Beazley plc | Solvency and Financial Condition Report (SFCR) 2023

Risky Business

Welcome to our 2023 Solvency and Financial Condition Report

Beazley plc is the ultimate holding company for the Beazley Group, a global specialist risk insurance and reinsurance business operated through its managed syndicates at Lloyd's in the UK, Beazley Insurance Company, Inc. and Beazley America Insurance Company, Inc., both of which are admitted insurance carriers in the United States and Beazley Insurance dac, a European insurance company based in Ireland.

Contents

Summary

In accordance with the EU-wide regulatory regime for insurance and reinsurance undertakings (Solvency II), Beazley plc (Beazley or the Group) is required to publish annually its Solvency and Financial Condition Report (SFCR).

The report covers the business and performance of the Group, its system of governance, risk profile, valuation for solvency purposes and capital management and has been approved by the Board of Directors.

Business Review

Beazley's Insurance premiums written increased by 7% in 2023 to $5,601.4m (2022: $5,246.3m). Rates on renewal business on average increased by 4% across the portfolio (2022: increased by 14%). Strong growth was seen in our Property Risks division, where we have taken advantage of the improving underwriting conditions, with growth of 64%. Profit before tax in 2023 was $1,254.4m (2022: $584.0m). This was achieved through a substantial insurance service result of $1,251.0m (2022: $822.9m) driven by a combined ratio of 71% (2022: 79%). This was complemented by an investment result of $480.2m (2022: ($179.7m)) which represents an investment return of 4.9% (2022: (2.1)%).

Beazley Insurance dac (BIdac) continues to act as an intra-group reinsurer and provides capital to support the underwriting activities of its sister company, Beazley Underwriting Limited (BUL). BUL is a Lloyd's of London corporate member. It participates in the Lloyd’s insurance market on a limited liability basis through syndicates 2623, 3622, 3623 and 5623 at Lloyd's. Under the 2023 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 BIdac. 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). For the 2021 and 2022 years of account BUL ceded 75% of the final declared result (less a retention of $3.0m) of its participation in syndicates 2623 and 3623 to BIdac. In the event that the declared result is a loss, the extent of the reinsurance is limited to the loss in excess of $3.0m not exceeding 75% of the FAL. The reinsurance contract was renewed for the 2024 underwriting year by BIdac and BUL in December 2023. The main terms of the 2024 contract have remained the same as the 2023 contract.

BIdac entered into two additional new quota-share reinsurance contracts incepting 1 January 2024. The first will cede a portion of syndicate 623 and 2623's property treaty business and the second will assume a portion of all business from the Group's newly established North American surplus lines carrier, Beazley Excess and Surplus Insurance Inc. (BESI).

Solvency Coverage

The Group Solvency II balance sheet comprises the consolidated assets and liabilities of the insurance undertakings, insurance holding companies and ancillary service companies included in the Group. The Solvency II technical provisions of BIdac are consolidated with those of Beazley Insurance Company, Inc (BICI), BESI, Beazley America Insurance Company, Inc. (BAIC) and the Group’s other insurance undertakings. Corporate members within the Group such as BUL are accounted for using the adjusted equity method and are included in the participations line within the Group Solvency II balance sheet.

As detailed in Section D, the primary variance between the Generally Accepted Accounting Principles (GAAP) and Solvency II balance sheet is the replacement of the technical provisions. The Solvency II technical provisions have been calculated in line with strict application of the Solvency II regulation that considers the contract cash flows. For example, the cash flows in relation to the aggregate excess of loss reinsurance agreement with BUL represent the premium (provided the declared result of BUL is a profit) or claim (in the case of a loss) paid in respect of BUL's declared result and the fees for providing capital to support BUL's reinsured underwriting at Lloyd’s.

Whilst the Group Solvency II balance sheet presentation separates the BUL and BIdac sides of this intra-group RI contract (see section D), the underlying cash flows eliminate. The underlying cash flows relating to intra-group RI contract between BESI and BIdac also eliminate.

Beazley holds a level of capital over and above its regulatory requirements. As at 31 December 2023, total own funds eligible to meet the Group Solvency Capital Requirement (SCR) are $4,826.7m (2022: $3,836.7m), compared to the Group SCR of $2,058.2m (2022: $1,573.8m) giving a solvency ratio of 235% (2022: 244%). The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework and opportunities for organic growth, prudence and a desire to maximise returns for investors.

In March 2024 Beazley plc announced the commencement of a programme to buy-back up to $325.0m of its shares. The share buyback will reduce the solvency ratio to 219% (an original estimate of 218% was shown on page 67 of the Beazley plc Annual report and accounts 2023).

Summary continued

Investment Performance

The Group’s investment portfolio remains heavily weighted toward government issued and investment grade corporate debt securities. Following significant volatility, yields ended the year close to where they began, such that our 2023 fixed income of 4.8% was close to yield levels at the beginning of the year.

Capital growth investments represent a smaller proportion of the portfolio and generated a return of 8.8% in 2023. Most of these gains were driven by the very strong performance of equities, where our focus on US exposures helped us outperform the global benchmark. Hedge funds and other alternative investments continue to form the largest allocation in our capital growth portfolio but saw more modest returns. The total portfolio return excluding the return on cash and cash equivalents and Lloyd's Overseas deposits was 5.2%.

Environmental, Social and Governance

With regards to Environmental, Social and Governance (ESG) issues, reference should be made to the Beazley plc annual report and Accounts 2023. The Task Force on Climate Related Financial Disclosures (TCFD) on page 22 of the Beazley plc Annual report and accounts 2023 details recommendations and recommended disclosures at the consolidated Group level. The Beazley plc Annual report and accounts 2023 can be found at www.beazley.com.

Climate Related Issues

The Group is focused on how we can play our part in addressing the climate crisis. The primary responsibility for climate related issues sits with the Group Board and committees listed on the table in section B.1 General information on the system of governance, page 21. The Board is responsible for ensuring that the Group is operating in accordance with legal and regulatory requirements and with relevant Group policies and procedures. The Group considers climate-related matters as part of the annual process to approve the risk framework and own risk and solvency assessment (ORSA).

A. Business and performance

All financial data in this section is presented on an International Financial Reporting Standards (IFRS) basis, consistent with the financial statements of Beazley plc Annual report and accounts 2023 unless otherwise stated.

A.1 Business

Beazley plc, a company incorporated in England and Wales and resident for tax purposes in the United Kingdom, is the ultimate parent and the ultimate controlling party within the Group.

The address of the registered office is:

22 Bishopsgate
London
EC2N 4BQ
United Kingdom

The supervisor of BIdac and the Group is the Central Bank of Ireland (CBI), and can be contacted at:

Central Bank of Ireland
PO Box 559
New Wapping Street,
North Wall Quay, Dublin 1
Ireland

The independent auditor of the Group's SFCR is:

Ernst & Young
Harcourt Centre
Harcourt Street
Dublin 2

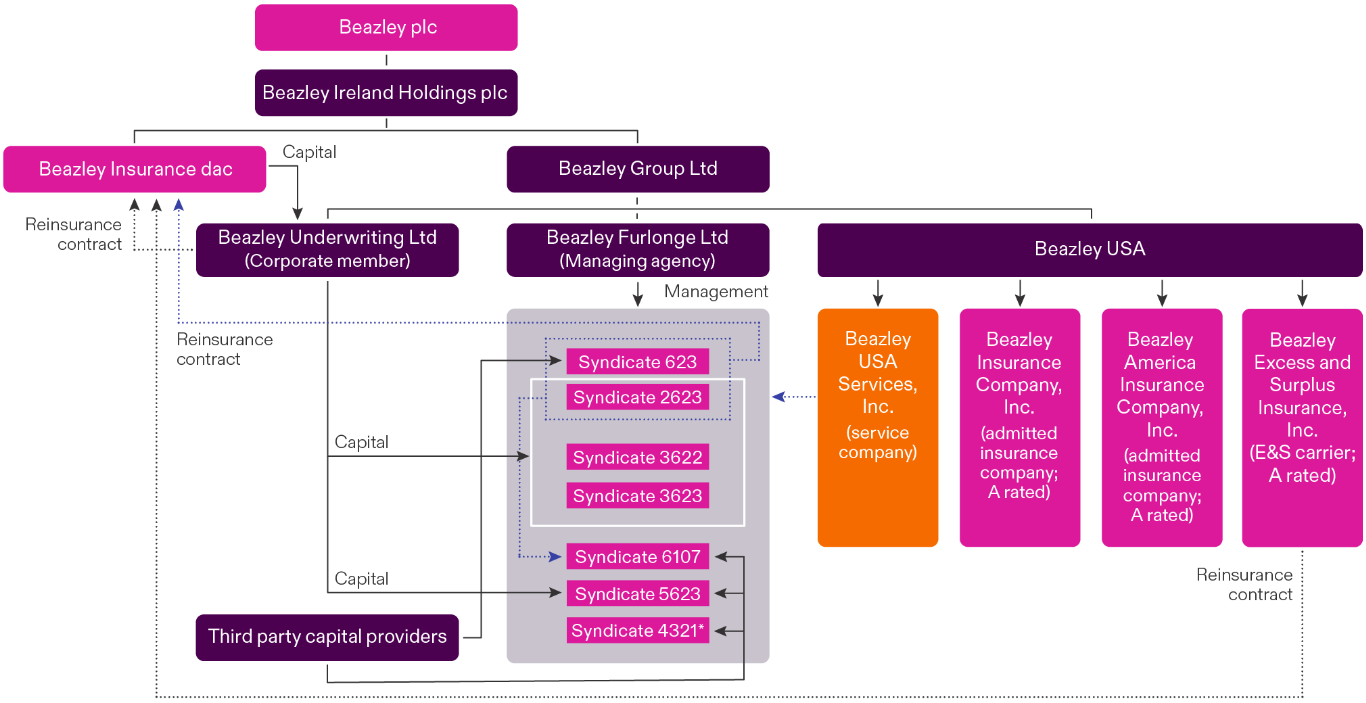
As at 17 May 2024, there are no holders of qualifying holdings in Beazley plc (being a holder of 10% or more of the capital or voting rights). For details of significant shareholders in Beazley plc, see the Directors' report in the Beazley plc Annual report and accounts 2023.

The Group operates across Europe, Asia, Canada and the United States (US) through a variety of legal entities and structures. As at 31 December 2023, the main entities within the legal entity structure are as follows:

- **Beazley plc** – Group holding company, listed on the London Stock Exchange;
- **Beazley Ireland Holdings plc** – intermediate holding company;
- **Beazley Underwriting Limited (BUL)** – corporate member at Lloyd's providing all capital to syndicates 2623, 3622 and 3623, and approximately 18% of capital to 5623 for the 2023 year of account;
- **Beazley Furlonge Limited (BFL)** – managing agency for the seven syndicates managed by the Group (623, 2623, 3622, 3623, 4321, 5623 and 6107);
- **Beazley Insurance dac (BIdac)** – insurance company based in Ireland that acts as an internal group reinsurer, and also writes business directly in Europe;
- **Syndicate 2623** – a Lloyd's syndicate through which the Group underwrites its general insurance business excluding life and portfolio underwriting. Business is written in parallel with syndicate 623;
- **Syndicate 3622** – a Lloyd's syndicate through which the Group underwrites its life insurance and reinsurance business;
- **Syndicate 3623** – a Lloyd's syndicate through which the Group underwrote its personal accident, BICI reinsurance business and portfolio underwriting business until 2022;
- **Syndicate 5623** – a Lloyd's syndicate through which the Group underwrites across a diverse mix of classes via its portfolio underwriting business;
- **Syndicate 4321** – a Lloyd's syndicate in a box focussing on writing business on a consortium basis led by syndicate 2623/623 based on ESG scores of insureds;
- **Syndicate 623** – a Lloyd's syndicate which has its capital supplied by third party names;
- **Syndicate 6107** – special purpose Lloyd's syndicate writing property reinsurance and cyber business ceded from syndicates 623 and 2623 on behalf of third party names;
- **Beazley Corporate Member (No.3) Limited (BC3L)** – participates in syndicate 4321 on a limited liability basis;
- **Beazley America Insurance Company, Inc (BAIC)** – admitted insurance company regulated in the US;
- **Beazley Insurance Company, Inc. (BICI)** – admitted insurance company regulated in the US. Licensed to write insurance business in all 50 states;
- **Beazley USA Services, Inc. (BUSA)** – service company based in Farmington, Connecticut. Underwrites business on behalf of Beazley syndicates, 2623 and 623, BICI and BAIC;
- **Beazley NewCo Captive Company, Inc. (BNCC)** – provides internal reinsurance to BICI on older accident years; and
- **Beazley Excess and Surplus Insurance, Inc. (BESI)** – Insurance company regulated in the US to write business on excess and surplus lines business from 2024.

A. Business and performance continued

A.1 Business continued



* Syndicate 4321 is supported by both Beazley capital and third party capital.

A. Business and performance continued

A.1 Business continued

The following is a list of all the subsidiaries in the Group as at 31 December 2023, all of which are wholly owned:

Company Name	Country/ region of incorporation
Beazley Underwriting Pty Limited	Australia
Beazley Canada Limited	Canada
Beazley Corporate Member (No.2) Limited	England
Beazley Corporate Member (No.3) Limited	England
Beazley Corporate Member (No.6) Limited	England
Beazley Furlonge Holdings Limited	England
Beazley Furlonge Limited	England
Beazley Group Limited	England
Beazley Investments Limited	England
Beazley Management Limited	England
Beazley Staff Underwriting Limited	England
Beazley Solutions Limited	England
Beazley Underwriting Limited	England
Beazley Underwriting Services Limited	England
Lodestone Security Limited	England
Beazley Corporate Governance Services Limited	England
BHI Digital UK Limited	England
Beazley Insurance dac	Ireland
Beazley Solutions International Limited	Ireland
Beazley Ireland Holdings plc	Jersey
Beazley Labuan Limited	Malaysia
Beazley America Insurance Company, Inc.	USA
Beazley Group (USA) General Partnership	USA
Beazley Holdings, Inc.	USA
Beazley Insurance Company, Inc.	USA
Beazley Newco Captive Company, Inc.	USA
Beazley USA Services, Inc.	USA
Beazley Excess and Surplus Insurance, Inc.	USA
BHI Digital, LLC.	USA
Beazley RI Manager, Inc.	USA
Lodestone Securities LLC	USA
Beazley Pte. Limited	Singapore

Please see page 243 of Beazley plc Annual report and accounts 2023 for registered addresses.

All of the entities under Group supervision, as listed above, are included within the Quantitative Reporting Template (QRT) S.32.01.22 'Undertakings in the scope of the Group' (see appendix).

The Group Solvency II balance sheet has been prepared using the default accounting consolidation based method (described as "Method 1"), which gives material differences to the scope of consolidation of the Corporate Members (BUL and BC3L). The assets and liabilities of these entities, and their participations in the Lloyd’s syndicates are consolidated on a line-by-line basis within the Group’s IFRS consolidated financial statements. Under Solvency II, the Group’s investments within the Corporate Members is shown as a single line participation in the Solvency II balance sheet.

Further detail on the above can be found in section D.

A. Business and performance continued

A.1 Business continued

In 2023, the Group’s business consisted of five operating divisions:

Cyber Risks
This segment underwrites cyber and technology risks.

Digital
This segment underwrites a variety of marine, contingency and 'small and medium sized enterprises' (SME) liability risks through digital channels such as e-trading platforms and broker portals.

MAP Risks
This segment underwrites marine, portfolio underwriting and political and contingency business.

Property Risks
This segment underwrites first party property risks and reinsurance business.

Specialty Risks
This segment underwrites a wide range of liability classes, including employment practices risks and directors and officers (D&O), as well as healthcare, lawyers and international financial institutions.

The Group generates revenue in multiple geographies, an overview of which is set out below. The basis for attributing insurance revenues is as follows:

- UK insurance revenue represents all risks placed at Lloyd's;
- US insurance revenue represents all risks placed at the Group's US insurance companies BICI and BAIC; and
- European insurance revenue represents all risks placed at the Group's European insurance company (BIdac).

	2023 $m	2022[1] $m
Insurance revenue		
UK (Lloyd's)	4,539.0	3,990.6
US (Non-Lloyd's)	603.5	625.7
Europe (Non-Lloyd's)	299.9	232.1
	5,442.4	**4,848.4**

1 Restated for the year ended 31 December 2022 following the adoption of IFRS 17.

Beazley achieved its goals in 2023. We successfully deployed capital across the business to capture opportunities and our insurance written premiums (IWP) now stand at $5,601.4m (2022: $5,246.3m). Our net IWP growth of 24% gives a strong indication of the Group's trajectory during 2023 and we've achieved this despite several headwinds. Property Risks had a particularly successful year with premiums increasing by 64%, taking IWP to $1,351.9m (2022 $823.2m). The key strengths that have led to this positive result are our expertise-led, specialty underwriting and our knowledge based, client focused claims service.

Rates on renewal business on average increased by 4% across the portfolio (2022: increased by 14%). Profit before tax in 2023 was $1,254.4m (2022: $584.0m). This was achieved through a substantial insurance service result of $1,251.0m (2022: $822.9m) driven by a combined ratio of 71% (2022: 79%).

Access to high quality risk is delivered via our straightforward and clear three platform strategy which brings together Wholesale via Lloyd’s and insurance companies in North America and Europe. In 2023 this strategy was further enhanced with the establishment of our dedicated Excess and Surplus (E&S) carrier in the US, which will open up access to business that is currently often only available to onshore carriers.

The Group is able to deliver consistent profitability because we operate a robust and effective approach to managing the insurance cycle. In 2023 this was demonstrated by our strong commitment to the property segment, where a change in the rating environment offered significant opportunity in contrast to our approach to the D&O market, which is suffering from excessive competition and where we took the decision to stand back.

A. Business and performance continued

A.2 Underwriting performance

The following table presents our underwriting performance by operating segment:

	Year ended 31 December 2023					
	Cyber Risks $m	Digital $m	MAP Risks $m	Property Risks $m	Specialty Risks $m	Total $m
Insurance revenue	1,174.9	224.7	1,015.4	1,145.2	1,882.2	5,442.4
Insurance service expenses	(802.1)	(144.0)	(635.5)	(643.9)	(1,367.1)	(3,592.6)
Current year claims	(565.2)	(90.5)	(430.8)	(470.1)	(940.1)	(2,496.7)
Adjustments to prior year claims	(8.9)	33.7	88.6	108.1	39.8	261.3
(Loss on)/reversal of onerous contracts	(2.6)	2.6	1.4	(0.1)	0.5	1.8
Insurance acquisition cash flows amortisation and other directly attributable expenses	(225.4)	(89.8)	(294.7)	(281.8)	(467.3)	(1,359.0)
Allocation of reinsurance premium	(308.5)	(24.3)	(236.1)	(198.5)	(359.9)	(1,127.3)
Amounts recoverable from reinsurers for incurred claims	210.1	7.1	23.9	26.4	261.0	528.5
Current year claims	211.8	13.0	107.6	57.0	294.2	683.6
Adjustments to prior year claims	(1.0)	(5.7)	(83.0)	(30.1)	(31.7)	(151.5)
Share of expenses and other amounts	(0.7)	(0.2)	(0.7)	(0.5)	(1.5)	(3.6)
Insurance service result	**274.4**	**63.5**	**167.7**	**329.2**	**416.2**	**1,251.0**
Net investment income	86.6	14.8	53.5	75.2	250.1	480.2
Net finance expense from insurance contracts issued	(17.5)	(2.9)	(12.6)	(10.9)	(125.4)	(169.3)
Net finance (expense)/income from reinsurance contracts held	(1.3)	0.5	2.1	(13.7)	28.3	15.9
Net insurance and financial result	**342.2**	**75.9**	**210.7**	**379.8**	**569.2**	**1,577.8**
Other income	16.9	3.2	14.8	16.5	27.1	78.5
Other operating expenses	(52.7)	(19.9)	(68.1)	(42.5)	(182.6)	(365.8)
Foreign exchange gains	1.0	0.2	0.8	0.9	1.6	4.5
Segment result	**307.4**	**59.4**	**158.2**	**354.7**	**415.3**	**1,295.0**
Finance costs						(40.6)
Profit before tax						**1,254.4**
Tax expense						(227.6)
Profit after tax						**1,026.8**

The calculation bases for the claims and expenses are disclosed within the Alternative Performance Measures section on page 254 of the Beazley plc Annual report and accounts 2023.

A. Business and performance continued

A.2 Underwriting performance continued

	Year ended 31 December 2022 (restated)[1]					
	Cyber Risks $m	Digital $m	MAP Risks $m	Property Risks $m	Specialty Risks $m	Total $m
Insurance revenue	1,013.5	211.3	970.3	807.2	1,846.1	4,848.4
Insurance service expenses	(750.9)	(161.3)	(859.5)	(699.5)	(1,542.8)	(4,014.0)
Current year claims	(506.3)	(104.3)	(436.2)	(524.0)	(974.5)	(2,545.3)
Adjustments to prior year claims	(81.4)	9.1	(139.4)	37.0	(102.2)	(276.9)
(Loss on)/reversal of onerous contracts	23.2	(0.2)	(0.5)	1.2	0.4	24.1
Insurance acquisition cash flows amortisation and other directly attributable expenses	(186.4)	(65.9)	(283.4)	(213.7)	(466.5)	(1,215.9)
Allocation of reinsurance premium	(198.3)	(27.2)	(250.1)	(175.7)	(314.1)	(965.4)
Amounts recoverable from reinsurers for incurred claims	208.4	21.5	296.3	108.5	319.2	953.9
Current year claims	128.2	26.2	172.9	123.4	282.9	733.6
Adjustments to prior year claims	80.5	(4.6)	123.7	(14.6)	37.0	222.0
Share of expenses and other amounts	(0.3)	(0.1)	(0.3)	(0.3)	(0.7)	(1.7)
Insurance service result	**272.7**	**44.3**	**157.0**	**40.5**	**308.4**	**822.9**
Net investment loss	(34.5)	(8.7)	(20.5)	(27.1)	(88.9)	(179.7)
Net finance income from insurance contracts issued	30.2	4.8	45.3	24.5	174.7	279.5
Net finance expense from reinsurance contracts held	(9.0)	(0.9)	(19.6)	(5.2)	(61.8)	(96.5)
Net insurance and financial result	**259.4**	**39.5**	**162.2**	**32.7**	**332.4**	**826.2**
Other income	7.9	2.3	1.0	7.4	13.5	32.1
Other operating expenses	(33.7)	(9.9)	(34.8)	(35.5)	(103.7)	(217.6)
Foreign exchange (losses)	(3.6)	(0.8)	(3.5)	(2.9)	(6.5)	(17.3)
Segment result	**230.0**	**31.1**	**124.9**	**1.7**	**235.7**	**623.4**
Finance costs						(39.4)
Profit before tax						**584.0**
Tax expense						(100.7)
Profit after tax						**483.3**

1 IFRS 17 replaces IFRS 4 for annual periods beginning on or after 01 January 2023. The Group has applied the transitional provisions per Appendix C of IFRS 17 and taken a fully retrospective approach, restating comparative information for year ended 31 December 2022. Further details of the impact of IFRS 17 can be found in the notes to the financial statements in Beazley plc Annual report and accounts 2023, pages 173 to 175.

A. Business and performance continued

A.2 Underwriting performance continued

Divisional performance

Cyber Risks
Our Cyber Risks team delivered insurance written premiums (IWP) of $1,184.3m, (2022: $1,157.8m). The rating spike experienced in the previous two years stabilised and with increased stability competition entered, particularly in the US market, which led to our growth predominantly coming from a strong performance by our international business, particularly in Europe.

2023 was also the moment when the market began to mature and address the challenges of systemic cyber risk, namely the possibility that a single cyber event or incident might trigger widespread failures and harmful impacts across multiple entities, sectors, or countries. We took a leading position in this with the robust approach we have championed, thus succeeding in bringing much needed clarity to the existing war exclusions. As we enter 2024, we are seeing broad market consensus.

The innovations Cyber Risks has made over the last 12 months in the development of cyber catastrophe bonds and in addressing systemic or catastrophic cyber risk, have been made possible by the team's ongoing work on modelling cyber risk. We shared our approach to modelling catastrophic cyber with the market during 2023, detailing our move to a probabilistic modelling framework which is underpinned by third party data and our own models to give greater insight into cyber catastrophe scenarios.

Looking forward there is growing business demand for cyber insurance and we are pleased to see that the insurance and capital markets are responding by providing the additional capacity the market needs to reach its potential. In particular we see an opportunity to grow among businesses with revenues below $250m, where our expertise and experience of managing cyber risk adds real value to their operations.

Ransomware has not gone away and while we have not seen any significant uptick in our book at the point of reporting, there is evidence in other parts of the market that it is increasing in frequency. We believe we will be able to navigate an upswing given both the improvements we made in the risk selection of our book and the investment we continue to make into threat assessment and risk mitigation strategies.

Digital
Digital's segment result of $59.4m (2022: $31.1m), reflects our underwriting discipline together with the growing distribution of our increasingly broad product suite. IWP was $227.5m (2022: $231.7m) with a combined ratio of 68% (2022: 76%).

Digital, or our Small Business division, had a successful year as we increased the number of products we brought to market. We delivered a profit by maintaining our focus on underwriting discipline, resulting in the rate of growth being broadly level with the previous year. We are pleased with the reception our high quality service offering and claims handling received from brokers and the way that new products and digital access points are welcomed by the market.

We are building our Small Business proposition for the long-term, focused on underwriting discipline and client service. This approach is valued by brokers, when making a claim or in needing help with securing cover for their clients. Brokers increasingly are seeking cyber cover that includes cyber breach response and our experience in this area is rapidly becoming a key differentiator for us.

MAP Risks
The MAP Risks division delivered a profitable performance based on strong demand for our specialist product set and the market leading expertise of our team. With a combined ratio of 79% (2022: 78%), IWP for the division decreased by 14% to $964.3m (2022: $1,115.2m) due to the one-off effect of portfolio underwriting premium being directly written by external syndicate 5623 rather than being fronted by the Group.

Geopolitical uncertainty continued through 2023, creating a heightened risk environment and increasing demand for insurance across our terrorism, political risk, contingency, marine and aviation war and cargo lines of business.

2023 saw us recruit a new Head of Hull and War as part of our Marine underwriting business. Our Marine business is a key component in the smooth functioning of global trade and in our cargo account, which is three times larger than it was five years ago, increasing trade activity following the pandemic and challenges in supply chains have been important drivers of demand, while the team's focus on the fundamentals has delivered sustainable profits.

