POOL Re
REINSURING TERRORISM RISK

Pool Reinsurance
Annual Report

2024–2025

CP 1152

Pool Reinsurance Company Limited Annual Report and Accounts 2024–2025

Presented to Parliament by the Economic Secretary to the Treasury by Command of His Majesty.

July 2025

CP 1152

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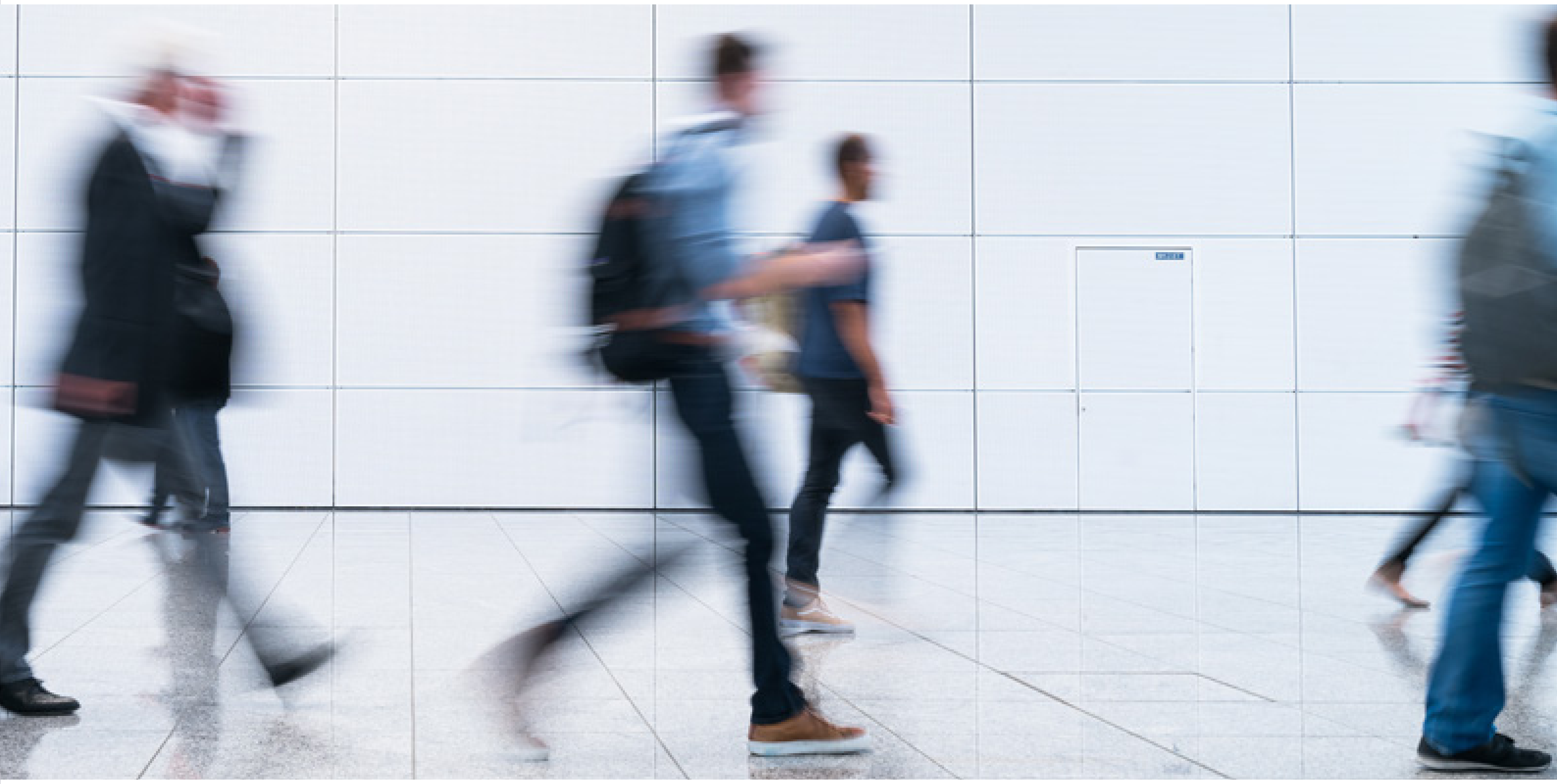
Company Overview

Annual Report Welcome



Welcome to Pool Re's Annual Report for the financial year 2024-2025.

In a commercial environment characterised by increasing complexity and persistent threat, Pool Re remains central to the UK's terrorism reinsurance infrastructure.

Our purpose is clear: to provide confidence, stability, and resilience to Great Britain in the face of terrorism risk.

Pool Re is the UK's leading terrorism reinsurer and operates as a mutual organisation owned by its Members. Together with our Members, we have built a fund exceeding £7 billion, which stands behind the industry to provide support in the event of a major terrorist incident in the UK. This fund is further backed by a Government unlimited guarantee, for which Pool Re pays an annual premium to HM Treasury. Notably, this Government backstop has never been called upon.

Operating in close partnership with HM Government and our Member insurers, we provide the financial mechanisms, threat analysis and risk mitigation strategies that enable policyholders to manage terrorism-related risk effectively.

This report outlines how Pool Re is adapting to a dynamic threat landscape, evolving to meet the needs of a modern insurance market.

We reinsure terrorism risk, providing confidence and resilience to the UK economy.

Our Purpose

For more than three decades, Pool Re has worked hand-in-hand with partners — Government, insurers, policymakers, regulators, and a wide variety of commercial stakeholders — to help protect Great Britain from the financial and economic impacts of terrorism.

Established in 1993 as a public-private initiative to address market failure caused by Irish republican terrorism, Pool Re has remained a constant and stabilising presence within the UK's reinsurance sector.

Our role has evolved, but our proposition remains clear: to instil confidence in the commercial property market by underwriting terrorism risk when the market alone cannot.

Through a combination of reinsurance, modelling, threat analysis, and risk management, we provide a robust framework that enables the UK economy to absorb and recover from acts of terrorism.

Working in concert with the wider insurance market, we help ensure that businesses are financially protected against the economic impact of terrorism, thereby promoting long-term resilience.

Sustained delivery, proven value

Since inception, Pool Re has paid £1.68 billion (adjusted for inflation to March 2025) in response to 13 certified terrorism events — without once drawing upon the Government guarantee. This evidences the financial strength of our model and its value to the taxpayer.

In 2024–25, we collaborated closely with our Members to modernise the scheme — enhancing risk transfer to the private market while expanding access to cover for policyholders.

Our objective remains consistent: to ensure that the UK is equipped to manage terrorism risk — today, and in the years ahead.

Adapting to a shifting landscape

The environment in which we operate continues to evolve. Terrorist methodologies, underwriting practices, and policy distribution channels have all changed since Pool Re's creation. In response, Pool Re implemented a significant transformation of our reinsurance model, effective from 1 April 2025 — designed to meet the needs of a modern market and enable greater flexibility for our Members.

In parallel, we have developed Pool Re Solutions: a dedicated terrorism risk management division offering analytical and strategic support to Members and their policyholders. This specialist capability provides valuable tools and insight to understand and mitigate terrorism risk better.

> "Our new Treaty marks the biggest change in 30 years — aligning what we do with what today's commercial insurance market needs.

Angela Knight
CBE Chair of the Board

**Qualifying terrorism event: For a terrorism event to be covered under Pool Re's policy, HM Treasury must confirm that it meets the definition of an Act of Terrorism as set out in the Reinsurance (Acts of Terrorism) Act 1993.*

ANGELA KNIGHT

Chair's Statement

I am pleased to present the Annual Report and Accounts for 2024–25. The year marks a significant milestone for Pool Re and its Members, with the launch of our modernised reinsurance model — an important evolution in terrorist damage reinsurance.

A model built by the industry for the industry

Pool Re was established as a mutual reinsurance company by the insurance industry over 30 years ago. Our Members are those who insure commercial premises against damage from terrorism and our assets have been built up from the premiums they have paid to us over the years. Managed with prudence and clarity, these assets are there to stand behind the industry should they be required in the aftermath of a qualifying* terrorism event.

Over this last year, we have undertaken the most significant evolution of our reinsurance model since Pool Re was established, as today's insurance market is significantly different than three decades ago and terrorism risk has changed. The new reinsurance model developed with our Members and known as Treaty, provides a more flexible pricing structure for them and enables a greater integration of terrorism damage cover into standard commercial property insurance policies. We expect that in time, this change will be a particular benefit to small and medium-sized businesses (SMEs).

Standing firm in an evolving risk landscape

As the nature of risk continues to evolve — in form, frequency and impact — Pool Re's founding purpose remains, and that is to safeguard the UK economy by standing behind those who insure commercial premises against damage from terrorism, making our assets available should they be required. This provides confidence to the industry, assurance to Government and resilience to businesses across the country.

Working with partners across Government, policing and academia, we continue to enhance our terrorism damage risk modelling capabilities and analytical tools. We seek to ensure that our view of risk is aligned with intelligence from within the national security sector and is of ongoing assistance to our Members.

Pool Re operates as an arm's length body of HM Treasury — it is privately funded and publicly accountable. We stand behind the industry, and behind us is a final backstop of a Government guarantee — a guarantee that has never been drawn on.

> “We provide a reliable source of certainty.

Our core objective is to ensure that terrorism risk is anticipated and managed in such a way that the commercial property insurance sector can absorb significant shocks should they arise, without recourse to public funds. In so doing, we provide a reliable source of certainty and a pool of assets available should an event occur.

Addressing the protection gap

Large firms are typically well insured, but we remain concerned about the persistent underinsurance amongst SMEs who are a critical sector for the UK economy. Historically, insurance cover for SMEs has excluded terrorism damage but as this report goes to press, we are reviewing the findings of a comprehensive market consultation which we have undertaken. The intention is to enable the reintegration of terrorism cover as a normal feature within the SME commercial property insurance policies issued by our Members, so making cover for them both simpler and more available.

The feedback from Members, reinsurance intermediaries, policyholders, market bodies and small business representative organisations has been clear and constructive. We will be using all these points and comments to help the next stage of reducing barriers to coverage and improving the understanding of terrorism risk for this sector of the market.

Contributing to long-term resilience

Looking ahead, we believe Pool Re has a meaningful role to play in shaping the UK's broader resilience strategy. A growing consensus is emerging across Government and the financial sector on the need to invest more in risk prevention and critical infrastructure. It has become very clear over the years that we have been in existence, that providing a credible financial safeguard against terrorism damage loss helps to unlock investment, improve preparedness and sustain public confidence.

> “We believe Pool Re has a meaningful role to play in shaping the UK's broader resilience strategy.

TOM CLEMENTI

CEO's Statement

Pool Re's mission to bolster the economic resilience of the British economy has never been more relevant. This Annual Report highlights our financial strength, our adaptability, and our commitment to innovation against a backdrop of evolving threats to our national security.


Tom Clementi
CEO

Better results, by design

As an organisation, Pool Re continues to adapt to a terrorism threat that, over time, has shifted dramatically in both structure and impact. Today, we confront a terrorism landscape that is broader and more fragmented than ever.

