFRS risk adjustment	380	298
S-UK risk margin	(671)	(637)
Difference in respect of impairment provisions	(3)	(3)
Difference on value of fixed assets (leasehold improvements)	(535)	-
Additional deferred tax liability	(98)	(306)
Additional profits recognised under Solvency UK	295	918

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

The tables show that the main reason for the increase in Own Funds is due to the Company's IFRS accounting result. Factors behind this result are set out in chapter A. Additional profits recognised under Solvency UK have fallen by £0.6m. The main factors for this are:

- Profits recognised in incepted business has reduced by £0.5m. This follows from the reduction in premium income in 2025;
- Profits from BBNI contracts, however, has increased by £0.2m, being increased future income from the fronting arrangement net of lower excess loss reinsurance costs;
- As explained in D1, the Company has not recognised any value for leasehold improvements on the Solvency balance sheet (£0.5m); and
- As a result of these changes, the additional deferred tax liability is now only £0.1m higher on the Solvency UK balance sheet (2024: £0.3m higher).

Future Own Funds

SFME has prepared a business plan which the Board approved in December 2025. The plan comprises a three year forward-looking horizon. In giving the plan its approval, the Board has considered the updated ORSA which takes account of the proposed plans. In light of the plan and the outcome of the forward-looking ORSA and the probability that no dividends would be distributed, the Board concluded that SFME's current issued share capital was adequate and that Own Funds need only increase by the quantum of the profits projected within the business plans.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

Solvency Capital Requirement

The solvency capital requirement (SCR) is £14.7m (2024: £16.3m). SFME uses the Standard Formula to calculate the SCR. SFME has not used any undertaking-specific parameters.

The risk capital covers all the major risks exposed to SFME which are broadly classified as insurance, credit, market and operational risks. The risk capital represents the maximum loss of profit (and/or capital) in any given year over the next two hundred years. In other words, the probability that a financial loss will be less than the risk capital is 99.5% and the probability that a financial loss will be greater than the risk capital is 0.5%. The following table sets out the various components of SFME's SCR:

	2025	2024	Change in 2025
	£000s	£000s	£000s
Market risk			
Interest rate risk	1,220	1,317	(97)
Spread risk	716	631	85
Equity risk	1,226	-	1,226
Concentration risk	3,860	3,734	126
Currency risk	1,217	4,015	(2,798)
diversification	(3,430)	(3,688)	258
	4,809	6,009	(1,200)
Counterparty risk			
Type 1	6,495	4,911	1,584
Type 2	1,886	2,230	(344)
diversification	(374)	(395)	21
	8,007	6,746	1,261
Non-life underwriting risk			
Premium and reserve risk	2,765	3,579	(814)
Lapse risk	178	270	(92)
Catastrophe risk	2,146	5,744	(3,598)
diversification	(1,184)	(2,100)	916
	3,905	7,493	(3,588)
Diversification	(3,978)	(5,046)	1,068
Basic solvency capital requirement	12,743	15,202	(2,459)
Operational risk	1,941	1,095	846
Solvency Capital Requirement	14,684	16,297	(1,613)

The main changes are explained below.

Equity risk (+£1.2m)

- As a result of the move to a new office, the Company's fixed assets materially increased and the impact on equity risk has been recognised at year end 2025. The volatility risk that the Standard Formula predicts in these assets is captured in the equity risk module. The treatment has been corroborated with an independent review carried out during 2025.

Samsung Fire & Marine Insurance Company of Europe Ltd Solvency and Financial Condition Report

Currency risk (-£2.8m)

- During 2025, the surplus in EUR reduced significantly (see page 23) which has mitigated the Standard Formula currency risk charge. The risk charge decreases the lower the mismatch of currency holdings.