Our Contingency business continued to benefit from increased demand for events post pandemic. We had expected, after an increase in demand for events immediately after the pandemic in 2022, that 2023 would see a fall back to the typical level of demand that we experienced before the pandemic. It has been pleasing to see that the world continues to be excited by the prospect of attending a face-to-face event.

A. Business and performance continued

A.2 Underwriting performance continued

MAP Risks continued
Our ESG Consortium is entering the business as usual phase of development, having successfully launched the additional capacity model for businesses that score highly against ESG criteria in 2022. From 1 January 2024 the consortium will continue its growth as part of syndicate 5623.

Energy demand and use continues to grow alongside an increasing pace of transition away from fossil fuels. Our energy team is actively investing in the fast expanding renewable sector and with the hire of a new Head of Renewable Energy.

Property Risks
Property Risks had a highly successful year as we leant into the opportunity that the turn in the market rating environment offered. As a result, we increased our IWP to $1,351.9m from $823.2m the previous year, or 64% growth and a rate increase of 22%.

This success resulted from hard work over the prior two years, as we stepped back from growth during a period where market conditions were unfavourable. This meant that throughout 2023 we have been able to take up the opportunity in the property market and were rewarded with strong growth in both insurance and reinsurance (treaty) with the property market in the US the significant driver.

Beyond substantial rate increases, we have tightened terms and conditions and raised attachment points. Importantly, we have ensured that property values have increased to reflect higher inflation.

All of the team's underwriting in the US is done in the specialist E&S lines market. Over the last year this market has proven to be an excellent environment for us to operate in as commercial property underwriting has become increasingly complex and volatile.

Against this backdrop, many brokers have shifted their client’s non-standard property programs to this market, which can pivot and adapt to fast changing conditions more effectively than the admitted market, offering access to new clients and business that would previously have been unavailable.

Our reinsurance (treaty) business also had a successful year with significant rate increases achieved at higher attachment points. As we expected, the US segment of our business experienced the strongest market rating environment.

We have seized the potential of this change in conditions across the property market with enthusiasm.

Specialty Risks
2023 saw the Specialty Risks team continue the diversification of our book by growing strongly across niche specialist lines while managing through a softening market in D&O. This hard work has paid off, leaving the book relatively flat overall with IWP of $1,873.4m (2022: $1,918.4m).

The headwinds in D&O - pricing pressure and high competition - saw us actively pull back from risks we considered unsustainably priced and as a result, D&O reduced from just over 35% of the division’s total IWP to less than 30%. We remain committed to our position in the D&O market, supporting our clients, but have made tough decisions to pull back when pricing is not adequate. We are actively investing in our other product lines where the reward better reflects the risk.

Across the board we have over 27 trading teams in Specialty Risks with the vast majority seeing positive market conditions. We have ramped up our niches and growing areas and this has delivered through 2023.

Looking ahead, we are hopeful that the market will begin to return to equilibrium in D&O during 2024. We will continue to build our brand in Europe and Asia Pacific, ensuring that our diverse business continues to prosper around the globe.

A. Business and performance continued

A.2 Underwriting performance continued

Segmental Analysis

The tables below show the 2023 and 2022 net IWP split into Solvency II lines of business, as reported on QRT S.05.01.02.

2023	Income protection %	Marine, aviation and transport %	Fire and other damage to property %	General liability %	Credit and suretyship %	Misc. financial loss %	Health %	Casualty %	Property %	Other life insurance %	Life reinsurance %	Total %
Net insurance written premiums	63.4	463.0	998.6	2,651.5	141.9	79.2	18.8	51.5	198.9	25.7	3.7	4,696.2

2022	Income protection %	Marine, aviation and transport %	Fire and other damage to property %	General liability %	Credit and suretyship %	Misc. financial loss %	Health %	Casualty %	Property %	Other life insurance %	Life reinsurance %	Total %
Net insurance written premimums	60.4	407.4	603.5	2,312.5	101.9	64.1	18.9	37.7	135.8	26.4	3.8	3,772.4

Geographical breakdown

The tables provide an analysis of the geographical breakdown of gross IWP. Data in the tables below is presented using Solvency II criteria for activity by geographic location. For direct lines of business the Solvency II criteria is the country where the risk is located or the country where the contract was entered into, determined by the line of business. For reinsurance business the location is based on where the ceding undertaking is based. As presented in the S.05.02, the home country and the top five countries only are reported.

	2023 $m	2023 %
United Kingdom	2,148.1	38.3 %
United States of America	2,492.7	44.5 %
Belgium	311.1	5.6 %
Canada	104.7	1.9 %
Singapore	72.7	1.4 %
Germany	71.6	1.2 %
Other	400.5	7.1 %
Total	**5,601.4**	**100.0 %**

	2022 $m	2022 %
United Kingdom	2,492.6	47.5 %
United States of America	2,175.6	41.5 %
Singapore	92.3	1.7 %
Belgium	91.7	1.7 %
Germany	88.7	1.7 %
Spain	82.3	1.6 %
Other	223.1	4.3 %
Total	**5,246.3**	**100.0 %**

A. Business and performance continued

A.3 Investment performance

Summary of investment return

	2023 %	2023 $m	2022 %	2022 $m
Investment income/(loss) derived from financial assets	–	460.0	–	(169.8)
Investment expenses and charges	–	(7.9)	–	(6.9)
Total[1]	**5.2 %**	**452.1**	**(2.4)%**	**(176.7)**

1 The difference between investment income of $480.2m reported in the Beazley plc Annual report and accounts 2023 and investment income of $452.1m is the return on cash and cash equivalents of $16.8m and and the gain on Lloyd's Overseas deposits of $11.3m.

Income and expenses by asset class ($m)

		Capital growth				
2023	Fixed interest	Equity	Hedge funds	Illiquid credit	Total	Total
Income	369.7	47.6	30.7	12.0	90.3	460.0
Expenses[1]	(5.1)	–	(2.3)	(0.5)	(2.8)	(7.9)
Total	**364.6**	**47.6**	**28.4**	**11.5**	**87.5**	**452.1**

		Capital growth				
2022	Fixed interest	Equity	Hedge funds	Illiquid credit	Total	Total
(Loss)/Income	(175.8)	(44.9)	35.1	15.8	6.0	(169.8)
Expenses[1]	(4.0)	–	(2.3)	(0.6)	(2.9)	(6.9)
Total	**(179.8)**	**(44.9)**	**32.8**	**15.2**	**3.1**	**(176.7)**

1 Expense allocations by asset class are estimates.

Investment return vs benchmark (%)

		Capital growth				
2023	Fixed interest	Equity	Hedge funds	Illiquid credit	Total	Total
Investment assets	4.8	26.2	5.1	5.2	8.8	5.2
Benchmark	5.3	22.2	3.1	13.3	11.0	6.1

		Capital growth				
2022	Fixed interest	Equity	Hedge funds	Illiquid credit	Total	Total
Investment assets	(3.0)	(22.4)	6.5	6.1	0.3	(2.4)
Benchmark	(3.9)	(18.4)	(4.4)	(0.6)	(5.6)	(4.2)

Our investments generated a return of $480.2m, or 4.9% in 2023 (2022: a loss of $179.7m, or 2.1%). This is, by some margin, the highest contribution from investments in our history. It is partly a consequence of the ongoing growth in our financial assets, which reached $10.5bn as at 31 December (2022: $9.0bn). It also reflects the yields available on fixed income investments, which are much higher than in recent years, as well as strong returns from equity and credit exposures.

Considering the year as a whole, US bond yields were little changed at most maturities, so that the returns achieved on our fixed income portfolio closely reflected starting yields. Within the year, yields rose significantly in the first nine months driven by ongoing inflationary pressures and resilient economic growth. However, within the final quarter, yields declined as the markets began to anticipate a lower interest rate environment in 2024. As a result, more than half of our 2023 investment return was generated in the final two months of the year.

Equity markets were also volatile, but posted strong gains overall. Our modest equity exposures, focused on US markets and selected to reflect our responsible investment commitments, returned more than 26% in 2023, with the strongest performance again in the final months of the year. High yield credit exposures also produced good returns as credit spreads declined, while our alternative investments, which are predominantly in hedge funds, generated more modest returns. We continue to build our impact portfolio, targeting up to $100m in investment opportunities which have measurable social or environmental benefits. To date, we have made commitments totalling $31m, to three different impact funds. These investments are at an early stage, but initial returns are encouraging. From 2024, we will also be measuring progress against their impact objectives.

A. Business and performance continued

A.3 Investment performance continued

Summary of investment return continued

Although yields have declined in recent months, levels are similar to those at the beginning of 2023: The yield of our fixed income portfolio at 31 December 2023 was 4.8% with a duration of 1.8 years. This suggests that the good contribution from our investments in 2023 could be repeated in 2024, given stability in financial markets. However, such stability is likely to remain elusive, as global geo-political risks remain elevated and forthcoming elections, in the US, UK and elsewhere, may generate further uncertainty.

A.4 Performance from other activities

Other income

Other income is analysed as follows in the financial statements.

	2023 $m	2022 $m
Commissions received by Beazley service companies	42.8	20.0
Profit commissions from syndicates	29.9	7.2
Agency fees from third party syndicates	3.6	4.0
Other income	2.2	0.9
Total	**78.5**	**32.1**

Commissions received by Beazley service companies

Commissions are received from non-Group syndicates by Group service companies writing business on their behalf. These are recognised as the services are provided, and therefore the performance obligations of the contracts are met. Commission is payable to the Group by syndicate 623 due to Group service companies writing business on behalf of the syndicate. While the commercial purpose of the contract is to pass business to syndicate 623, the remuneration is triggered by incurring expenses, irrespective of volume of business gained. Fees are recognised as the services are provided, and therefore the performance obligations of the contracts are met. In addition, the Group charges syndicates 5623 and 4321 for a portion of the profit-related remuneration paid to its underwriting staff. Payment is therefore triggered by the underlying profitability of the syndicate.

Profit commissions from syndicates

Profit commission agreements are in place between the third party capital syndicates managed by the Group and their managing agent, Beazley Furlonge Limited. Under these agreements, the transaction price represents a fixed percentage on profit by year of account. As such, the profitability of the syndicates is a performance criterion. No other variable consideration (for example: discounts, rebates, refunds, incentives) is attached. The value of each transaction price is derived at the reporting date from the actual profits made by the syndicates, and therefore represents the most likely amount of consideration at the reporting date.

Lease Arrangements

For disclosures on the lease arrangements please refer to note 27 in the Beazley plc Annual report and accounts 2023, page 215.

A.5 Any other information

Establishment of US Surplus Lines Carrier

In May 2023, Beazley established a US domestic excess and surplus lines carrier, BESI, to complement the North American platform, with the aim of underwriting excess and surplus lines insurance originating from the US on the domestic carrier in 2024. This strategy to simplify the business involves transferring business already written within Beazley's managed syndicates to BESI.

B. System of governance

B.1 General information on the system of governance

Governance framework

Beazley operates through the main Board and four Committees. During 2023, those committees were the Audit, Risk, Nomination and Remuneration Committees and details of their main responsibilities and activities in 2023 are set out in the Committee reports on pages 100 to 121 in the Beazley plc Annual report and accounts 2023. With effect from 1 January 2023, the combined Audit and Risk Committee was replaced by separate Audit and Risk Committees. The Board has also established the Disclosure Committee with responsibility for matters relating to the control and disclosure of inside information. This Committee is led by the Executive Directors and includes the Chief Risk Officer and the Company Secretary. The Board evaluates the membership of its individual Board Committees on at least an annual basis, as well as when required during the year. The Board Committees are governed by terms of reference which detail the matters delegated to each Committee and for which they have authority to make decisions. The terms of reference for the Board Committees can be found at www.beazley.com.

At the beginning of 2023, the Board was led by the Non-Executive Interim Chair Christine LaSala, who was independent on appointment. Christine chaired the Board whilst the search for a new Chair was being conducted. Following the conclusion of the 2023 AGM, Clive Bannister assumed the role of Chair of the Board. Clive was appointed to the Beazley plc Board on 8 February 2023 as a Non-Executive Director and Chair Designate. Information about the process to identify and select the new Chair was included in the Beazley plc Annual report and accounts 2022.

The governance framework (in place at 31 December 2023) of the main Board and its committees is shown in the diagram on the next page.

B. System of governance continued

B.1 General information on the system of governance continued

Shareholders

The Board

The Board's role is to ensure the long-term sustainable success of Beazley plc, for the benefit of its members and with due regard to the interests of other stakeholders. The Board sets our strategy and maintains focus on the overall strategic direction of the Group in addition to assessing and monitoring our culture to ensure that it remains aligned to our purpose, values and strategy. The Board upholds the highest standards of corporate governance and provides rigorous challenge to management. The Board has reserved certain areas of decision-making, which is set out in the matters reserved for the Board. The Board also delegates matters to its Committees and delegates the day to day running of the business and the implementation of the strategy to the Chief Executive, who is supported by the Executive Committee. All delegations to Committees (including the Executive Committee) are set out in the terms of reference, which are approved by the Board.

Chief Executive

The Board delegates to the Chief Executive who manages the business with support from the Executive Committee

The Board receives reports and updates from the Committees at each meeting

The Board delegates to its Committees

Audit Committee

Assisting the Board of Directors in discharging its responsibilities for the integrity of the Company's financial statements, the financial reporting process, the system of internal financial controls and the audit process, including the effectiveness of the internal and external Auditors.

Risk Committee

Providing oversight of the Group's risk management framework and monitoring compliance with global laws and regulations.

Nomination Committee

Evaluating the Board of Directors, ensuring an appropriate balance of skills, experience, independence, knowledge and diversity.

Considering and recommending Board and Committee candidates and considering Board succession and ongoing Director training needs.

Reviewing regulatory and corporate governance developments and making recommendations to the Board based on those developments.

Remuneration Committee

Determining the Company's policy on the remuneration of Executive Directors.

Ensuring remuneration arrangements support the strategic aims of the business and enable the recruitment and retention of senior executives while complying with the requirements of regulatory bodies, taking into consideration corporate governance code requirements and satisfying the expectations of shareholders and remaining consistent with the expectations of the wider employee population.

Executive Committee

Responsible for supporting the Chief Executive with:

- The management of all operational activities of the Group under the powers delegated by the Board.
- The development and implementation of strategy, including business planning, financial controls, and governance.
- Reviewing the risk management framework and oversight of the Executive Committee sub-committees.
- Oversight of performance of the underwriting divisions, as well as other key functions and major projects.
- The Board receives updates from the Chief Executive at each meeting.

Disclosure Committee

An Executive Director led Committee, responsible for overseeing the implementation of the governance and procedures associated with the assessment, control and disclosure of inside information in relation to the Company.

Members: Adrian Cox, Sally Lake, Rob Anarfi, Christine Oldridge

Executive Committee Members

Adrian Cox (ED), Sally Lake (ED), Rob Anarfi, Liz Ashford*, Paul Bantick, Troy Dehmann, Beth Diamond, Ian Fantozzi, Bethany Greenwood, Fred Kleiterp, Lou Ann Layton, Richard Montminy, Bob Quane, Tim Turner

For further details on the Executive Committee members and their roles, please see the Company's website

* Executive Committee members as at the date of the report. In January 2024, Liz Ashford replaced Pippa Vowles on the Committee, as Pippa retired from her role as Head of Culture and People at Beazley

B. System of governance continued

B.1 General information on the system of governance continued

The Board

At 31 December 2023, the Board comprised 11 Directors including the Chair (who was deemed independent on appointment), two Executive Directors and eight further independent Non-Executive Directors. An additional independent Non-Executive Director was appointed on 1 March 2024 bringing the total to 12 board Directors and nine independent Non-Executive Directors at the date of this report. None of the Non-Executive Directors have served on the Board for more than nine years. The Board considers all the Non-Executive Directors to be independent and free of any relationship which could materially interfere with the exercise of their independent judgement. In accordance with the Code, the Board has recommended that all Directors should submit themselves for election or re-election on an annual basis and as such all Directors stood for election or re-election at the AGM on 25 April 2024, with the exception of Christine LaSala who stepped down from the Board at the conclusion of the 2024 AGM.

Adrian Cox is the Chief Executive and chairs the Executive Committee which acts under delegated authority from the Board. The Executive Committee usually meets monthly and is responsible for implementing the Group's strategy and managing all operational activities of the Group. The Executive Committee is comprised of individuals who are experts in their respective disciplines, supporting the creation of a strong, well-diversified business. The Executive Committee members and their roles within Beazley are described on our website: www.beazley.com.

The Senior Independent Director will, if required and as took place during 2022 and 2023, deputise for the Chair. Their role is to act as a sounding board for the Chair and as an intermediary for other Directors. They are available to talk to shareholders if they have any issues or concerns or if there are any unresolved matters that shareholders believe should be brought to their attention. Following the conclusion of the 2023 AGM held on 25 April 2023, Christine LaSala, resumed her role as the Senior Independent Director, upon stepping down as Interim Chair of the Board on the same date. Robert Stuchbery undertook the role of Interim Senior Independent Director until 25 April 2023. Pierre-Olivier Desaulle succeeded Christine LaSala as Senior Independent Director, following the AGM.

Following the conclusion of the 2023 AGM, Clive Bannister in addition to becoming Chair of the Board, assumed the role of Chair of the Nomination Committee. On 9 May 2023, the Board appointed Nicola Hodson as the permanent Chair of the Remuneration Committee. On 29 September 2023, the Board appointed Fiona Muldoon as Chair of the Risk Committee, and Cecilia Reyes Leuzinger as an additional member of the Nomination Committee. Robert Stuchbery stepped down as Chair of the Risk Committee with effect from the same date but remained a member.

Biographies of the Board members (in place at 31 December 2023) appear in the Board of Directors section on pages 80 to 82 of the Beazley plc Annual report and accounts 2023. The division of roles and responsibilities is set out on page 94 of the Beazley plc Annual report and accounts 2023.

Board Evaluation

The Board monitors and continually improves its effectiveness through its annual evaluation of the performance of the Board and its Committees. The evaluation is designed to assess whether the Board and its Committees are operating effectively and whether the Chair and Directors are making effective contributions individually and collectively. Feedback from the evaluation is also used to formulate action plans for improvement areas and identify where the composition of the Board and Committees could be enhanced.

Board evaluations are carried out on a three-year cycle, with an externally facilitated performance evaluation carried out every three years, and internally led evaluations taking place in other years. The previous external evaluation was conducted by Clare Chalmers Limited in 2021. The Nomination Committee reflected upon the internal process undertaken in 2022 and agreed that the 2023 performance evaluation should be internally led following the same process. An externally led comprehensive evaluation of the Board and its Committees is planned for 2024, in accordance with the Company's approach and the Code. The external and internal evaluation processes are undertaken for Beazley plc and other principal Group subsidiaries.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices

The Board has delegated responsibility to the Remuneration Committee for oversight of remuneration polices to support our strategy and promote the long-term success of Beazley for our stakeholders. The Remuneration Committee's role is to ensure that the remuneration policy is designed to retain and incentivise our talented people to deliver our strategy. The Committee ensures that remuneration is fair, culturally aligned with our values, promotes effective risk management and, for senior leadership, is aligned to the long-term success of Beazley and to shareholder interests.

Beazley believes that:

- performance-related remuneration is an essential motivation to management and staff and should be structured to ensure that Executives' interests are aligned with those of shareholders;
- in determining our remuneration framework the Remuneration Committee was mindful of avoiding complexity and making arrangements easy to understand for both participants and our shareholders;
- reward at Beazley is appropriately balanced in light of risk considerations The Remuneration Committee receives an annual report from the CRO to ensure our wider remuneration policy is consistent with, and promotes, effective risk management;
- payments at Beazley are directly aligned to Group's performance;
- individual remuneration reflects Group objectives but is dependent on the profitability of the Group and is appropriately balanced against risk considerations. Potential rewards are market-competitive and the committee is comfortable that the range of potential out-turns are appropriate and reasonable; and
- the structure of remuneration packages supports meritocracy, which is an important part of Beazley's culture. All employees at Beazley are eligible to participate in a defined contribution pension plan and a bonus plan. Bonuses are funded by a pool approach which reflects our commitment to encourage teamwork at every level, which is one of our key cultural strengths.

The table below sets out an illustration of the operation of the remuneration policy for the current Executive Directors in respect of 2024 and includes base salary, pension, benefits, and incentives.

Element		Overview of implementation for 2024
Fixed remuneration	Base salary	Annual base salary for 2024.
	Pension	12.5% of base salary.
	Benefits	Benefits include private medical insurance, lifestyle allowance and company car or monthly car allowance.
Annual Bonus		Discretionary annual bonus determined by reference to both financial and individual performance. The maximum bonus opportunity for Executive Directors is 300% of salary.
Long Term Remuneration Long Term Incentive Plan (LTIP)		Performance is measured after three years. Awards are subject to a further two year holding period taking the total time frame to five years. Vesting is based on growth in the net asset value per share (NAVps) and the delivery of our ESG priorities.

The fees of Non-Executive Directors, as disclosed within the Beazley plc Annual report and accounts 2023, are determined by the Board and are reviewed annually. When setting fee levels consideration is given to levels in comparable companies for comparable services and also to the time commitment and responsibilities of the individual Non-Executive Director. No Non-Executive Director is involved in the determination of their fees. No independent Non-Executive director participates in the Group's incentive arrangements or pension plan.

The following tables set out the additional incentive arrangements for staff other than Executive Directors of Beazley.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices continued

Element	Objective	Summary
Profit related pay plan (PRP)	To align underwriters' reward with the profitability of their account.	Profit on the relevant underwriting account as measured at three years and later.
Support bonus plan	To align staff bonuses with individual performance and achievement of objectives.	Participation is limited to staff members not on the Group executive or in receipt of PRP bonus. The support bonus pool may be enhanced by a contribution from the enterprise bonus pool.
Retention shares	To retain key staff.	Used in certain circumstances. Full vesting dependent on continued employment over six years
Long-term Incentive plan (LTIP)	To award shares to senior management and selected underwriters for achievement of stretching performance conditions.	Award of shares with performance conditions. LTIP awards vest over a three-year performance period. Awards will normally be subject to an additional holding periods following the date on which the award vests, up to the fifth year of the award. Vesting is based on growth in net asset value per share (NAVps) and the delivery of our ESG priorities.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices continued

The Remuneration Committee regularly reviews developing remuneration governance in the context of Solvency II remuneration guidance, other corporate governance developments and institutional shareholders' guidance. The Chief Risk Officer (CRO) reports annually to the Remuneration Committee on risk and remuneration as part of the regular agenda. The Remuneration Committee believes the Group is adopting an approach which is consistent with, and takes account of, the risk profile of the Group.

The performance criteria on which variable components of remuneration are based are as follows:

Incentive plan	Performance measures	Why performances measures were chosen and target is set
Annual bonus plan	Financial performance (including profit and return on equity (ROE)), corporate/strategic performance (including risk adjustment) and individual performance.	• The approach to the calculation of bonuses is aligned to shareholders' interests and ensures that bonuses are affordable, while the ROE targets increase the performance gearing. • The Remuneration Committee reviews the bonus pool framework each year to ensure that it remains appropriate, taking into account the prevailing environment, interest rates and expected investment returns, headcount and any other relevant factors. • Once the annual pool has been calculated the Remuneration Committee determines individual allocations taking into consideration corporate/strategic achievements and individual achievements. The bonus is discretionary and, rather than adopting a prescriptive formulaic framework, the Remuneration Committee considers wider factors in its deliberations at the end of the year: for example quality of profit and risk considerations.
PRP	To align the interests of the Group and the individual through aligning underwriters to the long-term profitability of their portfolio. Profit related pay is awarded irrespective of the results of the Group. Awards are capped.	• Underwriters who have significant influence over a portfolio may be offered awards under the plan. There is no automatic eligibility. • This bonus is awarded as cash and is based upon a fixed proportion of profit achieved on the relevant underwriting account as measured at three years and later. For long-tail accounts the class is still relatively immature at the three-year stage and therefore payments will be modest. Underwriters may receive further payouts in years four, five and six (and even later) as the account matures. Therefore each year they could be receiving payouts in relation to multiple underwriting years. • The fixed proportion is calculated based upon profit targets which are set through the business planning process and reviewed by a Committee formed of Executive Committee members and functional specialists including the Group actuary. Underwriting risk is taken into account when setting profit targets. • Payments are aligned with the timing of profits achieved on the account. For long tail accounts this may be in excess of six years. If the account deteriorates then payouts are 'clawed back' through adjustments to future payments. Since 2012 profit related pay plans may be at risk of forfeiture or reduction if, in the opinion of the Remuneration Committee, there has been a serious regulatory breach by the underwriter concerned, including in relation to the Group's policy on conduct risk.
Deferred share plan	Award of nil cost share awards. Generally awarded as a deferred element of the annual performance bonus.	• This is a discretionary award. • A proportion of the annual performance bonus may be paid in deferred shares, which vest after three years subject to continued employment.
Retention shares	The retention plan may be used for recruitment or retention purposes.	• This is a discretionary award. • A proportion of the annual performance bonus may be paid in deferred shares, which vest after three years subject to continued employment.

B. System of governance continued

B.1 General information on the system of governance continued

Remuneration policy and practices continued

Incentive plan	Performance measures	Why performances measures were chosen and target is set
LTIP	Award of shares to senior management and selected underwriters subject to the achievement of stretching performance conditions. For awards granted prior to 2023 vesting is based on growth in NAVps, one of Beazley's key performance indicators. NAVps performance is assessed equally over a three year and five year period. In accordance with the UK Corporate Governance Code the first tranche of LTIP awards is subject to a further two year holding period, taking the total time frame for the entire award to five years. From 2023 onwards performance is measured after three years. Awards are subject to a further two year holding period taking the total time frame to five years. Vesting is based on growth in NAVps and the delivery of our ESG priorities.	• Creates alignment to one of Beazley’s key performance indicators. • The Remuneration Committee reviews the NAVps targets periodically to ensure they remain appropriate with reference to evolving market practice. • The Remuneration Committee believes the LTIP metrics are the most appropriate metrics for LTIP at this time, acknowledge the ESG strategy will evolve over time and intend to employ alternative metrics in the future where appropriate and relevant.
Investment in underwriting	The plan mirrors investment in an underwriting syndicate.	• Selected staff are invited to participate through bonus deferral with an element of their cash incentives 'at risk' as capital commitments. These capital commitments can be lost in full if underwriting performance is poor.
Malus	To include provisions that would enable the Group to recover sums paid or withhold payment of any sum in circumstances when it would be appropriate to do so.	• Recovery provisions (malus and clawback) have been applied to incentives for a number of years.

