It all started with a hat stand...

Beazley Insurance dac | Annual report and accounts 2024

Welcome to our Annual report 2024

Beazley Insurance dac is a non-life insurance company that underwrites through its European branch network and acts as an internal reinsurer within the Beazley Group. It also provides capital to support the underwriting activities of Beazley Underwriting Limited in the Lloyd's market.

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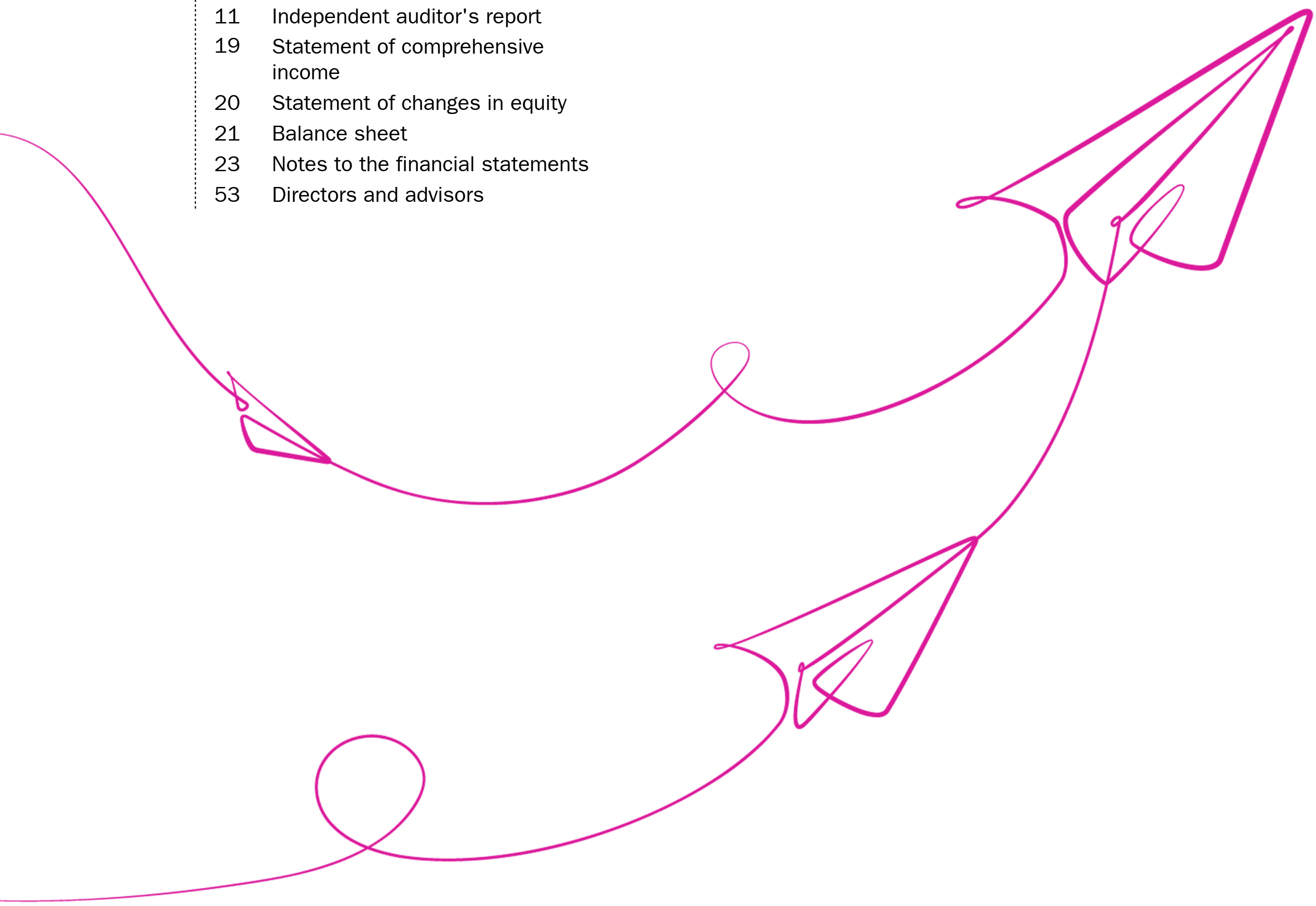


Highlights

Gross premiums written

$1,494.3m

(2023: $1,047.9m)

Net investment return

$139.7m

(2023: $138.0m)

Net earned premiums

$1,070.3m

(2023: $934.6m)

Cash and investments

$2,269.1m

(2023: $1,796.0m)

Profit before tax for the financial year

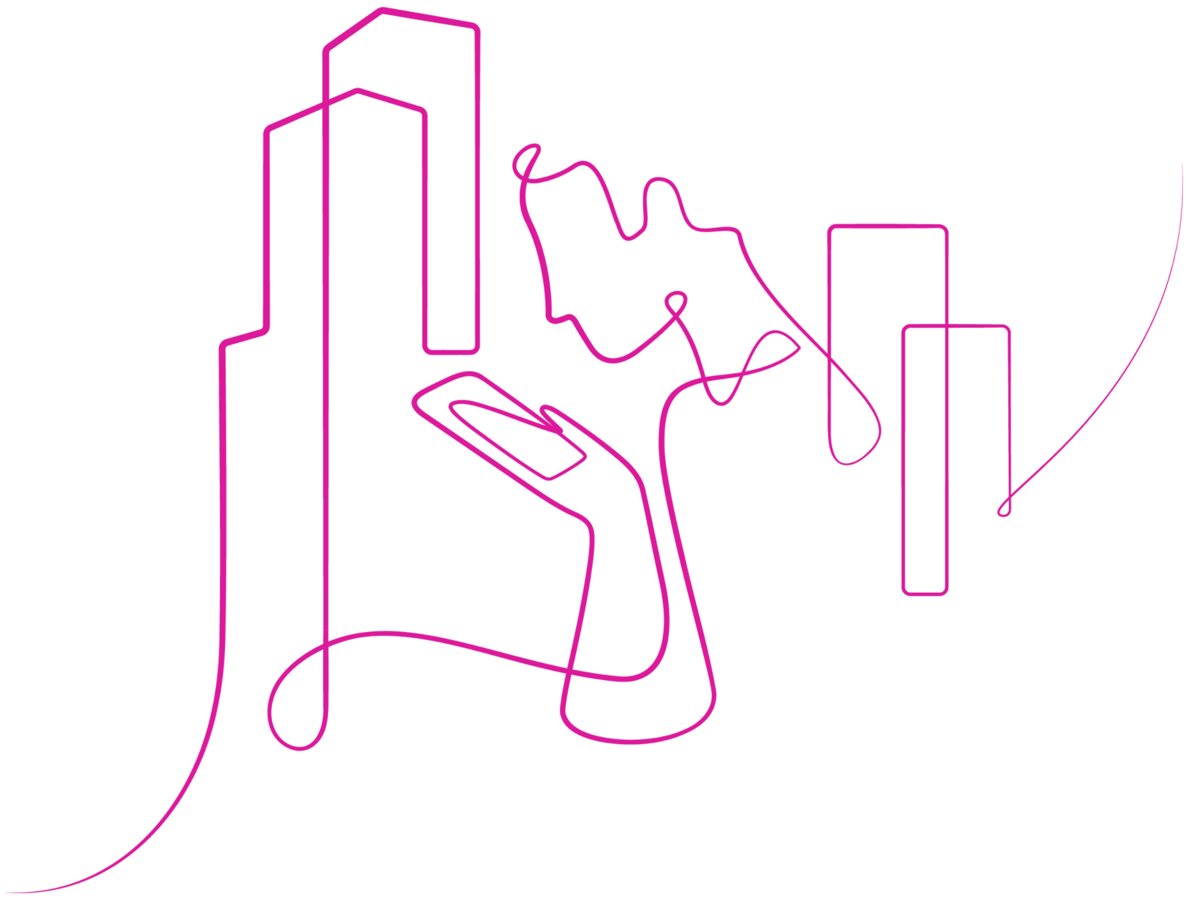
$712.9m

(2023: $769.7m)

Solvency coverage ratio

237%

(2023: 207%)



Directors’ report

The Directors submit their report, together with the financial statements of Beazley Insurance dac (the Company) for the year ended 31 December 2024.

Company purpose and vision

The Company, as part of the Beazley Group (the Group), has the culture and values of being bold, striving for better and doing the right thing. These underpin the five key pillars of our business: clients, protection, people, tools and sustainability. Together they support our vision to be the highest performing specialty insurer and, in that role, we can fulfil our purpose of enabling our stakeholders to explore, create and build.

Principal activities and business review

The Company is authorised by the Central Bank of Ireland to underwrite non-life insurance and reinsurance business. The Company operates its direct insurance business through a branch network in the United Kingdom, France, Germany, Spain and Switzerland and operates across the European Union on a freedom of services basis.

The Company acts as an intra-group reinsurer and provides capital to support the underwriting activities of its related company, Beazley Underwriting Limited (BUL). BUL is a Lloyd’s of London corporate member. BUL participates in the Lloyd’s insurance market on a limited liability basis through syndicates 2623, 3622, 3623 and 5623. Under the 2024 contract, BUL cedes effectively 65% of the final declared result (less a retention of $2.6m) of its participation in syndicates 2623 and 3623 to the Company. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss in excess of $2.6m not exceeding 65% of the Funds at Lloyd’s (FAL). The Company also has a credit facility agreement with BUL. Under the 2024 agreement, the Company can provide up to 37% of BUL’s total required FAL. This facility was not utilised during the year.

The Company has also written two new intra-group quota-share reinsurance contracts which incepted 1 January 2024. The first contract reinsures business from two syndicates at Lloyd's (2623 and 623), which are managed by the Group's managing agent, Beazley Furlonge Limited. The second contract is with the Group's newly established North American surplus lines carrier, Beazley Excess and Surplus Insurance inc. (BESI).

The Company achieved strong premium growth in 2024, with growth achieved across four of the five direct insurance underwriting divisions. The new intra-group reinsurance contracts with BESI and syndicates 2623 and 623 also contributed to premium growth. The Company is reporting a profit before tax of $712.9m in 2024 (2023: $769.7m). The Company's performance in 2024 was driven by positive underwriting in the direct insurance division in addition to a strong investment return. Our direct business delivered a pre-tax profit of $156.1m (2023: $55.7m).

Throughout 2024, the Company continued to invest in and develop its business across Europe. Premiums from the Company’s non-life insurance and reinsurance business carried out through its branches grew from $346.5m in 2023 to $401.0m in 2024. We expect growth to continue in 2025 as a result of sustained organic growth on our current portfolio alongside new opportunities for the Company.

Climate-related issues

The Company and the Group are focused on how we can play our part in addressing climate change. While primary responsibility for climate related issues sits with the Group Boards and Committees listed on the next page, the Company's Board has regular interactions and updates with the responsible persons to ensure that the Company's Board is appropriately consulted, engaged and informed. The Board is responsible for ensuring that the Company is operating in accordance with legal and regulatory requirements and with relevant Beazley Group policies and procedures. The Company also considers climate-related matters as part of the annual process to approve the risk framework and own risk and solvency assessment (ORSA).

With regards to sustainability issues, reference should be made to the Group Annual Report and Accounts. The Task Force on Climate Related Financial Disclosures (TCFD) on page 32 of the Group's 2024 Annual Report details recommendations and recommended disclosures at the consolidated Group level. The 2024 Beazley plc Annual Report and Accounts can be found at www.beazley.com. During the year the Company has had an increased focus on sustainability related reporting and considered other emerging sustainability related disclosures such as the Corporate Sustainability Reporting Directive (CSRD).

Directors’ report continued

Board/Committee	Description of how climate-related matters are considered
Beazley plc Board and Beazley Insurance dac Board	The Group and Company Boards consider climate-related matters as part of the annual process to approve: • the risk appetite statements; • the Group’s corporate business plan, including capital adequacy and the ORSA; • Beazley's new sustainability strategy and corresponding transition plan objectives; • the Responsible Investment Policy; • the Investment Strategy; and • the Group Annual Report and Accounts, including TCFD report In support of Beazley’s commitment to doing the right thing and being a responsible business, the Group Audit Committee oversaw further enhancement of Beazley’s reporting of climate and sustainability matters in accordance with the TCFD and other reporting requirements. Throughout the year the Group and Company Boards monitor progress against the goals and targets set to address climate-related issues, through the update papers provided primarily from the following functions: responsible business, risk and underwriting.
Beazley plc Risk Committee	The Group Board has delegated oversight of the risk management framework to the Risk Committee. The Committee's responsibilities include overseeing the effectiveness of the risk management framework at Beazley, of which climate-related risk is one element.
Beazley plc Audit Committee and Beazley Insurance dac Audit Committee	The Beazley plc Audit Committee has responsibility for TCFD reporting. The Beazley plc Audit Committee has received regular TCFD update reports throughout the year as part of Beazley’s approach to a year-on-year improvement in enhancing our response to the recommendations. The Beazley plc Audit Committee is part of the process for the signing off and approving of the annual TCFD disclosures. The Company's Audit Committee is responsible for company-level requirements in relation to climate related reporting such as CSRD reporting.
Beazley plc Nomination Committee	The Committee considers the current and anticipated future leadership needs of the organisation to operate effectively. The Committee also recommends, for approval by the plc Board, the annual Board knowledge and training plan. Climate-related matters can form part of this plan.
Beazley plc Remuneration Committee	This Committee is responsible for ensuring climate-related risk is considered within executive remuneration. Evidence that this occurs is documented within the Executive Director’s remuneration scorecard, where climate-related risk matters are considered as part of Beazley’s wider approach to sustainability. Remuneration is reviewed on an annual basis.

Future developments in the business

The intra-group reinsurance contracts for 2025 were renewed by the Company in December 2024. Changes to the main terms of the contracts are an increase in the cession from BESI and adjustments to profit and overrider commissions relevant to the BUL and BESI contracts, respectively.

The Company plans to continue to grow and expand its non-life insurance/reinsurance business across Europe through additional underwriting capability and products through its branch network.