The terrorism threat landscape today is highly polarised. The threat from sophisticated, coordinated terrorist cells — for instance, involving explosives, aircraft, and potentially even chemical and biological weapons — still remains. At the other end of the spectrum, is the threat from a lone individual, radicalised independently and armed with little more than a knife bought online or from a local shop. The trend towards self-initiated and unsophisticated attacks poses new challenges since these incidents are harder to detect and disrupt, yet their cumulative effect on public safety and economic stability remains significant.

> “We remain ready — as both a response mechanism and a proactive centre of expertise supporting UK insurers in modelling and mitigating terrorism risk.

We remain ready, not only as a response mechanism following a terrorism event, but also as a proactive centre of expertise and support that helps model and mitigate the impact of terrorism for commercial insurers in the UK.

The spectrum of risk, from low-tech attacks to catastrophic scenarios, is reflected in the UK's official terrorism threat level remaining ‘substantial’ at the time of writing this report. Rare but catastrophic scenarios are still a real possibility — chemical or biological weapons contaminating an urban conurbation, for example — and it is these events that have the greatest potential to incur billions of pounds in losses, potentially testing our scheme and the Government backstop. The polarised nature of the threat defines the work ahead: balancing the immediate with the improbable, ensuring resilience across all eventualities.

In April 2025, Pool Re introduced a new treaty reinsurance scheme to adapt to the changes of the insurance market and the evolving terrorism threat. The new scheme is focussed on returning risk to the private insurance market, increasing the take-up of terrorism cover, and leveraging advances in the modelling and pricing of terrorism risk to a degree previously not possible.

We've shifted from pricing on a risk-by-risk basis to portfolio pricing, offering a single price for an insurer's entire exposure base. This simplifies administration and lays the foundation for the inclusion of terrorism cover for SMEs as standard — a segment of the market where take up of terrorism cover is particularly low. All in all, the changes move the entire industry closer to normalising terrorism cover as a standard component in commercial property insurance.

These changes, the most significant in our 32-year history, have been supported by our Member insurers who, due to record levels of engagement by our Pool Re team, have embraced our new operating model and underwriting tool, FORTRESS, taking advantage of our increased flexibility on pricing and retention levels. Our own success is judged in large part by how much Members feel able to hold the terrorism risk themselves, and on this score we have made great strides in 2024/25.

Financially, we've strengthened our resilience. To protect our Members' assets and further distance taxpayers from loss, we have placed a £2.75 billion private-sector terrorism reinsurance programme — the world's largest — which is bolstered by a catastrophe bond issued on 1 April 2025, which adds a further £100 million in capital market backing.

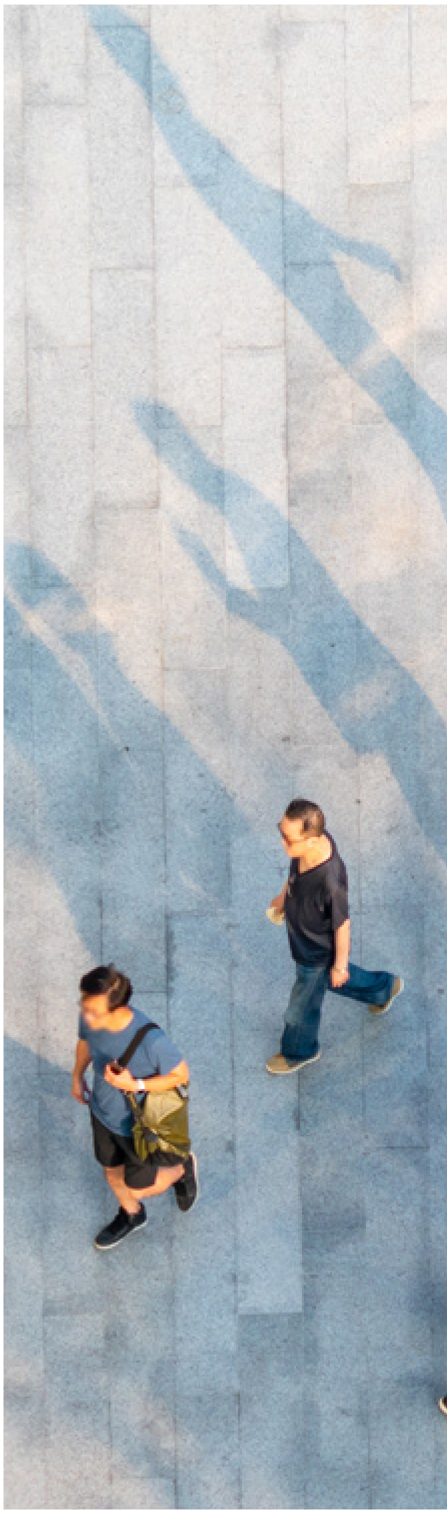
We provide a route to normalisation of the wider market for terrorism insurance, bringing in capacity from the insurance industry through our retrocession programme and catastrophe bond, and encouraging higher Member retentions through risk-based pricing.

Beyond our traditional role as a reinsurance mechanism, Pool Re has become a leader in risk management and threat analysis — we are particularly proud of the excellent work being undertaken by our in-house consulting arm, Pool Re Solutions.

Pool Re Solutions delivers market-leading terrorism threat research, thought leadership and risk management solutions so that our Member insurers and their policyholders can better understand their own terrorism risk. The brief is to foster understanding of the terrorism threat, the potential range of impacts that could result from an attack, and support property owners in ensuring they have proportionate and effective resilience measures in place to manage the risk.

Drawing on more than five years of experience, Pool Re Solutions is informing risk strategies, reinforcing our pledge to understand not just threats, but also to mitigate their consequences.

We have close working relationships with academia and other institutions, such as the University of Cambridge, Moody's and the Royal United Services Institute (RUSI) — which is refining our modelling and enabling us to price risk more accurately.



> “Our partnerships with industry, academia, and Government amplify this capability, ensuring we stay ahead of evolving risks, from lone actors to catastrophic scenarios.

In every aspect of our work, collaboration remains key. We have developed a close working relationship with the Counter Terrorism Police and the Home Office, working together through the Counter Terrorism Alliance on risk mitigation projects aimed at reducing the likelihood of terrorist attacks in the UK.

We also collaborate closely with the British Business Bank National Security Strategic Investment Fund (NSSIF), which invests in start-up companies helping to reduce the threat of terrorism and bolster the nation’s security more generally.

Looking ahead, it is our intention to promote further market normalisation; reducing Government intervention by incentivising greater private-sector uptake.

Pool Re’s strength lies in adaptability and financial fortitude. Our £2.85 billion buffer of retrocession and catastrophe bond position us as a bulwark against unpredictable threats. We are empowering insurers by offering greater flexibility, encouraging coverage in the SME sector, and reducing taxpayer exposure — demonstrating not just resilience but leadership too.

Our partnerships with industry, academia, and Government amplify this capability, ensuring we stay ahead of evolving risks, from lone actors to catastrophic scenarios.

Pool Re sits at the bedrock of the UK’s economic stability

Terrorism evolves, but our resolve is unwavering. We remain the trusted partner that insurers and businesses rely on. With 30 years of expertise, our robust financial foundation and innovative solutions, we don’t just transfer risk but also mitigate loss — I’m proud to champion our purpose: providing confidence and resilience to the commercial property market and ultimately the UK economy.

Pool Re in Numbers

QUANTIFIABLE CONFIDENCE

£7.3bn

In Pool Re's fund at 31 March 2025 for certified terrorism claims, relieving HM Treasury of this burden

£2.75bn

Of retrocession at 31 March 2025 purchased by Pool Re from private sector reinsurers

£100m

The three-year insurance-linked security which matured on 7 March 2025, was replaced with a new £100m issuance on 1 April 2025

COMPREHENSIVE INSURANCE

£2.3tn

We reinsure £1.9 trillion of commercial property and 0.4 trillion of business interruption

GOVERNMENT

£2.14bn

Paid to HM Treasury as outward premium between 2001 and 2025

MEMBER INSURERS

£511m

Paid to Members as dividends between 2016 and 2024

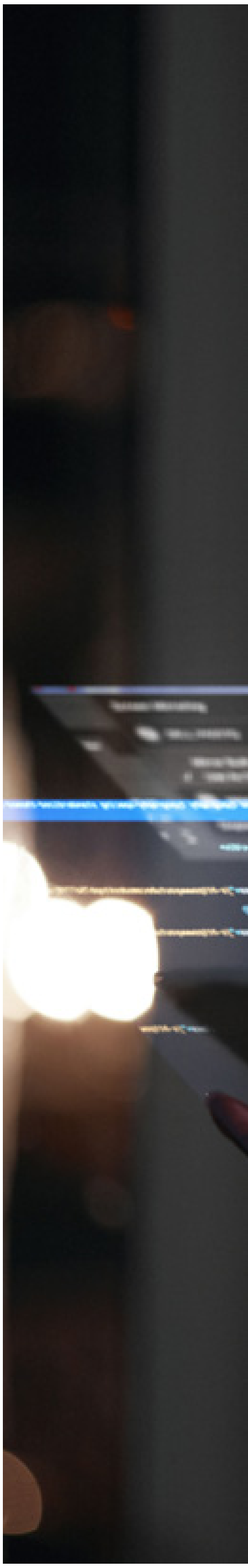
£634m

Paid out in respect of 13 certified terrorism events since 1993

100+ Members

of Pool Re; commercial insurers, captives and Lloyd's syndicates — a comprehensive cross-section of the insurance market in Great Britain

Transforming Treaty



The longevity of Pool Re's reinsurance model is a testament to its foundational resilience. For over 30 years, it has delivered consistent protection to Members and their policyholders. Yet the insurance landscape has changed markedly since the scheme's inception, necessitating a fundamental transformation of how terrorism risk is underwritten and administered.

The launch of Pool Re's new catastrophe Treaty reinsurance scheme on 1 April 2025 marks the most significant development in our operational model since 1993. It represents a shift from a transactional, risk-by-risk approach to a more agile, portfolio-based system — simplifying administration, increasing flexibility, and giving Members greater choice as to how much risk they retain.

Adapting to a new era

While Pool Re has long anticipated market shifts, the cumulative effect of technological innovation, the development of catastrophe modelling, changes in policy distribution, and the evolving nature of terrorism itself rendered the original framework increasingly outdated. The former scheme — designed for a pre-digital age — relied on manual processes and rigid structures that no longer served the needs of Members or policyholders efficiently.

The revised Treaty addresses these issues directly. It enables Members to submit their annual portfolios to Pool Re in a consolidated manner, significantly reducing administrative burden and streamlining interaction with the scheme.

Simplifying complexity

Previously, Members were required to declare individual risks, quote coverage in accordance with the Pool Re Manual, and submit bordereaux for processing. While functional, this model introduced friction and constrained the ability of insurers to deliver terrorism cover at scale — particularly for small and medium-sized enterprises.

The new Treaty replaces this with a single annual exposure submission, supported by more risk-reflective pricing and underwriting flexibility. Members may now select their own retention levels across both conventional and non-conventional terrorism risk classes — including chemical, biological, radiological, and nuclear (CBRN) threats.