Executive Directors receive a pension allowance of 12.5% of salary, in line with the rate available to the majority of the UK workforce.

Prior to 31 March 2006 the Group provided pension entitlements to Directors that are defined benefit in nature, based on its legacy policy under the BFL Final Salary Pension Scheme. Future service accruals ceased on 31 March 2006.

Material transactions with shareholders, with persons who exercise a significant influence on Beazley, and with members of the Board

The members of the Board are deemed to have significant power to influence the direction, planning and activities of the Group, the remuneration of the Board is described above on page 19. Further details of the Board's remuneration can be found on pages 124 to 145 of the Beazley plc Annual report and accounts 2023. There are no other material transactions with shareholders or persons who exercise a significant influence on Beazley.

B. System of governance continued

B.1 General information on the system of governance continued

Climate Change

The Group is focused on how we can play our part in addressing the climate crisis. The Board is responsible for ensuring that the Group is operating in accordance with legal and regulatory requirements and with relevant Beazley policies and procedures. The Group considers climate-related matters as part of the annual process to approve the risk framework and ORSA.

Board/Committee	Description of how climate-related matters are considered
Beazley plc Board	The Board tracks progress on climate-related goals via: paper and reports from the responsible business, investments, risk and underwriting functions; and a metrics dashboards aligned to our risk management framework, produced by the Risk team. The dashboard includes three specific climate-related metrics and detailed information is provided for any rated amber or red. 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; • updates to the Group's Responsible Business Strategy; • the Responsible Investment Policy; • the Investment strategy; and • Annual report and accounts 2023, including TCFD report.
Beazley plc Risk Committee	The Board has delegated oversight of the risk management framework to the Risk Committee. The Risk 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	The Audit Committee is responsible for TCFD reporting and receives regular updates (three in 2023). It is involved in signing off and approving of the annual TCFD disclosures.
Beazley plc Nomination Committee	The Nomination Committee considers the current and future leadership needs of the business and recommends, the annual board knowledge and training plan which includes climate-related matters.
Beazley plc Remuneration Committee	The Remuneration Committee is responsible for ensuring that remuneration frameworks for Directors and senior management, and policies for the Group, incentivise performance while promoting effective risk management. As part of this, climate-related risk is actively considered in executive remuneration and documented in each executive director's remuneration scorecard. The remuneration policy approved at the 2023 AGM also introduced ESG metrics into executive director LTIP awards. Remuneration is reviewed on an annual basis.

Further details of the Boards's oversight on climate-related risks and opportunities can be found on pages 22 to 44 of the Beazley plc Annual report and accounts 2023.

B. System of governance continued

B.2 Fit and proper requirements

Beazley's approach is to ensure that all senior management functions of the firm are identified with prescribed responsibilities allocated and that persons who effectively run the undertaking or have other key functions, and are important to the sound and prudential management of the undertaking, fulfil the following requirements:

- their professional qualifications, knowledge and experience are adequate to enable sound and prudent management (fit);
- they are of good repute and integrity (proper); and
- they meet the Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and Monetary Authority of Singapore (MAS) conduct standards.

Beazley's policy is that Board members, PRA and FCA Senior Management Functions (SMFs) and Certification Functions, CBI Pre-approved Controlled Functions (PCFs) and Controlled Functions (CFs) and MAS Core Management Functions (CMFs) and Material Risk Personnel (MRP) for these entities must meet the fit and proper criteria and conduct standards as set out by the PRA and FCA, the fitness and probity standards as required by the CBI and conduct standards as set out by MAS and in that regard Beazley will ensure compliance with the provisions of Solvency II, to which the Senior Managers & Certification Regime (SM&CR) and the CBI regime are aligned. The high level requirements are:

- honesty, integrity and reputation;
- competence and capability; and
- financial soundness.

Beazley seeks to ensure that members of the supervisory bodies of BFL, BIdac, Beazley Solutions International Ltd (BSIL) and Beazley Pte all SMFs, Certification Functions, PCFs, CFs, CMFs and MRPs (collectively – 'approved persons') possess sufficient professional qualifications, knowledge and experience in the relevant areas of the business to give adequate assurance that they are collectively able to provide a sound and prudent management of the entities. Beazley also applies this approach to the directors of Beazley in addition to the regulated entity boards.

The assessment of whether a person is 'fit' shall take account of the respective duties allocated to that person and, where relevant, the insurance, financial, accounting, actuarial and management skills of the person. In the case of members of the relevant boards, the assessment shall take account of the respective duties allocated to individual members to ensure appropriate diversity of qualification, knowledge and relevant experience to ensure that the business is managed and overseen in a professional manner.

In respect of roles identified under the fit and proper requirements, Beazley's policy is to assess the fitness of approved persons against the key competencies required by the FCA and PRA, namely:

- market knowledge – awareness and understanding of the wider business, economic and market environment in which the firm operates;
- business strategy and model – awareness and understanding of the firm's business strategy and model appropriate to the role;
- risk management and control – the ability to identify, assess, monitor, control and mitigate risks to the firm. An awareness and understanding of the main risks facing the firm and the role the individual plays in managing them;
- Financial analysis and control – the ability to interpret the firm's financial information, identify key issues based on this information and put in place appropriate controls and measures;
- Governance, oversight and controls – the ability to assess the effectiveness of the firm's arrangements to deliver effective governance, oversight and controls in the business and, if necessary, oversee changes in these areas; and
- Regulatory framework and requirements – awareness and understanding of the regulatory framework in which the firm operates, and the regulatory requirements and expectations relevant to the SMF role.

B. System of governance continued

B.2 Fit and proper requirements continued

Additionally Beazley's policy is to assess the fitness of approved persons against the key competencies required by the CBI, namely:

- conduct to be competent and capable – a person shall have the qualifications, experience, competence and capacity to perform the relevant function;
- conduct to be honest, ethical and to act with integrity – a person must be able to demonstrate that his or her ability to perform the relevant function is not adversely affected to a material degree; and
- financial soundness – a person shall manage his or her affairs in a sound and prudent manner.

Beazley's policy is to apply this approach to both external and internal appointments. Beazley then tailors individual development plans, including mentoring as appropriate, for the appointee to ensure that they are able to fulfil their obligations in their approved person roles.

B.3 Risk management system including ORSA

The Board delegates direct oversight of the risk management function and framework to its Risk Committee, and the primary regulated subsidiary Boards and their (Audit and) Risk Committees. The Board delegates executive oversight of the risk management function and framework to the Executive Committee, which fulfils this responsibility primarily through its Risk and Regulatory 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 Group strategy and objectives.

Beazley leverages the '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 Group identifies and manages risks effectively.

A suite of reports from the risk management function support senior management and the 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 and analysis, reverse stress testing, emerging and heightened risks, a report to the Remuneration Committee, and the Own Risk and Solvency Assessment (ORSA) report.

The Beazley plc Board approves the Group risk appetite statements at least annually and receives updates on monitoring against risk appetites throughout the year. This includes an assessment of principal risks.

The business 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. In addition, the risk management function works with the capital model 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 registers. The risk management function also includes results from internal audits 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 Group's approach to identifying, managing and mitigating emerging risks includes inputs from the business, analysis of lessons learned post-risk incidents and industry thought leadership. The approach considers the potential materiality and likelihood of impacts, which helps prioritise emerging risks which the Group monitors or undertakes focused work on. Key emerging risks in 2023 included geopolitical, artificial intelligence, large cyber attack, legal and regulatory risk, human capital, and climate change. The Board carries out a robust assessment of the Group's emerging risks at least annually.

B. System of governance continued

B.3 Risk management system including ORSA continued

Principal risks the Group faces

We carefully assess the principal risks facing us. Our principal risks are under continuous review with ongoing risk assessments. Consideration is given to new regulations including Consumer Duty, and the Digital Operational Resilience Act (DORA). Insurance, Strategic and Operational risks outlook increases from macroeconomic changes, enhancements in technology, people and processes which deliver great benefit, but also introduce risk during and post implementation. The table below summarises the principal risks the Group faces, and the control environment, governance and oversight that mitigate these risks.

Risk appetite

Within | Trending outside | Outside

Risk outlook

Increasing | Stable | Decreasing

Principal risks and summary descriptions	Mitigation and monitoring
Insurance The risk arising from inherent uncertainties about the occurrence, amount and timing of insurance premium, and claims liabilities. 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 not made to support the business (i.e. mismatch); and • reserving: reserves may not be sufficiently established to reflect the ultimate paid losses.	Beazley uses a range of techniques to mitigate insurance risks including pricing tools, analysis of macro trends and claim frequency including alignment with pricing and ensures exposure was not overly concentrated in any one area, especially lines of business with higher risk. The 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 by the transfer of risk. The prudent and comprehensive approach to reserving ensures that claims covered by the policy wording were paid, delivering good customer outcomes. High calibre claims and underwriting professionals deliver expert service and claims handling to insureds. The Underwriting Committee oversees these risks. Beazley carries out periodic analysis to identify significant areas of concentration risk across our business and monitors solvency regularly to ensure Beazley is adequately capitalised. Insurance risk outlook continues to be stable as the Group manages the market cycle across all the lines of business.
Market The value of investments may be adversely impacted by financial market movements in the value of investments, interest rates, exchange rates, or external market forces. Expected asset returns may not align to risk and capital requirements.	Beazley operates a conservative investment strategy with a view to limiting investment losses that would impact Beazley's financial results. Beazley mitigates this risk by carrying out asset liability matching as per the investment constraints specified in the investment strategy. More detail on climate-related risks and mitigations impacting the investment strategy can be found in the TCFD part of this report. The Investment Committee oversees the investment strategy and its implementation. Market risk outlook continues to face headwinds across investment yields and foreign currency due to the global and political economic environment.

B. System of governance continued

B.3 Risk management system including ORSA continued

Principal risks the Group faces continued

Principal risks and summary descriptions	Mitigation and monitoring
Credit This risk of failure of another party to perform its financial or contractual obligations in a timely manner. Exposure to credit risk from reinsurers, brokers, and coverholders, of which the reinsurance asset was the largest exposure for the Group.	Beazley trades with strategic reinsurance partners over the long term to support Beazley through the insurance cycle despite potentially catastrophic claim events. The Group ensures reinsurers meet internal approval criteria overseen by the Reinsurance Security Committee. Credit risk arising from brokers and coverholders continues to be low, as the Group relies on robust due diligence processes, credit monitoring and ongoing monitoring of aged debts. Credit risk outlook continues to be stable as the Group manages ceded reinsurance, broker and coverholder credit risks with low levels of aged and bad debt.
Group The risk of an occurrence in one area of the Group, which adversely affects another area in the Group, resulting in financial loss and/or reputational damage. 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 Group brand.	Group risk culture centres on principles of transparency, accountability, and awareness. This helps maintain a strong risk culture that supports an embedded risk management framework within Beazley. An effective risk culture reflects a maturing risk management function, encourages sound risk taking, creates an awareness of risks and emerging risks. The Executive Committee and the Beazley plc Board oversee this risk. Group risk outlook continues to be stable as the Executive Committee manages culture through continuous improvement and monitoring.
Liquidity Investments and/or other assets are not available or adequate in order to settle financial obligations when they fall due.	By managing liquidity Beazley maximises flexibility in the management of financial assets, including investment strategy, without incurring unacceptable liquidity risks over any time horizon. In doing so, this helps ensure that clients and creditors were financially protected. The Group periodically assesses the liquidity position of Beazley which is overseen by the Risk Committee. This includes a benchmarking view from a third-party assessment. Liquidity risk outlook continues to be stable as the Group manages above sufficient levels of liquidity and capital.

B. System of governance continued

B.3 Risk management system including ORSA continued

Principal risks the Group faces continued

Principal risks and summary descriptions	Mitigation and monitoring
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 Group operates. This may lead to financial loss (fines, penalties), sanctions, reputational damage, loss of confidence from regulators, regulatory intervention, inability to underwrite or pay claims.	The control environment supports the nature, exposure, scale and complexity of the business overseen by the Risk and Regulatory Committee. The Group maintains a trusting 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 maintained regular dialogue with regulators. The Group horizon scans for regulatory and legal matters and considers their potential impacts on the business. Being Beazley includes considering the needs of our clients in everything our business does. We deliver good customer outcomes to our clients throughout the product lifecycle. The Conduct Review Group oversees this risk. The Group aims to do the right thing to minimise reputational risk via stakeholder management and oversight through governance. Regulatory and legal risk outlook continues to increase as the Group manages evolving regulatory requirements and legislative changes globally.
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.	Beazley attracts and nurtures talented colleagues who champion diversity of thought, creating a culture of empowerment, collaboration and innovation to build an environment of employee wellbeing. The Group employs high calibre, motivated, loyal, and productive people with sufficient competence to perform their duties. The Group invests in technology and re-engineering processes to support the operation of activities which are overseen by the Operations Committee. Beazley has policies and procedures across the organisation which ensure effective and efficient operations. This drives productivity and quality across our people, processes and systems to continue to enable scalable growth. The business continuity, disaster recovery and incident response plans, help ensure that processes and systems enable our people to deliver the right outcomes for clients and overall productivity. During 2023, there were effective controls in the day-to-day operations around information security, data management, operational resilience including cyber resilience, etc. to mitigate the damage that loss of access to data or the amendment of data can have on the ability to operate. Operational risk outlook continues to be stable as the Group manages evolving manual processes and controls into digitised processes along with technological and cyber resilience which are continuously evolving risks.

B. System of governance continued

B.3 Risk management system including ORSA continued

Principal risks the Group faces continued

Principal risks and summary descriptions	Mitigation and monitoring
Strategic Events or decisions that potentially stop the Group from achieving its goals or danger of the Group strategic choices being incorrect, or not responding effectively to changing environments in a timely manner leading to inadequate profitability, insufficient capital, financial loss or reputational damage. Pervasive risks impacting multiple areas of the Group (e.g., reputation, and ESG) occurring through real or perceived action, or lack of action taken by a regulatory body, market and/or third-party used by the business. A negative change to Beazley's reputation would have a detrimental impact to Group profitability and public perception.	Beazley continuously addresses key strategic opportunities and challenges itself to be the highest performing sustainable specialist insurer. Beazley ensures it recognises, understands, discusses, and develops a plan of action to address any significant strategic priorities in a timely fashion whilst ensuring continuity of operational effectiveness and brand reputation. Beazley creates an environment that attracts, retains and develops high performing talent with diversity of thought to explore, create and build, through investing in understanding the complexity of the risks clients face and deploying expertise where the Group can create value. The Executive Committee and the Beazley plc Board oversee these risks. Beazley maintains coverage above regulatory capital to a target level, ensuring sufficient capital to facilitate meeting the business plan and strategic objectives in the short, medium and long term. Beazley aims to strategically create a sustainable business for our people, partners and planet through its responsible business goals. Beazley embeds ESG principles and ambitions and it focuses on reducing its carbon footprint (refer to more detail on climate related risks and mitigations in the TCFD report), contributing appropriately to its social environment, and enhancements to governance. Note that while Beazley considers market practice, it does not necessarily move with every prevailing market trend, considering these for potential opportunities and risks. Strategic risk outlook continues to be stable as the Group embeds its achievements from 2023.

B. System of governance continued

B.3 Risk management system including ORSA continued

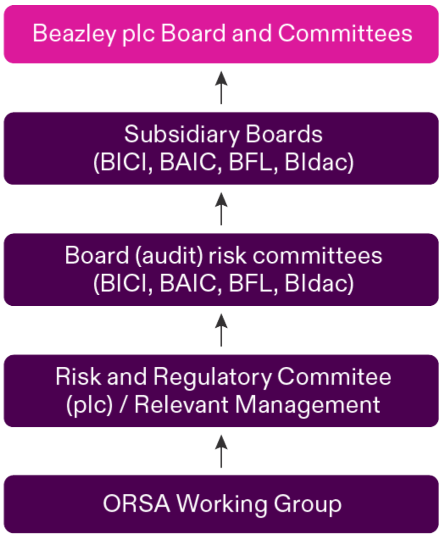
Own Risk and Solvency Assessment

The Solvency II Directive indicates that the ORSA is ‘the entirety of the processes and procedures employed to identify, assess, monitor, manage, and report the short and long term risks a company faces or may face and to determine the own funds necessary to ensure that the undertaking’s overall solvency needs are met at all times’.

In other words, the ORSA is the consolidation of a collection of processes resulting in the production of a report to provide risk committees and boards with sufficient information to enable an assessment of the short term and long term risks faced by the entity and the capital required to support these risks.

Beazley’s interpretation is that there are three parts to the ORSA deliverables:
- ORSA governance;
- ORSA processes: coordination of a number of underlying processes; and
- ORSA reports: summary of the findings from these processes.

The overarching governance structure is illustrated below. Within this context, each board has ultimate responsibility for the ORSA for their respective entity.



The risk management function is responsible for the coordination of the ORSA process and the production of the ORSA report with input from relevant first line Risk Owners and their respective teams. Risk management presents draft reports to the Risk and Regulatory Committee, Boards and Board sub-committees.

The ORSA report is produced and approved by the respective Boards on at least an annual basis.

Ad hoc ORSAs

An ad hoc ORSA will be produced when there has been a material change to the risk profile or the environment within which Beazley is operating. Example triggers for such an ad hoc ORSA are:
- Major internal model changes as per the model change policy;
- New business plan is created (e.g. following a major CAT event);
- Prior to the completion of a board sponsored acquisition; and
- Any other changes deemed to be significant, as judged by the relevant boards.

These ORSA reports will focus on the matter in hand and will not necessarily cover all aspects that are included in the annual ORSA report. The content should be relevant to the trigger of the ad hoc ORSA report and the purpose to inform management and the Board of relevant risk assessments, changes to the risk profile, and implications for strategy, business plans, and capital.

Relationship between the internal model and the ORSA

The internal model is an important input into the ORSA. The ORSA uses the same internal model and basis as that used to estimate the SCR and so there is no difference in the recognition and valuation bases. Any limitations of the internal model relevant to the ORSA will be considered in the relevant ORSA report as part of the overall solvency needs assessment.

B. System of governance continued

B.3 Risk management system including ORSA continued

ORSA process

The underlying processes that make up Beazley's ORSA process are summarised in the table below and these are applicable for all in-scope entities. The table also indicates the process owner and primary oversight committee.

Process	Process owner/ oversight committee
Group strategy • Bi-annual strategy and performance group meetings; • Annual Board strategy away day; • Monthly monitoring of the strategic initiatives by the Executive Committee; and • Regular Group CEO and CFO updates to the Board	Group and subsidiary CEOs; and Executive Committee.
Risk appetite • The link between the risk profile and the risk appetite statements; and • Quarterly risk appetite levels for Beazley, BICI, BAIC, BFL and BIdac.	Group and subsidiary CROs; and Group and subsidiary boards.
Risk assessment – current Risk register and risk summaries. Risk Management reporting: • Control performance and comments from the 2nd Line Assurance function; • Comparison of residual risk score with risk appetite; • Risk incidents; • Key risk indicators; • Heightened risk report; and • Risk profiles.	Group and subsidiary CROs; and Group and subsidiary risk committees.
Risk assessment – emerging risk • Bi-annual risk assessment with risk owners; • Annual review of strategic and emerging risks; and • Risk profiles.	Group and subsidiary CROs; and Group and subsidiary risk committees.
One year business plan • Challenge process overseen by Underwriting Committee; and • Formal report produced by Underwriting Committee.	Group and subsidiary Chief underwriting officers; and Group and subsidiary underwriting committees.
Regulatory capital assessment • Parameterised from one year business plan; and • Analysis of change and capital requirement agreed with regulators.	Group and subsidiary CROs; and Group and subsidiary risk committees.
Economic capital assessment • Capital required to achieve and maintain rating agency ratings; • Capital fungibility; and • Establish dividends in line with dividend strategy.	Group and subsidiary finance directors; and Executive Committee.
Five year business plan • Annual update of the five-year plan; • Consideration of key scenarios; • Assessment of capital requirements under each scenario; and • Identification of capital and dividend stress points.	Group and subsidiary Chief Underwriting Officers; and Executive Committee.

B. System of governance continued

B.3 Risk management system including ORSA continued

ORSA process continued

Process	Process owner/ oversight committee
Multi-term (1-5 years) capital and business plan stress and scenario testing • Testing (sensitivity testing and reverse stress testing); and • Scenario analysis (including stress).	Group and subsidiary CROs; and Group and subsidiary Risk committees.

Assumptions are generally set and challenged in the related underlying processes and would be evidenced through papers and minutes in those committees. However, the Risk and Regulatory Committee has oversight of all the underlying processes coming together and so has the remit to review and challenge assumptions being used. Where this occurs the CRO will provide feedback to the executive owner of the underlying process.

The ORSA considers the range of the profit and loss probability distribution forecast, with a focus on the 1:200 (capital requirement) point of the distribution.

A range of stress and scenario tests are undertaken and monitored throughout the year by various governance committees – notably the Nat Cat Exposure Management Group and the Cyber and Casualty Management Group and the Operational Resilience Committee. Any stress and scenario tests that are produced for the purpose of the ORSA processes will be overseen and monitored by the Risk and Regulatory Committee before onwards reporting to risk committees and the Board. The ORSA report summarises the process and outcome of relevant tests.

Each year, a list of strategic and emerging risks are considered, investigated by working groups comprising executives and non-executive directors and debated further following the Board strategy day. The outcome of the review, including any actions, are summarised in the ORSA report.

B.4 Internal control system

Beazley's internal control system includes administrative and accounting procedures, an internal control framework, appropriate reporting arrangements at all levels of the business and a compliance function. It is designed to:

- secure compliance with applicable laws, regulations and administrative processes, the effectiveness and efficiency of operations in view of the business objectives and the availability and reliability of financial and non-financial information;
- ensure that adequate and orderly records of the business and internal organisation are maintained; and
- create a strong control environment with control activities that are adequately aligned to the risks of the business and the Group's processes.

The effectiveness of the internal control system is monitored regularly to ensure that it remains relevant, effective and appropriate.

Beazley operates a 'three lines of defence' framework. The Actuarial function and the three assurance functions of 2nd line Assurance, Compliance, Risk Management and Internal Audit are defined as 'required' functions under the Solvency II framework. Each function is structured so that it is free from influences which may compromise its ability to undertake its duties in an objective, fair and independent manner and in the case of the internal audit function in a fully independent manner.

The Board receives assurance that the business is operating how it expects from the following required functions:

- the actuarial function provides assurance that the reserves held on the balance sheet are appropriate;
- the compliance function provides assurance that Beazley is operating within the relevant legal and regulatory framework;
- the risk management function provides assurance that the business is operating within risk appetite; and
- the internal audit function provides assurance that the whole internal control framework (including the activities of the other functions set out above) is designed and operating effectively.

Compliance function

1. The Group's approach to compliance

The Board has set a residual minimal risk appetite for regulatory breaches. The Boards of the Group entities and the service companies are committed to ensuring that the Group adopts an ethical and compliant culture that is cascaded throughout the organisation. Non-executive directors, senior management and staff are all expected to comply with these high standards of ethical and compliant business conduct.

B. System of governance continued

B.4 Internal control system continued

Compliance function continued

2. Compliance within the corporate governance and risk management frameworks

Ultimately the Boards of the various regulated entities are responsible for ensuring compliance with the relevant regulations. The Group's governance framework includes a number of Boards and committees with delegated authority to consider matters within their remit. The Executive Committee has been delegated a number of activities by Beazley, such as the receipt of reports and updates relating to matters associated with BFL, service companies, BIdac, BICI, and BAIC. To assist with this responsibility, the Executive Committee has set up a Risk and Regulatory Committee to maintain direct oversight of the Compliance function and matters pertaining to regulatory risk. The Risk and Regulatory Committee escalates matters to the Executive Committee, Boards and Board committees as appropriate.

The CRO has oversight of the Compliance function and is a member of the BFL Board, Executive Committee, and Risk & Regulatory Committee. They attend by invitation the BFL Risk and Beazley Risk Committees. Compliance provides regular reporting to these forums.

Within the Group's risk management framework, the Compliance function's activities fall within both the first and second "lines of defence" which is detailed on page 50.

3. Compliance framework

Independence and authority

To help ensure independence, Compliance has full and free access to the chair of the Group's Audit Committee and Risk Committee and the chair of the boards of all relevant Beazley entities, including Beazley, BIdac, BFL, BICI, BAIC and service companies. Compliance has full, free and unrestricted access to all members of the Group's management, its books and records, physical property, vendors, and other sources of information relevant to the performance of its work.

Compliance monitoring activity

Compliance monitoring activity is performed by the second line assurance (2LA) function which is independent of the first line, and the Compliance function. The 2LA function reports directly to the CRO.

Adequacy of resources

Management continually assesses the adequacy of the resourcing of the compliance function, including as part of the planning process. In situations where additional resources are needed in the short term (e.g. for projects), management has the option of considering the use of contract staff, and consultants.

Risk appetite

Beazley has a very low risk appetite for regulatory and legal risk and will avoid all forms of failing to materially comply with legal and regulatory requirements (including regulatory compliance, regulatory reporting, financial crime requirements, conduct risk and effective governance), the failure of which may lead to regulatory investigations, sanctions, financial penalties or fines and / or reputational damage. These risks are mitigated through controls, reporting to the monitoring executive authority, maintaining a trusting and transparent relationship with our regulators, ensuring coordinated communication and ensuring robust process, policies and procedures are followed in the business. This mitigation and control environment are applied in a proportionate manner considering the nature, scale and complexity of the business and the exposure to risk. In addition, key staff, particularly those who hold defined roles with regulatory requirements, are experienced and maintain regular dialogue with regulators.

4. Compliance activities

The Compliance team's primary responsibility is to advise the Group on the proper application of existing and upcoming regulatory requirements. It does this primarily through horizon scanning, documenting policies and procedures, and providing training.

The Compliance function's other key activities are summarised below:

Regulatory relationships

The Group seeks to maintain positive and transparent relationships with each of its regulators. Compliance coordinates the Group's relationships with its regulators.