Risk management oversight and framework

The Company's Board delegates oversight of the risk management function and framework to its Risk and Compliance Committee. Beazley takes an enterprise-wide approach to managing risk. The risk management framework establishes the approach to identifying, measuring, mitigating, monitoring, and reporting on principal risks. The risk management framework supports the Company's strategy and objectives.

The Company has adopted a ‘three lines of defence’ model, in which the risk management function is part of the second line of defence. Ongoing communication and collaboration across the three lines of defence ensures that the Company identifies and manages risks effectively.

The Company's Board approves the risk appetite statement at least annually and receives updates on monitoring against risk appetites throughout the year. This includes an assessment of principal risks.

A suite of reports from the risk management function support senior management and the Company Board in discharging their oversight and decision-making responsibilities throughout the year. The risk management function's reports include updates on risk appetite, risk profiles, stress and scenario testing (including reverse stress testing) and analysis, emerging and heightened risks, and the ORSA report.

Directors’ report continued

Risk management oversight and framework continued

The Company operates a control environment which supports mitigating risks to stay within risk appetite. The risk management function reviews and challenges the control environment through various risk management activities (e.g. risk opinions, risk reviews etc.). In addition, the risk management function works with the capital modelling and exposure management teams, particularly in relation to validation of the internal model, preparing parts of the ORSA, monitoring risk appetite and the business planning process.

The risk management plan considers, among other inputs, the inherent and residual risk scores for the risks in the risk registers. The risk management function also incorporates results from internal audits and other assurance activities into its risk assessment process. The internal audit function considers the risk management framework in its audit universe to derive a risk-based audit plan.

The Company's approach to identifying, managing and mitigating emerging risks includes inputs from across the business, analysis of lessons learned following incidents and industry thought leadership. The approach considers the potential materiality and likelihood of impacts, which helps prioritise emerging risks which the Company monitors or undertakes focused work on. Key emerging risks in 2024 included geopolitical and conflict escalation, artificial intelligence, systemic cyber attack, political and social unrest, supply chain risk, climate change and global tax reform. The Risk and Compliance Committee carries out a robust assessment of the Company's emerging risks at least annually.

Risk management

The Company prides itself on understanding the drivers of risk. The risk management function both supports and challenges management in effectively managing these risks.

Throughout the year, we have continued to enhance, roll out, and embed elements of our risk management framework. We have worked closely with colleagues across the first and second lines of defence to support the Company’s strategy.

The Company operates a risk management framework, within which risk appetite is defined, risks assumed are identified and managed and key controls are implemented and monitored. Additional information in relation to the Company’s risk management objectives and policies is included in note 2 of the financial statements.

Principal risks

Due to the nature of its activities, the principal risks and uncertainties of the Company are aligned with those of the Group. Our principal risks are under continuous review with ongoing risk assessments. Whilst our risk profile has remained broadly stable in 2024, we continue to focus on operational and regulatory risks, to ensure that our control environment keeps pace with business change and growth initiatives.

The table below summarises the principal risks the Company faces, and the control environment, governance and oversight that mitigate these risks. Our approach to managing the risks arising from climate change are set out within the TCFD section of the Group's annual report.

Directors' report continued

Principle risks continued

Risk outlook

△ Increasing ◇ Stable ▽ Decreasing

Principal risks and summary descriptions	Mitigation and monitoring
◇ **Insurance** Risk of loss arising from uncertainties and deviations of the occurrence, frequency, amount and timing of insurance premium and claim liabilities relative to the assumptions at the time of underwriting. This includes risk from underwriting such as market cycle, catastrophe, reinsurance and reserves. • Market cycle: potential systematic mispricing of medium- or long-tailed business that does not support revenue to invest and cover future claims; • Catastrophe: one or more large events caused by nature (e.g. hurricane, windstorm, earthquake and/ or wildfire) or mankind (e.g. coordinated cyber-attack, global pandemic, losses linked to an economic crisis, an act of terrorism or an act of war and/or a political event) impacting a number of policies, and therefore giving rise to multiple losses; • Reinsurance arrangements: reinsurance may not be available or purchases do not support the business underwritten (e.g. mismatch); and • Reserving: reserves may not be sufficiently established to reflect the ultimate paid losses.	Insurance risk is principally managed by the Company through pricing tools, analysis of macro trends and claim frequency/severity and ensures exposure is well diversified and not overly concentrated in any one area, or line of business. Our strategic approach to exposure management and a comprehensive internal and external reinsurance programme helps to reduce volatility of profits in addition to managing net exposure through the transfer of risk. Our prudent and comprehensive approach to reserving ensures adequate provisions are made for the payment of all valid claims. High calibre claims and underwriting professionals deliver expert service and claims handling to insureds, ensuring good customer outcomes. The Company carries out periodic analysis to identify significant areas of concentration risk across its business and monitors solvency regularly to ensure the Company is adequately capitalised. The Company makes extensive use of modelling, including catastrophe modelling, the use of our Solvency II model and stress and scenario testing to ensure insurance risk is within our risk appetite. Insurance risk outlook continues to be stable as the Company manages the market cycle across all the lines of business.
◇ **Market** The risk of loss resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Investment assets may be impacted by adverse movements in financial markets, interest rates, exchange rates, or external market forces.	The Company operates a conservative investment strategy, prioritising the limitation of investment losses that could significantly impact our financial results. We employ robust policies and tools to manage market risk, ensuring alignment with regulatory requirements and industry best practices. Interest rate and foreign exchange risks are managed using natural hedges and financial instruments, minimizing potential volatility. The Group Investment Committee regularly reviews market risk exposures to ensure that our risk management capabilities remain agile and effective in responding to evolving market dynamics, with regular reporting by the Company CFO to the Company Board. Despite the global and political economic uncertainties, we maintain a stable market risk outlook, driven by clear political outcomes and steady growth in the United States, where most of our asset exposures are concentrated.
◇ **Credit** The risk of loss resulting from default in obligations due or changes in the credit standing of either issuers of securities, counterparties or any debtors which Beazley is exposed to. Exposure to credit risk largely emanates from the use of reinsurers, brokers, and coverholders and our investments, of which reinsurance asset is the largest exposure for the Company.	The Company maintains long-term partnerships with strategic reinsurance partners to support the Company throughout the insurance cycle and during potential catastrophic claim events. The Company uses a range of internal and external reinsurance mechanisms to diversify reinsurance credit risk. The Company's main credit risk arises from premiums receivable through intra-group reinsurance arrangements. These positions are monitored closely. Credit risk arising from brokers (non payment of premiums or claims) is monitored through robust due diligence processes, credit monitoring and ongoing monitoring of aged debts. The Company has credit risk arising from relationships with external reinsurers, both directly within the European business and indirectly through the Company's intra-group reinsurance contracts. Credit risk relating to external reinsurers is monitored by the Group Reinsurance Security Committee, and the Group reinsurance team report regularly to the Company's Management Committee, with at least annual reporting to the Company Board. Credit risk outlook remains stable, as the Company manages reinsurance (intra-group counterparty risk and external), broker, coverholder and investment credit risks within agreed limits.

Directors’ report continued

Principle risks continued

Risk outlook

△ Increasing ◇ Stable ▽ Decreasing

Outlook	Principal risks and summary descriptions	Mitigation and monitoring
◇	**Group** The risk that an action or inaction of one part of the Group adversely affect another part or parts of the Company. This also includes a deterioration in culture which leads to inappropriate behaviour, actions and/or decisions including dilution of culture or negative impact on the brand.	Group risk culture is grounded in principles of transparency, accountability, and awareness. An effective risk culture reflects a mature risk management function, encourages prudent risk-taking, and fosters awareness of existing and emerging risks. The Board oversees this risk, with regular monitoring conducted by the Risk Management function and overseen by the Risk Committee. Our Group risk outlook remains stable, with executive management continuously managing and improving our risk culture through ongoing monitoring and enhancements.
◇	**Liquidity** Investments and/or other assets are not available or adequate in order to settle financial obligations when they fall due.	By actively managing its liquidity needs, the Company maximises flexibility in handling its financial assets and investment strategy. This proactive approach ensures that clients and creditors are financially protected. The Company regularly assesses its liquidity position, which is reported at least quarterly to the Board by the CFO. This includes a benchmarking view from a third-party assessment. Our liquidity risk outlook remains stable as the Company consistently maintain more than adequate levels of liquidity and capital.
△	**Regulatory and legal** Non-compliance with regulatory and legal requirements, failing to operate in line with the relevant regulatory framework in the territories where the Company operates. This may lead to financial loss (fines, penalties), sanctions, reputational damage, loss of confidence from the regulator, regulatory intervention, inability to underwrite or pay claims.	The Company maintains active ongoing dialogue with its regulator. A suite of compliance controls are in place to support the nature, scale and complexity of the business which are overseen by the Risk and Compliance Committee. The Company wants to have an open and transparent relationship with regulators, ensuring coordinated communication and the following of robust processes, policies and procedures in the business. In addition, key staff, particularly those who hold defined roles with regulatory requirements, are experienced and maintain regular dialogue with the regulator. The Group is implementing a horizon scanning service to support in-house activity to identify relevant regulatory and legal matters and emerging policy so the Company can consider their potential impacts on the business. Considering the needs of our clients in everything our business does is of utmost importance. We aim to deliver good customer outcomes to our clients throughout the product lifecycle. The Group's Conduct Review Group oversees this risk, with regular reporting to the Company Management Committee and the Company Risk and Compliance Committee. The Company aims to do the right thing to minimise reputational risk via stakeholder management and oversight through governance. The Company has a very low appetite for regulatory and legal risk, therefore maintaining strong and open relationships with its regulator is of paramount importance. The outlook for this risk is increasing as throughout 2024 and into 2025, we have seen increased engagement with our regulator as the regulatory environment becomes more complex and the Company and Group grows.

Directors' report continued

Principle risks continued

Risk outlook

△ Increasing ◇ Stable ▽ Decreasing

Principal risks and summary descriptions		Mitigation and monitoring
△	**Operational** Failures of people, processes and systems or the impact of an external event on operations (e.g., a cyber-attack having a detrimental impact on operations) including transformation and change related risks.	The Company attracts and nurtures talented colleagues who champion diversity of thought, fostering a culture of empowerment, collaboration, and innovation. This commitment creates an environment of employee wellbeing, where high-calibre, motivated, loyal, and productive individuals are empowered to perform their duties competently. The Company continues investing in technology and re-engineering processes to support its operations, overseen by the Group's Operations Committee. The business continuity, disaster recovery, and incident response plans ensure the stability of our processes and systems, enabling our team to consistently deliver optimal outcomes for our clients. We expect technology and cyber resilience to continue being key focus areas. We are dedicated to maintaining robust controls over information security, data, and operational resilience. We regularly review incident response plans and continue to invest in cybersecurity training for our employees. While maintaining a low appetite for operational risk, we observed an increased frequency of reported risk incidents during 2024, coinciding with an increasingly complex operating environment. The risk management function continues to work with first line teams to ensure that controls and processes in place remain appropriate as the operating landscape evolves. Our risks and controls are formally monitored and reported through a risk and control self-assessment process and the use of quantifiable Key Risk Indicators. Given the Company's operating model, outsourcing is a key component of operational risk and in particular the Company closely manages the outsourced services received under the Company's arrangement with Beazley Management Limited. The outlook for this risk is increased as we continue to strengthen operationally and realise the benefits of ongoing initiatives to modernize our systems and processes.
◇	**Strategic** The risk of loss resulting from ineffective strategic direction and implementation that leads to inadequate profitability, insufficient capital, financial loss and/or reputational damage for the Company. Pervasive risks impacting multiple areas of the Company (e.g. reputation, and sustainability) occurring through real or perceived action, or inaction, by a regulatory body, market and/or third-party provider. A negative change to Beazley's reputation could have a detrimental impact to the Company's performance and public perception.	The Company consistently addresses key strategic opportunities and challenges, striving to be the highest performing and most sustainable specialist insurer. We ensure that we recognize, understand, discuss, and develop action plans for significant strategic priorities in a timely manner, while maintaining operational effectiveness and brand reputation. The Company creates an environment that attracts, retains, and develops high-performing talent with diverse perspectives, encouraging exploration, creation, and innovation. By investing in understanding the complexities of the risks our clients face and deploying our expertise where it adds value, we thrive. The Company Board oversees these risks. The Company maintains coverage above regulatory capital to meet its business plan and strategic objectives in the short, medium, and long term. The Company's commitment is to create a sustainable business for our people, partners, and planet through responsible business goals. We embed sustainability principles and ambitions, focusing on reducing our carbon footprint (refer to the Group's TCFD report for more details on climate-related risks and mitigations), contributing to our social environment, and practicing good governance. While we consider market developments, we evaluate each on its individual merits, weighing both potential opportunities and risks. As we consolidate and embed our achievements from 2024, our strategic risk outlook remains stable.

Directors' report continued

Key performance indicators (KPIs)

The Company generated a profit before tax of $712.9m in 2024 (2023: $769.7m). The Company's performance in 2024 was driven by the positive underwriting performance of the direct insurance division, as well as strong profits from the Company's investment portfolio. Return on equity* for the year was 32% (2023: 50%) driven by positive investment and underwriting return. The Company has seen premiums from its non-life insurance and reinsurance business carried out through its branches grow from $346.5m in 2023 to $401.0m in 2024 and we anticipate further growth in 2025. During 2024, the Company increased its product offering and underwriting capability through its branch network. The two new intra-group reinsurance contracts also contributed to the increase in premium written over the prior year. Further information on the breakdown of our performance between direct insurance and intra-group reinsurance can be found in note 3 to the financial statements.

During the year increased premium volumes were written through the Company's direct insurance division, whilst the direct business saw net insurance claims fall to $82.1m (2023: $117.7m). Net insurance claims include prior year reserve releases of $81.5m (2023: $34.2m), largely driven by positive claims experience in the Cyber and Property Risks divisions. The Company saw a claims ratio on its direct business of 26% (2023: 50%).

The Company maintained a strong capital position throughout 2024, with a solvency capital requirement coverage ratio of 237% as at 31 December 2024 (2023: 207%).