Though the nature of terrorism cover remains inherently complex, the structural clarity of the new arrangement promotes greater accessibility and facilitates easier integration into standard insurance offerings — particularly for SMEs. In many respects, the new approach mirrors familiar models used in the Property Catastrophe market, reinforcing its usability across the industry.

Maintaining continuity for Members and policyholders

It is important to emphasise that this transformation affects only the operational arrangement between Pool Re and its Members. For policyholders, the coverage remains unchanged. The Pool Re scheme, including the Government backstop, continues to operate as it has historically. Our commitment to full indemnification in the event of a certified terrorism loss remains in place.

Enabling strategic alignment

Ultimately, the transformed Treaty empowers our Members to offer terrorism cover in ways that better align with their own risk appetites, underwriting strategies, and customer engagement models. It enhances the scheme's capacity to support both large-scale carriers and niche providers, while promoting the reintegration of terrorism insurance into the mainstream commercial market.

This modernisation marks a critical step toward our long-term objective: embedding resilience, increasing private-sector participation, and ensuring the sustainability of the UK terrorism insurance framework for years to come.

IMPROVING RESILIENCE

Pool Re Solutions

Pool Re Solutions is the consulting arm of Pool Re, established to support the insurance industry, our Members, their policyholders, and the wider economy in building resilience against terrorism.

Bridging the space between public policy and private-sector preparedness, Pool Re Solutions enables organisations to respond effectively to an evolving threat environment.

Since its formation in 2019, it has engaged with a broad range of stakeholders to support risk understanding, enhance decision-making, and strengthen protective strategies. Pool Re Solutions operates across two core disciplines: terrorism threat analysis and terrorism risk management.

1. Terrorism threat analysis

Our dedicated threat analysts provide clear, actionable insight into the UK terrorism landscape. Their work translates complex intelligence into accessible analysis for policyholders, insurers, and infrastructure operators.

Outputs include sector-specific threat assessments, bespoke analysis, and publicly available resources such as our Threat Analysis Publications, Sector Threat Assessments, and the Totally Terrorism podcast. These materials cover key elements of the threat landscape, including threat actor profiles, intent, capability, and likely methodologies — delivered in alignment with national security priorities.

2. Terrorism risk management

Our risk management specialists offer tailored support to help organisations identify, assess, and mitigate exposure to terrorism risk. Using advanced modelling and analytical tools, the team provides structured methodologies that evaluate vulnerability and recommend proportionate resilience measures.

Key services include:

- **Probable Maximum Loss (PML) Studies**
  Computational modelling to define credible worst-case scenarios, quantify potential loss, and support financial and operational contingency planning.
- **Threat, Vulnerability and Risk Assessments (TVRAs)**
  Comprehensive assessments that identify exposure, evaluate protective capabilities, and provide actionable recommendations for improvement.
- **Legislative and Regulatory Updates**
  Expert commentary on the progression of legislation such as Martyn's Law, including potential implications for insurers and policyholders.

By equipping the market with authoritative insight and practical tools, Pool Re Solutions plays a central role in advancing the UK's terrorism resilience agenda. It ensures that Member insurers and their clients are not only informed, but also empowered to respond effectively to the risks they face.

The Road to Resilience

Through strategic partnerships, Pool Re is confident of not only complementing, but also adding value to national counter-terrorism strategies.

We operate at the intersection of the public and private sector, a position that fosters a robust partnership with HM Treasury (and the Home Office). During 2024–25, this relationship was reinforced through recent Protect Duty legislation (also known as Martyn's Law), which mandated enhanced security for public venues and greater preparedness for terrorist attacks.

Our partnerships extend beyond financial contribution and include operational synergies through the Counter Terrorism Alliance (CTA), which is a collaborative initiative between the Home Office and Pool Re.

Globally, our influence is amplified through the International Forum of Terrorism Risk (Re)Insurance Pools (IFTRIP), which we helped establish in 2016.

IFTRIP unites national terrorism pools with reinsurers, brokers, security professionals and academics, fostering knowledge exchange to combat economic losses from terrorism. Pool Re contributes regularly to international and cross-sectoral working groups that are tackling issues from cyber terrorism to climate-related security challenges.

In 2024–25, Pool Re's contributions to IFTRIP included co-leading research with the University of Maryland's START program on climate change as a terrorism driver, presented at IFTRIP's annual conference.

Pool Re has contributed to the development of discussions on cyber-terrorism, advocating for innovative risk transfer mechanisms — positioning us as a leader, and sharing rich UK expertise while adapting international insights to inform the continued refinement of our transformed Treaty model.

These partnerships — local and global — underscore our capability to navigate an evolving threat landscape, ensuring stability for businesses and society alike.

Pool Re & the Counter Terrorism Alliance

In 2023–2024, Pool Re refreshed its formal collaboration with the Home Office to establish the Counter Terrorism Alliance (CTA). This collaboration defines the framework through which Pool Re invests in projects that enhance national resilience.

The primary objective of the CTA is to enable investment in initiatives that either reduce the likelihood of a terrorist incident or mitigate its scale and consequences. In doing so, the CTA serves to protect the Pool Re scheme and the taxpayer from avoidable loss.

During the first year post-refresh, the CTA approved funding for a series of resilience-building projects. These investments reflect a shared commitment to proactive risk reduction and long-term national preparedness.

For example, to date, we have contributed to the following projects:

Security Control Room Training
This project ensures that security control room operators and managers have access to the appropriate terrorist incident preparedness and response training materials.

SBS Biometrics
This project provides funding to accelerate technical enhancements to expand the existing capacity and capability of UK authorities to conduct biometric security checks as part of the immigration process.

Operation Fieldfare
A Home Office-led cross-Government programme of activities aimed at reducing the risk of a terrorist attack using hazardous radioactive material. This will be achieved through removing health and medical research sector irradiators which utilise caesium-137 (Cs-137) High Activity Sealed Sources (HASS) and safely disposing of the sources as waste in a cost effective, safe, and secure way in the UK.

Counter Drones Technology
This project, led by the appropriate government departments, is conducting a number of trials. These aim to support the development of updated guidance for the police and relevant commercial organisations on the most effective protective measures against malicious drone usage.

Pool Re & NSSIF

Pool Re has also developed a strategic relationship with the National Security Strategic Investment Fund (NSSIF) — the UK Government's corporate venture capital arm, operating under the British Business Bank. NSSIF supports technologies that have dual-use potential: commercial application and national security relevance.

Areas of focus include artificial intelligence, cyber security, drone systems, and advanced materials. Pool Re's objectives are closely aligned with those of NSSIF, and the relationship continues to deepen.

An early Memorandum of Understanding has led to further collaboration. At the time of writing, almost 1% of Pool Re's assets — approximately £65 million — have been invested in NSSIF-backed ventures since 2019. These investments are ringfenced, providing assurance to the supported businesses while aligning with Pool Re's strategic objectives.

In addition to capital deployment, Pool Re holds positions on advisory boards alongside NSSIF's venture managers and maintains active engagement with the companies benefiting from this programme.

This collaboration exemplifies our broader commitment to expanding the ecosystem of protection — facilitating the free exchange of insight between Pool Re, NSSIF, the Home Office and Counter Terrorism Police. Together, these partnerships support technological innovation, information sharing, and investment in national security capability.

2

Strategic Report

JONATHAN GRAY

Chief Underwriting Officer's Review

Technology, Transformation

Our Treaty Transformation speaks to stability and momentum, and it is driven by a powerful engine — our bespoke underwriting system. A seamless digital platform, flexible, and built to adapt to market demands.

The 2024–25 period was dedicated to establishing a robust foundation for our new Treaty model. I'm proud to share that our technical teams have successfully delivered the Treaty Transformation, incepting on 1 April 2025, and to an exceptionally high standard. This milestone, designed to meet the evolving needs of commercial insurers, is underpinned by the launch of our bespoke underwriting platform, FORTRESS.

Technology is a game-changer for Pool Re

FORTRESS is both a placing and underwriting platform demonstrating our operational agility and flexibility. Delivered on time and on budget, this is not just about efficiency; it is about empowering Members to reinsure terrorism seamlessly, as well as streamlining administration, thereby enhancing market competitiveness — and improving stability for the long term.

To ensure accuracy, we have ingested more than two million rows of Member data — all of which are submitted annually by our Members — that enables us to further refine our Treaty Transformation pricing, a process overseen by our new Head of Exposure Management. Indeed, as this Annual Report goes to press, all current Members have completed their onboarding.

Improved clarity, enhanced insight, and a more robust proposition

Our proprietary terrorism model has been central to our Treaty Transformation. Originally developed as a conceptual framework to estimate the impact of a conventional terrorist attack (such as bomb blasts) using premium data, it has evolved into a sophisticated stochastic modelling tool. Its governance framework has been independently reviewed by external consultants.

The new proprietary risk model shows how we have honed our understanding of UK terrorism risk — mapping one-in-100 and one-in-250-year loss scenarios with far greater precision across 350,000 postcodes.

We are positioned to expand our operational effectiveness

Our retrocession programme and the issuance of our third terrorism catastrophe bond on 1 April 2025 place risk back into private markets, further diversifying our risk profile and reinforcing financial stability. These efforts, rooted in decades of industry knowledge, will ensure Pool Re remains a vital safety net, protecting taxpayers and policyholders alike.

We have also refreshed our Member engagement programme, which provides us with valuable insights into the UK commercial property market, enabling us to ensure the scheme continues to serve insurers and policyholders alike.

Pool Re's strength in 2025 lies in its ability to innovate while honouring its core mission.

We have modernised our legacy scheme, provided Members with greater flexibility, and deployed cutting-edge tools — all while managing £2.3 trillion in exposure with precision.

Overall, our support for Members will enable them to gain an even better understanding of their own risk appetites — encouraging them to leverage the Treaty's flexibility, particularly for SMEs, where coverage remains underutilised. We are also engaging HM Treasury to consider policy durations beyond 12 months for construction projects such as HS2 and the new generation of nuclear power stations, which will further enhance competitiveness for UK insurers.

Our collaborative spirit, from Member consultations to academic partnerships, underpins this success. As threats evolve, Pool Re stands resolute: a dynamic, data-rich leader ensuring the UK's economic resilience, ready to meet tomorrow's challenges with confidence and capability.

Scope of Works

2022–2026 Initiatives

The 2020 HM Treasury Review culminated in a meeting on 18 March 2022, at which Members unanimously agreed to a Scope of Works programme. This set out the actions we needed to take in order to deliver on objectives to ensure the continued success and fitness for purpose of the scheme.

The Scope of Works is our five-year strategic roadmap, taking us through to the end of 2026, designed to ensure that Pool Re works effectively in the modern world and continues to innovate in response to the evolving needs of Members, their customers, the market, and Government.

The Scope of Works programme comprises five objectives:

1. To modernise Pool Re's system of reinsurance
2. To return risk to the private market proactively
3. To increase SME awareness and take-up of terrorism cover
4. To explore clarifications to the Definition of Terrorism, which underpins the scheme
5. To develop Pool Re Solutions and risk mitigation initiatives

Progress to date for each of these objectives is outlined below:

1 Modernise Pool Re's system of reinsurance

Summary

To transform our reinsurance scheme from a 'facultative obligatory' model to an 'aggregate excess of loss treaty' model. At the same time, introduce a bifurcated (or sub-divided) risk retention structure split between 'CBRN/Cyber' and 'all other' terrorism perils.