B. System of governance continued

B.4 Internal control system continued

4. Compliance activities continued

Authorisations, approvals, licenses and permissions
Compliance is responsible for obtaining the necessary authorisations, licenses and permissions for the Group. This is to ensure that syndicates, legal entities, products and employees in the Group have the appropriate authorities throughout each country for their business activities. Below are some examples of the type of licenses and permissions compliance obtains:
- regulated entity permissions;
- FCA/PRA/CBI approved persons'/SMF applications;
- service company permissions globally – legal entity and individuals;
- Lloyd's trading licenses;
- Lloyd's permissions for branch offices of our services companies;
- admitted products – US;
- producer/surplus lines licenses – corporate and individual – US;
- claims manager licenses – US;
- entity adjuster licenses – US; and
- reinsurance intermediary licenses – US.

Group policies
The Compliance function supports certain Group policies as follows:
- whistleblowing – Compliance supports the Chair of the Beazley Risk Committee in their overall ownership of the Group's whistleblowing process. Details of the process and Compliance's responsibilities can be found in the whistleblowing policy;
- financial crime – this policy is owned by Compliance, which is responsible for setting and disseminating the policy and its associated control framework which includes sanctions, anti-fraud and anti-bribery and corruption and insider dealing; and
- gifts and hospitality – owned by the Group Head of Compliance and marketing team, this policy explains the Group's approach to giving and receiving gifts and hospitality.

Committee and board reporting
Compliance provides regular reports to various boards and board committees, including the Executive Committee and other committees in the executive governance framework. The reports are designed to facilitate oversight of the Compliance function's activities, or provide updates on internal and external regulatory matters.

Regulatory returns
There are numerous regulatory returns that must be submitted to the Group's regulators. For some of those returns Compliance plays a key role in supporting the business to ensure they are filed in a timely fashion.

Regulatory breaches
Compliance is responsible for reporting regulatory breaches both within the internal governance framework and externally as required.

Product development
Compliance provides regulatory assistance during the design and launching of new products, including the expansion of existing products. Assistance includes research and advice to ensure products are developed efficiently, consistent with local regulations and in line with the Group's regulatory risk appetite.

Complaints
The responsibility for ensuring that complaints are handled appropriately and in accordance with the Group's complaints handling policy ultimately rests with the relevant regulated board. The Complaints team which is part of the operations function is responsible for the complaints policy. Compliance assists with complaints activity, for example by reviewing responses to complaints in the US and by monitoring the effectiveness of the complaints handling process.

4.1. Compliance monitoring activities
The 2LA team provides assurance that the Group is adhering to regulatory requirements by undertaking the following activity:
- checking that regulatory risks are being identified;
- assessing the design and operational effectiveness of the controls in place to mitigate those risks; and
- reporting the results of its work to relevant oversight committees and boards.

The scope of compliance monitoring activity is across all Group functions, entities and locations where regulatory risk is present.

B. System of governance continued

B.5 Internal audit function

Beazley has established an internal audit function, the purpose of which is to provide independent and objective assessments of the design and operating effectiveness of the system of internal controls covering:

- the integrity of financial statements and reports;
- compliance with laws, regulations and corporate policies; and
- the effective management of risks faced by Beazley in executing its strategic and tactical operating plans.

The internal audit team

The Internal audit function operates as a global auditing team and has resources that are appropriate, sufficient, and effectively deployed to achieve the approved annual internal audit plan. Internal audit resource and budget requirements (headcount, co-sourcing, travel, etc.) are approved on an annual basis by the Beazley Audit Committee.

Co-sourcing

In addition to its headcount the internal audit function has a budget which it uses to supplement its team with subject matter expertise through co-sourcing (e.g. IT and reserving audits where necessary).

Audit universe and annual internal audit plan

The internal audit function has developed an audit 'universe'. This universe represents the potential range of business areas and topics – known as 'audit entities' – that the internal audit function reviews.

The remit of the internal audit function extends to any business activity undertaken by Beazley. Using a risk-based methodology, audit entities are prioritised with a view to ensuring that the most material or highest-risk audit entities are audited most frequently. The frequency with which audit entities are reviewed is also considered in light of regulatory requirements, emerging risks, change and other factors.

The audit universe – and the resulting annual internal audit plan – is reviewed and approved annually by the Beazley Audit Committee. Any significant changes to the annual internal audit plan are agreed with the Beazley Audit Committee. Typically the annual internal audit plan consists of between 20-30 audits and covers topics which include, for example: underwriting, claims, IT and information security, risk management, compliance and reserving.

Management actions and verification work

An established part of the internal audit process includes undertaking work to verify that management has adequately completed their actions arising from audits. The internal audit function undertakes verification work over management's audit actions on a risk-based approach (i.e. internal audit checks evidence related to all high-risk actions and checks evidence for a risk-based sample of medium-risk and low-risk actions). To date, where verification work has been undertaken it has been rare for the internal audit function to identify issues with the actions management has confirmed that they would implement. Verification work can include, for example: interviewing staff, reviewing documentation and re-performing the control. Open and overdue audit actions are reported to the Beazley Audit Committee as part of ongoing committee reporting.

Independence and objectivity

The internal audit function's independence and objectivity are maintained in a number of ways:

- the Group head of internal audit reports to a non-executive director (the chair of the Beazley Audit Committee), and for administrative matters to the Beazley CEO;
- the Beazley Audit Committee annually reviews and approves an internal audit charter that sets out the roles and responsibilities of the Group head of internal audit and the internal audit function;
- the internal audit function is not mandated to undertake any form of business activity and its remit is restricted to assurance and consultation work as set out in the internal audit charter;
- the internal audit plan and budget is approved by the Beazley Audit Committee (a non-executive committee);
- the Group head of internal audit rotates staff between audit assignments to ensure objectivity and independence; and
- the Group head of internal audit must provide annual representations to the Beazley Audit Committee on the ongoing independence and objectivity of the internal audit function.

B. System of governance continued

B.6 Actuarial function

Actuarial advice provided on a formal basis, for example to a committee or for external publication, is subject to peer review. The actuarial function can express actuarial/professional opinions free from undue influence from the business. The members of the actuarial function are required to be objective and take reasonable steps to ensure they are free from bias or from conflicts of interest that could suggest bias.

The Group actuary does not perform any other function at Beazley that could give rise to a conflict of interest.

Board and committee interaction

The Group actuary and the actuarial function have a number of interactions with the Board and its various committees. Examples of this include (but are not limited to):

- the Peer Review Committee, delegated from the Underwriting Committee, carries out detailed review of reserves. Here, the members of the actuarial function present details of their reserving output as well as that from the underwriting teams;
- the Group actuary is a member of the Underwriting Committee and presents to the committee on a number of areas including pricing, rate change and reserving (including a summary output from the Peer Review Committee);
- the BIdac head of actuarial function is a member of the BIdac Insurance Management Committee and Reinsurance Underwriting Committee and reports into the Group actuary;
- the Group actuary (or members of the actuarial function) presents summary output from the Peer Review Committee to the BFL Audit Committee, BIdac Audit Committee and Beazley Audit Committee and Risk Committee;
- the Group actuary (or members of the actuarial function) presents results of the technical provision valuation to the BFL Audit Committee;
- the Group actuary (or members of the actuarial function) presents the BFL, BIdac and Beazley audit committees with the actuarial function report;
- the Group actuary (or members of the actuarial function) has Knowledge Requirements of An internal Model (KRAM) meetings with both executive and non-executive directors. As well as each Board member receiving one actuarial/technical provisions related KRAM session, delivered in a Group setting, further individual sessions are held with those directors that are required to have a detailed knowledge of the internal model and/or have specific technical provisions related responsibilities. As well as technical provisions matters, these one-to-one meetings are used to discuss various other outputs from the actuarial function. This is in addition to Audit Committee presentations, and enables greater detailing and questioning. These one-to-one meetings occur once or twice a year; and
- the Group actuary has regular one-to-one catch ups with the CEO, chief financial officer, chief underwriting officer, chair of the Audit Committee, and the chair of the Board when required.

B. System of governance continued

B.6 Actuarial function

Interaction with other key functions

The actuarial function at Beazley interacts with key functions as summarised in the table below:

Function	Relationship
Underwriting teams	The actuarial function provides support and challenge during the business planning process, support on pricing of risks and development of pricing tools and analyses in support of reinsurance purchase and optimisation.
Claims teams	The actuarial function interacts with claims managers throughout the quarterly claims reserving process and particularly during pre-peer reviews where individual assessments are reviewed. The actuarial function liaises with the BIdac claims manager as appropriate.
Risk management	Within the actuarial function, there is review of the initial reserve risk ranges from the internal model and adjustments are made to the range in specific cases where it is not deemed appropriate. The actuarial function provides the CRO with reserve surplus and reserve strength metrics for reference in the ORSA and is involved in a number of other areas of the ORSA.
Culture and People	Supports the training and development needs of the actuarial function such that a professional staff can be maintained with sufficient skills, experience and professional qualifications to meet the requirements of the actuarial function.
Data management	The actuarial function is a key consumer of data at Beazley and that data is managed by the data management team. The data management team and various business system owners ensure that the actuarial function has the internal data necessary to discharge its responsibilities. The key data inputs for the actuarial function are the gross and net triangles produced on a monthly basis.
Finance	The actuarial function and finance function work closely together, particularly during the valuation of insurance liabilities on an underwriting year, GAAP or Solvency II basis. The Group actuary and BIdac head of actuarial function have regular catch-ups with the heads of the finance function. The finance function provides the expense data from which the actuarial function builds up the expense provision to include within technical provisions. The actuarial function and the finance function are also working closely on the implementation of the new IFRS 17 accounting standard.
IT	The actuarial function relies on IT for the maintenance of its hardware and software to agreed service levels, and for the delivery of agreed projects. The Group actuary is the business system owner for ResQ, the reserving software.
Underwriting and claims operations	Ensures the data in the source systems is of the required quality.
Investments	The capital actuaries provide management information on the annual asset model movements to the Investment Committee and key Executive Directors.

B. System of governance continued

B.7 Outsourcing

Although activities may be transferred to an outsourced provider, the responsibility, including regulatory responsibility, may not be outsourced. Each relevant Beazley company remains fully responsible for meeting all of their obligations when they outsource functions or any insurance or reinsurance activities.

Outsourcing of critical or important functions or activities shall not be undertaken in such a way as to lead to any of the following:
- materially impairing the quality of the system of governance of the undertaking concerned;
- unduly increasing the operational risk;
- impairing the ability of the supervisory authorities, including Lloyd's, to monitor the compliance of the undertaking with its obligations; and
- undermining continuous and satisfactory service to policyholders.

In 2023 both the Group's external third party and intra-group outsourcing policies were revised to align with recent regulatory guidance. In conjunction with Group, work has continued across external third party outsourcing to implement enhancements including, as these relate to supplier due diligence, contracting and vendor management. In the next 12 months work on implementing these enhancements will continue.

The Board of the Company is responsible for ensuring that the outsourcing policy and the outsourcing arrangements themselves comply with the relevant regulations for ensuring that due skill, care and diligence is exercised when entering into, managing or terminating any arrangement for the outsourcing to a service provider of critical, important or material functions or activities.

Beazley requires service providers to cooperate with the relevant supervisory authorities in connection with the outsourced function or activity. The service provider is required to notify and seek Beazley's approval prior to subcontracting any of the outsourced functions and the due diligence undertaken. Any sub-contract is required to contain no lesser terms and conditions as that of the main contract with Beazley. Beazley staff, auditors and the relevant supervisory authorities have effective access to data related to the outsourced functions or activities and, where appropriate, the supervisory authorities have effective access to the business premises of the service provider and must be able to exercise those rights of access.

Critical or important outsourced functions

The table below is a list of the critical or important outsourced functions:

Contract name	Description of service	Entity	Legal domicile of service provider
Davies (JMD)	Open market, Facilities/Treaty credit control functions	Beazley Management Limited (BML)	UK
Endava	Near Shore IT professional services/ Product/Technical Strategies	BML	UK
RMSI	Data cleansing	BML	India
OIP	UW risk clearance/quote capture, Delegated Ops, Ceded RI Support	BML	USA
Polo Commercial Insurance services Limited ("Polo Works") (formerly Capita)	Risk capture/Syndicate UW	BML	UK
Xchanging (Claims)	Lloyd's claims processing	BFL	UK
Xchanging (Insure)	Processing of Lloyd's premiums, claims and transactions	BFL	UK
Loomis*	Accident & health TPA (third-party agreement)	BICI	USA
HPS*	Accident & health TPA	BICI	USA
Pro Global US	Risk clearance/binding process/FNOL/ claims payment	BUSA	USA
CXIS	Risk clearance/binding process Digital Business Unit renewal	BUSA	USA
Brighton Management Limited Malaysia	Local manager to guide on local compliance & requirements for UW Admin.	Beazley Labuan Limited	Malaysia

*Loomis and HPS provided services to the Accident & Health business sold to Globe in 2021. Under an agreement with Globe, we agreed to manage these TPAs until certain conditions are fulfilled.

B. System of governance continued

B.7 Outsourcing continued

Intra-group services are provided by BML, a UK registered company which employs all UK staff and some staff in rest of world offices. BML provides services for the following Beazley companies though two management services agreements:

- BFL and Service Companies – A contract between BML and the majority of Beazley companies, including BFL and the Lloyd's service companies, sets out the services provided and these include business premises and facilities, IT, other operational arrangements, actuarial, finance, internal audit, compliance, risk management. These may be supplemented by locally based staff as well. For ease of reference there is a single management services agreement, however the agreement operates as a series of separate agreements with each party receiving services; and
- BIdac and BSIL – Beazley's Irish authorised insurance company and insurance intermediary has a contract with BML for the provision of services. This a separate arrangement from the one above and ensures that, given the relative size of the entities, the board of BIdac has sufficient control over the services provided by BML.

Services are also provided by BUSA through an agency agreement to the following US based Beazley companies:

- BICI and BAIC – There is an agency agreement between BUSA and each of the US admitted insurance carriers – BICI and BAIC. All staff in the US are employed by BUSA, and therefore all the activities of BICI and BAIC are outsourced. BUSA, in turn, outsources some of its shared services to BML through the contract with Beazley companies noted above.

The Board of BML is responsible for ensuring that the outsourced services are being delivered as agreed under the management services agreements.

Collectively, the Beazley Executive Committee and sub-committees ensure, on behalf of BML, that services are being delivered day-to-day and act as a first point of escalation if service levels are breached – ahead of escalation to the BML Board. The Group Operations Committee is responsible for oversight of the intra-group outsource arrangements on behalf of BML.

The Boards of the Beazley entities outsourcing services within the Group under the management services agreements remain fully accountable for those services. Each Board is responsible for ensuring that intra-group outsource arrangements comply with the relevant regulatory regime(s) and for ensuring that the due skill, care and diligence is exercised when entering into, managing, or terminating any arrangement. Each Board is responsible for ensuring that their outsourced services are being received as agreed under their contract for services.

B.8 Any other information

The planned Board changes for 2024 are as follows:

- Carolyn Johnson was appointed as an independent Non-Executive Director on 1 March 2024;
- Christine LaSala stepped down from the Board and as Senior Independent Director at the conclusion of the 2024 AGM. Pierre-Olivier Desaulle suceeded Christine LaSala as Senior Independent Director, at the conclusion of the AGM.
- Barbara Plucnar Jensen joined Beazley in May 2024 and will succeed Sally Lake as Beazley CFO.

C. Risk profile

Beazley 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 Group categorises its risks into following areas: underwriting, market, credit, liquidity, operational and other, which includes strategic, regulatory and legal and group. The sections below outline the Group's risk appetite and explain how it defines and manages each category of risk.

The risk management framework described in section B.3 includes the ongoing assessment of these risks and of the continued effectiveness of risk mitigation techniques.

The stress and scenario framework is an important element of the risk management framework. The stress and scenario framework is applied to a range of business processes to assist senior management in understanding the vulnerabilities within the business model. This approach encourages management's involvement in risk oversight by using real life scenarios to provide qualitative and quantitative information on what risks might look like under stressed conditions and encourages a forward looking view of risk.

In addition, as a validation tool the stress and scenario framework tests:
- assumptions, particularly where data is sparse;
- assumed correlations between assumptions;
- the availability of resources and what action might be required under stressed situations;
- whether controls perform as expected under stressed situations; and
- the effect of changes in the operating environment (e.g. external events).

There are three elements to the framework:
- stress testing involves looking at the impact on the business model of changing a single factor;
- scenario testing involves the impact on the business model of simulating or changing a series of factors within the operating environment; and
- reverse stress testing involves considering scenarios that are most likely to render the current business model unviable.

C.1 Underwriting risk

Underwriting risk comprises four elements that apply to all insurance products offered by the Group:
- 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 risk 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.

The Group'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, geographies and sizes. The annual business plans for each underwriting team reflect the Group's underwriting strategy, and set out the classes of business, the territories and the industry sectors in which business is to be written which are approved by the appropriate boards.

Our underwriters determine premiums for risks written based on a range of criteria tailored specifically to each individual risk. These factors include but are not limited to financial exposure, loss history, risk characteristics, limits, deductibles, terms and conditions, and acquisition expenses depending on the type of risk. A proportion of the Group's insurance risks are transacted by third parties under delegated underwriting and claims authorities. Each third party is thoroughly vetted by our coverholder approval group before it can bind risks, and is subject to monitoring to maintain underwriting quality and confirm ongoing compliance with contractual guidelines. All underwriters also have a right to refuse renewal or change the terms and conditions of insurance contracts upon renewal. Rate monitoring details, including limits, deductibles, exposures, terms and conditions and risk characteristics, are also captured and the results are combined to monitor the rating environment for each class of business.

The Group 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 Group 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 Group is exposed.

C. Risk profile continued

C.1 Underwriting risk continued

The Group 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 includes natural catastrophe, cyber, marine, liability, political, terrorism and war events.

One of the largest types of event exposure relates to natural catastrophe events such as windstorms or earthquakes, with the increasing risk from climate change impacting the frequency and severity of natural catastrophes. The Group continues to monitor its exposure in this area. Where possible, the Group 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 Group's catastrophe risk appetite is set by the risk management function and approved by the Board and the business plans of each team are determined within these parameters. The Board may adjust these limits over time as conditions change. In 2023, the Group operated to a catastrophe risk appetite for a probabilistic 1-in-250 years US event of † $534.0m (2022: $438.0m) net of reinsurance. This represents an increase of 22% in 2023.

Lloyd's has also defined its own specific set of RDS events for which all syndicates with relevant exposures must report. Of these, the three largest (net of reinsurance) events which could have impacted Beazley in 2022 and 2023 were as follows.

† 2023	Modelled PML[1](before reinsurance)	Modelled PML[1](after reinsurance)
Lloyd's prescribed natural catastrophe event (total incurred losses)	$m	$m
Los Angeles earthquake (2023: $78bn)	827.2	325.1
San Francisco earthquake (2023: $80bn)	854.1	315.0
Gulf of Mexico windstorm (2023: $118bn)	927.5	291.3

1 Probable market loss.
† The symbol † by a table or numerical information means it has not been audited

† 2022	Modelled PML[1](before reinsurance)	Modelled PML[1](after reinsurance)
Lloyd's prescribed natural catastrophe event (total incurred losses)	$m	$m
Los Angeles earthquake (2022: $78bn)	692.4	266.8
US Northeast windstorm (2022: $81bn)	579.6	257.2
Gulf of Mexico windstorm (2022: $118bn)	725.0	253.2

1 Probable market loss.
† The symbol † by a table or numerical information means it has not been audited

The tables above show each event independent of each other and considered on their own.

- Net of reinsurance exposures for the Los Angeles quake scenario have increased by $58.3m or 22% in 2023, with gross exposures increasing by $134.8m or 19%. The increase in gross exposures is being driven by growth in the Property Risks division and specifically direct Property, which is also leading to the increase in the San Francisco quake and Gulf of Mexico windstorm events. The increase in net exposure is less than the increase in gross as additional Reinsurance was bought during 2023 for the Property Risks division.
- For 2023, the second largest scenario is now the San Francisco earthquake scenario which has replaced the US Northeast windstorm scenario. The San Francisco earthquake scenario has increased by $139.3m or 19% gross and $66.3m or 27% net (2022: $714.8m gross and $248.7m net). Similar to the Los Angeles quake scenario, the increase in net exposure is less than gross as additional Reinsurance was bought during 2023.
- Windstorm exposures have increased in the Gulf of Mexico during 2023, which has resulted in the Gulf of Mexico scenario increasing by $38.1m or 15% net, with the gross exposure increasing by $202.5m or 28%. Similar to the two earthquake scenarios, the net exposure has increased less than gross due to additional Reinsurance being bought for the Property Risks division.
- The net natural catastrophe risk appetite increased by 22% in 2023 to $534.0m from $438.0m in 2022, with the increase in appetite being driven by the Property Risks division.

The net exposure of the Group to each of these modelled events at a given point in time is a function of assumptions made about how and where the event occurs, its magnitude, the amount of business written that is exposed to each event and the reinsurance arrangements in place.

C. Risk profile continued

C.1 Underwriting risk continued

The Group also has exposure to man-made claim aggregations, such as those arising from terrorism, liability, and cyber events. Beazley chooses to underwrite cyber insurance within the Cyber Risks and Specialty Risks divisions using our team of specialist underwriters, claims managers and data breach services managers. Other than for affirmative cyber coverage, Beazley'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 which is monitored by reference to the largest of seventeen realistic disaster scenarios that have been developed internally. 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. In 2023, the maximum line that any one underwriter could commit the managed syndicates to was $150m. In most cases, maximum lines for classes of business were much lower than this.

The Board also manages cyber to a 1-250 net probabilistic budget of $651.0m net of reinsurance for the Group. The reinsurance programmes that protect the Cyber and Specialty Risks divisions would partially mitigate the cost of most, but not all, Cyber catastrophes. The largest Cyber net realistic disaster scenario for the Group as at 31 December 2023 was just under $205m. Beazley also reports on Cyber exposure to Lloyd's using the three largest internal realistic disaster scenarios and three new prescribed scenarios which include a cloud provider scenario and a ransomware scenario.

Exposure by operating division

In 2023, the Group's business consisted of five operating divisions. The following table sets out the Group's insurance revenue by operating division.

	2023 %	2022 %
Cyber Risks	22%	21%
Digital	4%	4%
MAP Risks	19%	20%
Property Risks	20%	17%
Specialty Risks	35%	38%
Total	**100%**	**100%**

Concentration by geography

Included below is a geographical analysis of the Group's insurance revenue based on placement of risk.

	2023 %	2022 %
UK (Lloyd's)	83%	82%
US (Non-Lloyd's)	11%	13%
Europe (Non-Lloyd's)	6%	5%
Total	**100%**	**100%**

Sensitivity analysis

The table below analyses the impact on the Group's profit after tax (on an IFRS 17 basis) and equity of changes in underwriting risk variables that were reasonably possible at the reporting date. Further information on Sensitivity analysis can be found on page 230 in the Beazley plc Annual report and accounts 2023.

	Profit after tax / Equity[1]		Profit after tax / Equity[1]	
	Gross 2023 $m	Net 2023 $m	Gross 2022 $m	Net 2022 $m
Reserves (5% increase)	(289.4)	(179.6)	(266.5)	(172.6)
Reserves (5% decrease)	287.7	178.0	263.9	171.1

1 Impact of changes in risk variables is consistent across profit after tax and equity.

C. Risk profile continued

C.1 Underwriting risk continued

a) Reinsurance risk
Reinsurance risk arises for the Group where reinsurance contracts put in place to reduce gross insurance risk do not perform as anticipated, resulting in coverage disputes or proving 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 in the credit risk section on page 236 of the Beazley plc Annual report and accounts 2023. In some cases, the Group deems it more economic to hold capital than to purchase reinsurance. These decisions are regularly reviewed. The 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, and monitors and instigates our responses to any erosion of the reinsurance programmes.

b) Claims management risk
Claims management risk may arise within the Group 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 Group 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. The Group'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.

c) Reserving and ultimate reserves risk
Reserving and ultimate reserves risk occurs within the Group where established insurance liabilities are insufficient due to inaccurate forecasting, or where there is inadequate allowance for expenses and reinsurance bad debts in provisions. To manage reserving and ultimate reserve risk, a risk adjustment for non-financial risk is included within the valuation of insurance contract liabilities.

The following sensitivity analysis shows how a change in risk adjustment impacts profit after tax (on an IFRS 17 basis) and equity. The sensitivity was calculated by selecting the risk adjustment 2.5 points above/below the current confidence level on the distribution by which it is calibrated and flowing the consequential impact through the CSM and liability for incurred claims. This was performed both before and after risk mitigation by reinsurance. It should be noted that movements in these variables are non–linear.

	Profit after tax / Equity[1]		Profit after tax / Equity[1]	
	Gross 2023 $m	Net 2023 $m	Gross 2022 $m	Net 2022 $m
Change in risk adjustment (2.5% increase)	(80.0)	(57.9)	(67.8)	(49.4)
Change in risk adjustment (2.5% decrease)	78.5	56.7	60.5	44.1

1 Impact of changes in risk variables is consistent across profit after tax and equity.

C.2 Market Risk

Market risk is referred to as 'asset risk' in the Group's risk management framework. This risk arises from adverse financial market movements in addition to other external market forces. The four key components of asset risk are investments, foreign exchange, interest rate, and prices of assets and derivatives. Each element is considered in further detail below.

a) Investments
Efficient management of market risk is key to the investment of Group assets for matching to future liabilities. Beazley uses an Economic Scenario Generator to create multiple simulations of financial conditions in order to support stochastic analysis of asset risk. Beazley uses these outputs to assess the value at risk of its investments, at different confidence levels, including '1-in-200', which reflects Solvency II modelling requirements, and '1-in-10', reflecting scenarios which are more likely to occur in practice. It is assessed for investments in isolation and also in conjunction with the present value of our liabilities, to assist in the monitoring and management of asset risk for solvency and capital purposes. By its nature, stochastic modelling does not provide a precise measure of risk, and Economic Scenario Generator outputs are regularly validated against actual market conditions. Beazley also uses a number of other qualitative measures to support the monitoring and management of investment risk, including stress testing and scenario analysis.

The Group's investment strategy is developed with reference to an investment risk appetite, approved annually by the Board. The asset risk element of our Solvency II internal model is used to monitor actual investment risk against this appetite, which specifies how far investment return may deviate from target, at 90% confidence. The investment risk appetite was set at $260m for 2023. From 2024, the investment risk appetite additionally incorporates interest rate risks to the present value of our underwriting liabilities.