Counterparty risk type I (+£1.6m)

- During 2025, the Company issued a second engineering contract to an existing property policyholder. Given the location of risk is at the same site as the property risk and first engineering contract, the Standard Formula treats the combined sum insured as one risk for the purposes of inputs to the man-made fire catastrophe risk. The aggregate gross sum insured is €950m (2024: €750m) with a net retention of \$1.5m after all reinsurances (2024: \$1.5m). The theoretical reinsurance mitigation for this exposure has materially increased, driving a higher counterparty risk charge;
- The gross catastrophe risk charge has increased due to the new fronting arrangement. Whilst this is reinsured 100%, there is a consequential impact on the counterparty risk charge given that risk mitigation.

Premium and reserve risk (-£0.8m)

- Premium and reserve risk has fallen 2025 given the continued reduction in net earned premium accounted for by the Company in 2025 (see page 15). Net earned premium is one input factor that the Standard Formula uses to calculate premium and reserve risk.

Catastrophe risk (-£3.6m)

- During 2025, a review of the inputs to the SCR catastrophe module was undertaken, in conjunction with an independent third party. As a result of the review, the impact of the fronting arrangement has been fully set to nil, after reinsurance mitigation, in terms of those inputs. This reflects the fact that the Company does not have retained exposure from the fronting arrangement and that it should not affect the net catastrophe risk charge. At year end 2024, the methodology then adopted was giving rise to an impact on the net inputs which increased the catastrophe risk charge.

Operational risk (+£0.8m)

- Under the Standard Formula, the operational risk charge is a linear function of gross earned premium. During 2025, the Company increased its gross earned premium as a result of the first full year with the fronting arrangement. As a result, this has increased the charge.

In respect of the other items with immaterial changes:

- Interest rate risk: interest rates are not significantly different from year end 2024 to year end 2025;
- Spread risk: the value of deposits has increased (see page 56) with a small consequential impact on spread risk;

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

- Concentration risk: during 2025, the Company increased the concentration of money on deposit with a number of the banks it uses, judging that the additional deposit yields from those banks offset the higher risk charge;
- Type 2 receivables have reduced at year end 2025 compared to year end 2024; and
- Lapse risk: with the reduction in net premium in 2025, the lapse risk charge has reduced.

Minimum Capital Requirement

The minimum capital requirement (MCR) is £3,671,000 (2024: £4,074,000).

A linear MCR is first calculated, the function of net written premium and net best estimates multiplied by factors prescribed for each line of business. The Company’s linear MCR is £1,119,000 (2024: £1,200,000). There then follows two steps. The first is that the MCR cannot be lower than 25% of the SCR (the MCR floor). For SFME, this is £3,671,000 (2024: £4,074,000). The second is that SFME underwrites liability risks and consequently its MCR has an absolute floor of £3,500,000 (2024: £3,500,000). In 2025 therefore, the MCR is equal to the higher amount based on 25% of the SCR (2024: the higher amount based on 25% of the SCR).

All SFME’s own funds are entirely eligible to cover the MCR.

SFME has used net written premium (on a Solvency UK basis) and net best estimates to calculate the MCR. These factors can be seen on template IR.28.01.

Summary of capital ratios

The following table summarises the Company’s solvency ratios based on the data reported in the previous sections.

	2025	2024
	£000s	£000s
Own funds and eligible capital	53,457	49,717
SCR	14,684	16,297
MCR	3,671	4,074
SCR coverage ratio	364%	305%
MCR coverage ratio	1456%	1220%

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

The duration-based equity risk sub-module has not been used as SFME held no equity.

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

No internal model has been used.

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

There has not been any non-compliance with the solvency capital requirement and non-compliance with the minimum capital requirement.

E.6 Any other information

Due to the simple nature of SFME's capital management, there is no other material information to be disclosed.