Purpose

- Deliver a scheme fit for the contemporary digital insurance marketplace.
- Deliver on our mandate to create conditions for the maximum return of risk to the private market over time.
- Empower Member insurers to reintegrate terrorism cover more easily within their products and, in particular, improve penetration within the SME market.

Key activities and success criteria

- Design a modernised scheme, preserving the elements of the current scheme that Members value.
- Create and develop an actuarial and pricing model to underpin the modernised scheme.

- Secure Member and HM Treasury buy-in for the proposed changes.
- Implement the proposed changes with minimal disruption to Members and policyholders.

Progress to 31 March 2024

- Designed proposed scheme and pricing strategy, and conducted a Member Consultation between August and November 2022. Respondents constituted 87% of premium ceded to the Pool Re scheme.
- Constituted the Reinsurance Committee of the Board of Directors in January 2023.
- A Special Resolution proposing the transformation of the scheme to an annual aggregate excess of loss treaty programme incepting 1 April 2025 was passed by an overwhelming majority of Members at a General Meeting of the Company on 22 March 2024.
- The Proposals were approved by HM Treasury on 25 March 2024.
- Continual stakeholder engagement to ensure all proposed changes were effective, proportionate, compliant, understood, and supported:
  - » Convened quarterly Technical and Advisory Member Forums;
  - » Undertook regular dialogue regarding the proposed changes with HM Treasury, industry trade bodies, and the Financial Services Regulatory Authorities.
- Conducted two successful rounds of indicative (or 'shadow') pricing with Members in November 2023 and January 2024 to test pricing structure and strategy for the proposed scheme.
- Conducted a comprehensive Member Consultation in December 2023 on revised legal documentation for the proposed scheme.

Progress 1 April 2024 – 31 March 2025

- All transitional, operational, and legal requirements were delivered to facilitate a smooth inception of the new scheme on 1 April 2025.
- All Members wishing to retain their membership signed agreed reinsurance contracts prior to inception of the new scheme, achieving full contract certainty.
- Treaty pricing was underpinned by Pool Re's Pricing Model. The governance and assumptions were subject to review by an independent third party.
- We processed all contracts through our new underwriting and claims system, FORTRESS. This provides a seamless 'quote, select and bind' process between Members and Pool Re, enabling smooth renewals.

2 Proactively return risk to the private market

Summary

To find proactive ways in which we can return risk to the market, in return for HM Treasury continuing to extend an unlimited guarantee to Pool Re.

Purpose

- Continue to address the market failure that led to the scheme's creation in 1993 and ensure that HM Treasury's guarantee is only called upon where there are clear areas of ongoing market failure.
- Distance the taxpayer from financial loss in the event of certified terrorism attacks.
- Stimulate private (re)insurance and capital markets to retain as much terrorism risk as commercially viable.

Key activities and success criteria

- Maximise commercial capacity through Member retention levels.
- Bifurcate the scheme's retention structure through the proposed transition to an aggregate treaty model, in order to facilitate greater retention of — and appetite for — non-CBRN/Cyber terrorism risk.
- Continue to manage a viable and cost-effective retrocession programme.
- Continue to manage a viable and cost-effective terrorism catastrophe bond.
- Provide Members with actuarial analysis, pricing tools and threat analysis to develop greater comfort around underwriting and assuming terrorism risk.

Progress to 31 March 2024

- Implemented pricing reductions averaging 14%, which took effect on 1 October 2022.
- Increased industry retentions in the annual aggregate, and per event.
- Maintained world's largest terrorism retrocession programme of £2.4 billion.
- Maintained world's largest and only terrorism catastrophe bond of £100 million.
- Secured support for a bifurcated retention structure to incept 1 April 2025 to reflect more accurately Members' risk appetite for underwriting different terrorism risks.

Progress 1 April 2024 – 31 March 2025

- Members made use of the flexibility afforded by the new scheme to choose their treaty retention to match their own risk appetite. This has led to a 63% increase in the amount of loss retained by Members in the event of a loss in 2025–26, achieving the objective of further distancing the taxpayer from potential loss.
- Renewed the retrocession programme for a further 3 years, expanding the limit to £2.75 billion. The number of supporting markets increased to 62, all rated A- or higher.
- Prepared for 1 April 2025 launch of 'Baltic III' Cat Bond, maintaining £100 million of Insurance-Linked Security capacity, accessing alternative capital and new investors, supporting the objective of returning risk to the private market.
- Grew the size of the Pool Re fund, which distances the taxpayer in the event of a loss from £7.0 billion (31 March 2024) to £7.3 billion (31 March 2025).

3 Increase SME awareness and take up of terrorism cover

Summary

To work with HM Treasury, insurer Members and broader insurance bodies to generate awareness and take-up of terrorism cover among SMEs.

Purpose

- Improve the resilience of SMEs in Great Britain and, by extension, the resilience of the economy as a whole to the threat of terrorism.

Key activities and success criteria

- Work with trade associations, industry bodies and insurers to increase awareness of the terrorism risk and the insurance available to SMEs who do not buy insurance.
- Create the conditions for terrorism insurance to be as accessible as possible to all businesses in Great Britain.
- Create the conditions for Member insurers to deploy terrorism cover within their products through modernising the scheme's system of reinsurance and improve penetration in the SME market.
- Use the opportunity offered by the Terrorism (Protection of Premises) Bill, known more commonly as Martyn's Law to increase understanding of the terrorism risk to SMEs and how to mitigate against it.

Progress to 31 March 2024

- Delivered scheme pricing reductions from October 2022, reducing rates by an average of 14% across the country and up to 30% in non-urban areas, thereby further increasing affordability of terrorism insurance for all businesses in Great Britain.
- Modelled a range of approaches to increase SME take up under our new treaty arrangement and socialised them with Member insurers.
- Worked closely with the Government policy team focusing on Martyn's Law, and with our Members to prepare for the pending Martyn's Law legislation.

Progress 1 April 2024 – 31 March 2025

- Throughout the year, we closely followed the parliamentary progress of the Bill known commonly as Martyn's Law. We updated our Members and others about the progress of the Bill through all stages in the House of Commons and House of Lords with regular updates on our website and on social media channels, and in-person briefings, including at our Market Event in October 2024. The Bill received Royal Ascent in March 2025, and includes a provision of a two-year implementation phase before impacted businesses need to be compliant.
- Developed our partnerships with BIBA, Airmic, the British Chambers of Commerce, and the Home Office to generate and promote awareness materials for SMEs.
- Continued the development of the SME hub on the Pool Re website, hosting material promoting the need for terrorism insurance and the risk mitigation activities SME businesses can take to protect themselves. This includes sector threat reports that aid both insurers and policyholders in their understanding of terrorism threats across a wide range of businesses.
- Following explorative meetings with Members and other interested parties, including our regulators, to discuss the potential barriers to reintroducing terrorism cover, in February 2025 we launched a market consultation. The consultation aimed to garner the views of our Members, brokers, competitors and insurance trade organisations regarding our proposals to remove the terrorism cover exception from standard SME property policies.

4 Explore clarifications to the Definition of Terrorism, which underpins the scheme

Summary

To work with HM Government to explore the possibility of agreeing new guidance that can be issued within the industry to clarify the scope of Pool Re's cover.

Purpose

- Provide greater clarity to the market and policyholders regarding the scope of Pool Re's cover against an evolving threat.

Key activities and success criteria

- Facilitate a greater understanding by Members and HM Treasury of what we cover at Pool Re.

Progress to 31 March 2024

- Worked with the Home Office and legal counsel to establish and subsequently rule out the alternative statutory definitions which might have replaced the scheme's existing definition of terrorism.

- Established consensus from Members that clarification of the scope of the scheme's existing definition of terrorism is preferable to changing the definition.

- Submitted a proposal to HM Treasury in December 2022, requesting a clarification of their interpretation of the scheme's definition of terrorism and scope of cover.

- Continue to collaborate with HM Treasury and external counsel to refine thinking and identify scenarios that can be analysed to determine the boundaries of the scheme's definition.

- Working towards HM Treasury publishing updated guidance, such as how they interpret the meaning of an act of terrorism when asked to certify an event.

Progress 1 April 2024 – 31 March 2025

- Submitted foreign state scenarios to HM Treasury for consideration in May 2024.

Against the complex and ever evolving terrorism threat landscape, Pool Re will continually look to provide greater certainty and establish a common understanding with its Members and stakeholders as to the scope of the cover provided by its scheme.

5 Develop Pool Re Solutions and risk mitigation initiatives

Summary

To develop Pool Re Solutions, our consultancy that focuses on terrorism risk intelligence and management projects with insurer Members and academia; liaises and engages Government departments and Counter Terrorism Police; and offers support to risk management projects for Members' major policyholders.

To establish a formal collaboration with the Home Office, forming the Counter Terrorism Alliance (CTA).

To invest alongside the National Security Strategic Investment Fund (NSSIF), delivered by the British Business Bank, which contributes patient capital to advanced technologies involved in delivering national security outcomes.

Purpose

- Enhance Members' and policyholders' understanding of the contemporary terrorism threat through thought leadership, training and education services.
- Mitigate contemporary terrorism risk through the delivery of bespoke and at-scale risk management services.
- Amplify terrorism risk mitigation best practice as a primary conduit between Government and the insurance industry.
- Enhance national resilience and security efforts through partnership and investment in CTA initiatives with the Home Office, Homeland Security Group and Counter Terrorism Police and NSSIF investments.

Key activities and success criteria

- Agree and implement a three-year development plan for Pool Re Solutions.
- Deliver regular thought leadership, risk intelligence and risk management services to the scheme's stakeholders.
- Collaborate with the Home Office and police to assist Members and their policyholders (SMEs in particular) with awareness and education materials relating to the Terrorism (Protection of Premises) Bill, or Martyn's Law.
- Invest a proportion of the fund into technologies, companies and projects that reduce the threat of terrorism and increase the UK's resilience.

Progress to 31 March 2024

- Agreed three-year Pool Re Solutions development plan at December 2022 Board meeting.
- Forged strong and routine engagement with National Protective Security Authority (NPSA) and National Counter Terrorism Security Office (NaCTSO) to support understanding of the threat, as well as direct interaction on policyholder sites.

- Conducted a six-month review of Pool Re's actuarial model scenarios for both conventional and chemical, biological, radiological and nuclear (CBRN) working with other Government departments, as well as experts from the private sector and academia to ensure scenarios were appropriate to terrorism. Revised frequencies and identified new, credible scenarios for modelling that reflect the changing attack methodology trends.

- Published and promoted regular thought leadership and risk intelligence material to our stakeholders. Conducted Martyn's Law webinars and panels across insurance and security sectors.

- Launched the Totally Terrorism podcast, which is in the top 25% of all podcasts globally.

- Published monthly threat bulletins, regular deep-dive reports, and over 60 separate sector-specific threat assessments.

- Increased by 40% the number of businesses using Pool Re's Vulnerability Self-Assessment Tool (VSAT) to benchmark their risk management and qualify for premium discounts.