C. Risk profile continued

C.2 Market Risk continued

b) Foreign exchange risk

The functional currency and presentational currency of Beazley plc and its main trading entities is US dollars. As a result, the Group is mainly exposed to fluctuations in exchange rates for non-dollar denominated transactions and to net asset translation risk on non-dollar functional currency entities.

The Group operates in four main currencies: US dollars, sterling, Canadian dollars and euros. Transactions in all 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. If any foreign exchange risk arises it is actively managed as described below.

In 2023, the Group managed its foreign exchange risk by periodically assessing its non-dollar exposures and hedging these to a tolerable level while targeting to have net assets that are predominantly denominated in US dollars. As part of this hedging strategy, exchange rate derivatives were used to rebalance currency exposure across the Group. Details of foreign currency derivative contracts entered into with external parties are disclosed in Note 19 of the Beazley plc Annual report and accounts 2023. On a forward looking basis, an assessment is made of expected future exposure development and appropriate currency trades are put in place to reduce risk. The Group's underwriting capital is matched by currency to the principal underlying currencies of its insurance transactions. This helps to mitigate the risk that the Group's capital required to underwrite business is materially affected by any future movements in exchange rates.

The Group also has foreign operations with functional currencies that are different from the Group's presentational currency. The effect of this on foreign exchange risk is that the Group is exposed to fluctuations in exchange rates for US dollar denominated transactions and net assets arising in those foreign currency operations. It also gives rise to a currency translation exposure for the Group to sterling, euro, Canadian dollars, Singapore dollars and Australian dollars on translation to the Group's presentational currency. These exposures are minimal and are not hedged.

Exposure and risk concentrations by currency

The following tables summarise the carrying values of the insurance/reinsurance contract assets and liabilities and overall net assets held by the Group, categorised by its main currencies.

2023	UK £ $m	CAD $ $m	EUR € $m	Subtotal $m	US $ $m	Total $ $m
Insurance contract assets	2.4	13.6	(3.6)	12.4	89.1	101.5
Reinsurance contract assets	243.1	37.0	166.4	446.5	1,980.2	2,426.7
Other	574.8	257.8	69.2	901.8	10,235.4	11,137.2
Total assets	**820.3**	**308.4**	**232.0**	**1,360.7**	**12,304.7**	**13,665.4**
Insurance contract liabilities	(804.4)	(229.0)	(782.3)	(1,815.7)	(6,176.5)	(7,992.2)
Reinsurance contract liabilities	(31.2)	(0.6)	(7.7)	(39.5)	(294.0)	(333.5)
Other	(69.1)	20.7	441.0	392.6	(1,850.2)	(1,457.6)
Total liabilities	**(904.7)**	**(208.9)**	**(349.0)**	**(1,462.6)**	**(8,320.7)**	**(9,783.3)**
Net assets	**(84.4)**	**99.5**	**(117.0)**	**(101.9)**	**3,984.0**	**3,882.1**

2022	UK £ $m	CAD $ $m	EUR € $m	Subtotal $m	US $ $m	Total $ $m
Insurance contract assets	6.6	2.0	(18.2)	(9.6)	93.7	84.1
Reinsurance contract assets	236.7	78.3	35.0	350.0	1,825.3	2,175.3
Other	267.9	278.8	(352.4)	194.3	9,259.3	9,453.6
Total assets	**511.2**	**359.1**	**(335.6)**	**534.7**	**11,178.3**	**11,713.0**
Insurance contract liabilities	(470.5)	(363.7)	(42.4)	(876.6)	(6,473.2)	(7,349.8)
Reinsurance contract liabilities	(60.2)	(15.8)	(35.1)	(111.1)	(50.1)	(161.2)
Other	5.7	40.5	397.4	443.6	(1,690.6)	(1,247.0)
Total liabilities	**(525.0)**	**(339.0)**	**319.9**	**(544.1)**	**(8,213.9)**	**(8,758.0)**
Net assets	**(13.8)**	**20.1**	**(15.7)**	**(9.4)**	**2,964.4**	**2,955.0**

C. Risk profile continued

C.2 Market risk continued

b) Foreign exchange risk continued

Sensitivity analysis

Fluctuations in the Group's trading currencies against the US dollar would result in a change in profit after tax and equity. The table below gives an indication of this impact for reasonably possible percentage changes in the relative strength of the US dollar against the value of sterling, the Canadian dollar and the euro, simultaneously. The analysis is prepared based on the net assets held by the Group at the balance sheet date.

	Profit after tax		Equity	
	2023	2022	2023	2022
Change in exchange rate of sterling, Canadian dollar and euro relative to US dollar	$m	$m	$m	$m
Dollar weakens (30%)	(25.0)	(2.4)	45.2	39.9
Dollar weakens (20%)	(16.7)	(1.6)	30.1	26.6
Dollar weakens (10%)	(8.3)	(0.8)	15.1	13.3
Dollar strengthens (10%)	8.3	0.8	(15.1)	(13.3)
Dollar strengthens (20%)	16.7	1.6	(30.1)	(26.6)
Dollar strengthens (30%)	25.0	2.4	(45.2)	(39.9)

c) Interest rate risk

The Group's financial instruments (e.g. cash and cash equivalents, certain financial assets at fair value, and subordinated debt), in addition to its insurance and reinsurance contracts, are exposed to movements in market interest rates. The Group manages interest rate risk by primarily investing in short duration financial assets along with cash and cash equivalents. The Investment Committee monitors the duration of these assets on a regular basis. The Group also entered into bond futures contracts to manage the interest rate risk on bond portfolios.

Exposure and risk concentrations by duration

The following table shows the modified duration at the reporting date of the financial instruments that are exposed to movements in market interest rates. Modified duration is a commonly used measure of volatility which represents the percentage change of the price of a security to yield. The Group believes this gives a better indication than maturity of the likely sensitivity of the portfolio to changes in interest rates.

	<1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	Total
2023	$m	$m	$m	$m	$m	$m	$m
Financial assets at FVTPL[1]:							
- Fixed and floating rate debt securities	2,499.9	3,123.8	1,214.6	1,419.5	229.1	49.5	8,536.4
- Syndicate loans	7.6	26.5	—	—	—	—	34.1
Cash and cash equivalents	812.3	—	—	—	—	—	812.3
Subordinated debt	—	—	(249.5)	—	—	(298.8)	(548.3)
Amounts due from managed syndicates and other receivables	297.5	—	—	—	—	—	297.5
Total financial instruments	**3,617.3**	**3,150.3**	**965.1**	**1,419.5**	**229.1**	**(249.3)**	**9,132.0**

	<1 yr	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	5-10 yrs	Total
2022	$m	$m	$m	$m	$m	$m	$m
Financial assets at FVTPL[1]:							
- Fixed and floating rate debt securities	1,962.9	3,094.1	1,430.9	441.2	434.9	1.5	7,365.5
- Syndicate loans	—	6.9	25.6	—	—	—	32.5
Cash and cash equivalents	652.5	—	—	—	—	—	652.5
Subordinated debt	—	—	—	(249.4)	—	(298.6)	(548.0)
Amounts due from managed syndicates and other receivables	181.8	—	—	—	—	—	181.8
Total financial instruments	**2,797.2**	**3,101.0**	**1,456.5**	**191.8**	**434.9**	**(297.1)**	**7,684.3**

1 Fair value through profit or loss.

C. Risk profile continued

C.2 Market risk continued

c) Interest rate risk continued
Sensitivity analysis
All elements of the carrying values of the Group's insurance and reinsurance contracts are exposed to interest rate risk. The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit after tax and equity. The correlation of variables will have a significant effect in determining the ultimate impact of interest rate risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear.

	Profit after tax / Equity[1]	
	2023	2022
Insurance and reinsurance contracts	$m	$m
Interest rate increases (150 bps)	114.3	95.8
Interest rate increases (100 bps)	77.1	64.5
Interest rate increases (50 bps)	39.1	32.6
Interest rate decreases (50 bps)	(40.0)	(33.5)
Interest rate decreases (100 bps)	(81.0)	(67.8)
Interest rate decreases (150 bps)	(123.0)	(102.8)

1 Impact of changes in risk variables is consistent across profit after tax and equity.

	Profit after tax / Equity[1]	
	2023	2022
Financial assets	$m	$m
Interest rate increases (150 bps)	(190.6)	(179.0)
Interest rate increases (100 bps)	(127.1)	(119.3)
Interest rate increases (50 bps)	(63.5)	(59.7)
Interest rate decreases (50 bps)	63.5	59.7
Interest rate decreases (100 bps)	127.1	119.3
Interest rate decreases (150 bps)	190.6	179.0

1 Impact of changes in risk variables is consistent across profit after tax and equity.

d) 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 Group establishes fair value using valuation techniques (refer to Note 18 of the Beazley plc Annual report and accounts 2023). This includes comparison of orderly transactions between market participants, reference to the 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. At the reporting date, the Group’s exposure to price risk was $1,085.0m (2022: $912.9m). This is comprised of hedge funds, equity investments and illiquid assets, with no significant concentrations in one area. Note that the price of debt securities is affected by interest rate risk and credit risk, both of which have been described above. In addition, the Group does not have any insurance or reinsurance contracts which are exposed to price risk. Note that the price of debt securities is affected by interest rate and credit (including credit spread) risk.

Sensitivity analysis
Included below is a sensitivity analysis of the Group's financial assets against price risk. With all other variables remaining constant, changes in fair values of the Group's hedge funds, equity investments and illiquid assets would affect reported profit after tax and equity as indicated in the following table.

C. Risk profile continued

C.2 Market risk continued

d) Price risk continued

	Profit after tax / Equity[1] 2023 $m	2022 $m
Fair value increases (30%)	266.6	230.6
Fair value increases (20%)	177.7	153.7
Fair value increases (10%)	88.9	76.9
Fair value decreases (10%)	(88.9)	(76.9)
Fair value decreases (20%)	(177.7)	(153.7)
Fair value decreases (30%)	(266.6)	(230.6)

1 Impact of changes in risk variables is consistent across profit after tax and equity.

A 10% decrease in the fair value of the Group's level 3 financial assets would have an impact of ($20.8m) on profit after tax/ equity (2022: ($21.5m)).

C.3 Credit Risk

This risk arises due to the failure of another party to perform its financial or contractual obligations to the Group in a timely manner. The Group accepts credit risk overall and recognises credit risk is aligned to its appetite for insurance risk. The primary sources of credit risk for the Group are:

- reinsurers – reinsurers may fail to pay valid claims against a reinsurance contract held by the Group;
- brokers and coverholders – counterparties may fail to pass on premiums or claims collected/paid on behalf of the Group; and
- investments – issuer may default, resulting in the Group losing all or part of the value of a financial instrument or a derivative financial instrument.

An approval system exists for brokers with their credit and performance monitored. The investment committee has established parameters for investment managers regarding the type, duration and quality of investments including credit ratings acceptable to the Group. The performance of investment managers is regularly reviewed to confirm adherence to these guidelines. The Group has developed processes to examine all reinsurers before entering into new business arrangements, and ongoing relationships with Beazley are continually assessed. In addition, reinsurance recoverables are reviewed regularly to assess their collectability.

2023	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

C. Risk profile continued

C.3 Credit risk continued

Maximum exposure

The following tables summarise the Group's maximum exposure to credit risk by reinsurance contract assets and financial assets.

2023	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Reinsurance contracts assets	2,387.5	—	—	—	39.2	2,426.7
Financial assets at FVTPL:						
- Fixed and floating rate debt securities	7,101.7	1,434.7	—	—	—	8,536.4
- Syndicate loans	34.1	—	—	—	—	34.1
- Equity funds	—	—	—	—	282.7	282.7
- Hedge funds	—	—	—	—	582.2	582.2
- Illiquid assets	—	—	—	—	220.1	220.1
- Derivative financial assets	—	—	—	—	10.0	10.0
Cash and cash equivalents	812.3	—	—	—	—	812.3
Amounts due from managed syndicates and other receivables	—	—	—	—	297.5	297.5
Total	**10,335.6**	**1,434.7**	**—**	**—**	**1,431.7**	**13,202.0**

2022	Tier 1 $m	Tier 2 $m	Tier 3 $m	Tier 4 $m	Unrated $m	Total $m
Reinsurance contracts assets	2,139.4	—	—	—	35.9	2,175.3
Financial assets at FVTPL:						
- Fixed and floating rate debt securities	6,767.1	598.4	—	—	—	7,365.5
- Syndicate loans	32.5	—	—	—	—	32.5
- Equity funds	—	—	—	—	159.4	159.4
- Hedge funds	—	—	—	—	530.6	530.6
- Illiquid assets	—	—	—	—	222.9	222.9
- Derivative financial assets	—	—	—	—	34.7	34.7
Cash and cash equivalents	652.5	—	—	—	—	652.5
Amounts due from managed syndicates and other receivables	—	—	—	—	181.8	181.8
Total	**9,591.5**	**598.4**	**—**	**—**	**1,165.3**	**11,355.2**

The Group's maximum exposure to credit risk from insurance contract assets is $101.5m (2022: $84.1m). Overall exposure to credit risk is concentrated within Tier 1, with the largest counterparty being $3,258.7m of US treasuries (2022: $3,715.8m).

Financial investments falling within the unrated category are those for which there is no readily available market data to allow classification within the respective tiers.

Credit quality of reinsurance contract assets

The Group has reinsurance recoveries that are past due at the reporting date. An aged analysis of these (on an undiscounted basis) is presented below. Further information on the Credit quality of reinsurance contract assets can be found on page 238 of the Beazley plc Annual report and accounts 2023.

2023	Up to 30 days past due $m	30-60 days past due $m	60-90 days past due $m	Greater than 90 days past due $m	Total $m
Reinsurance recoveries	61.3	57.5	4.1	54.9	177.8

2022	Up to 30 days past due $m	30-60 days past due $m	60-90 days past due $m	Greater than 90 days past due $m	Total $m
Reinsurance recoveries	24.7	29.2	8.9	82.6	145.4

C. Risk profile continued

C.4 Liquidity risk

Liquidity risk arises where cash may not be available to pay obligations. The Group 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. Beazley avoids the risk of having insufficient liquid assets to meet expected cash flow requirements.

The Group’s approach is to manage its liquidity position so that it can reasonably survive a significant individual or market loss event (details of the Group’s exposure to RDS are provided on pages 228 to 230 of the Beazley plc Annual report and accounts 2023). This means that the Group maintains sufficient liquid assets, or assets that can be converted 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 Group also makes use of loan facilities and subordinated liabilities, details of which can be found in Note 26 of the Beazley plc Annual report and accounts 2023 and further information on the Group’s capital resources is contained on pages 67 to 68 of Beazley plc Annual report and accounts 2023.

Maturity analysis – Insurance and reinsurance contracts

Included below is a maturity analysis of the present value of future cash flows of the Group's net insurance contract liabilities on an IFRS 17 basis. The tables also include the weighted average term to settlement, calculated based on undiscounted future cash flows for total ultimate claims, excluding the risk adjustment and premium-related claims cash flows.

2023	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m	Weighted average term to claims settlement Years
Cyber Risks	503.0	372.8	214.5	116.0	56.7	64.8	1,327.8	1.9
Digital	65.6	44.5	21.7	10.8	5.2	6.6	154.4	1.5
MAP Risks	344.5	232.3	130.4	71.0	37.9	50.0	866.1	1.7
Property Risks	510.3	247.5	93.9	39.6	18.8	21.0	931.1	1.2
Specialty Risks	796.9	884.1	677.1	453.2	280.1	399.9	3,491.3	2.6
Net insurance contract liabilities	**2,220.3**	**1,781.2**	**1,137.6**	**690.6**	**398.7**	**542.3**	**6,770.7**	**2.1**

2022	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m	Weighted average term to claims settlement Years
Cyber Risks	348.9	300.9	188.2	90.4	33.9	25.4	987.7	1.7
Digital	72.9	44.9	21.0	9.2	4.4	3.5	155.9	1.4
MAP Risks	399.0	266.5	141.5	79.0	42.0	54.8	982.8	1.7
Property Risks	550.2	236.8	88.4	35.4	15.7	14.9	941.4	1.2
Specialty Risks	734.5	776.2	605.7	412.0	250.1	354.2	3,132.7	2.6
Net insurance contract liabilities	**2,105.5**	**1,625.3**	**1,044.8**	**626.0**	**346.1**	**452.8**	**6,200.5**	**2.1**

No insurance contract liabilities held by the Group as at 31 December are payable on demand.

Included below is a maturity analysis of the present value of future cash flows of the Group's net reinsurance contract assets (per Note 28a on pages 216 to 219 of Beazley plc Annual report and accounts 2023). The tables also include the weighted average term to settlement for claims recoveries, calculated based on undiscounted future cash flows for total ultimate claims, excluding the risk adjustment and premium-related cash flows.

C. Risk profile continued

C.4 Liquidity risk continued

Maturity analysis – Insurance and reinsurance contracts continued

2023	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m	Weighted average term to settlement of claims recoveries Years
Cyber Risks	(51.4)	169.3	94.6	51.4	24.3	26.5	314.7	1.7
Digital	(11.4)	9.3	4.5	1.9	0.9	0.9	6.1	1.5
MAP Risks	(70.4)	61.7	52.3	30.7	18.2	25.6	118.1	1.5
Property Risks	104.4	59.2	27.0	15.6	3.4	5.3	214.9	1.1
Specialty Risks	75.8	336.5	249.7	167.7	105.9	149.6	1,085.2	2.8
Net reinsurance contract assets	**47.0**	**636.0**	**428.1**	**267.3**	**152.7**	**207.9**	**1,739.0**	**2.0**

2022	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m	Weighted average term to settlement of claims recoveries Years
Cyber Risks	(149.1)	153.3	105.8	51.2	17.8	12.6	191.6	1.7
Digital	(14.3)	13.6	6.4	2.5	1.2	0.8	10.2	1.4
MAP Risks	(168.7)	154.9	88.5	57.3	32.9	41.2	206.1	1.7
Property Risks	219.0	92.3	32.1	10.5	4.3	6.6	364.8	1.0
Specialty Risks	(108.7)	278.4	260.5	182.6	115.5	158.5	886.8	2.9
Net reinsurance contract assets	**(221.8)**	**692.5**	**493.3**	**304.1**	**171.7**	**219.7**	**1,659.5**	**2.0**

Maturity analysis – Total liabilities

The following is a maturity analysis of the net contractual cash flows of the Group's liabilities as at 31 December. This excludes current tax and deferred tax liabilities, and reinsurance contracts which are in a net asset position at 31 December.

2023	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m
Net insurance contract liabilities	2,220.3	1,781.2	1,137.6	690.6	398.7	542.3	6,770.7
Reinsurance contract liabilities	—	—	—	—	—	—	—
Financial liabilities:	—	—	—	—	—	—	—
- Derivative financial liabilities	6.3	—	—	—	—	—	6.3
- Subordinated debt	31.2	31.2	278.9	16.5	16.5	311.4	685.7
Lease liabilities	13.5	10.3	9.2	8.2	7.7	32.6	81.5
Other liabilities	610.5	—	—	—	—	—	610.5
Total liabilities	**2,881.8**	**1,822.7**	**1,425.7**	**715.3**	**422.9**	**886.3**	**8,154.7**

2022	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m
Net insurance contract liabilities	2,105.5	1,625.3	1,044.8	626.0	346.1	452.8	6,200.5
Reinsurance contract liabilities	—	—	—	—	—	—	—
Financial liabilities:	—	—	—	—	—	—	—
- Derivative financial liabilities	14.5	—	—	—	—	—	14.5
- Subordinated debt	31.2	31.2	31.2	278.9	16.5	327.9	716.9
Lease liabilities	9.6	11.8	8.9	7.7	—	37.3	75.3
Other liabilities	524.0	—	—	—	—	—	524.0
Total liabilities	**2,684.8**	**1,668.3**	**1,084.9**	**912.6**	**362.6**	**818.0**	**7,531.2**

C. Risk profile continued

C.4 Liquidity risk continued

Maturity analysis – Financial assets

Included below is a maturity analysis of the Group's financial assets as at 31 December, based on their carrying values per the balance sheet.

2023	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m
Financial assets at FVTPL:							
- Fixed and floating rate debt securities	2,014.6	3,061.5	1,336.2	929.6	1,045.3	149.2	8,536.4
- Syndicate loans	7.6	26.5	—	—	—	—	34.1
- Derivative financial assets	10.0	—	—	—	—	—	10.0
Cash and cash equivalents	812.3	—	—	—	—	—	812.3
Amounts due from managed syndicates and other receivables	297.5	—	—	—	—	—	297.5
Total financial assets	**3,142.0**	**3,088.0**	**1,336.2**	**929.6**	**1,045.3**	**149.2**	**9,690.3**

2022	<1 year $m	1-2 years $m	2-3 years $m	3-4 years $m	4-5 years $m	>5 years $m	Total $m
Financial assets at FVTPL:							
- Fixed and floating rate debt securities	1,854.9	2,651.4	1,676.5	431.0	652.8	98.9	7,365.5
- Syndicate loans	—	6.9	25.6	—	—	—	32.5
- Derivative financial assets	34.7	—	—	—	—	—	34.7
Cash and cash equivalents	652.5	—	—	—	—	—	652.5
Amounts due from managed syndicates	181.8	—	—	—	—	—	181.8
Total financial assets	**2,723.9**	**2,658.3**	**1,702.1**	**431.0**	**652.8**	**98.9**	**8,267.0**

Our capital growth assets have no defined maturity dates and have thus been excluded from the above maturity table. However, all $282.7m (2022: $159.4m) of equity funds could be liquidated within two weeks, $440.2m (2022: $416.8m) of hedge fund assets within six months and the remaining $142.0m (2022: $113.8m) of hedge fund assets within 18 months, in normal market conditions. Illiquid assets are not readily realisable and principal will be returned over the life of these assets, which may be up to 12 years. The Group makes regular interest payments for its subordinated debt.

C.5 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 Group recognises that it is necessary for people, systems and infrastructure to be available to support our operations. Therefore we have taken significant steps to mitigate the impact of business interruption which could follow a variety of events, including the loss of key individuals and facilities. We operate a formal disaster recovery plan which, in the event of an incident, allows the Group to move critical operations to an alternative location within 24 hours.

There are a number of business activities for which the Group uses the services of a third-party company, such as investment management, IT systems, data entry and credit control. These service providers are selected against rigorous criteria and formal service level agreements are in place, and regularly monitored and reviewed.

The Group actively manages operational risks and minimises them where appropriate. This is achieved by implementing and communicating guidelines to staff and other third parties. The Group also regularly monitors the performance of its controls and adherence to these guidelines through the risk management reporting process.

Key components of the Group'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.

The Group also continues to regularly monitor the performance of its controls through the risk management reporting process.

C. Risk profile continued

C.6 Other material risks

a) Strategic risk

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

b) Regulatory and legal risk

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

c) 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.

C.7 Any other information

a) Internal model governance

Beazley operates a three lines of defence process throughout the business. As with any other processes in Beazley this approach is applied to the internal model. An overview of the three lines of defense for the internal model is set out below:

First line of defense

Capital modelling team with controls including:

- formal governance through committees;
- governance through the KRAM process; and
- in team testing process.

Second line of defense

Risk management with controls including:

- execution of a robust independent validation process; and
- control monitoring and reporting.

Third line of defense

Internal audit with controls including:

- conducting reviews of the validation framework and process.

b) Stress and scenario testing

Purpose

The stress and scenario framework is a key element of the risk management framework enabling the senior management team to form an understanding of the vulnerabilities of the business model. This is formed as part of the business processes to:

- consider the impact of severe but plausible adverse events that allow Beazley to understand the risks it faces under extreme conditions;
- enhance the firm’s understanding of risk and inform decision making and analysis of the financial condition of the Company; and
- serve as a tool to explore, understand, and communicate potential vulnerabilities and opportunities over the short, medium, and long term.

The framework covers the key risk events and downside risks to identify how profit and solvency respond. The stress and scenario tests are performed at least annually as part of the ORSA process to ensure that the tests continue to develop and reflect the evolving risk environment.

C. Risk profile continued

C.7 Any other information continued

b) Stress and scenario testing continued

Stress and scenario analysis tools

Beazley's stress and scenario framework uses the following stress and scenario testing techniques in line with industry best practice.

Tools	Examples	Benefits
Stress testing: To assess the impact of a single risk factor/single event. Based on an event that has occurred historically or based upon a modelled probabilistic stress that impacts one key aspect of the business. This could include a combination of Type I and Type II sensitivity testing.	**Single risk factor/single event** • increase in loss ratio; • failure of largest reinsurer;catastrophe; • increase in frequency and severity of large losses; or • change in business mix.	**Benefits of stress testing** • easy to understand and interpret.
Scenario analysis: To assess the impact of a combination of factors/events that impact the business at any time or period of time impacting one or more key aspects of the business: • compound events: multiple impact scenarios taking place simultaneously; and • casual events: multiple impact scenarios with a primary driver.	**Risk factor/events** • economic downturn scenario; and • casualty catastrophe event combined with a cyber event.	**Benefits of scenario analysis** • more realistic view than using a single factor stress; and • provides top-down view and useful for the committees and boards.
Reverse stress testing: To identify the point at which Beazley's business model becomes unviable and identify possible scenarios under which this may occur and assess the adequacy of the control environment.	**Likely to be a compound/ multiple impact scenario:** • a combination of market Cycle and natural Catastrophe; and • a cyber catastrophe.	**Benefits of reverse stress testing** • to test the control environment in extreme circumstances; and • to explore mitigation and recovery options in such scenarios.

Uses of stress and scenario techniques

The framework and its results could be used for many purposes by the business:

- Setting business strategy and risk appetite and as a tool for Own Risk and Solvency Assessment (ORSA) framework;
- Capital and resilience planning;
- Going concern and viability;
- Driving management actions e.g. reinsurance, investment strategy; and
- Capital setting and as an internal model validation tool:
  - Tests assumptions where data is sparse;
  - Tests assumed correlations between assumptions; and
  - Review return periods for the scenarios to consider the alignment between the internal model management views.

Expected outcomes

The expected outcomes of this framework are:

- Development of a suite of stress and scenario tests covering the key risks which can be used to test the vulnerabilities in its business models, and in key strategic decision-making;
- Awareness and understanding of the purpose and benefits across key business functions; and
- It is a key component of the ORSA process and where relevant in quarterly risk reporting.

C. Risk profile continued

C.7 Any other information continued

c) Management of climate risk

The changing global climate is recognised as an important emerging risk due to its widespread potential impact on the global population, environment and economy. A key aspect of the Group's business model is to support our clients who have been affected by natural catastrophes, helping them return to pre-catastrophe conditions as soon as possible. As a specialist insurer, various classes of business we underwrite are subject to the effect climate change presents to the risk environment.