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report 2025

F. Quantitative Reporting Templates

In this chapter:

- IR.01.02 General information
- IR.02.01.02 Balance sheet
- IR.05.04.02 Premiums, claims and expenses by line of business
- IR.05.02.01 Premiums, claims and expenses by country
- IR.17.01.02 Non-life technical provisions
- IR.19.01.21 Claims development triangles and earned premium
- IR.23.01.01 Own funds
- IR.25.01.21 Solvency Capital Requirement (standard formula)
- IR.28.01.01 Minimum Capital Requirement

All templates are reported in GBP thousands

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.01.02 General information

General information

Entity name	Samsung Fire & Marine Insurance Company of Europe Ltd
Entity identification code and type of code	LEI/2138000L98I151XYWL10
Type of undertaking	Non-life undertakings
Country of incorporation	GB
Language of reporting	en
Reporting reference date	31 December 2025
Currency used for reporting	GBP
Accounting standards	IFRS
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

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

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.02.01.02 Balance sheet (1 OF 2)

Balance sheet

	Solvency II value
	C0010
Assets	
Intangible assets	
Deferred tax assets	
Pension benefit surplus	
Property, plant & equipment held for own use	2,503
Investments (other than assets held for index-linked and unit-linked contracts)	55,144
<i>Property (other than for own use)</i>	0
<i>Holdings in related undertakings, including participations</i>	0
<i>Equities</i>	0
<i>Equities - listed</i>	
<i>Equities - unlisted</i>	
<i>Bonds</i>	0
<i>Government Bonds</i>	0
<i>Corporate Bonds</i>	0
<i>Structured notes</i>	0
<i>Collateralised securities</i>	0
<i>Collective Investments Undertakings</i>	0
<i>Derivatives</i>	
<i>Deposits other than cash equivalents</i>	55,144
<i>Other investments</i>	0
Assets held for index-linked and unit-linked contracts	
Loans and mortgages	0
<i>Loans on policies</i>	0
<i>Loans and mortgages to individuals</i>	
<i>Other loans and mortgages</i>	
Reinsurance recoverables from:	22,562
<i>Non-life and health similar to non-life</i>	22,562
<i>Life and health similar to life, excluding index-linked and unit-linked</i>	
<i>Life index-linked and unit-linked</i>	
Deposits to cedants	0
Insurance and intermediaries receivables	16,028
Reinsurance receivables	5,972
Receivables (trade, not insurance)	25
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	0
Cash and cash equivalents	6,363
Any other assets, not elsewhere shown	205
Total assets	108,803

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.02.01.02 Balance sheet (2 OF 2)

Liabilities

	C0010
Technical provisions - total	27,139
<i>Technical provisions - non-life</i>	27,139
<i>Technical provisions - life</i>	0
Best estimate - total	26,468
<i>Best estimate - non-life</i>	26,468
<i>Best estimate - life</i>	
Risk margin - total	671
<i>Risk margin - non-life</i>	671
<i>Risk margin - life</i>	
Transitional (TMTP) - life	
Contingent liabilities	
Provisions other than technical provisions	
Pension benefit obligations	
Deposits from reinsurers	1,089
Deferred tax liabilities	205
Derivatives	
Debts owed to credit institutions	
Financial liabilities other than debts owed to credit institutions	
Insurance & intermediaries payables	3,723
Reinsurance payables	19,273
Payables (trade, not insurance)	488
Subordinated liabilities	0
<i>Subordinated liabilities not in Basic Own Funds</i>	
<i>Subordinated liabilities in Basic Own Funds</i>	0
Any other liabilities, not elsewhere shown	3,427
Total liabilities	55,346
Excess of assets over liabilities	53,457

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report
 IR.05.04.02 Premium, claims and expenses by line of business