**Return on equity ("ROE") is calculated by dividing the profit after tax by the average equity for the period (using average of the opening and closing equity positions).*

Results and dividends

The result for the year is shown on the statement of comprehensive income (SOCI) on page 19. On 8 March 2024, the Board approved a dividend of $300.0m payable to its sole shareholder, Beazley Ireland Holdings plc (2023: nil) which was paid on 15 April 2024.

Directors

The names of the persons who were Directors at any time during the year ended 31 December 2024 and to the date of this report are set out below:

Directors	
E McGivney	
F Kleiterp (appointed 8 April 2024) (Swiss)	
J Dunne	
K Murphy	(Independent non-executive)
M Moore	(Independent non-executive)
P O Desaulle (French)	(Independent non-executive chair)
P Ruane	(Independent non-executive)
R Anarfi (appointed 18 April 2024, resigned 28 February 2025) (British)	(Non-executive)

Secretary

The Company Secretary for the duration of the year ended 31 December 2024 was:

J Wright

Directors and secretary and their interests

The Directors and secretary who held office at 31 December 2024 had no interests greater than 1% in the shares of, or debentures or loan stock of, the Company or Group companies at the beginning (or date of appointment, if later) or end of the year (2023: nil).

Directors' report continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and FRS 103 Insurance contracts. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that year.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

In assessing the Company's ability to continue as a going concern, the Directors have considered the Company's capital position, business plans, cash flow and liquidity, and broader external and internal business factors including the ongoing uncertainty in financial markets. The Directors are satisfied that the assessment of the Company as a going concern is reasonable.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the financial statements comply with the Companies Act 2014 and the European Union (Insurance Undertakings: Financial Statements) Regulations 2015.

The Directors are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' report that complies with the requirements of the Companies Act 2014. As required by Section 1551 of the Companies Act 2014 (2014 Act), the Company confirms that it has established an Audit Committee, which assists the Board in carrying out its oversight and control obligations.

Relevant audit information

We confirm that to the best of our knowledge:
- so far as the Directors are aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- the Directors have taken all the steps that he or she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Statement of Directors' compliance

The Directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in the 2014 Act) and, as required by Section 225 of the 2014 Act.

The Directors confirm that:
- a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared;
- arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and
- a review of the arrangements and structures has been conducted during the financial year to which this Directors' report relates.

Directors' report continued

Accounting records

The Directors believe that they have complied with the requirements of sections 281 to 285 of the Companies Act, 2014 with regard to accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at 2 Northwood Avenue, Santry, Dublin D09 X5N9.

Political donations

The Company made no political donations during the financial year ended 31 December 2024 (2023: nil).

Central Bank of Ireland Corporate Governance Code

The Company is subject to the Corporate Governance Requirements for Insurance Undertakings issued by the Central Bank of Ireland. The Company is not required to comply with the additional requirements for major institutions.

Post balance sheet events

On 5 December 2024, the Board approved an interim dividend of $400.0m which was paid on 16 January 2025 to its sole shareholder, Beazley Ireland Holdings plc. On 25 February 2025, the Board approved a further interim dividend of $100.0m which was paid on 27 February 2025. As non-adjusting post balance sheet events, these dividends have not been reflected in the Company's financial statements for the year ended 31 December 2024.

The Company is exposed to the California Wildfires which occurred in January 2025 through its intra-group reinsurance contracts. The Company will continue to monitor the impact of this through its intra-group reinsurance contracts but initial indications are that it is not expected to be material.

There are no other events that are material to the operations of the Company that have occurred since the reporting date.

Auditor

The auditors, Ernst and Young, Chartered Accountants, were appointed as the Company's auditor on 25 June 2019 in accordance with section 383(2) of the Companies Act 2014. This followed a selection procedure in accordance with Article 16(3) of Regulation (EU) No 537/2014 in respect of the appointment of the audit firm.

On behalf of the Board

Pierre-Oliver Desaulle	Ed McGivney
Director	**Director**

2 April 2025

Shape the future
with confidence

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEAZLEY INSURANCE DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Beazley Insurance DAC ('the Company') for the year ended 31 December 2024, which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Balance Sheet and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland issued in the United Kingdom by the Financial Reporting Council.

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts' (Generally Accepted Accounting Practice in Ireland); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard as applied to public interest entities issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- In conjunction with our walkthrough of the Company's financial close process, we confirmed our understanding of management's Going Concern assessment process and also engaged with management early to ensure all key factors were considered in their assessment;
- We obtained management's going concern assessment, including the cash forecast and covenant calculation for the going concern period which covers a year from the date of signing this audit opinion. The Company has modelled a number of adverse scenarios in their cash forecasts and covenant calculations in order to incorporate unexpected changes to the forecasted liquidity of the Company.

- We have tested the factors and assumptions included in each modelled scenario for the cash forecast. We considered the appropriateness of the methods used to calculate the cash forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an assessment for the entity.

- We reviewed the Company going concern disclosures included in the annual report in order to assess that the disclosures were appropriate and in conformity with the reporting standards.

Conclusion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Accounting for reinsurance result in line with treaty arrangements with Beazley Underwriting Limited (BUL) **Net earned premium:** **2024: $555m** **2023: $701.4m** **Net insurance claims:** **2024: $nil** **2023: $44.3m** Refer to the Accounting policies in Note 1 and Note 3 of the Financial Statements. Due to the structure of the reinsurance agreement, the single premium or claim amount are recorded based on the declared result from the syndicates. The results of the Company are dependent on the calculations of the cedant's financial reporting, in line with the treaty terms. Given the accounting policy, an error in these calculations of the results under the reinsurance treaty could have a significant impact on the reported results for the reinsurance business. Additionally, there is a risk of management override of control.	To obtain sufficient audit evidence to conclude on the account for the reinsurance treaty we: - Obtained an understanding of the key elements of syndicate results, with a particular focus on areas of judgement applied by Management including those estimates made within premiums, claims estimates and IBNR, and calculation of the declared result on each reinsurance contract written; - Updated our understanding of the terms of the reinsurance treaty with the cedant, BUL; - Tested the calculation of the premiums and claims recorded on the reinsurance business with reference to the reinsurance treaty and the key data inputs from BUL such as the declared results of the syndicates. - Performed a recalculation of the profit commission payable in line with the terms of the reinsurance contracts; and - Reviewed the reinsurance agreements and assess the impact of the changes in the BUL reinsurance contract for the current year.	We completed our planned procedures and have no material matters to report.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of claims outstanding, including the risk of management override of controls **Gross claims outstanding:** **2024: $568.9m** **2023: $414.5m** **Net claims outstanding:** **2024: $430.7m** **2023: $302.3m** Refer to the Accounting policies in Note 1 and to Note 4 of the Financial Statements. Gross and net claims outstanding are inherently uncertain and subjective in nature, and therefore subject to a greater degree of risk of material misstatement than other balances. The assumptions deriving IBNR involve a significant degree of expert judgement in setting Management's estimates. In addition, loss reserve estimates for certain classes of business can be based on limited data.	To address the risk within the valuation of claims outstanding, we: - Obtained an understanding and tested the design of key controls over management's process in respect of the valuation of claims outstanding including the setting and updating of actuarial assumptions; - Tested the operating effectiveness of controls over reported claims; - Assessed the reserving methodology on both a gross and net of reinsurance basis including comparing the reserving methodology with industry practice; - Performed independent re-projections of claims outstanding applying our own assumptions, on a sample basis; - Evaluated and assessed whether the key assumptions applied to key areas of uncertainties were appropriate based on our knowledge of the Company, industry practice and regulatory and financial reporting requirements; - Tested the completeness and accuracy of the claims, reinsurance and premium data used within the reserving process by reconciling the data used in the actuarial projections to the underlying policy administration and finance systems; - Obtained and reviewed the loss ratios applied by BIDAC in the IBNR calculations and challenged material unusual or unexpected ratios used.	We completed our planned procedures and have no material matters to report.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be $19.8 million (2023: $17.0 million), which is 1% (2023: 1%) of Equity. We believe that Equity provides us with a stable basis of materiality and as the primary stakeholders are mainly concerned about solvency and capital position of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was to set performance materiality at 75% (2023: 50%) of our planning materiality, namely $14.8 million (2023: $8.5 million). The increase in performance materiality is due to our assessment that the risk of undetected material misstatement is low, considering the nature of the industry in which the Company operates and our prior experience with the Company.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $1.0 million (2023: $0.8 million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

An overview of the scope of our audit report

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' Report and the Statement of Directors' Responsibilities other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based solely on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year ended for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures required by sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud, that could reasonably be expected to have a material effect on the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. In addition, the further removed any non-compliance is from the events and transactions reflected in the financial statements, the less likely it is that our procedure will identify such non-compliance. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Generally Accepted Accounting Practice in Ireland including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and FRS 103 'Insurance Contracts', the Companies Act 2014 and the EU (Insurance and Reinsurance) Regulations 2015 (the Solvency II Directive).

- We understood how Beazley Insurance dac is complying with those frameworks by making enquiries of Management, internal audit, and those responsible for legal and compliance procedures. We corroborated our enquiries through our examination of board minutes, papers provided to the Audit Committees and correspondence with regulatory bodies.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by including through enquiries of Management to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud or error.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved an examination of board minutes to identify any non-compliance with laws and regulations, an examination of the reporting to the Audit Committee on compliance with regulations and enquiries of Management.

- The Company operates in the insurance industry which is a highly regulated environment. As such, the Audit Engagement Partner considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by board of directors in August 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 5 years.

The non-audit services prohibited by IAASA's Ethical Standard were not provided to the company and we remain independent of the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinion we have formed.

Tiarnan O'Rourke
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Office: Dublin

Date: 2 April 2025

Statement of comprehensive income

for the year ended 31 December 2024

Technical account – non-life insurance business	Notes	2024 $m	2023 $m
Gross premiums written	3	1,494.3	1,047.9
Outward reinsurance premiums		(182.3)	(65.8)
Net premiums written		**1,312.0**	**982.1**
Change in the gross provision for unearned premiums	4	(301.9)	(43.0)
Change in the provision for unearned premium, reinsurers' share	4	60.2	(4.5)
Change in net provision for unearned premiums		**(241.7)**	**(47.5)**
Earned premiums, net of reinsurance	3	**1,070.3**	**934.6**
Allocated investment return transferred from the non-technical account	6	141.2	139.2
Total revenue		**1,211.5**	**1,073.8**
Gross claims paid	4	(77.9)	(45.9)
Reinsurers' share of claims paid	4	10.5	14.3
Claims paid, net of reinsurance		**(67.4)**	**(31.6)**
Change in gross provision for claims	4	(164.1)	(52.7)
Change in the provision for claims, reinsurers' share	4	29.8	10.9
Change in the net provision for claims		**(134.3)**	**(41.8)**
Claims incurred, net of reinsurance		**(201.7)**	**(73.4)**
Net operating expenses	5	(259.2)	(197.6)
Allocated investment charges transferred from the non-life technical account	6	(1.5)	(1.2)
Balance on the technical account for non-life insurance business		**749.1**	**801.6**
Non-technical account			
Investment income	6	141.2	139.2
Investment expenses and charges	6	(1.5)	(1.2)
Total investment return		**139.7**	**138.0**
Allocated investment income transferred to the non-life technical account	6	(141.2)	(139.2)
Investment expenses and charges transferred to the non-life technical account	6	1.5	1.2
Finance costs	15	(31.6)	(31.6)
Loss on foreign exchange		(4.6)	(0.3)
Profit on ordinary activities before taxation		**712.9**	**769.7**
Tax expense on profit on ordinary activities	7	(128.9)	(97.1)
Profit on ordinary activities after taxation		**584.0**	**672.6**
(Loss)/profit on foreign exchange through other comprehensive income		(2.1)	2.8
Total comprehensive income for the financial year		**581.9**	**675.4**

The Company's operating activities all relate to continuing operations.

Statement of changes in equity

for the year ended 31 December 2024

		Capital contribution $m	Foreign currency translation reserve $m	Profit or loss account $m	Total equity $m
Balance as at 1 January 2023		536.3	(48.6)	535.9	1,023.6
Total comprehensive income for the financial year		—	2.8	672.6	675.4
Balance as at 31 December 2023		**536.3**	**(45.8)**	**1,208.5**	**1,699.0**
Total comprehensive income for the financial year		—	(2.1)	584.0	581.9
Dividend paid	13	—	—	(300.0)	(300.0)
Balance as at 31 December 2024		**536.3**	**(47.9)**	**1,492.5**	**1,980.9**

There is one share with a nominal value of €1 in issue as per note 13 Share capital and other reserves.

Balance sheet
as at 31 December 2024

	Notes	2024 $m	2023 $m
Assets			
Investments			
Financial assets	8	2,134.2	1,734.0
		2,134.2	**1,734.0**
Reinsurers' share of technical provisions			
Provision for unearned premiums	4	99.2	39.5
Claims outstanding	4	138.2	112.2
		237.4	**151.7**
Debtors			
Debtors arising from direct insurance operations		133.9	110.5
Debtors arising from reinsurance operations	9	1,009.3	883.7
Other debtors	10	102.0	28.7
		1,245.2	**1,022.9**
Other assets			
Current tax asset		30.0	—
Deferred tax asset	7	—	7.3
		30.0	**7.3**
Cash and cash equivalents	11	**134.9**	**62.0**
Prepayments and accrued income			
Deferred acquisition costs	12	119.4	41.8
Other prepayments and accrued interest		22.0	13.6
		141.4	**55.4**
Total assets		**3,923.1**	**3,033.3**

Balance sheet
as at 31 December 2024

	Notes	2024 $m	2023 $m
Equity			
Capital and reserves			
Called up share capital	13	–	–
Capital contribution	13	536.3	536.3
Foreign currency translation reserve	13	(47.9)	(45.8)
Profit or loss account	13	1,492.5	1,208.5
Shareholders' funds attributable to equity interests		**1,980.9**	**1,699.0**
Liabilities			
Technical provisions			
Provision for unearned premiums	4	467.2	168.0
Claims outstanding	4	568.9	414.5
		1,036.1	**582.5**
Creditors			
Creditors arising from direct insurance operations		98.7	26.8
Other creditors	14	198.0	140.4
		296.7	**167.2**
Other liabilities			
Accruals and deferred income		15.0	16.5
Deferred tax liability	7	4.8	–
Current tax payable		24.0	19.2
		43.8	**35.7**
Financial liabilities	15	565.6	548.9
Total liabilities		**1,942.2**	**1,334.3**
Total equity and liabilities		**3,923.1**	**3,033.3**

The notes on pages 23 to 52 form part of these financial statements.