- Delivered multiple bespoke risk consulting projects including Probable Maximum Loss Studies (PMLs) and Threat, Vulnerability, Risk Assessments (TVRAs) for Members' policyholders across Great Britain for Critical National Infrastructure (CNI) assets, major transportation and retail hubs, and real estate management companies.

- Reinvigorated our Counter Terrorism Alliance (CTA) with the Home Office.

- Agreed to fund three projects. Two are due to complete at the second half of 2025 and are on track to do so. One project will run into 2026 and is due to complete six months later than originally intended.

- Invested alongside NSSIF in advanced technologies involved in delivering national security outcomes.

Progress 1 April 2024 – 31 March 2025

- Pool Re Solutions delivered nine detailed terrorism risk management reports to large policyholders in 2024–25. These led to greater understanding of terrorism risk, leading to increased security mitigation. This protects the public, policyholders, Members, Pool Re and HM Treasury.

- Pool Re Solutions undertook a trial to develop a set of working practices with NaCTSO's Counter Terrorism Security Advisers (CTSAs) to combine capabilities when on site in support of policyholders. This was formally agreed with NaCTSO and has been incorporated into their routine procedures as well as their training and development programme.

- Pool Re Solutions developed a unique terrorism risk scoring framework to assess sites based on terrorism threat (intent and capabilities) rather than the value of the property. This was used in a formal review of Pool Re's major policyholders ('The Top 200'), which is now being incorporated into the analysis and management of Pool Re data and the actuarial model.

- Designed, developed and delivered four proof-of-concept projects for Members to identify and model terrorism scenarios against their largest areas of aggregation. The outputs, using Pool Re Solutions data and tools, increased Members' understanding of the likely impacts of credible scenarios and informed decisions to update retentions. This initiative is now being enhanced and improved to enable an automated service to support all Members annually.

- Pool Re's Knowledge Centre has been updated, providing a wealth of material to support understanding of terrorism. Over 60 Sector Threat Assessments have been published examining terrorist intent to attack different types of business and are now the most accessed materials on the Pool Re website, used across the Market, businesses and the police. Additional deep dive reports look at specific issues and the Annual Threat Report has been used as a reference document across the Market and in academia.

- Series 2 of the Totally Terrorism podcast launched and continues to receive high listening, recently achieving 10,000 downloads. Recent episodes include interviews with a former extremist, the Head of NaCTSO, the Head of Security at Wembley, and the Head of Counter Terrorism Police (CTP).

- Agreed to fund two new projects, one will complete at the end of 2025 the other will run for an estimated five years and is due to complete in 2029.

- Committed a further £17.5 million across two new venture capital funds during the period, bringing our total commitment to venture capital managers under the British Business Bank's National Security Strategic Investment Fund (NSSIF) to approximately £118 million, or 1.6% of the Pool Re investment fund.

Finance Review

Background to the financial statements

The following notes are designed to aid the understanding of the financial statements presented in this Annual Report.

Basis of preparation

The financial statements of the Company, and the Group's consolidated financial statements, have been prepared based on UK-adopted International Accounting Standards and International Financial Reporting Standards, and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards.

The financial statements also reflect the Accounts Direction letter by HM Treasury to Pool Re dated 6 March 2025, in accordance with the Framework Agreement between HM Treasury and the Group. Under this direction, the Group has regard for the requirements and principles in the Government Financial Reporting Manual (the FReM) issued by HM Treasury, to the extent that they clarify or build on the requirements of the Companies Act.

As a result of the treaty changes which came into effect on 1 April 2025 and cancellation of all facultative scheme contracts, the earnings pattern of premium payable to HM Government under the HMT Retrocession Agreement has been accelerated.

The impact of this change for the period ending 31 March 2025 is detailed in Note 6 of the financial statements.

Group accounts

The financial statements for the Group have been prepared on a consolidated basis. The two subsidiary undertakings, Pool Re Services Limited and Pool Re Solutions Limited, commenced trading on 1 October 2023, and as the Company has control of both subsidiary companies, they are consolidated within these financial statements.

Further details on the subsidiary undertakings are disclosed in the notes to the accounts. Due to the immaterial financial nature of the subsidiary companies, the financial statements have only been presented on a consolidated basis, with additional disclosure of information provided where management judges it to be of benefit to the users of the accounts.

Financial performance for the year to 31 March 2025

- Pool Re's insurance revenue, representing gross premium from Members was flat year-on-year at £263.3 million (2023–24: £262.7 million).

- Reinsurance expenses include the costs of the two elements to our outward reinsurance; premium to Government and commercial reinsurance protection.

- Under the Group's HM Treasury Retrocession Agreement, 50% of the value of gross premiums written incepting during the year is payable as outward reinsurance premiums to Government. For the 12 months to 31 March 2025, this amounted to £129 million (2023–24: £130.9 million). In addition, further premium is payable to Government in accordance with the Retrocession Agreement. This is calculated as 25% of the surplus reported by the Group, calculated as profit for the year before the 25% further premium payable to Government. In the reporting period, this amounted to £86.4 million (2023–24: £96.6 million). Hence the total of outward premium to HM Treasury totalled £215.4 million.

- Commercial reinsurance has also been purchased under our longstanding retrocession programme. In the 12 months to 31 March 2025, commercial retrocession reinsurance expenses amounted to £44.3 million (2023–24: £39.4 million) reflecting increased underlying exposures.

- The terms of the Retrocession Agreement between Pool Re and HM Treasury include provision for Pool Re to pay an annual distribution to Members. The Board declared such a dividend in respect of its 2023–24 results at its Annual General Meeting on 13 September 2024. The amount of the dividend paid was £96.6 million.

- No new claims were recorded in 2024–25 and there are no claims outstanding at 31 March 2025.

- The total investment result, comprising investment income, including net realised and unrealised gains and losses, net of investment expenses totalled £438.1 million in the year to 31 March 2025 (2023–24: £441.3 million).

- The implementation of our updated investment strategy, agreed by the Board in 2022, was completed in the period. This focuses on achieving a higher return for a similar level of risk by diversifying the portfolio across a broader range of asset classes. The 2024–25 investment performance saw gains across all major asset classes, reflecting underlying market conditions, in particular the higher interest rate environment. The value of the fund (total financial assets carried at fair value) grew by 2.6%.

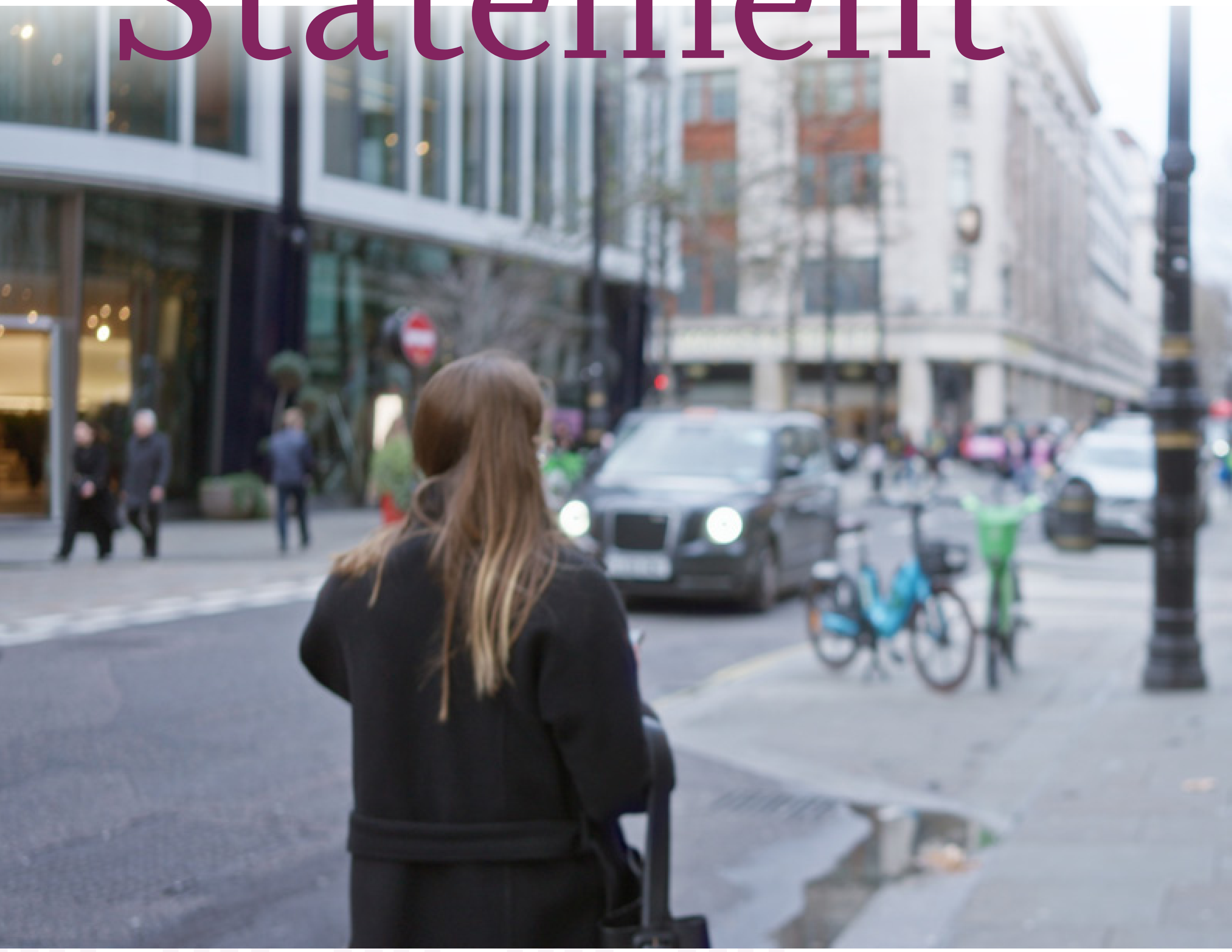
- The amount allowed for taxation in respect of 2024–25 was a charge of £92.4 million (2023–24: £84.9 million). This relates to United Kingdom Corporation Tax and foreign withholding tax on investment income receivable and realised and unrealised profits, less interest payable and investment expenses. There is no taxation charged on the underwriting result as the business is conducted on a mutual basis.

- The Company made a resulting profit after taxation of £212.6 million for the year ended 31 March 2025 (2023–24: £320.0 million).

- After accounting for the dividend paid to Members in 2024, the accumulated retained earnings at 31 March 2025 stood at £6,657.8 million, 1.8% higher than the 31 March 2024 balance of £6,541.9 million.

- The investment fund (financial investments, accrued income and investment debtors, creditors and cash) rose from £7,017.9 million at 31 March 2024 to a value at 31 March 2025 of £7,314.3 million, driven by the strong investment performance in the period.

Section 172 Statement



The Directors are aware of their responsibilities to promote the success of the Company in accordance with Section 172(1) of the Companies Act 2006 and have acted in accordance with these responsibilities.

The Board of Directors has a comprehensive understanding of its key relationships with a broad range of interested stakeholder groups, such as employees, suppliers and Member insurers. The Board of Directors, both individually and collectively, have paid due regard to consider how the interests of Pool Re's stakeholders have been addressed in Board discussions and decision-making.