Non-life income and expenditure : reporting period

	All business (including annuities stemming from accepted non-life insurance and reinsurance contracts)	All non-life business (ie excluding annuities stemming from accepted insurance and reinsurance contracts)	Non-life insurance and accepted proportional reinsurance obligations										Non-life insurance and accepted proportional reinsurance obligations							
			Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance - personal lines	Motor vehicle liability insurance - non-personal lines	Motor vehicle other motor insurance - personal lines	Motor vehicle other motor insurance - non-personal	Marine, aviation and transport insurance	Fire and other damage to property insurance - personal lines	Fire and other damage to property insurance - non-personal lines	General liability insurance				Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss
													Employers Liability	Public & products Liability	Professional Indemnity	Other general liability				
	C0010	C0015	C0110	C0120	C0130	C0140	C0141	C0150	C0151	C0160	C0170	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
Income																				
Premiums written																				
Gross written premiums		55,914								7,592	0	45,472	0	2,515	336	0				
Gross written premiums - insurance (direct)		2,141								1,150	0	983	0	7	0	0				
Gross written premiums - accepted reinsurance		53,773								6,442	0	44,488	0	2,508	336	0				
Net written premiums		5,422								4,448	0	908	0	67	0	0				
Premiums earned and provision for unearned																				
Gross earned premiums		54,264								8,972	0	42,534	0	2,429	329	0				
Net earned premiums		6,122								5,142	0	912	0	68	0	0				
Expenditure																				
Claims incurred																				
Gross (undiscounted) claims incurred		9,613								1,658	0	6,843	0	969	143	0				
Gross (undiscounted) direct business		907								101	0	829	0	-23	0	0				
Gross (undiscounted) reinsurance accepted		8,706								1,556	0	6,014	0	992	143	0				
Net (undiscounted) claims incurred		1,368								1,210	0	145	0	12	0	0				
Net (discounted) claims incurred		1,369	1,369																	
Analysis of expenses incurred																				
Technical expenses incurred net of reinsurance ceded		1,301																		
Acquisition costs, commissions, claims management costs		-2,349	-2,349							35	0	-2,315	0	-58	-10	0				
Other expenditure																				
Other expenses		281																		
Total expenditure		4,418																		

In chapter A2 'underwriting performance', £785,000 of unallocated claims management expenses have been added to net discounted incurred claims (the difference between £10,398,000 there and £9,613,000 above). Similarly, for net claims, the £785,000 is the difference between £2,153,000 on A2 and £1,369,000 above. In A2, the net acquisition/commission income is £3,133,000 but above, the £785,000 unallocated claims management costs are included in this line item, hence £2,349,000 net income. Net commission income plus overhead expenses in A2 net to an expense of £517,000; the table above reports an expense of £1,301,000 given it includes the £785,000 claims management costs. IFRS17 (A2) treats unallocated claims management costs as part of incurred claims; the IR0504 maps the unallocated claims management costs to technical expenses.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.05.02.01 Premium, claims and expenses by country

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

	C0010	C0020	C0030	C0040	C0050	C0060	C0070
Home Country	Top 5 countries (by amount of gross premiums written)						Total Top 5 and home country
	KZ	MT					
	C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premiums written							
Gross - Direct Business	1,972	0	0				1,972
Gross - Proportional reinsurance accepted	178	29,799	19,169				49,146
Gross - Non-proportional reinsurance accepted							0
Reinsurers' share	1,452	29,714	16,449				47,616
Net	697	84	2,720				3,501
Premiums earned							
Gross - Direct Business	2,837	0	0				2,837
Gross - Proportional reinsurance accepted	373	22,812	22,884				46,068
Gross - Non-proportional reinsurance accepted							0
Reinsurers' share	2,437	22,720	19,643				44,799
Net	773	92	3,241				4,106
Claims incurred							
Gross - Direct Business	927	0	0				927
Gross - Proportional reinsurance accepted	49	3,377	4,172				7,597
Gross - Non-proportional reinsurance accepted							0
Reinsurers' share	964	3,393	2,917				7,275
Net	12	-16	1,255				1,250
Net expenses incurred							
	574	698	-470				802

The PRA instructions for the IR.05.02 determine country according to the domicile of the ceding insurer in respect of proportional reinsurance accepted.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.17.01.02 non-life technical provisions