Approved on behalf of the Board of Directors:

Pierre-Oliver Desaulle
Director

Ed McGivney
Director

2 April 2025

Notes to the financial statements

for the year ended 31 December 2024

1 Accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102, (the Financial Reporting Standard applicable in the UK and Republic of Ireland) (FRS 102) and Financial Reporting Standard 103 (Insurance Contracts) (FRS 103). The financial statements comply with the European Union (Insurance Undertakings: Financial Statements) Regulations 2015, and the Companies Act 2014. The financial statements are prepared using the historical cost convention except for certain financial assets and liabilities which are measured at fair value.

The policies have been consistently applied to all periods presented, unless otherwise stated. All amounts disclosed in the financial statements are presented in US dollars and millions, unless otherwise stated.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions. As these conditions have been complied with the Company has taken advantage of the following exemptions:

i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the group's consolidated financial statements, includes the Company's cash flows;
ii) from disclosing key management personnel compensation;
iii) from disclosing transactions entered into between related parties within a group, provided that any subsidiary which is a party to the transaction is wholly owned by another group entity; and
iv) from disclosing share-based payment arrangements, as the share based payment arrangements concerns equity instruments of Beazley plc and the equivalent disclosures are presented within the Beazley plc consolidated financial statements in which the Company is consolidated.

The Financial Reporting Council issued amendments to FRS 102 and FRS 103 in March 2024. These changes are effective for the periods beginning on or after 01 January 2026. The Company is assessing the impact of these changes but does not expect these to be material.

Going concern

The financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board has reviewed the Company's current and forecast solvency and liquidity positions for the next 12 months from the date that the financial statements are authorised for issue. The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Directors' report contained in the financial statements. In addition, the risk review section of the financial statements includes the Company's risk management objectives and the Company's objectives, policies and processes for managing its capital.

In assessing the Company's going concern position as at 31 December 2024, the Directors have considered a number of factors, including the current statement of financial position and the Company's strategic and financial plan, taking account of possible changes in trading performance and funding retention. The assessment concluded that the Company has sufficient capital and liquidity for the twelve months following the date of signing of the Directors' report and financial statements.

As per its most recent regulatory submission, the Company's capital ratios and its total capital resources are comfortably in excess of regulatory solvency requirements and internal stress testing indicates the Company can withstand severe economic and competitive stresses.

As a result of the assessment, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore believe that the Company is well placed to manage its business risks successfully. Accordingly, they continue to adopt the going concern basis in preparing the Company's financial statements.

Notes to the financial statements continued

for the year ended 31 December 2024

1 Accounting policies continued

(b) Use of estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates and judgements that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those on which management's estimates are based.

Inputs and assumptions are evaluated on an ongoing basis by considering historical experience, expectations of reasonably possible future events, and other factors. For example, estimates which are sensitive to economic, regulatory and geopolitical conditions could be impacted by significant changes in the external environment such as the volatile macroeconomic environment, climate change, international conflicts, and significant changes in legislation. Any revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Specific to climate change, the estimate for which there is the highest potential exposure to climate risk is the estimation of technical provisions. Management currently include allowances in the determination of technical provisions for the potential impact of changes arising from climate risks (which could include but is not limited to an increased frequency of natural catastrophes, liability claims for green-washing and changes in legislation related to climate). Management are of the view that for all other estimates, climate risk would not have a material impact on the valuation of the assets and liabilities held by the Company at the year end date.

The most critical estimates included within the Company's financial statements are the estimates for the fair value of investments and the estimate of the provision for claims. Further information about our investment portfolio can be found at note 2 and note 8 of the financial statements. Information on claims provisions can be found at note 4.

(c) Basis of accounting for insurance/reinsurance activities

The Company undertakes both insurance and reinsurance activities. The Company writes direct insurance through a network of European branches and has intra-group reinsurance agreements with Beazley Underwriting Limited (BUL), Beazley managed syndicates 2623/623 and Beazley Excess and Surplus Insurance, Inc. (BESI).

The Company reinsures BUL for 75% of losses for the 2022 underwriting year, and 65% for the 2023 and 2024 underwriting years (subject to a $3m excess for 2022 underwriting year and $2.6m excess for the 2023 and 2024 underwriting years). In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss in excess of the aforementioned amounts, not exceeding 75% (2022) or 65% (2023 or 2024) of the Funds at Lloyds. The underwriting results relating to this reinsurance contract are determined on an annual basis. Results under this contract reported on an annual basis recognise profits or losses as they are earned instead of at the closure of a particular Lloyd's year of account, normally after three years.

The excess of loss cede from BUL is reflected in the SOCI in accordance with the definition of premium and the limits of liability contained in the excess of loss agreement. This treatment results in each contract being accounted for as either a single premium or outstanding claim balance depending on whether the declared result of the syndicates is a profit or a loss. In this regard, the Company will recognise a premium receivable when an underlying reinsurance contract is in a profitable position at the reporting date, and will show an outstanding claim reserve when an underlying contract is in a loss making position at the reporting date. Movements in premium receivables and outstanding claims reserves will be shown through the SOCI and outlined in further detail through the notes to the financial statements.

As the premium/claim balance presented in the profit or loss account represents the Company's share of the profit or loss before tax of the syndicates, premium earnings adjustments and expense deferrals in respect of the underlying syndicate business have already been recognised through the premium or claims recognised under the contract. In this regard, the Company's balance sheet does not contain technical balances such as deferred acquisition costs and the provision for unearned premium relating to these reinsurance contracts. Profit commissions and financing fees, included in the terms of the reinsurance agreements, are accounted for separately and are included in operating expenses and investment income in the SOCI.

Under the newly incepted intra-group quota-share reinsurance agreements, the Company reinsures syndicates 2623/623 for a share of losses in two specific property treaty lines. The Company reinsures BESI for a share of all losses. Commissions, included in the terms of the reinsurance agreements, are accounted for separately and are included in operating expenses in the SOCI.

1 Accounting policies continued

(c) Basis of accounting for insurance/reinsurance activities continued

Premiums

Gross premiums written comprise premiums on contracts incepted during the financial year together with adjustments to premiums written in previous accounting periods and estimates for premiums from contracts entered into during the course of the year. Gross written premiums are stated before the deduction of brokerage, taxes, duties levied on premiums and other deductions.

Unearned premiums

A provision for unearned premiums (gross of reinsurance) represents that part of the gross premiums written that it is estimated will be earned in the following financial periods. It is calculated using the daily pro-rata method, under which the premium is apportioned over the period of risk.

Acquisition costs

Acquisition costs incurred comprise brokerage, premium levies and staff-related costs of underwriters acquiring new business and renewing existing contracts. The proportion of acquisition costs in respect of unearned premiums is deferred at the balance sheet date and recognised in later periods when the related premiums are earned.

Claims

Claims incurred represent the cost of claims and claims handling expenses paid during the financial year, together with the movement in provisions for outstanding claims, claims incurred but not reported (IBNR) and future claims handling provisions. The provision for claims comprises amounts set aside for claims advised and IBNR.

A provision is made at the year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the Company. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The IBNR amount is based on estimates calculated using widely accepted actuarial techniques which are reviewed quarterly. The techniques generally use projections, based on past experience of the development of claims over time, to form a view on the likely ultimate claims to be experienced. For more recent underwriting, regard is given to the variations in the business portfolio accepted and the underlying terms and conditions. Thus, the critical assumptions used when estimating claims provisions are that the past experience is a reasonable predictor of likely future claims development and that the rating and other models used to analyse current business are a fair reflection of the likely level of ultimate claims to be incurred.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company, where more information about the claim event is generally available. Claims IBNR may not be apparent to the insured until many years after the event which gives rise to the claims has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

Ceded reinsurance

These are contracts entered into by the Company with reinsurers under which the Company is compensated for losses on contracts issued by the Company and that meet the definition of an insurance contract. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Any benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets also include unearned premium. These consist of balances due from reinsurers and includes provision for unearned premiums, reinsurers' share. These balances are based on calculated amounts of outstanding claims and projections for IBNR, net of estimated irrecoverable amounts having regard to the reinsurance programme in place for the class of business, the claims experience for the period and the current security rating of the reinsurer involved. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Reinsurance assets are assessed for impairment at each reporting date. If there is objective evidence of impairment, then the carrying amount is reduced to its recoverable amount and the impairment loss is recognised in the statement of comprehensive income.

1 Accounting policies continued

(d) Financial instruments

Recognition and derecognition

Financial instruments are recognised in the balance sheet at such time that the Company becomes a party to the contractual provisions of the financial instrument. A financial asset is derecognised when:

- the contractual rights to receive cash flows from the financial assets expire;
- the financial assets have been transferred, together with substantially all the risks and rewards of ownership; or
- despite having retained some, but not substantially all, risks and rewards of ownership, control of the asset is transferred to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party.

Financial liabilities are derecognised if the Company's obligations specified in the contract expire, are discharged or cancelled.

Financial assets and liabilities measurement

On acquisition of a financial asset or liability, the Company will measure the asset or liability at transaction price, except for those financial assets and liabilities at fair value through profit or loss (FVTPL), which are initially measured at fair value. The exception to this is when the arrangement constitutes a financing transaction however, the Company does not make use of any such arrangements.

Except for derivative financial investments and borrowings, all financial investments are designated as FVTPL upon initial recognition because they are managed and their performance is evaluated on a fair value basis. Information about derivative financial instruments is provided internally on a fair value basis to key management. The investment strategy is to invest and evaluate performance with reference to fair values.

Fair value measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e., the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in the SOCI depending on the individual facts and circumstances of the transaction but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Upon initial recognition, attributable transaction costs relating to financial instruments at fair value are recognised in the SOCI when incurred. Financial instruments at FVTPL are continuously measured at fair value, and changes therein are recognised in the SOCI. Net changes in the fair value of financial instruments at FVTPL exclude interest and dividend income, as these items are accounted for separately.

Investment income

Investment income consists of dividends, interest, realised and unrealised gains and losses and foreign exchange gains and losses on financial assets or liabilities at FVTPL. Interest is recognised on an accrual basis. The realised gains or losses on disposal of an investment are the difference between the proceeds and the original cost of the investment. Unrealised investment gains and losses represent the difference between the carrying value at the balance sheet date, and the carrying value at the previous year end or purchase value during the year.

Notes to the financial statements continued

for the year ended 31 December 2024

1 Accounting policies continued

Derivative financial instruments and collateralised loan obligations

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, recent market transactions, and valuation techniques which include discounted cash flow models. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The best evidence of fair value of a derivative at initial recognition is the transaction price.

Derivative assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the parties intend to settle on a net basis, or realise the assets and settle the liability simultaneously.

The Company also invests in a number of collateralised loan obligations ('CLOs'). The valuation of these CLOs is based on fair value techniques (as described above).

Financial Liabilities

Borrowings are initially recorded at fair value less transaction costs incurred. Subsequently, borrowings are stated at amortised cost and interest is recognised in the profit or loss account over the period of the borrowings using the effective interest method.

Impairment of financial assets

Assessment is made at each reporting date whether there is objective evidence that a financial asset or group of financial assets measured at amortised cost is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the assets and that event has an impact on the estimated cash flows of the financial asset or group of financial assets that can be reliably estimated.

If there is objective evidence that impairment exists, the amount of the loss is measured as the difference between the assets carrying amount and the value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Where a loss is incurred this is recognised in the statement of comprehensive income.

(e) Cash and cash equivalents

This consists of cash at bank and in hand and deposits held at call with banks and other short-term, highly liquid investments with maturities of three months or less from the date of acquisition.

(f) Other debtors

Other debtors consists of amounts due from Group companies and other amounts receivable.

(g) Other creditors

Other creditors principally consist of amounts due to Group companies. These are stated at amortised cost using the effective interest rate method.

(h) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Current tax is provided on the Company's taxable profits at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided, using the liability method, on timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised on the balance sheet to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The Company has applied the amendment to FRS 102 in relation to International Tax Reform - Pillar Two Model Rules from 01 January 2023, as issued by the FRC. It introduced a mandatory temporary exemption from recognising and disclosing deferred taxes arising from the Pillar Two rules and requires targeted disclosure. The Company is in the scope of Pillar Two, and has therefore not taken into account the effects of Pillar Two when measuring deferred tax assets and liabilities or recognised any deferred tax relating to it. For more detail see note 7.

1 Accounting policies continued

(i) Foreign currency translation

Transactions in foreign currencies are translated to the Company’s functional currency at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit or loss account. For the purpose of foreign currency translation, unearned premiums and deferred acquisition costs are treated as if they are monetary items.

The results and financial position of the Company's European branches which have a functional currency different from the Company’s presentation currency are translated into the presentation currency as follows:
- assets and liabilities are translated at the closing rate ruling at the balance sheet date;
- income and expenses for each profit or loss account are translated at average exchange rates for the reporting period where this is determined to be a reasonable approximation of the actual transaction rates; and
- all resulting exchange differences are recognised as a separate component of equity.

(j) Dividends

Interim dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are not recognised in the financial statements but are disclosed in the notes to the financial statements.

2 Risk Management
The Company has identified the risks arising from its activities and has established policies and procedures to manage these items in accordance with its risk appetite. The sections below outline how the Company defines and manages each category of risk.

Risk management framework
Corporate governance

The Board gives high priority to risk management and risk control. Procedures are in place within the Company to ensure that risks are being measured, monitored and reported adequately and effectively to the Risk and Compliance Committee. The Company is subject to regular internal audit review which is carried out by the Group internal audit function.

Capital management

The Company is required to maintain minimum capital requirements as set out in the European Union (Insurance and Reinsurance) Regulations 2015 (S.I. 485/2015). Regulations stipulate that the Company should maintain capital, allowable for solvency purposes, of at least the calculated threshold amount. At no time during the year has the Company failed to meet this requirement. The Company uses an approved internal model to calculate its regulatory solvency capital requirement.