Principal decisions of the Board

The Pool Re Board considers the principal decisions of the Board to be those direct decisions taken, which may have a potentially material impact on the Company's strategy, a stakeholder group or the long-term success of the Company. The Board also recognises its responsibilities regarding decisions delegated to management or a Committee of the Board. The Board considers how decisions regarding management of the business affect stakeholders' interests. Pool Re's core values, which are Bold, Excellent, Innovative, Personable, Collaborative and ESG-Centric, guide the Company's decision-making process.

(See also the Company's purpose and strategy on pages 10 and 28)

Stakeholders

The Board has identified the Company's key stakeholders to be: employees, Member insurers, UK businesses and policyholders, the wider (re)insurance industry (including competitors), suppliers, local communities, HM Government, the Regulators and IFTRIP (International Forum of Terrorism Risk (Re)Insurance Pools).

Employees

We employed an average of 50 full-time equivalent staff during the year. Key concerns for our colleagues include training and career development, appropriate tools to do the job, wellbeing, reward, culture and values and community support. At Pool Re, we continue to develop our suite of HR initiatives to retain, develop, and encourage first-class performance from our staff.

This year, building on the results from the previous year's Gallup Q12 Employee Engagement Survey to measure employee engagement within the organisation, we conducted a second survey. The results reported a significant increase in employee engagement with an Engagement Mean Score of 4.39 out of 5 (up from 3.98 in the previous year). A 100% participation rate reflected our commitment to fostering a positive work environment for our employees. The survey output was shared with the Executive, reported to the Board, and the key themes will feed into our HR agenda for 2025–26.

Regular presentations and updates about the business and the office culture, including hybrid working, are given to staff, where feedback is actively encouraged.

Member insurers

Pool Re provides a solution in response to market failure, and an evolving product which meets the needs of our Member insurers, with comprehensive terms for terrorism coverage, including CBRN events and acts of terrorism triggered by remote digital means. Our reinsurance product is simple to operate, and provides unbroken coverage.

We provide our Members with access to information from our partnerships with public agencies, academia and international pools and we also assist our Members' understanding of the terrorism risk and access to threat and actuarial expertise.

Members derive value from the Pool Re annual dividend, which reflects the amount of premium ceded. Additionally, the quality of Pool Re's offering to its Members enhances London's reputation as a world-leading insurance and risk-transfer centre.

Following the successful vote in 2024, our Members transitioned to the new Treaty scheme which became effective from 1 April 2025.

(See Transforming Treaty section on page 22)

UK businesses and policyholders

Pool Re enables its Members to provide comprehensive, affordable terrorism insurance protection to facilitate and encourage economic activity and investment in the UK, including large infrastructure projects, thereby improving the UK's resilience to terrorism activity. Our reinsurance is a relevant and comprehensive product which evolves with the changing terrorism threat and remains available after a large event.

The cover can reward risk mitigation activities, supported by Pool Re's Solutions team, whose knowledge and experience provides specialist terrorism risk information and advice to help policyholders identify and address potential vulnerabilities.

Wider (re)insurance industry including competitors

We provide a route to normalisation of the market for terrorism cover, building confidence in the wider insurance industry through our retrocession programme. This enables non-direct reinsurer participation which would not otherwise be possible and encourages the development of a specialist terrorism market.

Our annual Market Event brings together Members, the wider insurance industry and other parties with an interest in terrorism reinsurance. Pool Re's unique position as an insurance industry mutual enables us to facilitate this broad-based engagement and information sharing.

Suppliers

As a company governed by public law, we adhere to the Public Contract Regulations and the provisions of the Procurement Act 2023 when buying goods and services and managing contracts. Consequently, our suppliers benefit from the principles of propriety, fairness, transparency, consistency, proportionality in all contracts for services, supplies, and works entered into by Pool Re. We support our suppliers through our adherence to the principles of the Prompt Payment Code, designed to ensure minimum standards for payment practices between organisations and their suppliers.

Local communities

Pool Re has established a Community Working Group, comprised of a diverse range of employees which is focused on helping the Company's wider community to thrive. The objectives and deliverables of the Group are employee-led, promoting opportunities for employees that benefit the public interest, whether through initiatives organised by the Company or employees pursuing their own personal community activities. The Group promotes the use of our volunteering policy and provides meaningful and impactful volunteering and fundraising opportunities for staff.

We continue to develop our approach to Environmental, Social and Governance (ESG) issues. This encompasses both Pool Re's office practices and the management of our investment fund. Our commitment to ESG matters is illustrated by our adoption of the UN Principles for Responsible Investment and by subscribing to the Carbon Disclosure Project.

The Board has considered the PRA Supervisory Statement 3/19 (SS 3/19), which requires banks and insurers to enhance their monitoring of the financial risk from climate change. An internal exercise has been undertaken to embed climate risk in our risk management framework and strategic decision-making processes.

HM Government

Public finances are boosted through the Government's 50% share of the Pool Re gross premium and 25% share of the annual surplus. Additionally, Pool Re's investment fund, our retrocession programme and issuance of Insurance-Linked Securities (ILS) reduce reliance on the HM Treasury guarantee to Pool Re, thereby distancing the taxpayer from potential loss.

We provide support for the Government's counter-terrorism strategy, both through our Counter Terrorism Alliance with the Home Office, and through our role as a conduit to incentivise businesses to implement accredited risk mitigation strategies. Pool Re provides Government with access to expertise in the quantification and pricing of terrorism risk liabilities and an efficient mechanism for payment of claims to businesses impacted by terrorism, enabling the economy to "build back" in the event of catastrophic loss.

Government moral hazard is reduced by the formalised hierarchy of losses between the public and private sectors in the event of an attack. Pool Re is establishing a reputation as a trusted advisor on how Government could work effectively with the insurance market to address other systemic risks which are difficult to insure on a purely commercial basis.

Regulators

We continue to have an effective and transparent dialogue with our key regulators, the PRA and FCA. This is demonstrated by the ongoing regular engagement of our Board and management, supported by our legal and regulatory team, with our PRA supervisor.

International Forum of Terrorism Risk (Re)Insurance Pools

The International Forum of Terrorism Risk (Re)Insurance Pools (IFTRIP), launched in London in 2015 at the instigation of Pool Re, has become the pre-eminent forum for collaboration between the world's terrorism (re)insurance pools. Governments, the (re)insurance industry and their policyholders throughout the world benefit from the exchange of best practice and enhanced management of terrorism risk fostered through IFTRIP.

By Order of the Board on 30 June 2025

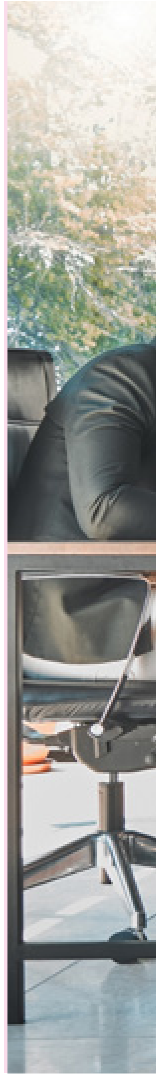
Tom Clementi
Chief Executive Officer

3

Governance & Accountability

GOVERNANCE & ACCOUNTABILITY

Directors' Report



The Directors of Pool Reinsurance Company Limited (registered number 2798901) present their report and the audited financial statements of the Company for the period from 1 April 2024 to 31 March 2025.

Board of Directors

The Board holds five scheduled meetings in the course of the year. At the meetings, the Board considers reports from each of the key functions, in particular: financial performance; operational performance; underwriting and claims; investment management; risk management; legal and regulatory; marketing and communications; human resources; and threat analysis and mitigation. In addition to these standing items, the Board annually considers other matters of significance to the Company, in accordance with an agreed schedule. Alongside the regularly scheduled Board meetings, the Directors also hold an annual strategy session and meet as necessary to discuss any material matters as they arise. During the period from 1 April 2024 to 31 March 2025, the Board met five times, reflecting the needs of the business.

A formal schedule of matters reserved to the Board is maintained and reviewed annually. Such matters include those that are considered to be of significant strategic importance, which affect the structure of the Pool Re scheme, setting the culture, ethics, values and standards of the Company, or affect the corporate governance framework.

The Board has otherwise delegated to its committees and to the Executive Management the power to make decisions on operational matters within a framework of internal controls. Each committee operates within written terms of reference and the respective roles and responsibilities of the Chair, Senior Independent Director and the Chief Executive are set out in writing. These items may only be amended with the Board's approval. The appointment and removal of the Chief Executive and the Company Secretary are also matters reserved to the Board.

The Chair, in conjunction with the Chief Executive, the General Counsel

and the Company Secretary, ensures that the Board receives the information it needs to discharge its responsibilities. All Directors have access to the services of the General Counsel and the Company Secretary and independent professional advice is available, at the expense of the Company, to the Directors in respect of any issue arising in the course of their duties. The Company maintains appropriate directors' and officers' liability insurance in respect of legal actions against its Directors.

Following their appointment, new Directors are given an in-depth induction by Executive Management. Additional training is provided to Directors throughout their appointment to ensure they possess the necessary knowledge regarding the Company and its operations to perform their role effectively.

Information to the Board

The Board and its Committees are provided with appropriate information in keeping with the nature of the business to inform decision-making processes.

Financial and performance data provided to the Board is extracted from Pool Re's accounting and operational systems. The sourcing and production of management information has developed as our business applications have become more sophisticated and is subject to regular reviews, internal assurance checks and independent audits. The Board effectiveness review included questions about the quality and frequency of information received and no concerns were raised.

Management information is considered both sufficient and appropriate to enable the Board to discharge its duties in steering the organisation towards its strategic objectives, safeguarding its assets and overseeing performance.

Composition

From 1 April 2024 to 31 March 2025, the Board consisted of ten Non-Executive Directors, including a Non-Executive Chair, and one Executive Director, the CEO. Brief biographical details of the current Directors are set out on pages 71–74. The Directors who served during the year and up to the date of signing the financial statements are:

A A Knight CBE

K Allchorne

T C Clementi

C G Cripps

C J Holmes

B J Merry

M Moore (resigned 1 April 2025)

O C Morris

K M Norgrove

Dame Susan Owen

A M Rubenstein

The power to appoint Directors rests solely with the Board. The Articles of Association provide that the number of Directors in office at any one time shall be between three and twelve.

The size and composition of the Board is kept under review in order to ensure an appropriate balance of independence, expertise and experience to support the strategic and operational direction of the Company and to provide effective challenge. Regardless of the number of Directors, a majority shall be independent Non-Executive Directors. Director appointments are undertaken with the support and assistance of executive search and leadership advisory firms.

The Articles of Association allow HM Treasury to nominate individuals to be considered by the Board for appointment as Directors. However, only one Director at any time may hold office following nomination in this way. Dame Susan Owen is the Director appointed following nomination by HM Treasury.

At Pool Re, we recognise that a Board of Directors having diverse experience, qualifications and knowledge is likely to promote more effective challenge. Equally, a wider range of perspectives will help it to identify a greater range of risks to the business and better enable the Board to appreciate and manage their impact. Board appointments and succession plans are based on merit and objective criteria and, within this context, should promote diversity.