As part of the underwriting process, we work with our insureds to understand the risks facing their organisations, including applicable climate-related risks and to tailor insurance coverages to mitigate the associated financial risks.

We acknowledge and accept that over time climate change could impact the risks facing our insureds and we aim to manage the resulting risk to the Group as described below:

Pricing risk: This is the risk that current pricing levels do not adequately consider the prospective impact of climate change, resulting in systemic underpricing of climate-exposed risks. Within Beazley a Climate Risk Working Group, which includes representatives from several functions, including pricing, exposure management and underwriting, coordinates consideration of financial climate risk, including the potential for underpricing. One of our key focuses has been on short-term physical risks, particularly the assessment of climate change on natural hazard models and how this impacts risk pricing. The insights from this group are shared and embedded within our underwriting processes to ensure consideration of climate risk per risk and at a portfolio level.

Catastrophe risk: This is the risk that current models do not adequately capture the impact of climate change on the frequency, severity or nature of natural catastrophes or other extreme weather events (e.g. wildfires) that could drive higher-than-expected insured losses. The Group utilises commercial catastrophe models to facilitate the estimation of aggregate exposures based on the Group's underwriting portfolio. These catastrophe models are updated to reflect the latest scientific perspectives. Catastrophe models are evolving to include new or secondary perils which may be related to climate change. In addition, the Group runs a series of natural catastrophe RDS on a monthly basis which monitor the Group's exposure to certain scenarios that could occur. These RDS include hurricanes in the US, typhoons in Japan, European windstorms and floods in the UK.

Reserve risk: This is the risk that established reserves are not sufficient to reflect the ultimate impact climate change may have on paid losses. This includes unanticipated liability risk losses arising from our clients facing litigation if they are held to be responsible for contributing to climate change, or for failing to act properly to respond to the various impacts of climate change. With support from our Group actuarial team, claims teams and other members of management the Group establishes financial provisions for our ultimate claims liabilities. The Group maintains a consistent approach to reserving to help mitigate the uncertainty within the reserves estimation process.

Asset risk: This is the risk that climate change has a significant impact across a number of industries which may negatively impact the value of investments in those companies. The Group considers the impact of climate change on its asset portfolio by seeking to incorporate an assessment of environmental risks in the investment process. We subscribe to the research services of a specialist company in the field of ESG research and have integrated their proprietary ratings into the internal credit process applied to investments in corporate debt securities. A minimum standard for ESG performance is defined and companies not meeting the required standard will be excluded from the approved list of issuers. The analysis also includes consideration of the sustainability of each company with regard to the potential decline in demand in specific sectors.

External event risk: This is the risk that the physical impact of climate-related events has a material impact on our own people, processes and systems, leading to increased operating costs or the inability to deliver uninterrupted client service. The Group has business continuity plans in place to minimise the risk of an interrupted client service in the event of a disaster.

Commercial management risk: The Group aims to minimise where possible the environmental impact of our business activities and those that arise from the occupation of our office spaces. As we operate in leased office spaces our ability to direct environmental impacts is limited. However, we do choose office space with climate change mitigation in mind, and engage with our employees, vendors and customers in an effort to reduce overall waste and our environmental footprint.

Credit risk: As a result of material natural catastrophe events, there is a risk that our reinsurance counterparties are unable to pay reinsurance balances due to the Group. If the frequency or severity of these events is increased due to climate change this could cause a corresponding increase in credit risk. An important consideration when placing our reinsurance programme is evaluation of our counterparty risk. Every potential reinsurer is evaluated through a detailed benchmarking, which considers financial strength ratings, capital metrics, performance metrics and other considerations.

C. Risk profile continued

C.7 Any other information continued

c) Management of climate risk continued

Regulatory and legal risk: Regulators, investors and other stakeholders are becoming increasingly interested in companies' responses to climate change. Failure to appropriately engage with these stakeholders and provide transparent information may result in the risk of reputational damage or increased scrutiny. The Group regularly monitors the regulatory landscape to ensure that we can adhere to any changes in relevant laws and regulations. This includes making any necessary regulatory or statutory filings with regard to climate risk.

Liquidity and capital risk: Linked to the underwriting and credit risks noted above, there is a risk that losses resulting from unprecedented natural disasters or extreme weather could erode our ability to pay claims and remain solvent. The Group establishes capital at a 1:200 level based on the prevailing business plan.

D. Valuation for solvency purposes

Basis of presentation

The Group uses method 1 (as referred to in Article 230 of Directive 2009/138/EC) to calculate Group solvency meaning that the solvency returns are based on consolidated data for the Group.

The Group has implemented IFRS 17 from 1 January 2023, further details can be found in the Beazley plc Annual report and accounts 2023.

There have been no material changes in the valuation method of assets, technical provisions and other liabilities of the Group for Solvency II purposes.

Basis of presentation of Beazley plc's 2023 Group Solvency II Balance Sheet

Solvency II regulations state that corporate members (as detailed below) are to be accounted for using the adjusted equity method, under Solvency II valuation rules. That is to say, BUL and BC3L are not consolidated on a line by line basis, as seen within the Group's IFRS balance sheet, and are included within 'Holdings in related undertakings, including participations'. This adjustment is presentational only and does not impact the Solvency II net asset and Own Funds values.

The following entities in the Group structure retain the profits of the Group's underwriting – BIdac, BESI, BICI, BAIC, BUL, BNCC and BC3L.

BIdac meets the definition of an EU domiciled insurance undertaking under the Solvency II regulation which requires full consolidation of its Solvency II balance sheet (see below for the basis of preparation) in the Group Solvency II balance sheet.

BESI, BICI, BNCC and BAIC are non-EEA insurance undertakings and so their Solvency II balance sheets are also consolidated in full in the Group Solvency II balance sheet. BESI was only able to issue quotes for business from 1st January 2024, at year end 2023 there was a small net technical provision arising from payments due to reinsurers in relation to cover during the 2024 calendar year. More details can be found in section D.2 Technical provisions.

The Group's Lloyd's corporate member BUL retains any profits from the syndicates to which it provides capacity (syndicates 2623, 3623, 3622 and approximately 18% of 5623 for the 2023 year of account) not reinsured to BIdac. BUL and BC3L do not meet the definition of an insurance undertaking under Solvency II regulations. The net assets of BUL and BC3L on a Solvency II basis have therefore been accounted for using the adjusted equity method in the Group Solvency II balance sheet and are included in the participations line.

Material Intra-Group Reinsurance

BIdac reinsures BUL, providing aggregate excess of loss cover for syndicates 2623 and 3623. BUL effectively cedes 65% of the final declared result of its participation on each year of account in syndicates 2623 and 3623. This is subject to a $2.6m profit retention within BUL and a $2.6m excess of loss. In the event that the declared result is a loss, the extent of the reinsurance is limited so the loss cannot exceed 65% of the FAL, which is posted by BIdac, to support the underwriting of syndicates 2623 and 3623. For the 2021 and 2022 years of account BUL ceded 75% of the final declared result (less a retention of $3.0m) of its participation in syndicates 2623 and 3623 to BIdac.

The reinsurance contract was renewed for the 2024 underwriting year by BIdac and BUL in December 2023. The main terms of the contract remained the same as the 2023 contract.

Differences between Group statutory and Solvency II Balance Sheets

The table on the next page presents the value of the assets and liabilities on both the statutory and Solvency II consolidated balance sheets of the Group. The adjustments between the statutory and Solvency II value are split between reclassification adjustments (presenting the adjustments made to reflect the difference between the statutory and Solvency II consolidation basis, as detailed above), Solvency II valuation adjustments (presenting adjustments made to reflect the difference between statutory and Solvency II valuation methodology) and other presentational adjustments (where presentation differs between statutory accounts and Solvency II).

D. Valuation for solvency purposes continued

Basis of presentation continued

The details of the 2023 presentation and valuation differences between the Group IFRS and Solvency II balance sheets are set out below and further discussed in D.1, D.2 and D.3.

Assets	Statutory value $m	Reclassification adjustment $m	Other presentational $m	Solvency II valuation adjustment $m	Solvency II value $m
Goodwill	62.0	–	–	(62.0)	–
Intangible assets	103.3	(31.5)	–	(71.8)	–
Deferred tax assets	46.9	(10.6)	–	(36.3)	–
Pension benefit surplus	4.5	–	–		4.5
Property, plant & equipment held for own use	75.3	–	–	(12.2)	63.1
Investments (other than assets held for index-linked and unit-linked contracts):					
Holdings in related undertakings, including participations	0.3	1,808.7	–	(1,000.8)	808.2
Equities - unlisted	34.1	(34.1)	–	–	–
Government Bonds	4,225.9	(2,851.5)	–	9.2	1,383.6
Corporate Bonds	3,144.5	(1,974.5)	–	12.6	1,182.6
Collective Investment Undertakings	1,465.8	(1,145.9)	–	–	319.9
Derivatives	10.0	(3.2)	–	–	6.8
Deposits other than cash equivalents	117.5	(117.5)	–	–	–
Other investments	1.3	(0.9)	–	–	0.4
Loans and mortgages	–	0.9	–	–	0.9
Insurance and reinsurance contract assets[1]	2,528.2	(1,672.0)	(435.0)	(421.2)	–
Reinsurance recoverables non-life excluding health	–	–	–	307.4	307.4
Reinsurance recoverables health similar to non-life	–	–	–	11.3	11.3
Insurance and intermediaries receivables	–	–	–	103.7	103.7
Reinsurance receivables	–	–	–	81.4	81.4
Receivables (trade, not insurance)	115.8	55.1	–	(101.7)	69.2
Own shares (held directly)[2]		63.5	–	0.3	63.8
Cash and cash equivalents	1,478.7	(882.5)	–	–	596.2
Any other assets, not elsewhere shown	251.3	1,626.9	–	(1,280.6)	597.6
Total assets	**13,665.4**	**(5,169.1)**	**(435.0)**	**(2,460.7)**	**5,600.6**
Technical provisions					
Insurance and reinsurance contract liabilities[1]	8,325.7	(6,057.2)	(435.0)	(1,833.5)	–
Best estimate – non-life (excluding health)	–	–	–	(299.8)	(299.8)
Risk margin – non-life (excluding health)	–	–	–	166.8	166.8
Best estimate – health (similar to non-life)	–	–	–	15.0	15.0
Risk margin – health (similar to non-life)	–	–	–	0.2	0.2
Total technical provisions	**8,325.7**	**(6,057.2)**	**(435.0)**	**(1,951.3)**	**(117.8)**
Liabilities					
Deferred tax liabilities	202.2	(205.2)	–	145.4	142.4
Derivatives	6.3	(5.7)	–	–	0.6
Subordinated liabilities in basic own funds	548.3	–	–	(27.5)	520.8
Insurance payables	–	–	–	52.6	52.6
Payables (trade, not insurance)	511.5	903.2	–	(1,320.3)	94.4
Any other liabilities, not elsewhere shown	189.3	132.3	–	(6.9)	314.7
Total other liabilities, excluding technical provisions	**1,457.6**	**824.6**	**–**	**(1,156.7)**	**1,125.5**
Excess assets over liabilities	**3,882.1**	**63.5**	**–**	**647.3**	**4,592.9**

1 On a statutory basis, in line with IFRS 17 principles, assets and liabilities from insurance contracts issued and reinsurance contracts held are presented on a gross basis. For the purposes of Solvency II reporting, these have been presented on a net basis in the relevant quantitative reporting templates.

2 Own shares are shown as a component of equity in the IFRS consolidated statement of financial position, but as balance sheet assets in Solvency II. The own shares are recognised on the Solvency II balance sheet at fair value, while IFRS equity includes the shares valued at cost.

D. Valuation for solvency purposes continued

D.1 Assets

There have been no material changes to the valuation method of assets of the Group for Solvency II purposes.

Goodwill and intangible assets

All goodwill and intangible assets as reported in the statutory balance sheet are valued at nil for Solvency II purposes.

Deferred tax assets

Solvency II recognition and valuation with respect to deferred taxes is consistent with the statutory balance sheet (IAS 12). Favourable changes in net assets arising from adjustments applied to the statutory basis to arrive at the Solvency II basis result in a deterioration of deferred tax balances. Where these net asset movements arise in entities that have statutory deferred tax assets, the deferred tax assets are eroded downwards.

The Group does not have any unused tax losses (2022: nil) for which a deferred tax asset has not been recognised.

Deferred tax assets, relating to tax losses, which depend on the availability of future taxable profits, have been recognised. The Group has concluded that it is probable that the deferred tax assets will be recovered using the estimated future taxable profits based on the approved business plans. The losses can be carried forward indefinitely. The valuation principles for deferred tax under Solvency II are consistent with the IFRS approach used to prepare the financial statements.

Pension benefit surplus

The Group operates a defined benefit pension plan for its employees that is now closed to future service accruals. The net pension surplus is measured at the present value of the estimated future net cash flows and is stated net of plan assets in accordance with IAS 19. The same valuation basis has been applied to both the statutory and Solvency II balance sheet.

The assets of the scheme are held separately from those of the Group, being invested with external investment managers to meet the long term pension liabilities of past and present members.

The pension scheme trustees completed a transaction that insures all of the scheme's liabilities to a third party via a bulk annuity buy-in with an external insurance company in 2022. The annuity contracts meet the criteria to be classified as qualifying insurance policies as defined in IAS 19 as the cash flows match the timing and value of the benefits payable to members that they cover. These annuities are thus valued at the present value of the obligations insured.

	2023 $m
Present value of funded obligations	(34.9)
Fair value of plan assets	39.4
Retirement benefit asset in the statement of financial position	**4.5**

Property, plant & equipment held for own use

Property, plant and equipment comprise of:

- computer equipment and furniture and fittings for own use, recorded at costs less accumulated depreciation and impaired losses in the statutory balance sheet, which are considered not to be materially different from fair value; and
- right-of-use assets recognised and valued in accordance with IFRS16 (refer to note 27 of the Beazley plc Annual report and accounts 2023).

The amounts held as leasehold improvements in statutory reporting are written down to nil under Solvency II.

D. Valuation for solvency purposes continued

D.1 Assets continued

Investments

On the statutory balance sheet, financial assets (other than participations) are valued using a valuation hierarchy that reflects the significance of the inputs used in making the measurements. 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 government bonds, corporate bonds and equity funds which are measured based on quoted prices in active markets. Assets are valued using the bid price;
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, corporate bonds and hedge funds; and
Level 3 – valuations based on inputs that are unobservable or for which there is limited market activity against which to measure fair value.

The valuations of the investments categorised in the fair value hierarchy above are consistent with information reported in note 18 (financial assets and liabilities) of the Beazley plc Annual report and accounts 2023.

The reclassification adjustment reallocates the proportion of the Group statutory consolidated investments relating to the Solvency II equity accounted entities into the participations line.

Holdings in related undertakings, including participations

Whilst under statutory reporting, all Group entities are consolidated, the Solvency II Group balance sheet consolidates only the insurance companies, insurance holding company subsidiaries and ancillary service companies, with other entities presented as equity accounted participations. Holdings in related undertakings are valued using the adjusted equity method. In particular participations are valued based on the Beazley plc share of the excess of assets over liabilities of the participations, calculated using a Solvency II valuation of assets and liabilities.

The intra-group reinsurance contract that BUL holds with BIdac is valued on a contractual cash-flow basis, ensuring consistent valuation with BIdac.

The reclassification adjustment column reallocates the proportion of each balance that relates to the equity accounted entities into the participations line.

Loans and mortgages

Loans and mortgages include a $0.9m high-yield loan to a cedant of the Group. This is classified under high-yield corporate bonds for statutory reporting but under Solvency II is classified under loans and mortgages and hence is reclassified out of bonds accordingly. These are valued at amortised cost in the statutory balance sheet which is considered to be materially consistent with their fair value.

Reinsurance contract assets/Reinsurance recoverables

The statutory balance sheet presents the reinsurance contract assets which represent recoveries from reinsurers and are comprised of the asset for remaining coverage and the asset for incurred claims. Syndicate reinsurance assets consolidated within the statutory balance sheet are included in the valuation of participations. These are part of the profit cash flows embedded within the BIdac technical provisions. On a Solvency II basis, this balance presents the net of cash inflows with respect to recoveries on business bound at the reporting date and cash outflows with respect to premiums payable on outwards reinsurance arrangements.

Insurance contract assets/Insurance and intermediaries receivables

The statutory balance sheet presents insurance contract assets which represent the estimated present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin, reflecting the expected profit on contracts for remaining coverage. All amounts relating to amounts receivable from policyholders are included within Insurance Contract Assets and Liabilites on a statutory basis. For Solvency II amounts which are not past their due date are reclassified to technical provisions. Amounts which are past their due date are valued at fair value as insurance and intermediaries receivable. Insurance receivables relating to the syndicates are reclassified into the participations line.

Receivables (trade, not insurance)

Other receivables comprise mainly of corporation tax and VAT input tax recoverable which has been agreed with the tax authorities, receivables for securities and balances due from syndicate 623 to the Group. The balances are expected to be received within the next 12 months and are held at amortised cost on the statutory balance sheet, which is considered to be the equivalent to fair value under Solvency II.

D. Valuation for solvency purposes continued

D.1 Assets continued

Own shares (held directly)

Own shares (held directly) consists of shares held in the Beazley plc Employee Benefit Trust and is held at cost within equity in the statutory balance sheet. The shares are valued at market value in the Solvency II balance sheet using the closing price.

Cash and cash equivalents

On the statutory balance sheet, cash and cash equivalents consist of cash held at bank, cash in hand, deposits held at call with banks, cash held in Lloyd's trust accounts and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These investments have less than three months' maturity from the date of acquisition. The Solvency II valuation and recognition of cash and cash equivalents is consistent with that used for the statutory balance sheet except for short term highly liquid investments which are classified within investments. However, cash held in the syndicates and other entities not consolidated under Solvency II are included as part of the valuation of participations.

Any other assets, not elsewhere shown

The reclassification adjustment is a result of the different scope of consolidation. The change in scope of consolidation largely results from syndicates not being insurance entities under Solvency II. Consequently, syndicate net assets are shown as a participation rather than recognised in each component of the balance sheet. Within the assets reclassification the main impact is a reduction in investments and the recognition of an intercompany balance receivable from the syndicates to Group entities included within other assets relating to the reinsurance arrangement.

The Solvency II valuation adjustment to other assets reflects the inclusion of the BIdac balance due from the syndicates as part of the Solvency II technical provision valuation.

D. Valuation for solvency purposes continued

D.2 Technical provisions

All amounts $m Solvency II line of business	Undiscounted Net technical provisions ex risk margin	Risk margin	Net technical provisions inc risk margin	Discounted Net technical provisions ex risk margin	Risk margin	Net technical provisions inc risk margin
Non-proportional casualty reinsurance	(1,666.9)	116.1	(1,550.8)	(1,561.4)	116.1	(1,445.3)
General liability insurance	993.8	47.2	1,041.0	907.3	42.0	949.3
Income protection insurance	3.5	0.2	3.7	3.3	0.2	3.5
Marine, Aviation & Transport	27.9	1.9	29.8	25.6	1.7	27.3
Non-proportional property reinsurance	23.3	1.5	24.8	22.1	1.4	23.5
Credit & Suretyship	19.7	1.3	21.0	17.0	1.1	18.1
Fire & Other damage to property insurance	(18.8)	4.8	(14.0)	(18.6)	4.3	(14.3)
Non-proportional health reinsurance	0.5	–	0.5	0.4	–	0.4
Miscellaneous financial loss	0.9	0.1	1.0	0.8	0.1	0.9
Total	**(616.2)**	**173.2**	**(442.9)**	**(603.5)**	**167.0**	**(436.5)**

The technical provisions for the Group comprise of:

- the BIdac aggregate excess of loss reinsurance protection of BUL (intra-group reinsurance), which is classified as non-proportional casualty reinsurance;
- the non-life insurance and third-party reinsurance business which BIdac writes. The insurance business written to date includes general liability, fire & other damage to property, marine, aviation & transport, miscellaneous financial loss as well as credit & suretyship. At year end 2023 this includes technical provisions relating to the reinsurance of treaty business from syndicates 623 and 2623;
- the net technical provisions for BICI, which are within all of the insurance Solvency II lines of business in the table above. These include the BICI reserves transferred from BICI to BNCC on oder accident years. There are no net technical provisions, at a Group level, for BNCC due to its reinsurance arrangement with BICI;
- the net technical provisions of BAIC. On the 2022 and prior underwriting years there are no net technical provisions for BAIC due to its 100% reinsurance arrangement with BICI; however, for the 2023 and 2024 underwriting years 20% of the BAIC gross technical provisions are retained within BAIC and contribute to the Group total; and
- the net technical provisions relating to business written by BESI. As BESI was only able to issue quotes for business from 1st January 2024, there were no gross technical provisions for BESI ar year end 2023; however, there was a small net technical provision due to payments due to reinsurers in relation to cover during the 2024 calendar year.

Given the nature of the underlying business, the approach used to estimate the technical provisions for the intra-group reinsurance business differs from that used for the BIdac non-life insurance and third-party reinsurance business, BICI, BAIC and BESI business (the non intra-group business).

The technical provisions for BUL and BCL are present within Holdings in related undertakings, including participations. This will be inclusive of BUL's participation on the syndicates 2623 and 3623, and its side of the intra-group reinsurance contract detailed below.

BUL Intra-group reinsurance

Overview of reinsurance contract

The approach used to estimate the technical provisions is based on the structure and expected cash flows under the reinsurance contracts. BIdac enters into a reinsurance contract with BUL covering its participation on a year of account for syndicates 2623 and 3623. The cession % varies by year. The potential cash flows in summary are as follows:

- **premium** – ceded % of any profit distributed by the syndicates reinsured (subject to an excess);
- **claim** – ceded % of any loss made by the syndicates reinsured (subject to a maximum % of the FAL);
- **fees** – BUL pays BIdac a fee as BIdac provides a percentage of FAL for the syndicates covered under the reinsurance contract; and
- **profit commission** – payable by BIdac to BUL on any premiums received under the contract.

The Solvency II net technical provisions (including the risk margin) for the intra-group reinsurance business amount to ($1,451.4m).

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

Bases, methods and main assumptions used for valuation for solvency purposes - BUL Intra-group reinsurance
The bases, methods and main assumptions used for valuation for solvency purposes are as follows:
The expected profit/loss of the underlying BUL business reinsured forms the largest component of the technical provisions. The expected profit/loss is the total of the following:

- the current view of the profit/loss of each year of account. For the closing year of account the profit/loss is the final syndicate declared result as reported to Lloyd's. For open years of account this is based on held loss ratios applied to the ultimate premium, with allowance for incurred expenses;
- the reserve releases expected between the current view of profitability and when the final syndicate result is declared;
- expected investment income attributable to each year of account;
- expenses that are expected to be incurred until the year of account closes;
- FAL fees payable from BUL to BIdac;
- profit commissions payable for each contract forecasting profit; and
- profit or losses on foreign exchange hedges in place to mitigate currency risk.

Whilst the initial view of profitability is assessed at the end of the first calendar year for the business that has been reinsured, an assumption is made on expected future reserve releases. Modelling of the expected run off of the reserve margin is carried out for this purpose. Furthermore, the expected future investment income is derived from the assumptions used in the Beazley long term business plan. Assumptions are reviewed quarterly to reflect experience to date. Where the assumptions are not deemed appropriate, alternative assumptions are used.

The provisions for profit commissions and fees have been calculated in line with the terms of the reinsurance contract for each contract forecasting a profit. FAL fees over the term of the contract are calculated. The value of foreign exchange derivatives within the reinsured syndicates is taken from current financial valuations.

Allowance has also been made for Events Not In Data (ENIDs) and a risk margin:

- the ENIDs allowance is based on the load included in the underlying syndicates reinsured and this is calculated using the truncated lognormal distribution, as per Lloyd's guidelines; and
- the risk margin is based on the SCR output from the BIdac internal model – this is projected forward and discounted using yield curves prescribed by EIOPA, with the discounted cost of capital being calculated by multiplying the discounted SCR figures by the prescribed cost of capital rate of 6% and then summing up the resulting discounted cost of capital amounts.

Unincepted business is defined as policies that have not yet incepted, but to which Beazley's insurance entities are legally obliged at the valuation date. The 2024 reinsurance contract between BIdac and BUL which incepted on 1 January 2024 has been included within the technical provisions as it was signed in December 2023.

The technical provisions estimated have been split between the claims and premium provisions based on whether or not the profit/loss for each reinsurance contract is known at the valuation date – the technical provisions arising for those contracts for which the actual profit is as yet unknown have been allocated to the premium provision, with the provisions for those contracts where the profit/loss has been finalised being included within the claims provision.

Future cash flows are projected using payment patterns, as detailed in the contract, and discounted using the latest available EIOPA yield curves for the relevant currencies.

There is no reinsurance on this contract and so no allowance is made for recoverables from reinsurers in respect of this business.

Key uncertainties - BUL Intra-group reinsurance
At a macro level, the key areas of downside risk in the estimated profit/(loss) figures of the underlying BUL business being reinsured are that:

- claims experience in the Specialty Risks and Cyber Risks divisions could be worse than expected because of adverse claim frequency and/or severity or the systemic inadequacy of premium rates;
- catastrophe claims experience is materially worse than expected (natural and man-made);
- investment returns may be materially different to the returns estimated; and
- the rate at which the cedant releases profit.

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

Changes in methodology/assumptions since the previous reporting period - BUL Intra-group reinsurance
The methodology underlying the calculations have been updated to reflect the fact that syndicates 2623 and 3623 are now reserving on an IFRS 17 consistent basis. Therefore, the rate at which reserve margin will release has been updated, but the overall methodology has not changed.

Direct business, third party reinsurance & internal proportional reinsurance
Overview
BIdac writes non-life insurance and third party business. The business written comprises of eight classes – general liability, fire & other damage, marine, aviation & transport, miscellaneous financial loss, credit and suretyship, non-proportional health, non-proportional casualty and non-proportional property.

BICI and BAIC predominately writes casualty business (including but not limited to directors & officers, errors & omissions and employment practices liability coverages).

As BESI was only able to quote for new business from 1st of January 2024, there is no gross business on the year end 2023 balance sheet; however, there is a net liability due to the need to recognise some reinsurance spend relating to excess of loss contracts that will cover the future inwards contracts.