The internal model is used by management to aid decision making, in particular in terms of business planning, reinsurance purchasing, setting risk appetites, long term planning, exposure management and reserving. The Company monitors capital against internal metrics and sets an internal risk appetite in relation to solvency coverage. At no time during the year has the Company failed to meet these target capital levels. The Company's capital strategy is to:
- invest its capital to generate an appropriate level of return;
- maintain sufficient solvency cover;
- support the Beazley Group strategy;
- adhere to local branch capital requirements; and
- pay dividends to its shareholder.

The Company holds a significant amount of the Group's capital. Since inception the Company has always been well capitalised and the capital base has grown with earnings. The capital structure of the Company consists of subordinated loans as disclosed in note 15, and shareholder funds attributable to equity interests, comprising capital contributions and the profit or loss account as disclosed in the statement of changes in equity and note 13, respectively.

In 2016, the Company issued $250m of subordinated tier 2 notes due in 2026. In 2019, the Company issued $300m additional subordinated tier 2 notes due in 2029.

The amount of dividend paid is determined by the solvency of the Company and the requirements of the Group.

The Company holds a level of capital over and above its regulatory requirements. The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework, opportunities for growth and a desire to maximise returns. Available capital and capital requirements are projected as part of the Company's five year business plan, which in turn is considered as part of the ORSA process.

More detailed information about the Company's capital strategy, capital management and capital position can be found in the Company's Solvency and Financial Condition Report (available at www.beazley.com).

2.1 Insurance risk
The Company issues insurance contracts under which it accepts significant insurance risk from persons or organisations that are directly exposed to an underlying loss from an insured event. Insurance risk arises from this risk transfer due to inherent uncertainties about the occurrence, amount and timing of insurance liabilities. The four key components of insurance risk are underwriting, reinsurance, claims management and reserving. Each element is considered below.

a) Underwriting risk

Underwriting risk comprises four elements that apply to all insurance products offered by the Company:
- cycle risk – the risk that business is written without full knowledge as to the (in)adequacy of rates, terms and conditions;
- event risk – the risk that individual losses or catastrophes lead to claims that are higher than anticipated in plans and pricing;
- pricing risk – the risk that the level of expected loss is understated in the pricing process; and
- expense risk – the risk that the allowance for expenses and inflation in pricing is inadequate.

2 Risk Management continued

a) Underwriting risk continued

The Board reviews detailed underwriting information relating to the syndicate business reinsured by the Company through its excess of loss arrangements with BUL and its quota share contracts with syndicates 2623/623 and BESI. The below section provides an overview of the underwriting risk associated with the underlying syndicate and BESI business as well as the insurance/reinsurance business underwritten directly by the Company through its European branches. This reflects how the Board monitors and manages the business and the associated risks.

The Company's underwriting strategy is to seek a diverse and balanced portfolio of risks in order to limit the variability of outcomes. This is achieved by accepting a spread of business over time, segmented between different products, geography and size. The annual business plans for each underwriting team reflect the Company's underwriting strategy, and set out the classes of business, the territories and the industry sectors in which business is to be written. These plans are approved by the Board of Beazley Furlonge Limited (BFL), for syndicate business and by the Board of the Company for insurance/reinsurance business. These plans are monitored by the monthly Group Underwriting Committee, the Company Management Committee and the quarterly Company Reinsurance Underwriting Group.

The Company's underwriters calculate premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include but are not limited to the financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions and acquisition expenses.

The Company also recognises that insurance events are, by their nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. To address this, the Company sets out the exposure that it is prepared to accept in certain territories to a range of events such as natural catastrophes and specific scenarios which may result in large industry losses. This is monitored through regular calculation of realistic disaster scenarios (RDS). The aggregate position is monitored at the time of underwriting a risk, and reports are regularly produced to highlight the key aggregations to which the Company is exposed.

The Company uses a number of modelling tools to monitor its exposures against the agreed risk appetite set and to simulate catastrophe losses in order to measure the effectiveness of its reinsurance programmes. Stress and scenario tests are also run using these models. The range of scenarios considered include natural catastrophes, cyber, marine, liability, political, terrorism and war events.

One of the largest types of event exposure relates to natural catastrophe events such as windstorm or earthquake. With the increasing risk from climate change impacts and the frequency and severity of natural catastrophes, the Company continues to monitor its exposure. Where possible the Company measures geographic accumulations and uses its knowledge of the business, historical loss behaviour and commercial catastrophe modelling software to assess the expected range of losses at different return periods. Upon application of the reinsurance coverage purchased, the key gross and net exposures are calculated on the basis of extreme events at a range of return periods. The Company also has exposure to man-made claim aggregations, such as those arising from terrorism, liability, and cyber events.

The Company chooses to underwrite cyber insurance within the Cyber Risks division and indirectly through the reinsurance contracts with BUL and BESI using its team of specialist underwriters, claims managers and data breach services managers. Other than for affirmative cyber coverage, the Company's preference is to exclude cyber exposure where possible.

To manage the potential exposure, the Board has approved a risk appetite for the aggregation of cyber-related claims based on a probabilistic model. Internally developed RDS are also used to inform the Group's understanding of cyber risk. These scenarios include the failure of a data aggregator, the failure of a shared hardware or software platform, the failure of a cloud provider, and physical damage scenarios. Whilst it is not possible to be precise, as there is sparse data on actual aggregated events, these severe scenarios are expected to be very infrequent. To manage underwriting exposures, the Group has developed limits of authority and business plans which are binding upon all staff authorised to underwrite and are specific to underwriters, classes of business and industry. The reinsurance programmes purchased by Beazley, whether directly by the Company or indirectly by syndicates 2623 and 3623, would partially mitigate the cost of most, but not all, cyber catastrophes.

b) Reinsurance risk

Reinsurance risk for the Company arises where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, result in coverage disputes or prove inadequate in terms of the vertical or horizontal limits purchased. Failure of a reinsurer to pay a valid claim is considered a credit risk which is detailed separately below.

2 Risk Management continued

b) Reinsurance risk continued

The Company's reinsurance programmes complement the underwriting team business plans and seek to protect Company capital from an adverse volume or volatility of claims on both a per risk and per event basis. In some cases the Company deems it more economic to hold capital than purchase reinsurance. These decisions are regularly reviewed as an integral part of the business planning and performance monitoring process.

The Group's Reinsurance Security Committee examines and approves all reinsurers to ensure that they possess suitable security. The Group's ceded reinsurance team ensures that these guidelines are followed, undertakes the administration of reinsurance contracts, monitors and instigates our responses to any erosion of the reinsurance programmes.

c) Claims management risk

Similar to section 2.1(a) above, the following section provides an overview of the claims management processes carried out by the Company in respect of its direct insurance/reinsurance business, as well as the processes carried out at a syndicate and BESI level in respect of the business covered by the Company's intra-group reinsurance contracts.

Claims management risk may arise within the Company in the event of inaccurate or incomplete case reserves and claims settlements, poor service quality or excessive claims handling costs. These risks may damage the Beazley brand and undermine its ability to win and retain business or incur punitive damages. These risks can occur at any stage of the claims life-cycle.

Beazley's claims teams are focused on delivering quality, reliability and speed of service to both internal and external clients. Their aim is to adjust and process claims in a fair, efficient and timely manner, in accordance with the policy's terms and conditions, the regulatory environment, and the business's broader interests. Case reserves are set for all known claims liabilities, including provisions for expenses as soon as a reliable estimate can be made of the claims liability.

d) Reserving and ultimate reserves risk

Reserving and ultimate reserves risk occurs where established insurance liabilities are insufficient through inaccurate forecasting.

To manage reserving and ultimate reserves risk, our actuarial team uses a range of recognised techniques to project gross premiums written, monitor claims development patterns and stress test ultimate insurance liability balances. An external independent actuary also performs an annual review to produce a statement of actuarial opinion for the syndicates (a significant element of this business being ultimately reinsured to the Company).

The reserving process is controlled and governed by the reserving policy which is approved by the Company Board. The objective of the Company's reserving policy is to produce accurate and reliable estimates that are consistent over time and across classes of business. The estimates of gross premiums written and claims prepared by the actuarial department are compared to those produced by the claims and underwriting teams through a formal quarterly peer review process, in order to ensure the integrity of the estimates produced for each class of business. These meetings are attended by senior management, senior underwriters, actuarial, claims, and finance representatives. The company's reserve committee specifically reviews the reserve estimates relating to all Company business, before recommending them to the Management Committee and Board.

Loss reserves are booked in relation to direct business and intra-group reinsurance contracts. In accordance with the terms of the aggregate excess of loss reinsurance contract with BUL, the Company records an outstanding claim reserve in respect of any open year reinsurance contract with BUL which, at the reporting date, is in a loss making position for the Company. The Company receives detailed information on BUL underwriting and claims activity, and all other intra-group reinsurance contracts. Recoveries are booked against the loss reserves in line with reinsurance and retrocession contract terms. Further information in relation to the claims recorded under these contracts is provided in note 1 and note 4 to the financial statements.

2 Risk Management continued

e) Reserving and ultimate reserves risk continued

A five percent increase or decrease in total gross claims liabilities would have the following effect on profit or loss and equity:

	5% increase in claims reserves		5% decrease in claims reserves	
	2024	2023	2024	2023
Sensitivity to insurance risk (claims reserves)	$m	$m	$m	$m
Impact on profit after tax	(24.2)	(17.6)	24.2	17.6

Due to the intra-group reinsurance contracts with BUL, indirect reserve risk in relation to the reinsured syndicates exists for the Company. As at 31 December 2024, the level of net outstanding and IBNR claims within the reinsured entities totalled $4,802.2m (2023: $4,457.9m). The Company also monitors its exposure to insurance risk by location. 71% (2023: 99%) of risks underwritten by the Company are located in Europe with 29% located in the USA (2023: 0%). This change in location of exposure in 2024 is largely due to the new intra-group reinsurance contract with BESI.

2.2 Strategic risk

This is the risk that the Company's strategy is inappropriate or that the Company is unable to implement its strategy. Where events supersede the Company's strategic plan this is escalated at the earliest opportunity through the Company's monitoring tools and governance structure.

2.3 Market risk

Market risk arises from adverse financial market movements in addition to other external market forces. The four key components of market risk are investments, foreign exchange, interest rate, and prices of assets and derivatives. Each element is considered in further detail below.

Foreign exchange risk

The functional and reporting currency of the Company is US dollar. As a result, the Company is mainly exposed to fluctuations in exchange rates for any non-dollar denominated transactions and net assets. The Company deals in five main currencies, US dollars, UK sterling, Canadian dollars, Swiss francs and Euro. Transactions in all non-US dollar currencies are converted to US dollars on initial recognition with any resulting monetary items being translated to the US dollar spot rate at the reporting date. The Company holds the majority of its net assets in US dollars. The following table summarises the carrying value of net assets categorised by currency:

Total	UK £	CAD $	EUR €	CHF	Subtotal	US $	Total
Net assets by currency	$m	$m	$m	$m	$m	$m	$m
31 December 2024	(12.3)	(19.9)	(44.6)	2.0	(74.8)	2,055.7	1,980.9
31 December 2023	(75.6)	(1.5)	(71.7)	(5.5)	(154.3)	1,853.3	1,699.0

The Company's assets are predominantly matched by currency to the principal underlying currencies of its insurance liabilities. The Company monitors its currency risk position on a regular basis. While the Company does carry currency risk (as outlined in the above table), this is not material to the Company's ability to meet its claims and other obligations as they fall due. Fluctuations in the Company's trading currencies against the US dollar would result in a change in profit after tax and net asset value.

2 Risk Management continued

The table below gives an indication of the impact on net assets of a % change in relative strength of US dollar against the value of UK sterling, Canadian dollar, Euro, and Swiss franc simultaneously. The analysis is based on the current information available.

Change in exchange rate of UK sterling, Canadian dollar, Swiss francs and Euro relative to US dollar	Impact on profit after tax for the year ended 2024 $m	2023 $m	Impact on net assets 2024 $m	2023 $m
Dollar weakens 30% against other currencies	(19.1)	(39.3)	31.5	16.4
Dollar weakens 20% against other currencies	(12.7)	(26.2)	21.0	11.0
Dollar weakens 10% against other currencies	(6.4)	(13.1)	10.5	5.5
Dollar strengthens 10% against other currencies	6.4	13.1	(10.5)	(5.5)
Dollar strengthens 20% against other currencies	12.7	26.2	(21.0)	(11.0)
Dollar strengthens 30% against other currencies	19.1	39.3	(31.5)	(16.4)

Interest rate risk

Some of the Company's financial instruments, including financial investments, in addition to its insurance and reinsurance contracts are exposed to movements in market interest rates. The Company manages interest rate risk by primarily investing in short to medium duration financial assets along with cash and cash equivalents. The Company's Board monitors the duration of these assets on a regular basis.

The following table shows the average duration at the reporting date of the financial instruments. Duration is a commonly used measure of volatility which gives a better indication than maturity of the likely sensitivity of the portfolio to changes in interest rates.

Duration 31 December 2024	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Fixed and floating rate securities	578.6	609.4	474.6	251.8	7.2	–	1,921.6
Cash and cash equivalents	134.9	–	–	–	–	–	134.9
Borrowings	–	(249.7)	–	–	(299.0)	–	(548.7)
Total	**713.5**	**359.7**	**474.6**	**251.8**	**(291.8)**	**–**	**1,507.8**

Duration 31 December 2023	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Fixed and floating rate securities	477.4	498.6	289.2	284.2	15.4	–	1,564.8
Cash and cash equivalents	62.0	–	–	–	–	–	62.0
Borrowings	–	–	(249.5)	–	–	(298.8)	(548.3)
Total	**539.4**	**498.6**	**39.7**	**284.2**	**15.4**	**(298.8)**	**1,078.5**

In November 2016, the Company issued $250m of subordinated tier 2 notes due in 2026. Annual interest, at a fixed rate of 5.875%, is payable on this debt. In September 2019, the Company issued $300m of additional subordinated tier 2 notes due in 2029. Annual interest, at a fixed rate of 5.5%, is payable each year on this debt.