Diversity extends beyond gender and ethnicity, to include areas such as social background, age and sexual orientation, as well as diversity of experience and cognitive and personal strengths, all of which are likely to bring some level of competitive advantage. While our business promotes diversity, the Board is not committed to any specific targets. Instead, the Board continues to pursue a policy of appointing talented people at every level who have the knowledge and skillset to deliver high performance while mitigating the risk exposure of the Company.

Every year, the Board considers the ongoing independence of each Director. This takes into account the period they have served, whether they are also Directors of companies within groups that cede business to Pool Re or whether they have been appointed by significant counterparties. The Board has determined that, as at the date of this statement, the majority of Non-Executive Directors remain independent in character and judgement.

In accordance with the Articles of Association of the Company, all Directors must retire and seek election at the first Annual General Meeting (AGM) following their appointment. Subsequently, at each AGM, each Director will be subject to annual re-election.

At Pool Re, we recognise that a Board of Directors having diverse experience, qualifications and knowledge is likely to promote more effective challenge.

Board Committees

The Board has six standing Committees: **the Audit Committee, the Investment Committee, the Nominations** and **Governance Committee, the Reinsurance Committee, the Remuneration Committee,** and **the Risk Committee**. All the Committees have written Terms of Reference. The Board has satisfied itself that each of its Committees has sufficient resources to undertake its duties.

The **Audit Committee** is chaired by Barbara Merry and comprises four Directors, all of whom are independent Non-Executive Directors.

The Committee met five times during the period from 1 April 2024 to 31 March 2025. A summary of the principal activities of the Committee during this period is provided below:

- **Financial statements:**
  The Annual Report and Accounts and PRA Annual Return were reviewed carefully by the Committee to monitor the integrity of the financial statements prior to submission to the Board for approval. The Committee considered significant risks, including any estimates and significant financial reporting judgements of management and the methodology and assumptions used in relation to the Company's financial statements. Specific consideration was given by the Committee to the key risk of misstatement on the existence and valuation of financial investments. The Committee gained assurance as to the design and implementation of key controls relating to pricing, valuations and existence of financial instruments.

- **Financial instruments:**
  The Committee also considered the pricing, valuations and existence of derivative financial instruments.

- **Financial internal controls and internal audit:**
  The Committee monitored the system of financial internal controls and the effectiveness of the internal audit function throughout the year, assessing the resources and skills available.

- **Internal audit reports:**
  The internal audit function provides independent assurance over Pool Re's internal control framework. The Committee reviews the internal auditor's plan and reports and the effectiveness of the internal auditor's audit process.

- **Going concern and viability of the company:**
  The Committee monitored the Company's resources and has satisfied itself that the Company has an adequate level of resources for the foreseeable future.

- **Relationship with the External Auditor:**
  In accordance with the terms of the Framework Agreement agreed with HM Treasury in May 2022, the National Audit Office (NAO) has been appointed as the statutory auditor of Pool Re. Owing to the prescriptive nature of the appointment of the NAO as the Company's statutory auditor, the Committee can no longer conduct a tender process and make recommendations to the Board about the appointment, reappointment and removal of the external auditor, nor approve its remuneration and terms of engagement. This represents a departure from parts of provisions 25 and 26 of the Financial Reporting Council's UK Corporate Governance Code (the Code). The NAO provides a non-audit service in relation to its audit of the annual PRA return; however, this service is audit-related in nature.

- **External audit reports:**
  The Committee reviews the NAO's audit plan and reports on the effectiveness of the NAO's audit process based on assessment criteria relating to the quality of the audit, the handling of key judgements and the responses to questions from the Committee.

- **NAO regulatory review by the FRC:**
  The Committee reviewed the regulatory report from the FRC which formed part of its inspection process into the performance of the NAO and the quality of the audit carried out on Pool Re. The review took the form of a structured interview with the FRC and the Chair of the Audit Committee.

- **Financial controls effectiveness review:**
  The Committee commissioned and reviewed the work of a third-party professional services firm to carry out an independent assessment of the financial control environment, providing additional assurance to the Board in relation to the financial, operational and compliance controls.

The **Investment Committee** is chaired by Alan Rubenstein and comprises four Directors. The Committee met four times during the period 1 April 2024 to 31 March 2025. A summary of the principal activities of the Committee during this period is provided below:

- **Asset allocation:**
  The Committee kept the Company's asset allocations under review.

- **Investment policy:**
  The Committee advised the Board on the development and implementation of the investment policy and strategy and led the process of the ongoing monitoring of the Company's investments.

- **Investment guidelines:**
  Investment guidelines have been issued to the Company's Investment Managers and the Committee monitored adherence to these guidelines.

- **Investment manager presentations:**
  At each meeting the Committee received a presentation from one or more of the investment managers, with each manager presenting at least once every two years.

The **Nominations and Governance Committee** is chaired by Angela Knight and comprises all the Non-Executive Directors. The Committee met three times during the period. A summary of the principal activities of the Committee during the period from 1 April 2024 to 31 March 2025 is provided below:

- **Board appointments and succession planning:** The Committee reviews and recommends to the Board the appropriate size, structure and composition of the Board, taking into consideration skills, experience, diversity and leadership needs.

- **Board effectiveness:** The Committee makes recommendations to the Board concerning the re-election of Directors under the annual re-election provisions, having due regard to performance, ability, contribution and length of service.

- **Effectiveness review of the Board, Committees and Directors:** The Committee oversees and reviews the results of the annual evaluation of the performance of the Board and its Committees including the performance of individual Directors, composition and succession planning and overseeing the implementation of any resulting action plan.

- **Governance framework:** The Committee assesses and oversees the operation of the governance framework and corporate governance practices of the Company.

- **Conflicts of interest:** The Committee considers any direct or indirect interest that a Director may have and which may conflict with the interests of the Company.

The **Reinsurance Committee** held four scheduled meetings during the period 1 April 2024 to 31 March 2025. The Committee is chaired by Kevin Allchorne and comprises four Non-Executive Directors, one Executive Director (the CEO) and the Chief Underwriting Officer. The Reinsurance Committee oversees the Company's provision of reinsurance to its Members along with the scope, structure and cost of the cover it provides. The Committee exercises its authority in line with the risk appetite approved by the Board. The Committee oversees the purchasing of the outwards retrocession programme and governance over and validation of Pool Re's pricing model.

A summary of the principal activities of the Committee during the period from 1 April to 31 March 2025 is provided opposite:

- **Underwriting:**
  The Committee oversees the Company's underwriting scope and rules.

- **Model governance:**
  The Committee oversees the model governance policy.

- **Reinsurance:**
  The Committee oversees the Company's reinsurance proposition, including structure and retention levels under the scheme including global scheme retentions, and target retentions and premiums.

- **Commercial retrocession (including the ILS placement):**
  The committee oversees the outwards retrocession renewal and budgets, and ILS renewal placements.

- **Brokers:**
  The Committee provides input into the process of procurement, appointment and termination of our brokers for placing the retrocession programme.

- **Regulatory and legal:**
  The Committee considers issues arising in respect of the reinsurance proposition.

- **Company plan:**
  The Committee oversees our plan in relation to the implementation of the Consumer Duty.

- **Pricing model:**
  The Committee is responsible for the oversight of the governance over and validation of the pricing model, including reviewing and approving the Model Governance Policy.

The **Remuneration Committee** is chaired by Catherine Cripps and comprises five Non-Executive Directors, of whom four are independent Non-Executive Directors.
The Committee held three scheduled meetings during the period from 1 April 2024 to 31 March 2025. A summary of the principal activities of the Committee during the period is provided below:

- **Remuneration policy:**
  The Committee has delegated responsibility for considering and setting the overall remuneration policy for the company and in particular its application to the Chair, the Directors, the Chief Executive and, upon their recommendation, the senior management team. In doing so, it reviews and agrees performance objectives for the Chief Executive and the senior management team which are aligned with the Company's wider objectives. It receives regular performance updates and ensures the fair and consistent application of the remuneration policy elements. These include salary and bonus. In fulfilling its duties, it receives advice from appropriately qualified external advisers.

- **Remuneration of employees (including the CEO and senior management team):**
  The Committee has delegated responsibility to review and consider the overall remuneration of Pool Re staff, having regard to the market levels and the Framework Agreement as agreed with HM Treasury.

- **Remuneration practices:**
  The Committee has responsibility to design and implement practices to support strategy and promote long-term sustainable success and, when determining remuneration of the CEO and senior management team, to consider the Code requirements of clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture.

The **Risk Committee** is chaired by Barbara Merry and comprises four Directors, all of whom are independent Non-Executive Directors.

The Committee met four times during the period from 1 April 2024 to 31 March 2025. A summary of the principal activities of the Committee during this period is provided below:

- **Effectiveness of the risk management framework:**
  The Committee monitored the effectiveness of governance, risk management and internal controls in the Company during the course of the financial year and up to the date of the approval of the Annual Report.

- **Effectiveness of the Risk Function:**
  The Committee monitored the effectiveness of the Chief Risk Officer and the Risk Function, and reviewed and approved its resources to ensure it had sufficient independence and capacity to discharge its responsibilities.

- **Risk management framework:**
  The Committee reviewed and recommended to the Board for approval the risk management framework, risk preferences, risk appetites, risk tolerances, operating policies and other relevant documents relating to the Company's approach to risk management.

- **Risk register:**
  The Committee reviewed the firm's risk register at each meeting, including monitoring developing and emerging risks and the operation of key controls, and advised the Board accordingly.

- **Business plan alignment:**
  The Committee advised the Board on whether the Company's strategy and annual business plan were aligned with the risk framework.

- **Internal controls and risk management systems:**
  The Committee monitored the system of internal controls throughout the year.

In addition to these Committees, the Board may, from time to time, establish ad hoc committees to address any specific purpose, with such delegation of powers and membership as the Board considers appropriate or necessary to meet its aims.

In accordance with the Articles of Association, the proceedings of any Committee to which the Board has delegated powers are minuted and reported to the Directors at the next following Board meeting.

Attendance at meetings

It is recognised that Directors' executive responsibilities outside of the Company may result in them being unable to attend all the regularly scheduled Board and/or Committee meetings. On such occasions, the Chair of the Board will obtain their comments on matters to be considered at the meeting in question for passing on to the other Directors as appropriate. During the period from 1 April 2024 to 31 March 2025, the Board convened five Board meetings.

The table below sets out each Director's attendance at the meetings of the Board and the Committees which they were eligible to attend during the period from 1 April 2024 to 31 March 2025.

	Board	**Audit Committee**	**Investment Committee**	**Nominations and Governance Committee**	**Reinsurance Committee**	**Remuneration Committee**	**Risk Committee**
A A Knight CBE	5 (5)		4 (4)	3 (3)		3 (3)	
T C Clementi	5 (5)						
K Allchorne	5 (5)	5 (5)		3 (3)	4 (4)		4 (4)
C G Cripps	5 (5)	5 (5)	4 (4)	3 (3)		3 (3)	4 (4)
C J Holmes	3 (5)			2 (3)			
B J Merry	5 (5)	5 (5)	4 (4)	3 (3)	4 (4)		4 (4)
M Moore	2 (5)			1 (3)	4 (4)		
O C Morris	5 (5)			2 (3)			
K M Norgrove	5 (5)			3 (3)	2 (4)		
Dame Susan Owen	5 (5)	4 (5)		3 (3)		3 (3)	3 (4)
A M Rubenstein	5 (5)		4 (4)	3 (3)		3 (3)	

The total number of meetings during the period that could have been attended are shown in brackets.