IR.17.01.02

Non-Life Technical Provisions

	Direct business and accepted proportional reinsurance											Accepted non-proportional reinsurance				Total Non-Life obligation	
	Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance		Non-proportional property reinsurance
	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Best estimate																	
Premium provisions																	
Gross						-34	-2,929	997									-1,966
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						-127	-3,955	884									-3,198
Net Best Estimate of Premium Provisions						93	1,026	113									1,232
Claims provisions																	
Gross						1,629	25,414	1,391									28,434
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default						674	23,858	1,228									25,760
Net Best Estimate of Claims Provisions						955	1,557	163									2,674
Total best estimate - gross						1,595	22,486	2,388									26,468
Total best estimate - net						1,048	2,583	275									3,906
Risk margin						180	444	47									671
Technical provisions - total						1,775	22,930	2,435									27,139
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total						547	19,902	2,112									22,562
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total						1,228	3,027	323									4,578

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report

IR.19.01.21 Claims Development Triangles

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 & +		
Prior											67	67	67
-9	4,577	1,478	-41	-48	17	26	0	4	-32	4		4	5,984
-8	4,019	1,743	-275	295	-209	5	-6	304	-170			-170	5,705
-7	3,491	878	671	3,762	-27	-1	15	8				8	8,797
-6	2,930	2,815	-920	13	24	-84	12					12	4,790
-5	2,490	4,601	1,974	-19	1,953	218						218	11,219
-4	1,875	1,398	2,011	382	-43							-43	5,622
-3	3,983	1,641	831	309								309	6,765
-2	2,006	758	976									976	3,740
-1	2,309	280										280	2,589
0	2,705											2,705	2,705
												Total	4,365

Gross Undiscounted Best Estimate Claims Provisions													
(absolute amount)													
Year	C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300	C0360	Year end (discounted data)
	Development year												
	0	1	2	3	4	5	6	7	8	9	10 & +		
Prior											0	0	
-9	0	0	0	0	0	0	0	0	12	12		11	
-8	0	0	0	0	0	0	0	584	581			571	
-7	0	0	0	0	0	0	22	5				4	
-6	0	0	0	0	0	134	141					135	
-5	0	0	0	0	555	230						220	
-4	0	0	0	982	929							889	
-3	0	0	2,955	444								425	
-2	0	9,342	6,154									5,833	
-1	8,864	4,109										3,915	
0	16,147											15,413	
												Total	27,417

Gross premium		
	C0570	C0580
	Gross earned premium at reporting reference date	Estimate of future gross earned premium
N-9	15,429	0
N-8	17,271	0
N-7	18,101	0
N-6	20,007	0
N-5	29,417	0
N-4	39,699	0
N-3	42,750	0
N-2	36,185	0
N-1	35,908	0
N	54,332	0

The PRA requires that the Company reports paid claims (top table) and earned premium (bottom table) for all years historically. However, claims best estimates (middle table) are required only from the 2024 reporting year, as attributed to each accident year row. C0580 is only reported for UY-based reporting – SFME reports on an AY basis.

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.23.01.01 Own Funds (bottom half)

Available and eligible own funds

Total available own funds to meet the SCR

Total available own funds to meet the MCR

Total eligible own funds to meet the SCR

Total eligible own funds to meet the MCR

SCR

MCR

Ratio of Eligible own funds to SCR

Ratio of Eligible own funds to MCR

Reconciliation reserve

Excess of assets over liabilities

Own shares (held directly and indirectly)

Foreseeable dividends, distributions and charges

Deductions for participations in financial and credit institutions

Other basic own fund items

Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds

Reconciliation reserve

53,457	53,457	0	0	0
53,457	53,457	0	0	
53,457	53,457	0	0	0
53,457	53,457	0	0	

14,684
3,671
364.04%
1456.16%

C0060

53,457
0
10,600
0
42,857

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.25.01.21 Solvency Capital Requirement – for undertakings on the Standard Formula (top half)

Market risk

C0010

Interest rate risk	1,220
Equity risk	1,226
Property risk	0
Spread risk	716
Concentration risk	3,860
Currency risk	1,217
Other market risk	
Diversification within market risk	-3,430
Total Market risk	4,809