2 Risk Management continued

Sensitivity analysis

The Company holds financial assets and liabilities that are exposed to interest rate risk. Changes in interest yields, with all other variables constant, would result in changes in the capital value of debt securities and a change in value of borrowings and derivative financial instruments. This will affect reported profits and net assets as indicated in the table below.

	Impact on profit after tax for the year ended		Impact on net assets	
	2024	2023	2024	2023
Shift in yield (basis points)	$m	$m	$m	$m
150 basis point increase	(40.0)	(35.3)	(40.0)	(35.3)
100 basis point increase	(26.7)	(23.5)	(26.7)	(23.5)
50 basis point increase	(13.3)	(11.8)	(13.3)	(11.8)
50 basis point decrease	13.3	11.8	13.3	11.8
100 basis point decrease	26.7	23.5	26.7	23.5
150 basis point decrease	40.0	35.3	40.0	35.3

Price risk

Listed investments that are quoted in an active market are recognised in the statement of financial position at quoted bid price which is deemed to be approximate exit price. If the market for the investment is not considered to be active, then the Company establishes fair value using valuation techniques. This includes using recent arm's length market transactions, reference to current fair value of other investments that are substantially the same, discounted cash flow models and other valuation techniques that are commonly used by market participants. Price risk applies to financial assets that are susceptible to losses due to adverse changes in prices. Investments are made in debt securities and equities depending on the Company's appetite for risk. These investments are well diversified with high quality, liquid securities. The Board has established comprehensive guidelines with investment managers setting out maximum investment limits, diversification across industries and concentrations in any one industry or company.

	Impact on profit after tax for the year ended		Impact on net assets	
	2024	2023	2024	2023
Change in fair value of capital growth portfolio	$m	$m	$m	$m
30% increase in fair value	54.0	41.4	54.0	41.4
20% increase in fair value	36.0	27.6	36.0	27.6
10% increase in fair value	18.0	13.8	18.0	13.8
10% decrease in fair value	(18.0)	(13.8)	(18.0)	(13.8)
20% decrease in fair value	(36.0)	(27.6)	(36.0)	(27.6)
30% decrease in fair value	(54.0)	(41.4)	(54.0)	(41.4)

2.4 Operational risk

Operational risk arises from the risk of losses due to inadequate or failed internal processes, people, systems, service providers or external events. The Company actively manages operational risks and minimises them where appropriate. This is achieved by implementing and communicating guidelines to staff and other third parties. The Company also regularly monitors the performance of its controls and adherence to these guidelines through the risk management reporting process.

Key components of the Company's operational control environment include:
- modelling of operational risk exposure and scenario testing;
- management review of activities;
- documentation of policies and procedures;
- preventative and detective controls within key processes;
- contingency planning; and
- other systems controls.

2 Risk Management continued

2.5 Regulatory and legal risk

Regulatory and legal risk is the risk arising from not complying with regulatory and legal requirements. The operations of the Company are subject to legal and regulatory requirements within the jurisdictions in which it operates and the Company's compliance function is responsible for ensuring that these requirements are adhered to.

2.6 Group risk

Group risk occurs where business units fail to consider the impact of their activities on other parts of the Group, as well as the risks arising from these activities. The two main components of Group risk are contagion and reputation. Contagion risk is the risk arising from actions of one part of the Group which could adversely affect any other part of the Group. The Company has limited appetite for contagion risk and minimises the impact of this occurring by operating with clear lines of communication across the Group to ensure all Group entities are well informed and working to common goals. Reputation risk is the risk of negative publicity as a result of the Group's contractual arrangements, customers, products, services and other activities. The Group's preference is to minimise reputation risks but where it is not possible or beneficial to avoid them, we seek to minimise their frequency and severity by management through public relations and communication channels.

2.7 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations. The Company is exposed to daily calls on its available cash resources, principally from claims arising from its insurance business which is an industry norm. In the majority of the cases, these claims are settled from the premiums received held as assets. The Company avoids the risk of having insufficient liquid assets to meet expected cash flow requirements. The Company's approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event. This means that the Company maintains sufficient liquid assets, or assets that can be translated into liquid assets at short notice and without any significant capital loss, to meet expected cash flow requirements. These liquid funds are regularly monitored using cash flow forecasting to ensure that surplus funds are invested to achieve a higher rate of return.

The following is an analysis by business segment of the estimated timing of the net cash flows based on the net claims liabilities balance held at 31 December 2024 and 31 December 2023:

31 December 2024	Within 1 year $m	1-3 years $m	3-5 years $m	Greater than 5 years $m	Total $m	Weighted average term to settlement (years)
Direct insurance/reinsurance	83.2	121.9	62.3	53.7	321.1	2.9
Intra-group reinsurance	50.0	40.3	11.3	8.0	109.6	1.9
Net insurance claims	**133.2**	**162.2**	**73.6**	**61.7**	**430.7**	**2.6**

31 December 2023	Within 1 year $m	1-3 years $m	3-5 years $m	Greater than 5 years $m	Total $m	Weighted average term to settlement (years)
Direct insurance/reinsurance	77.5	118.9	57.7	48.2	302.3	2.9
Intra-group reinsurance	–	–	–	–	–	–
Net insurance claims	**77.5**	**118.9**	**57.7**	**48.2**	**302.3**	

Notes to the financial statements continued
for the year ended 31 December 2024

2 Risk Management continued
Maturity
The next two tables summarise the carrying amount and future interest at reporting date of financial instruments analysed by maturity date.

Assets 31 December 2024	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Fixed and floating rate securities	353.0	558.0	581.2	154.5	245.0	30.0	1,921.7
Derivative financial assets	0.8	–	–	–	–	–	0.8
Cash and cash equivalents	134.9	–	–	–	–	–	134.9
Total	**488.7**	**558.0**	**581.2**	**154.5**	**245.0**	**30.0**	**2,057.4**

Liabilities 31 December 2024	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Borrowings	31.2	278.9	16.5	16.5	311.4	–	654.5
Derivative financial liabilities	16.9	–	–	–	–	–	16.9
Other creditors	154.8	43.2	–	–	–	–	198.0
Total	**202.9**	**322.1**	**16.5**	**16.5**	**311.4**	**–**	**869.4**

Assets 31 December 2023	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Fixed and floating rate securities	350.8	521.9	268.7	300.2	114.5	8.7	1,564.8
Derivative financial assets	6.8	–	–	–	–	–	6.8
Cash and cash equivalents	62.0	–	–	–	–	–	62.0
Total	**419.6**	**521.9**	**268.7**	**300.2**	**114.5**	**8.7**	**1,633.6**

Liabilities 31 December 2023	<1 yr $m	1-2 yrs $m	2-3 yrs $m	3-4 yrs $m	4-5 yrs $m	5-10 yrs $m	Total $m
Borrowings	31.2	31.2	278.9	16.5	16.5	311.4	685.7
Derivative financial liabilities	0.6	–	–	–	–	–	0.6
Other creditors	110.4	30.0	–	–	–	–	140.4
Total	**142.2**	**61.2**	**278.9**	**16.5**	**16.5**	**311.4**	**826.7**

2.8 Credit risk
This risk arises due to the failure of another party to perform its financial or contractual obligations to the Company in a timely manner. The Company accepts credit risk overall and recognises credit risk is aligned to its appetite for insurance risk. The primary sources of credit risk for the Company are:
- Investments – issuer may default resulting in the Company losing all or part of the value of a financial instrument;
- Amounts receivable under intra-group reinsurance contracts – The main credit risk exposure facing the Company arises by virtue of premiums due under the reinsurance contracts in place with BUL, BESI and syndicates 2623/623;
- Amounts receivable from third party reinsurers - External reinsurance counterparties fail to meet their obligations in relation to reinsurance receivables recognised by the Company; and
- Brokers and insureds – counterparties may fail to pass on premiums or claims collected or paid on behalf of the Company.

The Company's core business is to accept significant insurance risk and the appetite for other risks is low. This protects the Company's capital from erosion so that it can meet its insurance liabilities. Aside from intra-group exposure, the Company limits exposure to a single counterparty or a group of counterparties and analyses the geographical locations of exposures when assessing credit risk. The investment committee has established comprehensive parameters for the Company's investment managers regarding the type, duration and quality of investments acceptable to the Company. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines. The Company has developed processes to formally examine all reinsurers before entering into new business arrangements, and ongoing relationships with Beazley are continually assessed. New reinsurers are approved by the Reinsurance Security Committee, which also reviews arrangements with all existing reinsurers at least annually. Vulnerable or slow-paying reinsurers are examined more frequently. To assist in the understanding of credit risks, A.M. Best, Moody's and Standard & Poor's (S&P) ratings are used.

2 Risk Management continued

2.8 Credit risk continued

	A.M Best	Moody's	S&P
Tier 1	A++ to A-	Aaa to A3	AAA to A-
Tier 2	B++ to B-	Baa1 to Ba3	BBB+ to BB-
Tier 3	C++ to C-	B1 to Caa	B+ to CCC
Tier 4	D,E,F,S	Ca to C	R,(U,S) 3

The following tables summarise the Company's concentrations of credit risk:

31 December 2024	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Financial assets at fair value						
– Fixed and floating rate debt securities	1,518.2	361.4	–	–	42.0	1,921.6
– Equity linked funds	–	–	–	–	148.7	148.7
– Hedge funds	–	–	–	–	63.1	63.1
– Derivative financial assets	–	–	–	–	0.8	0.8
Cash and cash equivalents	134.9	–	–	–	–	134.9
Accrued interest	22.0	–	–	–	–	22.0
Claims outstanding, reinsurers' share	130.5	–	–	–	7.7	138.2
Debtors arising from reinsurance operations	77.1	–	–	–	932.2	1,009.3
Debtors arising from direct insurance operations	–	–	–	–	133.9	133.9
Total	**1,882.7**	**361.4**	**–**	**–**	**1,328.4**	**3,572.5**

31 December 2023	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Financial assets at fair value						
– Fixed and floating rate debt securities	1,253.6	311.2	–	–	–	1,564.8
– Equity linked funds	–	–	–	–	104.0	104.0
– Hedge funds	–	–	–	–	58.4	58.4
– Derivative financial assets	–	–	–	–	6.8	6.8
Cash and cash equivalents	62.0	–	–	–	–	62.0
Accrued interest	13.6	–	–	–	–	13.6
Claims outstanding, reinsurers' share	111.4	–	–	–	0.8	112.2
Debtors arising from reinsurance operations	–	–	–	–	883.7	883.7
Debtors arising from direct insurance operations	–	–	–	–	110.5	110.5
Total	**1,440.6**	**311.2**	**–**	**–**	**1,164.2**	**2,916.0**

The carrying amount of financial assets at the reporting date represents the maximum credit exposure. At 31 December 2024, the Company held no financial assets that were past due or impaired, either for the current year under review or on a cumulative basis based on all available evidence (2023: nil). Financial investments falling within the unrated category comprise hedge funds and equity funds for which there is no readily available market data to allow classification within the respective tiers.

Notes to the financial statements continued
for the year ended 31 December 2024

2 Risk Management continued

2.9 Management of climate risk

Our approach to managing the risks arising from climate change are set out within the TCFD section of the Group's annual report. Please refer to this report for more details on climate-related risks and mitigations.

As climate change continues to affect our planet, it brings with it a variety of risks, including;

- Physical-related risk - physical changes to weather patterns and natural disaster risks; the impact of natural disasters causing damage to the assets we insure.

- Climate Litigation risk - referring to any legal dispute for our insureds, arising from (or exacerbated by) either a party's contribution to climate change; legal disputes arising from the physical consequences of climate change; or laws, regulatory structures, or legal duties related to climate change.

- Transition risk - socio-economic shifts as economies transition towards greener economies.

As a leading specialty insurer, Beazley is exposed to many of the impacts of climate change, both through the coverage we provide to our insureds, and through our own operations. As such, it's vital for Beazley to be able to identify the risks resulting from climate change, accurately assess which of these are most material to our business, and implement measures to mitigate and manage these risks.

Beazley uses a number of different processes to determine potential sustainability-related risks and opportunities for business, with each process building on its predecessor in order for the business to determine which risks and opportunities could have a financial impact on the business.

3 Segmental analysis

a) Reporting segments

Segment information is presented in respect of reportable segments, which are determined by applying IFRS 8 as prescribed by FRS 102. These are based on the Company's management and internal reporting structures and represent the level at which financial information is reported to management, being the chief operating decision-maker.

During the year, following the inception of several new intra-group reinsurance contracts, the Company re-assessed its operating segments. The Company's business consists of two operating segments - direct insurance/reinsurance and intra-group reinsurance, reflecting the reporting and governance structure of the Company. Within the insurance/reinsurance division, the Company has underwritten policies in the Cyber Risks, Digital, MAP Risks, Property Risks and Specialty Risks divisions, which were previously classified as operating segments of the Company and align with the operating divisions of the Beazley Group. The Directors have elected to continue to disclose the "direct insurance/reinsurance" segment at this more granular level as they consider this useful and relevant information to users of the financial statements. The prior period disclosure has been prepared on a consistent basis.

The Company's segments are as follows:

Direct Insurance/Reinsurance ("Direct")

This segment includes policies written on behalf of the Company by its underwriters across Europe. Included within this segment are the following underwriting divisions:

- *Cyber Risks* - This division underwrites cyber and technology risks.
- *Digital* - This division underwrites a variety of marine, contingency, and small & medium sized enterprise liability risks through digital channels such as e-trading platforms and broker portals.
- *MAP Risks* - This division underwrites marine, political and contingency business.
- *Property Risks* - This division underwrites first party property risks and reinsurance business.
- *Specialty Risks* - This division underwrites a wide range of liability classes, including employment practices risks and directors and officers, as well as healthcare, lawyers and international financial institutions.

Intra-group Reinsurance

This segment includes reinsurance contracts entered into with other entities within or managed by the wider Beazley Group.

3 Segmental analysis continued

b) Segment information

The segmental results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those items that are allocated on a reasonable basis are split based on each segment's capital requirement which is taken from the Group's most up-to-date business plan. The reporting segments do not cross-sell business to each other. Finance costs and taxation have not been allocated to operating segments as these items are determined at a consolidated level and do not relate to operating performance.