The Solvency II net technical provisions (including the risk margin), excluding the intra-group reinsurance business with BUL, amount to $1,015m.

Bases, methods and main assumptions used for valuation for solvency purposes
The bases, methods and main assumptions used for valuation for solvency purposes are as follows:

The best estimate reserves form the largest component of the technical provisions. The gross and net reserves for BIdac business (direct insurance, proportional reinsurance and non-proportional reinsurance) have been set at a level which is consistent with similar business written across the group, except where claims experience suggests otherwise.

Total premiums written are sourced from finance and earnings assumptions are used to allocate between the premium and claims provision. The methodology used to derive earnings patterns assumes that premium is earned uniformly throughout the policy.

Bound but not incepted business ("BBNI") is defined as policies that have not yet incepted, but to which Beazley is legally obliged to fulfil at the valuation date. For business which has been written by BIdac, the volume of unincepted business is calculated as the premiums from the actual contracts bound as at the valuation date, but due to incept after the valuation date. At year end 2023, the BBNI premium provision for reinsurance was negative. This was driven by the fact that for some contracts the outwards premium payables cover the full subsequent period, compared to the expected recoveries only on the unincepted gross business.

For BICI and BAIC, the volume of unincepted business is estimated by considering the business written in the month following the valuation date during the previous year. There is no unincepted business for BNCC as this only reinsures older accident years.

Provisions for bad debts, future expenses and ENIDs are added to the best estimate technical provisions:
- the bad debt component uses reinsurer default probabilities and loss given default percentages from the internal model. The expected reinsurer bad debt is calculated as probability of default x loss given default x exposure x average duration;
- specific bad debts are considered if necessary;
- the expense provision includes the future expenses required to run off the legally obliged business as at the valuation date. This is calculated using the historical calendar year expenses and budgeted expenses, provided by the finance team; and
- the load for ENIDs is calculated using the truncated lognormal approach, as per Lloyd’s guidelines.

The risk margin is calculated using internal model output for BIdac. The run-off of SCR is projected forward and discounted using yield curves prescribed by EIOPA, with the discounted cost of capital being calculated by multiplying the discounted SCR figures by the prescribed cost of capital rate of 6%. The resulting discounted cost of capital amounts are summed to get the risk margin.

A simplified approach is used for BICI, which takes the risk margin estimated for Group and scales this by the ratio of BICI net reserves to Group net reserves.

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

Changes in methodology/assumptions since the previous reporting period continued
Future cash flows are projected using payment patterns, allocated into the required currencies and discounted using the latest available EIOPA yield curves for the relevant currencies.

The reinsurance recoverables have been calculated based on the underlying reinsurance cash flows.

Key uncertainties - Direct business & third party reinsurance
At a macro level, the key area of downside risk is in the reserving assumptions used to derive the best estimate reserves. Claims experience may be worse than expected because of adverse claim frequency and/or severity or the systemic inadequacy of premium rates. Additionally, for the BIdac business, the lack of actual claims development history means that an approximation of the expected performance of this business has had to be used.

Changes in methodology/assumptions since the previous reporting period - Direct business & third party reinsurance
There have been no significant methodology/ assumption changes since the year end 2022.

Statutory reserves vs Solvency II technical provisions
The following table provides, by Solvency II group, a reconciliation between IFRS and Solvency II for both gross and ceded technical provisions.

	Statutory value $m	Reclassification adjustment $m[1]	Other presentational $m	Solvency II valuation adjustment $m	Solvency II value $m	Solvency II Balance Sheet description
Insurance and reinsurance contract liabilities	**8,325.7**	**(6,057.2)**	**(435.0)**	**(1,833.5)**	**–**	Technical Provisions[2]
Technical provisions - non-life (excluding health)				**(133.0)**	**(133.0)**	
Best estimate				(299.8)	(299.8)	
Risk margin				166.8	166.8	
Technical provisions - health (similar to non-life)				**15.2**	**15.2**	
Best estimate				15.0	15.0	
Risk margin				0.2	0.2	

	Statutory value $m	Reclassification adjustment $m	Other presentational $m	Solvency II valuation adjustment	Solvency II value $m	Solvency II Balance Sheet description
Insurance and reinsurance contract assets	**2,528.2**	**(1,672.0)**	**(435.0)**	**(421.2)**	**–**	Reinsurance recoverables[2]
Non-life and health similar to non-life				**318.7**	**318.7**	
Non-life excluding health				307.4	307.4	
Health similar to non-life				11.3	11.3	

1 Adjustment for changes in consolidation between IFRS and Solvency II (see section D, 'Basis of presentation of Beazley plc's 2023 Group Solvency II Balance Sheet').

2 On a statutory basis, in line with IFRS 17 principles, assets and liabilities from insurance contracts issued and reinsurance contracts held are presented on a gross basis. For the purposes of Solvency II reporting, these have been presented on a net basis in the relevant quantitative reporting templates.

The main differences between the statutory and Solvency II technical provisions are:
- the statutory reserves holds a contractual service margin (CSM) as a liability, deferring profit within the unearned risk whereas the Solvency II technical provisions allow for a best estimate on both the earned and unearned portions of the business written;
- within Solvency II technical provisions, there is an explicit allowance for premiums and claims on bound but not incepted contracts which are not recognised within the statutory reserves except for where the business is onerous. As a result, the 2024 reinsurance contract between BIdac and BUL which incepts on 1 January 2024 has been included within the Solvency II technical provisions as it was signed in December 2023;
- the Solvency II technical provisions and IFRS 17 insurance contract liabilities use different discount rates, with the IFRS 17 discount rate consisting of a risk free rate sourced from Moody's with an illiquidity premium while Solvency II uses the prescribed EIOPA risk free rate;
- the Solvency II technical provisions include a risk margin which is designed to represent the cost of future capital associated with supporting the business while IFRS 17 includes a risk adjustment which is designed to capture the compensation for non-financial risk that Beazley requires to write the business; and
- on a statutory basis results relating to insurance contracts in the syndicates covered by Beazley's participation are presented as insurance contract liabilities on an IFRS 17 basis while under Solvency II they are presented in the participations line.

D. Valuation for solvency purposes continued

D.2 Technical provisions continued

Other items

The matching adjustment referred to in Article 77b of Directive 2009/138/EC is not applied.
The volatility adjustment referred to in Article 77d of Directive 2009/138/EC is not used.
The transitional risk-free interest rate-term structure referred to Article 308c of Directive 2009/138/EC is not applied.
The transitional deduction referred to in Article 308d of Directive 2009/138/EC is not applied.

D.3 Other liabilities

Deferred tax liabilities

Solvency II recognition and valuation with respect to deferred taxes is consistent with the statutory balance sheet (IAS 12). As a result of the adjustments from the statutory basis to the Solvency II basis, an increase in Solvency II net assets is generated for the Group and hence additional deferred tax liabilities are recognised on a Solvency II basis. These deferred tax liabilities cannot be wholly offset against the original deferred tax asset as some relate to entities subject to different tax jurisdictions within the Group.

Derivatives

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured 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.

Subordinated liabilities

The subordinated liabilities, which are listed on the London Stock Exchange, are held at amortised cost using the effective interest rate method within the statutory financial statements. The subordinated liabilities are valued at fair value as at the reporting date based on quoted market price under Solvency II.

Payables (trade, not insurance)

Payables mainly comprise amounts payable to related Group entities and external bodies. The amounts are expected to be paid within the next 12 months and are held at amortised cost in the statutory financial statements, which is considered to be equivalent to fair value under Solvency II.

Any other liabilities, not elsewhere shown

Any other liabilities comprise mainly accrued expenses including staff bonuses. The amounts are expected to be paid within the next 12 months and are held at amortised cost on the statutory balance sheet, which is considered to be equivalent to fair value under Solvency II.

D.4 Alternative methods for valuation

The valuation hierarchy for investments is discussed in section D.1 above. An alternative method of valuation has been adopted for the level 3 financial assets where observable inputs are not available. Refer to note 18 (Financial assets and liabilities) of the Beazley plc Annual report and accounts 2023 for further details.

D.5 Any other information

Lease arrangements

The operating lease arrangements relate to land and buildings. Refer to page 215 of the Beazley plc Annual report and accounts 2023 for further details.

E. Capital management

E.1 Own funds

Beazley has a number of requirements for capital at a Group and subsidiary level. Capital is primarily required to support underwriting at Lloyd's, the US and through our European branches and is subject to prudential regulation by local regulators (PRA, Lloyd's, CBI, and the US state level supervisors). Beazley at a consolidated Group level is subject to the capital adequacy requirements of the European Union Solvency II regime. Beazley has maintained sufficient own funds to meet its solo and Group SCR throughout the year.

Further capital requirements come from rating agencies who provide ratings for BICI, BAIC, BESI and BIdac. Beazley aims to manage its capital levels to obtain the ratings necessary to trade with its preferred client base.

The amount of surplus capital held is considered on an ongoing basis in light of the current regulatory framework and opportunities for organic growth or acquisitive growth and a desire for both prudence and to maximise returns for investors.

Beazley aims to maintain a Solvency II ratio in excess of 170% of SCR.

The Board operates a progressive dividend strategy, intending to grow the dividend each year but recognising that some earnings fluctuations are to be expected. When determining the level of the dividend, The Board considers the Group's capital position, future investment and growth opportunities and our ability to generate cash flows. Dividends are typically paid on an annual basis to align with the Group's capital planning cycle. The Group's capital management strategy is to carry some surplus capital to enable us to take advantage of growth opportunities which may arise. Where surplus capital cannot be profitably deployed it will be returned to shareholders.

The Group follows a risk–based approach to determine the amount of capital required to support its activities. Recognised stochastic modelling techniques are used to measure risk exposures, and capital to support business activities is allocated according to risk profile. Stress and scenario analysis is regularly performed and the results are documented and reconciled to the Board's risk appetite where necessary.

The Group actively seeks to manage its capital structure. The preferred use of capital is to deploy it on opportunities to underwrite profitably. However, there may be times in the cycle when the Group will generate excess capital and not have the opportunity to deploy it. At such points in time the Board will consider returning capital to shareholders.

The following table sets out the Group's sources of funds on a Solvency II basis:

	Total $m	Tier 1 $m	Tier 2 $m	Tier 3 $m
Basic own funds				
Ordinary share capital	46.7	46.7	–	–
Reconciliation reserve	4,248.5	4,248.5	–	–
Share premium	10.6	10.6	–	–
Deferred Tax[4]	–	–	–	–
Subordinated liabilities	520.8	–	520.8	–
Total basic own funds after deductions[1]	**4,826.7**	**4,305.9**	**520.8**	**–**
Ancillary own funds	–		–	–
Total available own funds to meet the Group SCR	**4,826.7**	**4,305.9**	**520.8**	**–**
Total eligible own funds to meet the consolidated Group SCR[2]	**4,826.7**	**4,305.9**	**520.8**	
Total eligible own funds to meet the consolidated Group MCR[3]	**4,408.8**	**4,305.9**	**102.9**	**–**
Consolidated Group SCR	**2,058.2**	**–**	**–**	**–**
Ratio of Eligible own funds to the consolidated Group SCR	**235 %**	**–**	**–**	**–**

1 Deductions are presented in the reconciliation reserve below.
2 Tier 2 eligible own funds to meet the consolidated Group SCR are capped at 50% of the SCR
3 Tier 2 eligible own funds to meet the consolidated Group MCR are capped at 20% of the MCR.
4 Deferred tax is not included in total basic funds after deductions as the balance is deducted from excess assets over liabilities to determine the reconciliation reserve.

Group own funds have been calculated net of any intra–group transactions.

E. Capital management continued

E.1 Own funds continued

The table below shows the movement of Own Funds by Tier in comparison to 2022:

	Tier 1 unrestricted $m	Tier 1 restricted $m	Tier 2 $m	Tier 3 $m
2022 Eligible Own Funds	**3,330.5**	**–**	**506.2**	–
Movement in Ordinary Share Capital and Share premium account[1]	1.1	–	–	–
Movement in Reconciliation Reserve	974.3	–	–	–
Movement in Subordinated Debt Value	–	–	14.6	–
2023 Eligible Own Funds	**4,305.9**	**–**	**520.8**	**–**

Tier 1 basic own funds

	2023 $m	2022 $m
Ordinary share capital	46.7	46.6
Share premium	10.6	9.7
Reconciliation reserve	4,248.5	3,274.2
	4,305.9	**3,330.5**

Tier 1 own funds are eligible in full to meet both the SCR and Minimum Capital Requirement (MCR).

The reconciliation reserve is calculated as follows:

	2023 $m	2022 $m
Reconciliation reserve		
Excess of assets over liabilities	4,592.9	3,545.6
Own shares (held directly and indirectly)	(63.8)	–
Foreseeable dividends	(118.4)	(110.4)
Ordinary share capital and share premium	(57.3)	(56.3)
Deferred tax asset	–	(37.2)
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	(104.9)	(67.5)
	4,248.5	**3,274.2**

The adjustment for restricted own fund items in respect of ring fenced funds is the restriction the Group has of $104.9m in respect of BIdac's UK branch local capital requirements, following the branch's approval by the PRA as a fully authorised third country branch.

The Directors approved an interim dividend of approximately $118.4m payable in May 2024.

Own shares (held directly and indirectly) of $63.8m consists of shares held in the Beazley plc Employee Benefit Trust within equity in the statutory balance sheet. The shares are reported as Own shares (held directly) within assets on the Solvency II balance sheet and are deducted from the reconciliation reserves in Own Funds, hence having a nil impact on the Group Solvency ratio.

Tier 2 basic own funds

	2023 $m	2022 $m
Tier 2 subordinated debt (2026) – issued in 2016	244.1	240.3
Tier 2 subordinated debt (2029) – issued in 2019	276.7	265.9
	520.8	**506.2**

In November 2016, BIdac issued $250m of subordinated tier 2 notes due in 2026 and in September 2019, BIdac issued $300m of additional subordinated tier 2 notes due in 2029.

This debt is listed on the London Stock Exchange and is valued at fair value based on quoted market price. The movement in the valuation is due to changes in fair values based on quoted market prices.

E. Capital management continued

E.1 Own funds continued

In 2023, we renewed the $450.0m Multicurrency Standby letter of credit (LOC) and Revolving Credit Facility Agreement (the credit facility). Key terms remain unchanged. Under the credit facility $450.0m may be drawn as letters of credit to support underwriting at Lloyd's. As at 31 December 2023, $225.0m of LOC has been utilised and placed as FAL. During 2023 the CBI renewed the approval for the inclusion of an unutilised amount of LOC under the credit facility ($225.0m) as ancillary own funds and the method used to determine the eligible amount. This approval is valid until 31 July 2025.

The credit facility allows LOCs to be issued in favour of the Society of Lloyd's. Such a LOC is permissible as an asset supporting FAL requirements for Lloyd's Corporate Members.

In addition to the FAL provided under the credit facility, FAL to support the Group's underwriting at Lloyd's is provided by both BUL as well as BIdac. These funds are subject to a deed of charge in favour of Lloyd's. The deed of charge restricts the transferability of these assets. For this reason, the FAL may only be included in the calculation of Group solvency up to the contribution of BIdac and BUL to the Group SCR, respectively.

If the BIdac or BUL contributions to Group SCR exceed their portion of the FAL, respectively, no restriction is applicable. However, if the BIdac or BUL contribution to Group SCR is lower than their respective FAL contribution, then a restriction is applied in respect of the excess FAL to the basic own funds for Group.

In order to compensate for this restriction, the ancillary own funds are recognised subject to the following limits of the credit facility:

- LOC outstandings shall not at any time exceed 40% of the value of FAL provided; and
- the limit of the credit facility of $225.0m.

The table below presents the FAL, provided by BIdac and BUL, the BIdac and BUL contribution to Group SCR, the restriction to FAL and the corresponding ancillary own funds recognised. As at 31 December 2023 there is no restriction on the use of FAL to contribute to the Group SCR, hence no ancillary own funds have been recognised.

	2023 $m	2022 $m
FAL provided by BIdac	914.7	954.4
BIdac contribution to Group SCR	(1,235.5)	(966.1)
Excess FAL restriction BIdac	–	–
FAL provided by BUL	338.1	316.0
BUL contribution to the Group SCR	(447.6)	(334.1)
Excess FAL restriction BUL	–	–
Ancillary own funds recognised	**–**	**–**

The credit facility agreement is between Beazley companies and is led by Lloyds Bank plc, involving various banks.

As at 31 December 2023, there were $520.8m (2022: $506.2m) of basic and ancillary tier 2 own funds available to meet the SCR, of which $520.8m (2022: $506.2m) were eligible to meet the SCR, being 50% of the SCR at that date. $102.9m (2022: $78.7m) was eligible to meet the MCR, being 20% of the MCR as at that date.

Reconciliation of statutory net assets to Solvency II net assets as at 31 December, 2023

The table below presents the changes in net assets from the statutory balance sheet to the Solvency II balance sheet.

	$m
Statutory net assets	**3,882.1**
Elimination of goodwill, DAC and intangible assets	(127.0)
Elimination of leasehold improvements	(12.2)
Revaluation of subordinated debt and other financial liabilities to market value	27.5
Elimination of statutory technical provisions (net of reinsurance and deferred acquisition costs)	1,516.0
Elimination of inter–group debtors relating to future technical cash flows	(1,258.8)
Elimination of insurance debtors relating to future technical cashflows	28.8
Replacement of Solvency II technical provisions	436.5
Revaluation of participation balances	(1,000.8)
Recognition of profit commission on Solvency II adjustments arising	1,218.6
Recognition of own shares held directly	63.8
Recognition of net deferred tax on Solvency II adjustments arising	(181.6)
Solvency II net assets	**4,592.9**

Restriction to the fungibility and transferability of own funds

BIdac contributes between 63% and 67% of FAL in respect of its share of syndicates 2623 and 3623 and separately provides FAL in respect of 3622. BUL provides the FAL not covered by the BIdac intra-group reinsurance including the BUL share of syndicate 5623. The $225m LOC is included separately and in addition to the FAL provided by BIdac and BUL The respective restrictions in relation to the FAL capital commitment relative to their contribution to the Group SCR have been described above.

In light of the Lloyd's ECR, which determines the FAL deposited at Lloyd's, being greater than BIdac's contribution to the Group SCR there is no further restriction applied to the fungibility of the Group own funds. BIdac's capital is available to post as FAL for the purpose of supporting the underwriting activity of the Group.

E. Capital management continued

E.1 Own funds continued

Restriction to the fungibility and transferability of own funds continued

BICI has a standby LOC of $7.5m (2022: $5.3m) in place to secure certain reinsurance transactions settled through Lloyd's. No amounts relating to these letters of credit are recognised in the Group's statement of financial position (2022: $nil).

E.2 Solvency Capital Requirement and Minimum Capital Requirement

The SCR and MCR for Beazley are as follows (post diversification):

	2023 $m	2022 $m
Solvency Capital Requirement	2,058.2	1,573.8
Minimum Capital Requirement	514.5	393.4

The Group MCR is determined by adding up the Solo MCRs of the (re)insurance entities consolidated for the Group SCR calculation according to Article 230(2) of the Directive 2009/138/EC.

Beazley uses an internal model to calculate its SCR. Beazley's application to use an internal model was approved by the CBI on 10 December 2015 and subsequently on 2 February 2024 in respect of a major model change application. The model is designed to produce output on the required basis, namely the capital required to meet a 1-in-200 adverse loss on the Solvency II balance sheet over a one–year time horizon.

The table below shows the SCR split by risk category (post-diversification):

Model	Insurance risk	Market risk	Operational risk	Credit risk
2024 SCR	90 %	5 %	4 %	1 %
2023 SCR	87 %	5 %	6 %	2 %

E. Capital management continued

E.2 Solvency Capital Requirement and Minimum Capital Requirement continued

Use of the internal model

Beazley's internal model is regularly used in a number of management processes as well as to input into a range of ad-hoc analyses that are presented to the business to support decision-making e.g. reinsurance analysis.

Regular uses include:

- capital setting: the internal model is used to calculate the capital for each entity quarterly. The calculated capital is split by major risk i.e. insurance, market, credit, liquidity, operational and group risk;
- business planning including capital allocation: the internal model is used in the business planning process to allocate capital between divisions. This, when combined with the plan profit, allows management to compare the performance of the different business lines on a risk adjusted basis;
- business planning: portfolio optimisation;
- business planning: reinsurance and Special Purpose Arrangement review;
- long term plan: the capital projections in the long-term plan are developed using internal model output;
- Solvency II technical provisions: the internal model is used to calculate the events not in data (ENIDs), risk margin and bad debt provision;
- exposure management - natural catastrophe: the natural catastrophe model component of the internal model is used to monitor catastrophe risk against appetite;
- exposure management - cyber: the cyber catastrophe model component of the internal model is used to monitor cyber risk against appetite
- investment management: the asset risk component of the internal model is used to monitor investment risk;
- ORSA: 1-in-10 output is used to calculate key risk indicators to determine whether the entities are operating within risk appetite;
- IFRS 17 risk adjustment: the model is used to calculate the likelihood of exhaustion of the risk adjustment reported under IFRS 17; and
- Reinsurance return on capital: The return on capital of the current reinsurance programmes is monitored and reported.

Scope of the internal model

The scope of the internal model includes all material risks faced by Beazley. A single internal model is used to calculate the SCR for all entities. No important risks are excluded from the internal model. The material risks currently included in the internal model are:

- premium risk;
- catastrophe risk (both natural and man–made);
- reserving risk;
- market (or asset) risk;
- operational risk (including regulatory and legal risk);
- credit risk;
- group risk; and
- liquidity risk.

The internal model generating the Beazley SCR includes business written and reinsured by BIdac, BICI and BESI, as well as the syndicate exposure supported by BUL.

Methods used in the internal model

The internal model estimates the probability distribution forecast using a structured quantitative process that makes use of methods that are: in line with good actuarial and statistical practice; subject to regular independent challenge; and appropriate to the analysis and risk profile in question. These methods use parameters that are estimated using all relevant internally available data; appropriate externally sourced industry data; data embedded in external models that has been prepared by experts; judgements based on appropriately qualified and challenged experts; and distributions which are statistically consistent with the historic data relating to the frequency and severity of loss.

Beazley uses a full internal model to calculate the SCR. The SCR is calculated by the internal model in accordance with the specifications of Article 101 of Directive 2009/138/EC; specifically that it is taken from the 99.5th percentile VAR over a 1–year time horizon, taken directly from the probability distribution output generated by the calculation kernel and covers insurance (underwriting and reserving), asset (market), credit, and operational and group risk.

E. Capital management continued

E.2 Solvency Capital Requirement and Minimum Capital Requirement continued

Data used in the internal model

Model inputs are made up of two key components:
- inputs to model stand–alone risk which requires
  - exposure data. For example the number of policies of a given size and type; and
  - risk assumptions. For example setting out the range of claim sizes for a given policy. These assumptions are based on relevant historic experience: and
- input to aggregate the risk:
  - risk is aggregated using a 'risk drivers' approach where the assumptions are set based on historic experience for each driver.

On–going appropriateness is ensured through the capital team's internal model data input testing which includes reconciliation of key data items. The nature and appropriateness of the data used is set out in the documentation and model change reporting.

Diversification

Diversification effects are allowed for in the internal model. The dependency and risk driver framework ensures that all possible drivers of risk for inclusion in the internal model are considered during the annual risk driver and dependency review to ensure completeness and which considers:
- the key variables driving dependencies;
- evidence for the existence of diversification effects;
- the relevant assumptions underlying the modelling of dependencies;
- extreme scenarios and tail dependence; and
- the core model produces management information that shows diversification benefits between major risk category (e.g. premium risk, reserve risk, market risk, credit risk etc.) as well as between business units. Due to the proportional nature of BIdac's economic interest in syndicates 2623 and 3623, there are no material additional sources of diversification at a Group level.

Loss Absorbing Capacity of Deferred Tax

The Group makes an adjustment for the loss absorbing capacities of Deferred Tax Liabilities but not Deferred Tax Assets.

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

Not applicable.

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

The internal model uses a modular structure comprising a number of free–standing modules each addressing a risk category within scope of the internal model (see section E.2 – scope). A distribution is generated from each module. The modules are aggregated using a 'risk drivers' approach in an overall module that calculates model output. Given the risk profile of Beazley (roughly an equal split of medium–tailed and short–tailed exposures) the most important risk driver is the market cycle which impacts all classes of business and all underwriting years. Driver variables for some risk modules are based upon the output results from other modules. For example, in the credit risk module, the probability of default for reinsurers is increased when the size of the modelled catastrophe exceeds a defined level.

The main differences in the methodologies and underlying assumptions used in the standard formula (SF) and in the internal model by risk module are as follows:
- greater premium & reserve risk is assumed for the internal model reflecting the underlying economic risks while the SF assumptions are applied to the premiums and technical provisions;
- catastrophe risk assumptions are lower in the internal model reflecting the detailed modelling of the portfolio;
- internal model market risk is greater than the SF due to greater interest rate and credit spread risk assumptions as well as making allowance for the full economic risk within the underlying asset portfolio;
- greater credit and operational risk is assumed for the internal model than for the SF;
- the internal model includes less dependency between risk categories than that assumed in the SF with the driver of risk assumptions reflecting the risk profile; and
- internal model explicitly includes profit offsetting the risk.

The risks covered in the internal model are in line with those covered in the SF; however some risks, for example court inflation, are explicitly rather than implicitly modelled.

E. Capital management continued

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

The internal model used to calculate the Beazley SCR is the same as the internal model used to calculate the BIdac SCR. Where balance sheet items are only included in the Beazley balance sheet, null exposure is included in the BIdac SCR. Similarly items on the BIdac balance sheet that consolidate at the Group level are also included in the Beazley internal model with null exposure.

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

There have been no material changes or instances of non–compliance with the SCR or MCR over the reporting period, nor is there a foreseeable risk of non–compliance which is considered in the ORSA report where a confirmation statement of continued compliance (for regulatory capital requirements and regulatory requirements for technical provisions) is made.

E.6 Any other information

In March 2024, the Board approved a dividend of 14.2p ($118.4m) payable to Beazley shareholders, registered on 22 March 2024. This dividend has not been reflected in the Group's financial statements for the year ended 31 December 2023. This dividend has been included in the calculation of the available own funds as at 31 December 2023.