Counterparty default risk

Type 1 exposures	6,495
Type 2 exposures	1,886
Other counterparty risk	
Diversification within counterparty default risk	-374
Total Counterparty default risk	8,007

Life underwriting risk

Mortality risk	
Longevity risk	
Disability-Morbidity risk	
Life-expense risk	
Revision risk	
Lapse risk	
Life catastrophe risk	
Other life underwriting risk	
Diversification within life underwriting risk	
Total Life underwriting risk	0

Samsung Fire & Marine Insurance Company of Europe Ltd
Solvency and Financial Condition Report

IR.25.01.21 Solvency Capital Requirement – for undertakings on the Standard Formula (bottom half)

Health underwriting risk	
Health SLT risk	
Health non SLT risk	
Health catastrophe risk	
Other health underwriting risk	
Diversification within health underwriting risk	
Total Health underwriting risk	0
Non-life underwriting risk	
Non-life premium and reserve risk (ex catastrophe risk)	2,765
Non-life catastrophe risk	2,146
Lapse risk	178
Other non-life underwriting risk	
Diversification within non-life underwriting risk	-1,184
Non-life underwriting risk	3,905
Intangible asset risk	
Operational and other risks	
Operational risk	1,941
Other risks	
Total Operational and other risks	1,941
Total before all diversification	23,650
Total before diversification between risk modules	18,662
Diversification between risk modules	-3,977
Total after diversification	14,684
Loss absorbing capacity of technical provisions	
Loss absorbing capacity of deferred tax	
Other adjustments	
Solvency capital requirement including undisclosed capital add-on	14,684
Disclosed capital add-on - excluding residual model limitation	
Disclosed capital add-on - residual model limitation	
Solvency capital requirement including capital add-on	14,684
Biting interest rate scenario	
Biting life lapse scenario	

Samsung Fire & Marine Insurance Company of Europe Ltd

Solvency and Financial Condition Report

IR.28.01.01 Minimum Capital Requirement

Linear formula component for non-life insurance and reinsurance obligations

C0010

MCR_{NL} Result

1,119

Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
C0020	C0030
0	
0	
0	
0	
0	
1,048	4,791
2,583	810
275	69
0	
0	
0	
0	
0	
0	
0	
0	
0	

Medical expense insurance and proportional reinsurance
 Income protection insurance and proportional reinsurance
 Workers' compensation insurance and proportional reinsurance
 Motor vehicle liability insurance and proportional reinsurance
 Other motor insurance and proportional reinsurance
 Marine, aviation and transport insurance and proportional reinsurance
 Fire and other damage to property insurance and proportional reinsurance
 General liability insurance and proportional reinsurance
 Credit and suretyship insurance and proportional reinsurance
 Legal expenses insurance and proportional reinsurance
 Assistance and proportional reinsurance
 Miscellaneous financial loss insurance and proportional reinsurance
 Non-proportional health reinsurance
 Non-proportional casualty reinsurance
 Non-proportional marine, aviation and transport reinsurance
 Non-proportional property reinsurance

Linear formula component for life insurance and reinsurance obligations

C0040

MCR_L Result

0

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

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

Overall MCR calculation

C0070

Linear MCR
 SCR
 MCR cap
 MCR floor
 Combined MCR
 Absolute floor of the MCR

1,119
14,684
6,608
3,671
3,671
3,500
3,671

Minimum Capital Requirement

G. Directors' Statement

The Directors acknowledge their responsibility for preparing this Solvency and Financial Condition Report in all material respects in accordance with the requirements of the PRA Rulebook and the Solvency UK Regulations.

The Directors are satisfied that:

- throughout the financial year in question, the Company has complied in all material respects with the requirements of the PRA Rulebook and the Solvency UK Regulations as applicable to SFME; and
- it is reasonable to believe that the Company has continued to comply subsequently and that it will continue to do so in the foreseeable future.

Signed on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Sungryeol Lee', is written over a light grey rectangular background.

Sungryeol Lee, Chief Executive Officer:

Dated: 18 March 2026