Year to 31 December 2024	Cyber Risks $m	Digital $m	MAP Risks $m	Property Risks $m	Specialty Risks $m	**Total Direct $m**	Intra-group Reinsurance $m	**Total $m**
Segment results								
Gross premiums written	174.3	62.1	26.7	26.6	111.3	**401.0**	1,093.3	**1,494.3**
Net earned premiums	120.1	52.5	20.3	24.2	95.0	**312.1**	758.2	**1,070.3**
Net investment income	13.4	5.1	2.4	3.9	10.9	**35.7**	104.0	**139.7**
Revenue	**133.5**	**57.6**	**22.7**	**28.1**	**105.9**	**347.8**	**862.2**	**1,210.0**
Net insurance claims	(11.6)	(24.1)	(6.2)	(12.4)	(27.8)	**(82.1)**	(119.6)	**(201.7)**
Net operating expenses	(37.0)	(17.3)	(9.4)	(10.1)	(35.8)	**(109.6)**	(149.6)	**(259.2)**
Expenses	**(48.6)**	**(41.4)**	**(15.6)**	**(22.5)**	**(63.6)**	**(191.7)**	**(269.2)**	**(460.9)**
Segment result	**84.9**	**16.2**	**7.1**	**5.6**	**42.3**	**156.1**	**593.0**	**749.1**
Foreign exchange loss								**(4.6)**
Finance costs								**(31.6)**
Profit on ordinary activities before tax								**712.9**

31 December 2024	Cyber Risks %	Digital %	MAP Risks %	Property Risks %	Specialty Risks %	Total Direct %
Claims ratio	10 %	46 %	31 %	51 %	29 %	26 %
Expense ratio	31 %	33 %	46 %	42 %	38 %	35 %
Combined ratio	41 %	79 %	77 %	93 %	67 %	61 %

The above ratios represent the direct insurance/reinsurance business written through the Company's European branch network. The claims ratio is the ratio of net claims to net earned premium. The expense ratio is the ratio of the sum of expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. The combined ratio is the ratio of the sum of net insurance claims, expenses for acquisition of insurance contracts and administrative expenses to net earned premiums. This is also the sum of the expense ratio and the claims ratio. All above three ratios are calculated excluding the impact of foreign exchange.

Notes to the financial statements continued
for the year ended 31 December 2024

3 Segmental analysis continued
b) Segment information continued

Year to 31 December 2023	Cyber Risks $m	Digital $m	MAP Risks $m	Property Risks $m	Specialty Risks $m	**Total Direct $m**	Intra-group Reinsurance $m	**Total $m**
Segment results								
Gross premiums written	137.4	38.8	20.7	22.4	127.2	346.5	701.4	**1,047.9**
Net earned premiums	102.7	22.4	11.4	16.9	79.8	233.2	701.4	**934.6**
Net investment income	11.2	2.8	1.2	1.8	12.0	29.0	109.0	**138.0**
Revenue	**113.9**	**25.2**	**12.6**	**18.7**	**91.8**	**262.2**	**810.4**	**1,072.6**
Net insurance claims	(61.4)	(9.0)	(3.8)	(17.1)	(26.4)	(117.7)	44.3	**(73.4)**
Net operating expenses	(27.0)	(10.1)	(7.3)	(8.8)	(35.6)	(88.8)	(108.8)	**(197.6)**
Expenses	**(88.4)**	**(19.1)**	**(11.1)**	**(25.9)**	**(62.0)**	**(206.5)**	**(64.5)**	**(271.0)**
Segment result	**25.5**	**6.1**	**1.5**	**(7.2)**	**29.8**	**55.7**	**745.9**	**801.6**
Foreign exchange loss								**(0.3)**
Finance costs								**(31.6)**
Profit on ordinary activities before tax								**769.7**

31 December 2023	Cyber Risks %	Digital %	MAP Risks %	Property Risks %	Specialty Risks %	Total %
Claims ratio	60 %	40 %	33 %	101 %	33 %	50 %
Expense ratio	26 %	45 %	64 %	52 %	45 %	38 %
Combined ratio	86 %	85 %	97 %	153 %	78 %	88 %

An analysis of gross premiums written by reference to the location of the risk insured by the Company is provided below.

	2024 $m	2023 $m
Risks located in Ireland	16.2	3.3
Risks located in other EEA states	291.8	271.1
Risks located in other countries	1,186.3	773.5
	1,494.3	**1,047.9**

3 Segmental analysis continued

c) Particulars of business

Year to 31 December 2024

	Third-party liability $m	Fire and other damage to property $m	Credit and suretyship $m	Reinsurance accepted $m	Other $m	Total $m
Gross premiums written	346.1	8.7	6.4	1,118.7	14.4	1,494.3
Gross premium earned	314.0	8.1	6.0	853.5	10.8	1,192.4
Gross claims incurred	(69.0)	(1.7)	(1.1)	(165.6)	(4.6)	(242.0)
Gross operating expenses and investment return	(27.6)	(0.7)	(0.5)	(89.5)	(1.2)	(119.5)
Gross result	217.4	5.7	4.4	598.4	5.0	830.9
Reinsurance balance	(70.4)	(1.8)	(1.3)	(5.4)	(2.9)	(81.8)
Net result	**147.0**	**3.9**	**3.1**	**593.0**	**2.1**	**749.1**

Year to 31 December 2023

	Third-party liability $m	Fire and other damage to property $m	Credit and suretyship $m	Reinsurance accepted $m	Other $m	Total $m
Gross premiums written	286.6	5.5	9.9	739.2	6.7	1,047.9
Gross premium earned	260.6	5.1	5.3	729.6	4.3	1,004.9
Gross claims incurred	(110.1)	(0.2)	(2.0)	20.0	(6.3)	(98.6)
Gross operating expenses and investment return	(16.3)	(0.3)	(0.6)	(42.0)	(0.4)	(59.6)
Gross result	134.2	4.6	2.7	707.6	(2.4)	846.7
Reinsurance balance	(37.3)	(0.7)	(1.3)	(4.9)	(0.9)	(45.1)
Net result	**96.9**	**3.9**	**1.4**	**702.7**	**(3.3)**	**801.6**

4 Technical provisions

4.1 Technical provisions breakdown

As shown in note 1 above, outstanding claims include claims reserves in respect of the Company's insurance activities, as well as claims reserves held in respect of the Company's intra-group reinsurance contracts. The current year gross claims and unearned premium reserves are split as follows:

	Gross $m	Reinsurance $m	Net $m
Intra-group reinsurance	408.6	(68.6)	340.0
Direct insurance / reinsurance	627.5	(168.8)	458.7
At 31 December 2024	**1,036.1**	**(237.4)**	**798.7**

	Gross $m	Reinsurance $m	Net $m
Intra-group reinsurance	—	—	—
Direct insurance / reinsurance	582.5	(151.7)	430.8
At 31 December 2023	**582.5**	**(151.7)**	**430.8**

4.2 Technical provisions reconciliation

a) Claims and loss adjustment expenses

The below sets out the movements in the gross and reinsurance claims provisions for the year.

	2024			2023		
	Gross $m	Reinsurance $m	Net $m	Gross $m	Reinsurance $m	Net $m
Claims reported and loss adjustment expenses	47.9	(10.4)	37.5	72.8	(10.5)	62.3
Claims incurred but not reported	366.6	(101.8)	264.8	281.7	(87.8)	193.9
Balance at 1 January	**414.5**	**(112.2)**	**302.3**	**354.5**	**(98.3)**	**256.2**
Claims paid	(77.9)	10.5	(67.4)	(45.9)	14.3	(31.6)
Increase in claims						
Arising from current year claims	340.9	(57.7)	283.2	136.4	(28.8)	107.6
Arising from prior year claims	(98.9)	17.4	(81.5)	(37.8)	3.6	(34.2)
Change in provision for claims	**164.1**	**(29.8)**	**134.3**	**52.7**	**(10.9)**	**41.8**
Net exchange differences	(9.7)	3.8	(5.9)	7.3	(3.0)	4.3
Balance at 31 December	**568.9**	**(138.2)**	**430.7**	**414.5**	**(112.2)**	**302.3**
Claims reported and loss adjustment expenses	90.3	(10.9)	79.4	47.9	(10.4)	37.5
Claims incurred but not reported	478.6	(127.3)	351.3	366.6	(101.8)	264.8
Balance at 31 December	**568.9**	**(138.2)**	**430.7**	**414.5**	**(112.2)**	**302.3**

4 Technical provisions continued

4.2 Technical provisions reconciliation continued

b) Unearned premiums reserve

	2024			2023		
	Gross $m	Reinsurance $m	Net $m	Gross $m	Reinsurance $m	Net $m
Balance at 1 January	168.0	(39.5)	128.5	122.1	(43.2)	78.9
Premiums written	939.5	(182.3)	757.2	344.3	(66.8)	277.5
Change in premiums earned	(637.6)	122.1	(515.5)	(301.3)	71.3	(230.0)
Net exchange differences	(2.7)	0.5	(2.2)	2.9	(0.8)	2.1
Balance at 31 December	**467.2**	**(99.2)**	**368.0**	**168.0**	**(39.5)**	**128.5**

The table above excludes amounts written on the intra-group insurance contract with BUL of $555.0m (2023: $701.4m) as these are treated as fully earned when written.

4.3 Loss development tables

The following tables show the estimates of cumulative ultimate claims for each successive underwriting year. The tables reflect the gross and net claims development of direct insurance/reinsurance business written through the Company's European branch network and the claims development of open year intra-group reinsurance contracts in place. Each table is split by underwriting year.

As shown by the tables below, the Company has benefited from improvements in held claim estimates in the year, in particular on the 2022 and 2023 underwriting years. These ultimate claim estimate reductions were seen mostly in the Company's Cyber Risks and Specialty Risks divisions.

Gross claims development - Direct ($m)	2018ae	2019	2020	2021	2022	2023	2024	Total
12 months	7.2	30.8	60.9	176.6	176.2	231.5	227.5	
24 months	5.7	29.1	76.7	172.6	146.6	176.3		
36 months	5.5	28.0	64.3	135.4	100.3			
48 months	5.4	20.1	66.4	111.3				
60 months	8.0	18.6	57.7					
72 months	6.3	14.1						
84 months	5.6							
Gross claims liabilities - Direct	3.9	10.1	31.7	44.8	68.3	143.6	134.0	**436.4**

2018ae refers to 2018 and earlier years.

4 Technical provisions continued

4.3 Loss development tables continued

Net claims development - Direct ($m)	2018ae	2019	2020	2021	2022	2023	2024	Total
12 months	6.2	23.8	47.4	119.1	107.4	181.8	197.6	
24 months	4.6	19.7	55.9	121.7	92.2	131.2		
36 months	4.2	19.5	43.2	93.3	62.0			
48 months	5.1	13.7	44.1	74.7				
60 months	5.2	12.2	39.1					
72 months	3.6	9.2						
84 months	3.2							
Net claims liabilities - Direct	1.9	6.2	26.7	24.2	39.6	106.6	115.9	**321.1**

The claims development tables below show claims development for the Intra-group reinsurance segment, both gross and net of external reinsurance. Estimates of claims are shown on an ultimate basis, excluding the aggregate excess of loss reinsurance contract with BUL due to the nature of that contract which is shown on an earned basis. Prior to 2024, only amounts relating to this contract are included in the below tables, whereas from 2024 these also include the intra-group contracts with BESI and Syndicates 623/2623 on an ultimate basis. Disclosure has only be made of the past three years as management consider there to be no significant uncertainty as to the amount and timing of claims payments relating to policies written before 2022 as these are brought into the 2022 contract by virtue of the reinsurance to close process in the underlying syndicates on which BUL participates.

Gross claims development Intra-group reinsurance ($m)	2022	2023	2024	Total
12 months	44.3	–	278.7	
24 months	–	–		
36 months	–			
Gross claims liabilities - Intra-group RI	–	–	132.5	**132.5**

Net claims development Intra-group reinsurance ($m)	2022	2023	2024	Total
12 months	44.3	–	241.1	
24 months	–	–		
36 months	–			
Net claims liabilities - Intra-group RI	–	–	109.6	**109.6**

5 Net operating expenses

	2024 $m	2023 $m
Intercompany profit and overrider commissions payable	135.7	103.7
Acquisition expenses	124.1	64.3
Administrative expenses	35.9	36.8
Reinsurers' share of expenses	(36.5)	(7.2)
	259.2	**197.6**

Acquisition expenses represents the brokerage and commissions on all business written. Commissions payable on direct insurance business were $44.5m (2023: $31.5m).

Net operating expenses include:

Auditor's remuneration:	2024 $m	2023 $m
Fees payable for the audit of these annual accounts	0.3	0.2
Fees payable in respect of other assurance services	0.1	0.1
	0.4	**0.3**

Fees payable in respect of other assurance services primarily relate to the audit of regulatory returns.

F5.1 Staff costs

The aggregate payroll costs of these persons were as follows:

	2024 $m	2023 $m
Wages and salaries	3.1	2.7
Social security costs	0.3	0.4
Costs relating to defined contribution pension scheme	0.2	0.2
Charged to profit or loss account	**3.6**	**3.3**

	2024 $m	2023 $m
Directors' emoluments	1.5	0.7
	1.5	**0.7**

Of the amount disclosed in the table above, $0.7m (2023: $0.6m) was paid by the Company to Directors employed directly by the Company. The aggregate amount of any contributions paid, treated as paid, or payable during the financial year to a retirement benefit scheme in respect of qualifying services of Directors was $43k (2023: $38k). The remaining amount represents an estimated allocation of the emoluments paid or payable by other Group entities. The estimated allocation is based on an estimate of the qualifying services, including management of the affairs of the Company, they provided to the Company during the year.