On 6 March 2024, the Board of Beazley plc approved a share buyback programme of its ordinary shares for up to a maximum aggregate consideration of $325.0m commencing 8 March 2024. The buyback will reduce the Group's net asset value by approximately $325.0m. The SCR ratio of 235%, reported on page 65, would fall by approximately 16% to 219%. Under Solvency II the share buyback will not be included in the calculation of the available own funds until commencement of the share buyback programme.

Appendix: Quantitative reporting

The following quantitative reporting templates are appended to this report.

S.02.01.02 – Balance sheet

S.05.01.02 – Premiums, claims and expenses by line of business

S.05.02.01 – Premiums, claims and expenses by country

S.23.01.22 – Own funds

S.25.05.22 – Solvency Capital Requirement calculated using a full internal model

S.32.01.2 – Undertakings in the scope of the Group

The information in the main body of the SFCR is presented in USD and rounded to the nearest one hundred thousand. The monetary amounts in the quantitative reporting templates (QRTs) within the appendix of this document are rounded to the nearest one thousand USD. Please note that this can give rise to rounding differences of +/- one hundred thousand USD and the totals may differ from the sum of component parts due to rounding. For improved presentation, blank columns in some of the quantitative reporting templates have been omitted. All items disclosed are consistent with the quantitative reporting submitted privately to the Central Bank of Ireland.

Appendix:
Quantitative reporting continued

S.02.01.02 – Balance sheet

		Solvency II value
		C0010
Assets		
Intangible assets	R0030	–
Deferred tax assets	R0040	43
Pension benefit surplus	R0050	4,528
Property, plant & equipment held for own use	R0060	63,070
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	**3,701,530**
Property (other than for own use)	R0080	–
Holdings in related undertakings, including participations	R0090	808,190
Equities	R0100	–
Equities – listed	R0110	–
Equities – unlisted	R0120	–
Bonds	R0130	2,566,262
Government Bonds	R0140	1,383,605
Corporate Bonds	R0150	1,182,656
Structured notes	R0160	–
Collateralised securities	R0170	–
Collective Investments Undertakings	R0180	319,906
Derivatives	R0190	6,774
Deposits other than cash equivalents	R0200	15
Other investments	R0210	384
Assets held for index-linked and unit-linked contracts	R0220	–
Loans and mortgages	**R0230**	**916**
Loans on policies	R0240	–
Loans and mortgages to individuals	R0250	–
Other loans and mortgages	R0260	916
Reinsurance recoverables from:	**R0270**	**318,658**
Non-life and health similar to non-life	R0280	318,658
Non-life excluding health	R0290	307,391
Health similar to non-life	R0300	11,267
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	–
Health similar to life	R0320	–
Life excluding health and index-linked and unit-linked	R0330	–
Life index-linked and unit-linked	R0340	–
Deposits to cedants	R0350	–
Insurance and intermediaries receivables	R0360	103,682
Reinsurance receivables	R0370	81,362
Receivables (trade, not insurance)	R0380	69,190
Own shares (held directly)	R0390	63,757
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	–
Cash and cash equivalents	R0410	596,220
Any other assets, not elsewhere shown	R0420	597,628
Total assets	**R0500**	**5,600,585**

Appendix: Quantitative reporting continued

S.02.01.02 – Balance sheet continued

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	**(117,872)**
Technical provisions – non-life (excluding health)	**R0520**	**(133,046)**
TP calculated as a whole	R0530	–
Best estimate	R0540	(299,821)
Risk margin	R0550	166,775
Technical provisions – health (similar to non-life)	**R0560**	**15,174**
TP calculated as a whole	R0570	–
Best estimate	R0580	14,978
Risk margin	R0590	197
TP – life (excluding index-linked and unit-linked)	R0600	–
Technical provisions – health (similar to life)	R0610	–
TP calculated as a whole	R0620	–
Best estimate	R0630	–
Risk margin	R0640	–
TP – life (excluding health and index-linked and unit-linked)	**R0650**	**–**
TP calculated as a whole	R0660	–
Best estimate	R0670	–
Risk margin	R0680	–
TP – index-linked and unit-linked	**R0690**	**–**
TP calculated as a whole	R0700	–
Best estimate	R0710	–
Risk margin	R0720	–
Contingent liabilities	R0740	–
Provisions other than technical provisions	R0750	–
Pension benefit obligations	R0760	–
Deposits from reinsurers	R0770	–
Deferred tax liabilities	R0780	142,426
Derivatives	R0790	627
Debts owed to credit institutions	R0800	–
Debts owed to credit institutions resident domestically	ER0801	–
Debts owed to credit institutions resident in the euro area other than domestic	ER0802	–
Debts owed to credit institutions resident in rest of the world	ER0803	–
Financial liabilities other than debts owed to credit institutions	R0810	–
Debts owed to non-credit institutions	ER0811	–
Debts owed to non-credit institutions resident domestically	ER0812	–
Debts owed to non-credit institutions resident in the euro area other than domestic	ER0813	–
Debts owed to non-credit institutions resident in rest of the world	ER0814	–
Other financial liabilities (debt securities issued)	ER0815	–
Insurance & intermediaries payables	R0820	52,589
Reinsurance payables	R0830	–
Payables (trade, not insurance)	R0840	94,424
Subordinated liabilities	**R0850**	**520,809**
Subordinated liabilities not in BOF	R0860	–
Subordinated liabilities in BOF	R0870	520,809
Any other liabilities, not elsewhere shown	R0880	314,634
Total liabilities	**R0900**	**1,007,637**

Excess of assets over liabilities	**4,592,948**

Appendix:
Quantitative reporting continued

S.05.01.02 – Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)						Line of Business for: accepted non-proportional reinsurance			
		Income protection insurance	Marine, aviation and transport	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Miscellaneous financial loss	Health	Casualty	Property	Total
		C0020	C0060	C0070	C0080	C0090	C0120	C0130	C0140	C0160	C0200
Premiums written											
Gross – Direct Business	R0110	99,861	423,104	1,147,948	3,020,984	74,494	73,338	–	–	–	**4,839,730**
Gross – Proportional reinsurance accepted	R0120	8,879	74,192	18,699	209,911	74,263	7,006	–	–	–	**392,949**
Gross – Non-proportional reinsurance accepted	R0130	–	–	–	–	–	–	20,401	51,460	259,717	**331,577**
Reinsurers' share	R0140	45,369	34,325	168,040	579,272	6,840	1,157	1,603	3	60,818	**897,426**
Net	R0200	63,372	462,971	998,607	2,651,623	141,917	79,187	18,798	51,457	198,898	**4,666,830**
Premiums earned											
Gross – Direct Business	R0210	103,352	416,274	1,002,112	3,061,470	51,692	69,928	–	–	–	**4,704,829**
Gross – Proportional reinsurance accepted	R0220	9,362	71,407	23,887	204,392	68,420	6,122	–	–	–	**383,590**
Gross – Non-proportional reinsurance accepted	R0230	–	–	–	–	–	–	20,027	53,507	243,108	**316,642**
Reinsurers' share	R0240	46,128	39,424	185,014	780,216	4,169	1,767	1,606	108	60,693	**1,119,125**
Net	R0300	66,587	448,257	840,985	2,485,647	115,944	74,283	18,421	53,399	182,415	**4,285,937**
Claims incurred											
Gross – Direct Business	R0310	24,801	96,906	305,128	1,444,551	(80,863)	27,776	–	–	–	**1,818,299**
Gross – Proportional reinsurance accepted	R0320	4,515	52,062	13,475	102,514	51,151	4,558	–	–	–	**228,275**
Gross – Non-proportional reinsurance accepted	R0330	–	–	–	–	–	–	6,571	11,842	49,366	**67,779**
Reinsurers' share	R0340	15,600	28,295	(762)	373,184	(63,283)	5,867	179	(2,169)	(37,177)	**319,735**
Net	R0400	13,716	120,672	319,364	1,173,881	33,571	26,468	6,392	14,011	86,543	**1,794,618**
Expenses incurred	R0550	35,166	178,185	275,197	950,267	52,386	27,365	7,296	19,036	62,779	**1,607,676**
Balance - other technical expenses/income	R1210										**–**
Total technical expenses	R1300										**1,607,676**

The following columns, which are blank, have been omitted for improved presentation: C0010 Medical expense insurance; C0030 Workers' compensation insurance; C0040 Motor vehicle liability insurance; C0050 Other motor insurance; C0100 Legal expenses insurance; C0110 Assistance; and C0150 Accepted Non-Proportional Marine, aviation, transport.

Appendix: Quantitative reporting continued

S.05.01.02 – Premiums, claims and expenses by line of business continued

		Line of Business for: life insurance obligations	Life reinsurance obligations	Total
		Other life insurance	Life reinsurance	
		C0240	C0280	C0300
Premiums written				
Gross	R1410	33,316	3,828	**37,144**
Reinsurers' share	R1420	7,647	127	**7,774**
Net	**R1500**	**25,670**	**3,701**	**29,370**
Premiums earned				
Gross	R1510	34,169	3,170	**37,339**
Reinsurers' share	R1520	8,049	127	**8,175**
Net	**R1600**	**26,120**	**3,044**	**29,163**
Claims incurred				
Gross	R1610	25,024	(2,337)	**22,687**
Reinsurers' share	R1620	9,100	(238)	**8,862**
Net	**R1700**	**15,924**	**(2,099)**	**13,825**
Expenses incurred	**R1900**	**11,996**	**1,784**	**13,780**
Balance - other technical expenses/income	**R2510**			**–**
Total technical expenses	**R2600**			**13,780**

The following columns, which are blank, have been omitted for improved presentation: C0210 Health insurance; C0220 Insurance with profit participation; C0230 Index-linked and unit-linked insurance; C0250 Annuities stemming from non-life insurance contracts and relating to health insurance obligations; C0260 Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations; and C0270 Health reinsurance.

Appendix: Quantitative reporting continued

S.05.02.01 – Premiums, claims and expenses by country

Home country – non-life obligations

		Home country	Top 5 countries (by amount of gross premiums written) - non-life obligations					Total Top 5 and home country
		GB	US	BE	CA	DE	SG	
R0010		C0080	C0090	C0100	C0110	C0120	C0130	C0140
Premium written								
Gross – Direct Business	R0110	1,763,478	2,412,419	–	104,738	54,197	62,731	4,397,562
Gross – Proportional reinsurance accepted	R0120	47,474	78,168	311,084	–	–	2,393	439,120
Gross – Non-proportional reinsurance accepted	R0130	300,158	2,068	–	–	17,425	7,611	327,263
Reinsurers' share	R0140	368,089	425,707	46,672	17,956	12,696	12,600	883,721
Net	**R0200**	**1,743,021**	**2,066,948**	**264,411**	**86,782**	**58,926**	**60,135**	**4,280,223**
Premium earned								
Gross – Direct Business	R0210	1,699,530	2,324,939	–	100,940	52,232	60,456	4,238,096
Gross – Proportional reinsurance accepted	R0220	50,658	83,410	331,945	–	–	2,554	468,567
Gross – Non-proportional reinsurance accepted	R0230	284,626	1,961	–	–	16,523	7,217	310,328
Reinsurers' share	R0240	458,611	530,398	58,150	22,372	15,818	15,699	1,101,048
Net	**R0300**	**1,576,203**	**1,879,912**	**273,795**	**78,568**	**52,937**	**54,528**	**3,915,943**
Claims incurred								
Gross – Direct Business	R0310	660,728	903,868	–	39,243	20,306	23,504	1,647,648
Gross – Proportional reinsurance accepted	R0320		50,854	202,382	–	–	1,557	285,679
Gross – Non-proportional reinsurance accepted	R0330	38,364	264	–	–	2,227	973	41,828
Reinsurers' share	R0340	124,778	144,310	15,821	6,087	4,304	4,271	299,571
Net	**R0400**	**605,199**	**810,677**	**186,561**	**33,156**	**18,230**	**21,762**	**1,675,584**
Expenses incurred	**R0550**	**622,020**	**737,617**	**94,359**	**30,969**	**21,029**	**21,460**	**1,527,454**
Other expenses	**R1200**							**–**
Total expenses	**R1300**							**1,527,454**

*deleted rows R0410 to R0500-Changes on other technical provisions as nil value

Appendix:
Quantitative reporting continued

S.05.02.01 – Premiums, claims and expenses by country

Life obligations

R1400		Home country GB C0220	Total Top 5 and home country C0280
Premium written			
Gross	R1410	37,017	37,017
Reinsurers' share	R1420	8,158	8,158
Net	**R1500**	**28,859**	**28,859**
Premium earned			
Gross	R1510	36,966	36,966
Reinsurers' share	R1520	8,554	8,554
Net	**R1600**	**28,411**	**28,411**
Claims paid			
Gross	R1610	22,687	22,687
Reinsurers' share	R1620	8,862	8,862
Net	**R1700**	**13,825**	**13,825**
Expenses incurred	**R1900**	**13,908**	**13,908**
Balance - other technical expenses/income	**R2510**	**–**	**–**
Total expenses	**R2600**		**13,908**

Appendix:
Quantitative reporting continued

S.23.01.22 – Own funds

		Total C0010	Tier 1 – unrestricted C0020	Tier 2 C0040	Tier 3 C0050
Basic own funds before deduction for participations in other financial sector					
Ordinary share capital (gross of own shares)	R0010	**46,720**	46,720	–	–
Non-available called but not paid in ordinary share capital at group level	R0020	**–**	–	–	–
Share premium account related to ordinary share capital	R0030	**10,591**	10,591	–	–
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	**–**	–	–	–
Subordinated mutual member accounts	R0050	**–**	–	–	–
Non-available subordinated mutual member accounts at group level	R0060	**–**	–	–	–
Surplus funds	R0070	**–**	–		
Non-available surplus funds at group level	R0080	**–**	–	–	–
Preference shares	R0090	**–**	–	–	–
Non-available preference shares at group level	R0100	**–**	–	–	–
Share premium account related to preference shares	R0110	**–**	–	–	–
Non-available share premium account related to preference shares at group level	R0120	**–**	–	–	–
Reconciliation reserve	R0130	**4,248,548**	4,248,548	–	–
Subordinated liabilities	R0140	**520,809**	–	520,809	–
Non-available subordinated liabilities at group level	R0150	**–**	–	–	–
An amount equal to the value of net deferred tax assets	R0160	**43**	–	–	43
The amount equal to the value of net deferred tax assets not available at the group level	R0170	**43**	–	–	43
Other items approved by supervisory authority as basic own funds not specified above	R0180	**–**	–	–	–
Non-available own funds related to other own funds items approved by supervisory authority	R0190	**–**	–	–	–
Minority interests (if not reported as part of a specific own fund item)	R0200	**–**	–	–	–
Non-available minority interests at group level	R0210	**–**	–	–	–
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	**–**	**–**	**–**	**–**
Deductions					
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	**–**	–	–	–
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	**–**	–	–	–
Deductions for participations where there is non-availability of information (Article 229)	R0250	**–**	–	–	–
Deduction for participations included via Deduction and Aggregation method (D&A) when a combination of methods are used	R0260	**–**	–	–	–
Total of non-available own fund items to be deducted	R0270	**43**	–	–	43
Total deductions	**R0280**	**43**	**–**	**–**	43
Total basic own funds after deductions	**R0290**	**4,826,667**	**4,305,859**	**520,809**	**–**
Ancillary own funds					
Unpaid and uncalled ordinary share capital callable on demand	R0300	**–**	–	–	–
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310	**–**	–	–	–
Unpaid and uncalled preference shares callable on demand	R0320	**–**	–	–	–
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	**–**	–	–	–
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	**–**	–	–	–
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	**–**	–	–	–
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	**–**	–	–	–
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	**–**	–	–	–
Non available ancillary own funds to be dedcuted at group level	R0380	**–**	–	–	–
Other ancillary own funds	R0390	**–**	–	–	–
Total ancillary own funds	**R0400**	**–**		**–**	**–**

Appendix:
Quantitative reporting continued

S.23.01.22 – Own funds continued

		Total C0010	Tier 1 – unrestricted C0020	Tier 2 C0040	Tier 3 C0050
Own funds of other financial sectors					
Credit Institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies	R0410	–	–	–	–
Institutions for occupational retirement provision	R0420	–	–	–	–
Non regulated undertakings carrying out financial activities	R0430	–	–	–	–
Total own funds of other financial sectors	R0440	–	–	–	–
Own funds when using the D&A, exclusively or in combination with method 1					
Own funds aggregated when using the D&A and combination of method	R0450	–	–	–	–
Own funds aggregated when using the D&A and combination of method net of IGT	R0460	–	–	–	–
		–	–	–	–
Total available own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	**4,826,667**	**4,305,859**	**520,809**	–
Total available own funds to meet the minimum consolidated group SCR	**R0530**	**4,826,667**	**4,305,859**	**520,809**	–
Total eligible own funds to meet the consolidated part of the group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	**4,826,667**	**4,305,859**	**520,809**	–
Total eligible own funds to meet the minimum consolidated group SCR (group)	**R0570**	**4,408,768**	**4,305,859**	**102,909**	–
Minimum consolidated Group SCR	**R0610**	**514,547**			
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	**856.8 %**			
Total eligible own funds to meet the total group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	**4,826,667**	**4,305,859**	**520,809**	–
Total Group SCR	**R0680**	**2,058,187**			
Ratio of Total Eligible own funds to Total group SCR - ratio including other financial sectors and the undertakings included via D&A	**R0690**	**234.5 %**			

Reconcilliation reserve		
Excess of assets over liabilities	**R0700**	4,592,948
Own shares (held directly and indirectly)	**R0710**	63,757
Forseeable dividends, distributions and charges	**R0720**	118,401
Other basic own fund items	**R0730**	57,354
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	104,888
Other non available own funds	**R0750**	
Reconciliation reserve	**R0760**	**4,248,548**
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	
Expected profits included in future premiums (EPIFP) - Non- life business	**R0780**	1,873,726
Total expected profits included in future premiums (EPIFP)	**R0790**	1,873,726

The following column, which is blank, has been omitted for improved presentation: C0030 Tier 1 restricted.

Appendix: Quantitative reporting continued

S.25.05.22 - Solvency Capital Requirement - for undertakings using an internal model (partial or full)

		Solvency Capital Requirement	Amount modelled	USP	Simplifications
	Risk type	C0010	C0070	C0090	C0120
R0110	Total diversification	(2,955,414)	–	–	–
R0060	Total diversified risk before tax	2,159,842	–	–	–
R0040	Total diversified risk after tax	2,058,187	–	–	–
R0070	Total market & credit risk	470,740	–	–	–
R0080	Market & Credit risk - diversified	101,426	–	–	–
R0190	Credit event risk not covered in market & credit risk	202,313	–	–	–
R0200	Credit event risk not covered in market & credit risk - diversified	202,313	–	–	–
R0270	Total Business risk	–	–	–	–
R0280	Total Business risk - diversified	–	–	–	–
R0310	Total Net Non-life underwriting risk	4,141,655	–	–	–
R0320	Total Net Non-life underwriting risk - diversified	2,312,731	–	–	–
R0400	Total Life & Health underwriting risk	–	–	–	–
R0410	Total Life & Health underwriting risk - diversified	–	–	–	–
R0480	Total Operational risk	300,547	–	–	–
R0490	Total Operational risk - diversified	300,547	–	–	–
R0500	Other risk	–	–	–	–

	Calculation of Solvency Capital Requirement	C0100
R0110	Total undiversified components	5,115,256
R0060	Diversification	(2,955,414)
R0120	Adjustment due to RFF/MAP nSCR aggregation	–
R0160	Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	–
R0200	Solvency capital requirement excluding capital add-on	2,058,187
R0210	Capital add-ons already set	–
R0211	of which, capital add-ons already set - Article 37 (1) Type a	–
R0212	of which, capital add-ons already set - Article 37 (1) Type b	–
R0213	of which, capital add-ons already set - Article 37 (1) Type c	–
R0214	of which, capital add-ons already set - Article 37 (1) Type d	–
R0220	Solvency capital requirement	2,058,187

USP Key

For life underwriting:

1- Increase in the amount of annuity benefits

9- None

For health underwriting risk;

1- Increase in the amount of annuity benefits
2- Standard deviation for NSLT health premium risk
3- Standard deviation for NSLT health gross premium risk
4- Adjustment factor for non-proportional reinsurance
5- Standard deviation for NSLT health reserve risk

9- None

For non-life underwriting risk:
4- Adjustment factor for non-proportional reinsurance

Appendix:
Quantitative reporting continued

S.25.05.22 - Solvency Capital Requirement - for undertakings using an internal model (partial of full) continued

	Other information on SCR	
R0300	Amount/estimate of the overall loss-absorbing capacity of technical provisions	–
R0310	Amount/estimate of the loss absorbing capacity for deferred taxes	(101,655)
R0400	Capital requirement for duration-based equity risk sub-module	–
R0410	Total amount of Notional Solvency Capital Requirements for remaining part	–
R0420	Total amount of Notional Solvency Capital Requirement for ring-fenced funds	–
R0430	Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	–
R0440	Diversification effects due to RFF nSCR aggregation for article 304	–
R0470	Minimum consolidated group solvency capital requirement	514,547

	Information on other entities	
R0500	Capital requirement for other financial sectors (Non-insurance capital requirements)	–
R0510	Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	–
R0520	Institutions for occupational retirement provisions	–
R0530	Capital requirement for non-regulated entities carrying out financial activities	–
R0540	Capital requirement for non-controlled participations	–
R0550	Capital requirement for residual undertakings	–
R0555	Capital requirement for collective investment undertakings or investments packaged as funds	–

	Overall SCR	
R0560	SCR for undertakings included via D&A method	–
R0570	Total group solvency capital requirement	2,058,187

Appendix: Quantitative reporting continued

S.32.01.22 – Undertakings in the scope of the Group

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% Used for the establish - ment	% voting rights	Level of influence	Group SCR	Yes/No	Method of calculation
C0010	**C0020**	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0220**	**C0230**	**C0240**	**C0260**
CA	2138006PPOOELDD88116	LEI	Beazley Canada Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	213800XLBHOUAOEK4C56	LEI	Beazley Corporate Member (No.2) Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method
GB	2138008PYM4U3JVY5029	LEI	Beazley Corporate Member (No.3) Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method
GB	213800VE5OALBYXHTL82	LEI	Beazley Corporate Member (No.6) Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method
GB	213800LRL5PQQ1BNTJ43	LEI	Beazley Furlonge Holdings Limited	Mixed-activity insurance holding company as defined in Article 212(1) (g) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	549300FAQP1YKTIM1S87	LEI	Beazley Furlonge Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	2138007DO9SL7TQBVH27	LEI	Beazley Group (USA) General Partnership	Mixed-activity insurance holding company as defined in Article 212(1) (g) of Directive 2009/138/EC	Delaware general partnership	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	549300V3F4ZHETMM6P72	LEI	Beazley Group Limited	Mixed-activity insurance holding company as defined in Article 212(1) (g) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	213800VHYDYMDVQ7PK36	LEI	Beazley Holdings, Inc.	Mixed-activity insurance holding company as defined in Article 212(1) (g) of Directive 2009/138/EC	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	2138000BLNEDLYDMHI69	LEI	Beazley Insurance Company, Inc.	Non life insurance undertaking	Company limited by shares	Non-mutual	Connecticut Insurance Department	100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
IE	549300WWULDAFCPEU084	LEI	Beazley Insurance dac	Non life insurance undertaking	Incorporated company limited by shares	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	213800ZFFB8FZNACJ862	LEI	Beazley Investments Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method
IE	21380052V9LP6NH9W342	LEI	Beazley Ireland Holdings plc	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public limited company	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	213800VTOMUWD41GIT12	LEI	Beazley plc	Insurance holding company as defined in Article 212(1) (f) of Directive 2009/138/EC	Public limited company	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	21380022FM3LXUN3HR40	LEI	Beazley Management Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
SG	213800DJFLUB3XE1WM21	LEI	Beazley Pte. Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	213800AQFXRGDD861306	LEI	Beazley Solutions Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	213800AVDAS3WCGM9K47	LEI	Beazley Staff Underwriting Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method

Appendix: Quantitative reporting continued

S.32.01.22 – Undertakings in the scope of the Group continued

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% Used for the establis h- ment	% voting rights	Level of influence	Group SCR	Yes/No	Method of calculation
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0220	C0230	C0240	C0260
GB	213800VBCFZ1LXWVAH47	LEI	Beazley Underwriting Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method
GB	213800ESHJJFAEPH8T43	LEI	Beazley Underwriting Services Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	2138003E3J3TT2VVA730	LEI	Beazley USA Services, Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	2138002FMQZV2ESD2P39	LEI	Lodestone Securities LLC	Other	Limited liability company	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Adjusted equity method
GB	UKLSEC	Specific Code	Lodestone Security Limited	Other	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	213800CFCH6JNRWK1K74	LEI	Beazley America Insurance Company Inc.	Non life insurance undertaking	Incorporated company limited by shares	Non-mutual	Connecticut Insurance Department	100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
IE	213800CHKXKYN5IR5437	LEI	Beazley Solutions International Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
MT	213800DWGDOMU52RW804	LEI	Falcon Money Management Holdings Limited	Other	Company limited by shares	Non-mutual		25.00%	25.00%	25.00%	Significant	25.00%	Included in the scope	Method 1: Adjusted equity method
US	BHIDLLC	Specific Code	Beazley Holdings, Inc. Digital LLC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
MY	BLL	Specific Code	Beazley Labuan Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	CAVLLC	Specific Code	CyberAcuView LLC	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Limited liability company	Non-mutual		14.00%	14.00%	14.00%	Significant	14.29%	Included in the scope	Method 1: Adjusted equity method
US	BNCC	Specific Code	Beazley Newco Captive Company, Inc	Reinsurance undertaking	Company limited by shares	Non-mutual	Connecticut Insurance Department	100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
HK	PUL	Specific Code	Pegasus Underwriting Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Incorporated company limited by shares	Non-mutual		33.00%	33.00%	33.00%	Significant	33.00%	Included in the scope	Method 1: Adjusted equity method
US	2138003OJ5MPEAM2LF34	LEI	Beazley Excess and Surplus Insurance, Inc.	Non life insurance undertaking	Company limited by shares	Non-mutual	Connecticut Insurance Department	100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
US	USBRIM	Specific Code	Beazley RI Manager, Inc.	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation
GB	BHIDGTL	Specific Code	BHI Digital UK Limited	Ancillary services undertaking as defined in Article 1 (53) of Delegated Regulation (EU) 2015/35	Company limited by shares	Non-mutual		100.00%	100.00%	100.00%	Dominant	100.00%	Included in the scope	Method 1: Full consolidation

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