The average number of persons employed by the Company (including executive Directors) during the year, analysed by category, was as follows:

Number of employees	2024	2023
Management	2	2
Finance and administration	10	10
Compliance and risk	4	3
Actuarial	4	2
	20	**17**

6 Net investment return

	2024 $m	2023 $m
Interest and dividends on financial investments at fair value through profit or loss	63.9	46.1
Net realised gains on financial investments at fair value through profit or loss	5.4	13.1
Net unrealised fair value gains on financial investments at fair value through profit or loss	47.7	51.1
Income from intercompany financing arrangements	24.2	28.9
Investment income	**141.2**	**139.2**
Investment expenses and charges	(1.5)	(1.2)
Net investment return	**139.7**	**138.0**

Investment income derived from financial assets and income from intercompany financing arrangements are trading income and are included in the Company's technical account as the assets are held to support the Company's reinsurance and insurance activities.

7 Tax expense

	2024 $m	2023 $m
Current tax expense:		
Current tax expense	105.4	102.8
Pillar Two top-up-tax	13.1	–
Prior year adjustment	(1.7)	(1.1)
Deferred tax expense:		
Origination and reversal of timing differences	10.1	(0.9)
Prior year adjustment	2.0	(3.7)
Tax charge on profit on ordinary activities	**128.9**	**97.1**

Factors affecting the tax charge for the current period

The tax charge of $128.9m (2023: $97.1m) for the year is higher (2023: higher) than the standard rate of corporation tax in Ireland, 12.5% due to the differences explained below.

	2024 $m	2023 $m
Profit on ordinary activities before tax	712.9	769.7
Corporation tax at 12.5%	89.1	96.2
Effect of:		
Tax rates in foreign jurisdictions	26.8	5.7
Permanent differences	(0.4)	–
Pillar Two top-up-tax	13.1	–
Prior year over provision	0.3	(4.8)
Tax on profit on ordinary activities	**128.9**	**97.1**

A deferred tax liability of $4.8m (2023: nil), has been recognised relating to timing differences in the recognition of profits between the US and Ireland. No deferred tax asset (2023: $7.3m relating to tax losses) has been recognised.

Pillar Two Taxes

The Organisation for Economic Co-operation and Development Pillar Two framework seeks to ensure that large multinational enterprises pay a minimum corporate income tax rate of 15% in the countries in which they operate. The Company is part of a multinational group that falls within this legislation. In 2023, the Irish government enacted a Qualified Domestic Minimum Top-Up Tax which applies a 15% minimum tax rate to in-scope companies. The impact of the top-up tax on the current tax charge is set out in the above disclosure.

8 Financial instruments

Carrying values of financial assets and liabilities

The table below analyses financial instruments measured at fair value at the 31 December 2024, by the level in the fair value hierarchy into which the fair value measurements is categorised:

31 December 2024	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets carried at fair value				
Fixed and floating rate debt securities				
1) Government issued	1,000.3	–	–	1,000.3
2) Corporate bonds – Investment grade	439.4	358.2	–	797.6
Collateralised loan obligations	–	87.0	36.7	123.7
Equity linked funds	148.7	–	–	148.7
Hedge funds	–	63.1	–	63.1
Derivative financial assets	0.8	–	–	0.8
Total financial assets at fair value	**1,589.2**	**508.3**	**36.7**	**2,134.2**
Financial liabilities carried at fair value				
Derivative financial liabilities	16.9	–	–	16.9
Total financial liabilities carried at fair value	**16.9**	**–**	**–**	**16.9**
Fair value of financial liabilities carried at amortised cost				
Tier 2 subordinated debt (2026) – issued in 2016	–	250.6	–	250.6
Tier 2 subordinated debt (2029) – issued in 2019	–	294.0	–	294.0
Total fair value of financial liabilities carried at amortised cost	**–**	**544.6**	**–**	**544.6**

The table below analyses financial instruments measured at fair value at the 31 December 2023, by the level in the fair value hierarchy into which the fair value measurements is categorised:

31 December 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Financial assets carried at fair value				
Fixed and floating rate debt securities				
1) Government issued	923.4	–	–	923.4
2) Corporate bonds – Investment grade	312.1	329.3	–	641.4
Equity linked funds	104.0	–	–	104.0
Hedge funds	–	58.4	–	58.4
Derivative financial assets	6.8	–	–	6.8
Total financial assets at fair value	**1,346.3**	**387.7**	**–**	**1,734.0**
Financial liabilities carried at fair value				
Derivative financial liabilities	0.6	–	–	0.6
Total financial liabilities carried at fair value	**0.6**	**–**	**–**	**0.6**
Fair value of financial liabilities carried at amortised cost				
Tier 2 subordinated debt (2026) – issued in 2016	–	241.7	–	241.7
Tier 2 subordinated debt (2029) – issued in 2019	–	271.9	–	271.9
Total fair value of financial liabilities carried at amortised cost	**–**	**513.6**	**–**	**513.6**

8 Financial instruments continued

Carrying values of financial assets and liabilities continued

The fair value hierarchy has the following levels:

Level 1 – Valuations based on quoted prices in active markets for identical instruments. An active market is a market in which transactions for the instrument occur with sufficient frequency and volume on an ongoing basis such that quoted prices reflect prices at which an orderly transaction would take place between market participants at the measurement date. Included within Level 1 are bonds and treasury bills of government and government agencies which are measured based on quoted prices in active markets.

Level 2 – Valuations based on quoted prices in markets that are not active, or based on pricing models for which significant inputs can be corroborated by observable market data (e.g. interest rates, exchange rates). Included within Level 2 are government bonds and corporate bonds which are not actively traded, hedge funds and collateralised loan obligations.

Level 3 – Valuations based on inputs that are unobservable or for which there is limited market activity against which to measure fair value.

The availability of financial data can vary for different financial assets and is affected by a wide variety of factors, including the type of financial instrument, whether it is new and not yet established in the marketplace, and other characteristics specific to each transaction.

The Company holds derivative financial instruments, both assets and liabilities. The Company entered into over-the-counter foreign exchange forward agreements in order to economically hedge the foreign currency exposure resulting from transactions and balances held in currencies that are different to the functional currency of the Company. The Company had the right and intention to settle each contract on a net basis.

Valuation approach

The valuation approach for fair value assets and liabilities classified as Level 2 is as follows:

(a) For the Level 2 debt securities and securitised instruments, the Company's fund administrator obtains the prices used in the valuation from independent pricing vendors. The independent pricing vendors derive an evaluated price from observable market inputs. These inputs are verified in their pricing assumptions such as weighted average life, discount margins, default rates, and recovery and prepayments assumptions for mortgage securities.

(b) For hedge funds, the pricing and valuation of each fund is undertaken by administrators in accordance with each underlying fund’s valuation policy. Individual fund prices are communicated by the administrators to all investors via the monthly investor statements. The fair value of the hedge fund portfolios are calculated by reference to the underlying net asset values of each of the individual funds.

The valuation approach for fair value assets and liabilities classified as Level 3 is as follows:

(a) Certain collateralised loan obligation securities have been classified within Level 3. These represent instruments which were issued late in 2024 and have been priced at par, predominantly as these had not settled at the balance sheet date. As this is deemed to be an unobservable input these have been classified within Level 3. We expect these instruments to move into Level 2 in the near term as these begin to be priced by our pricing vendors using models with observable market inputs.

Notes to the financial statements continued
for the year ended 31 December 2024

9 Debtors arising from reinsurance activities

The following table displays the amounts due from Group entities and syndicate 623 under the intra-group reinsurance agreements.

	2024 $m	2023 $m
Amounts due from Group companies	1,005.9	883.7
Amount due from syndicate 623	3.4	—
Balance at 31 December	**1,009.3**	**883.7**

Of the above amounts $574.0m (2023: $506.4m) is due within one year and the balance is due after one year.

10 Other debtors

	2024 $m	2023 $m
Amounts due from intermediate parent undertaking	7.6	—
Amounts due from Group companies	18.1	—
Other amounts receivable	76.3	28.7
Total other debtors	**102.0**	**28.7**

All of the above amounts are due within one year (2023: all due within one year).

11 Cash and cash equivalents

	2024 $m	2023 $m
Cash at bank and in hand	94.1	62.0
Short term deposits	40.8	—
	134.9	**62.0**

12 Deferred acquisition costs

	2024 $m	2023 $m
Balance at 1 January	41.8	26.1
Incurred deferred acquisition costs	131.7	46.3
Amortised deferred acquisition costs	(53.2)	(31.3)
Foreign exchange movements	(0.9)	0.7
Balance at 31 December	**119.4**	**41.8**

Notes to the financial statements continued

for the year ended 31 December 2024

13 Share capital and other reserves

	2024 $m	2023 $m
Authorised: 100,000,000 ordinary shares of (€1) each	128.4	128.4
Allotted, issued and fully paid	–	–

There is one share with a nominal value of €1 in issue. A capital contribution of $536.3m was received from Beazley plc on 29 June 2009. The Company also holds a foreign exchange translation reserve of $47.9m (2023: $45.8m). This primarily arose on the change of functional currency to US Dollar in 2010. Movements in the reserve occur due to exchange differences from translating foreign operations to US dollar. This resulted in a loss of $2.1m in 2024 (2023: gain of $2.8m).

The profit or loss account of $1,492.5m was comprised of profits carried forward from previous years of $1,208.5m (2023: $535.9m), a profit after tax for the financial year of $584.0m (2023: $672.6m) and a dividend paid of $300.0m (2023: nil).

Dividends

On 8 March 2024, the Board approved an interim dividend of $300.0m payable to its sole shareholder, Beazley Ireland Holdings plc, no dividends were declared or paid in 2023. This was paid on 15 April 2024.

On 5 December 2024, the Board approved an interim dividend of $400.0m which was paid on 16 January 2025 to its sole shareholder, Beazley Ireland Holdings plc. As the dividend remained unpaid at the balance sheet date and could be cancelled by the Company in certain circumstances, it is not provided for as a liability within these financial statements. Please see note 19 for further information on dividends declared and paid after the balance sheet date.

14 Other creditors

	2024 $m	2023 $m
Amounts due to ultimate parent undertaking	3.9	—
Amounts due to Group companies	127.6	109.6
Other amounts payable	66.5	30.8
Total other creditors	**198.0**	**140.4**

Included in the amounts due to Group companies, is $89.0m (2023: $69.3m) in respect of profit commissions. Of this amount $43.2m (2023: $30.0m) is due after more than one year. All other creditors are due within one year.

15 Financial liabilities

	2024 $m	2023 $m
Carrying value		
Tier 2 subordinated debt – issued in 2016	249.7	249.5
Tier 2 subordinated debt – issued in 2019	299.0	298.8
Derivative financial liabilities	16.9	0.6
Total financial liabilities	**565.6**	**548.9**
Fair value		
Tier 2 subordinated debt – issued in 2016	250.6	241.7
Tier 2 subordinated debt – issued in 2019	294.0	271.9
Derivative financial liabilities	16.9	0.6
Total financial liabilities	**561.5**	**514.2**

The fair value of the tier 2 subordinated debt is based on quoted market price.

In November 2016, the Company issued $250m of subordinated tier 2 notes due in 2026. Annual interest, at a fixed rate of 5.875% is payable each year. In September 2019, the Company issued $300m additional subordinated tier 2 notes due in 2029. Annual interest, at a fixed rate of 5.5% is payable each year. All subordinated debt is listed on the London Stock Exchange. Interest paid on this debt during 2024 was $31.6m (2023: $31.6m).

Notes to the financial statements continued
for the year ended 31 December 2024

16 Funds at Lloyd's

The Funds at Lloyd’s (FAL) to support the underwriting of BUL on syndicates 2623 and 3623 have been provided by the Company by way of deposits of $1,047.2m (2023: $914.7m). The FAL included in financial assets on the Company’s balance sheet, may consist of certain approved assets only and are subject to a deed of charge in favour of Lloyd’s. In return for providing the FAL, BUL pays the Company an annual fee.

In addition, the Company acts as a guarantor in respect of the Group’s banking facility of $450.0m (2023: $450.0m). As at 31 December 2024, $225.0m (2023: $225.0m) of the facility has been drawn down by the Group and placed as a letter of credit at Lloyd’s to support the FAL of BUL.

17 Related party transactions

Syndicate 623

The Company has written a new intra-group quota-share reinsurance contract which incepted 1 January 2024. The contract reinsures business from syndicate 623, which is managed by the Group's managing agent, Beazley Furlonge Limited but where capital is provided predominantly by third parties to the Group. The total amount due from 623 at 2024 year end was $3.4m. Gross written premium of $30.5m and claims paid of $1.6m were recognised in the year.

For amounts due to and from Group companies, please refer to notes 10 and 14.

18 Ultimate parent undertaking

The ultimate parent undertaking is Beazley plc, incorporated and resident in the United Kingdom. The largest and the smallest Group in which the results of the Company are consolidated is that headed by Beazley plc. The accounts of Beazley plc are available to the public at www.beazley.com and at 22 Bishopsgate, London EC2N 4BQ, United Kingdom.

19 Post balance sheet events

On 5 December 2024, the Board approved an interim dividend of $400.0m which was paid on 16 January 2025 to its sole shareholder, Beazley Ireland Holdings plc. On 25 February 2025, the Board approved a further interim dividend of $100.0m which was paid on 27 February 2025. For more details on dividends approved in the period, refer to Note 13.

The Company is exposed to the California Wildfires which occurred in January 2025 through its intra-group reinsurance contracts. The Company will continue to monitor the impact of this through its intra-group reinsurance contracts but initial indications are that it is not expected to be material.

There are no other events that are material to the operations of the Company that have occurred since the reporting date.

20 Company information

Beazley Insurance designated activity company is a designated activity company incorporated in Ireland with registered number 464758. The Company was granted a Certificate of Authorisation from the Central Bank of Ireland on 7 July 2017 to underwrite non-life insurance business. The registered office is 2 Northwood Avenue, Santry, Dublin, D09 X5N9.

Directors and advisors

Directors

E McGivney
F Kleiterp (appointed 8 April 2024) (Swiss)
J Dunne
K Murphy (Independent non-executive)
M Moore (Independent non-executive)
P O Desaulle (French) (Independent non-executive chair)
P Ruane (Independent non-executive)
R Anarfi (appointed 18 April 2024, resigned 28 February 2025) (British) (Non-executive)

Secretary

J Wright

Registered office

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Registered number

464758

Auditor

Ernst & Young

Harcourt Centre
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Banker

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