Board performance review

Each year the Board undertakes an evaluation of its performance. Every third year, the evaluation process includes an assessment by external board performance consultants, the intervening years being through self-assessment.

In 2024–25 following on from the external review of Board and Committee effectiveness undertaken by Independent Audit Limited in the previous year, Pool Re carried out an internal self-assessment of the effectiveness of its Board and Committees, supported by Independent Audit Limited. Questionnaires for the Board and its six Committees were completed by the Board members and by members of the executive team who attend either board or committee meetings. The results and emerging themes were analysed and discussed with the Board.

Directors' remuneration

The Company's Articles of Association provide that, until otherwise determined by ordinary resolution, there shall be paid to the Directors such fees as the Directors determine, not exceeding an annual aggregate. In the period 2024–25, in accordance with the recommendation made following an independent benchmarking exercise in respect of Non-Executive Director fees carried out in 2023 by Korn Ferry, an independent consultancy firm, Directors were awarded an inflationary increase broadly aligned to the wider employee salary increases.

Non-Executive Directors do not receive any additional remuneration from the Company other than their fees and are not paid compensation for loss of office.

Dividend

The Articles of Association of the Company provide for distributions to Members in the form of a dividend and also in the circumstances of a winding up.

In September 2024, the Company paid a dividend to Members of £96.6 million (September 2023: £33.1 million) in proportion to premium ceded by each Member during the preceding year.

Donations

The Company has a policy that it does not make political donations. In the year under review, the Company made no such donations.

The Company has established a Donations Committee to consider and determine its charitable donations, subject to an annual limit of £50,000. The Company's charity of the year for 2024–25, for the second year running, was the East End Community Foundation. The charity of the year is determined by the Community Working Group in accordance with agreed criteria. The donations made during the period from 1 April 2024 to 31 March 2025 totalled £40,711 as listed below:

East End Community Foundation	**£30,000**
The Royal British Legion Lloyd's & City Branch	**£10,000**
Lord Mayors Appeal City Giving Day	**£300**
Hillcross PTA (Matched Giving)	**£351**
Football Beyond Borders (Matched Giving)	**£60**
Grand total	**£40,711**

Bribery and corruption

The Company adopts a zero-tolerance approach to bribery and corruption and has appropriate policies and regular training in place to maintain this approach.

Tax evasion

The Company adopts a zero-tolerance approach to tax evasion in compliance with the Criminal Finances Act 2017 and the corporate criminal offence of failing to take reasonable steps to prevent the facilitation of tax evasion.

Whistleblowing

The Board complies with the recommendation made in the Code with regard to a policy on whistleblowing and has reviewed the arrangements under which staff may, in confidence, raise concerns.

The Board has adopted a whistleblowing policy, which is disseminated throughout the Company, and is satisfied that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where appropriate, for follow-up action to be taken. Catherine Cripps, one of the independent Non-Executive Directors, is the Whistleblowers' Champion. In this role, she is responsible for ensuring and overseeing the integrity, independence, and effectiveness of the whistleblowing framework.

Financial risk management

The Company's financial risk management objectives and policies with regard to the use of financial instruments are described in Note 5 to the financial statements.

Directors' indemnities

The Company has entered into indemnities for the benefit of its existing Directors and future Directors, and these indemnities remain in force at the date of this report. Copies of the Directors' indemnities, which are qualifying indemnity provisions, are available for inspection at the Company's registered office.

Statement of Directors' and Accounting Officer's Responsibilities

Under the Companies Act 2006, the Directors are responsible for preparing the Strategic Report, Directors' Report and the Group and Company's financial statements (the "financial statements") in accordance with applicable law and regulations. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Pool Re Group and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

The Directors have prepared the financial statements in accordance with applicable law and UK-adopted international accounting standards. These include:

- Observing the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, insofar as these do not conflict with the Companies Act 2006 and the requirements of IFRS;
- Selecting suitable accounting policies and then apply them consistently;
- Making judgements and accounting estimates that are reasonable and prudent;
- Stating, where applicable, that the Directors have prepared the Group and Company's financial statements in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- Notifying Members in writing about the use of disclosure exemptions, if any, of UK-adopted international accounting standards used in the preparation of financial statements; and
- Preparing the Group and Company's financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time our financial position and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

At the date of this report, each individual Director states that they are not aware of any relevant audit information of which our auditors are unaware, and each individual Director states that they have taken any necessary steps as set out in section 418(4) of the Companies Act 2006 as a Director to make themselves aware of any relevant audit information and establish whether the Company's auditors were aware of that information.

HM Treasury has appointed the Pool Re Chief Executive as the Pool Re Accounting Officer.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Pool Re's assets, are set out in Managing Public Money published by HM Treasury. This includes ensuring propriety, regularity, value for money and feasibility in the handling of expenditure by Pool Re.

The Directors have prepared the financial statements in accordance with applicable law and UK-adopted international accounting standards.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on a going concern basis; and
- Confirm on behalf of the Board that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

"As the Accounting Officer, and on behalf of the Board, I have taken the steps required to be aware of relevant audit information and ensure that Pool Re's auditors are informed of that. As far as I am aware, there is no relevant audit information of which the auditors are unaware."

This statement was approved by the Board of Directors on 30 June 2025 and was signed on its behalf by Pool Re's Chief Executive Officer, Tom Clementi.

Statement of Going Concern and Statement of Viability

Going concern

The Board is satisfied, after taking account of the size of the investment fund and the Retrocession Agreement with HM Government, that the Company has adequate financial resources to continue to operate for the foreseeable future which is, but not limited to, at least 12 months. For this reason, it considers the going concern basis appropriate for the preparation of the financial statements.

Statement of viability

Pool Re's continuation as an entity is ultimately at the discretion of its Members. The Board considers that Pool Re has, and will continue to have, Member support and that its funding arrangements will remain in place. The Directors have based their assessment of viability on the Group's business planning, and the budget which is approved annually by the Board. The Board is confident the unlimited guarantee of funds from HM Treasury will continue and as at the date of approval of this Annual Report and Accounts they have no reason to believe otherwise.

The Directors consider that a three-year period from the year end of assessment is an appropriate period over which to provide its viability statement. The Board considers that it can form a reasonable view over this period of the key drivers of the Group's performance, including the investment profile and operating costs. In accordance with the requirements of the Framework Agreement, as agreed with HM Treasury, the Group is committed to complying with the principles and provisions of the Code to the extent appropriate. The Board reviews compliance on at least an annual basis.

Status of the Company

The Company is a private company limited by guarantee, not having share capital. The Company is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.

The Company does not have any branches outside the United Kingdom. It has two wholly owned subsidiary undertakings, Pool Re Solutions Limited (Pool Re Solutions) and Pool Re Services Limited (Pool Re Services).

Pool Re Solutions supplies services to Pool Re including input into the Pool Re model, terrorism threat updates, risk assessments and risk mitigation services. It also provides risk mitigation services and terrorism threat analysis to Members and their policyholders. Pool Re Services supplies services to Pool Re including the employees to work for and on behalf of Pool Re and Pool Re Solutions as necessary.

In 2020, the Company was classified by the Office for National Statistics to the Central Government Subsector in the context of international statistical rules laid out in the European System of Accounts 2010 and the accompanying Manual on Government Deficit and Debt 2019. As a consequence, the Cabinet Office has classified the Company for administrative purposes as an unclassified Arm's Length Body ("ALB") of HM Treasury. The ONS classification and the ALB classification do not affect the separate legal personality of Pool Re, or that its assets (including reserve funds) belong to Pool Re.

Independent Auditor

The Board's policy on the provision of non-audit services to the Company by the Auditor is to permit such work to be performed in areas where it is appropriate, provided this does not compromise independence. The NAO provides a non-audit service in relation to its audit of the annual PRA return. However, this service is audit related in nature.

Future developments

Likely future developments in the business of the Company are discussed in the Strategic Report.

Employee engagement

Details of employee engagement are set out in page 42.

Wider stakeholder engagement

Details of wider stakeholder engagement are set out in pages 42–45.

Greenhouse gas emissions, energy consumption, and energy efficiency action

Recognising that our investment portfolio carries significant exposure to environmental-related risks and while operating an outsourced model, we engage with our investment managers on these risks to bring about necessary change and reduce the portfolio's carbon footprint. We have not provided detailed disclosures on greenhouse gas emissions and energy consumption as the energy consumption of the Pool Re office is less than 40,000 kWh.

Governance Statement

The following Governance Statement forms part of this Directors' Report.

By Order of the Board

Taryn Jones
Company Secretary

Governance Statement

The Board is committed to upholding the highest standards of corporate governance. The Board's policy is to maintain a framework of corporate governance that is effective, transparent and accountable and aligned to the purpose and values of the Company.

A strong and effective corporate governance framework is essential to help the Board to build the culture and deliver the strategy within the relevant legal and regulatory landscape in which the Company operates. The governance framework and a clear division of responsibilities helps the Board to operate effectively, fulfil its responsibilities and provide valuable oversight. The Board reserves certain matters for itself and has delegated day-to-day management of the Company to the Chief Executive who is supported by the Executive Committee.

The Company's classification as an ALB of HM Treasury in 2022 resulted in additional governance arrangements for Pool Re, which are set out in its Framework Agreement agreed with HM Treasury, and which describe the governance and accountability framework that applies between the roles of HM Treasury and Pool Re. In addition, it sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters. The document does not convey any legal powers or responsibilities but both parties agree to operate within its terms.

Pool Re and HM Treasury share the common objective of ensuring the ongoing availability and affordability of terrorism (re)insurance in Great Britain. To achieve this, Pool Re and HM Treasury work together collaboratively, recognising each other's roles and areas of expertise, ensuring an effective environment for Pool Re to achieve this objective through the promotion of partnership and trust.

In line with the Framework Agreement, Pool Re is required to apply the principles of the Financial Reporting Council's UK Corporate Governance Code (the Code) and comply with or explain any divergence from the Code's provisions to the extent determined by the Board, exercising good governance practices. At the heart of the Code is a set of principles that emphasise the value that good corporate governance can have on the long-term sustainable success of a business. In addition to compliance with the Code, Pool Re has undertaken to comply with FReM to the extent appropriate to Pool Re, to comply with applicable procurement law and guidance and to comply with Managing Public Money.

For the 2024–2025 financial year, Pool Re is continuing to apply the 2018 version of the Code. For the 2025–2026 financial year, Pool Re will apply the 2024 version of the Code. The Board will continue to build on the approach taken in the financial, operational and compliance controls effectiveness review to evidence compliance with the increased requirements in these areas for disclosure in next year's Annual Report.

The Board is pleased to report to its Members and wider stakeholders that it has applied the principles of the Code and, with the exception of provision 25 and 26, it has complied with the provisions of the Code during the financial period to 31 March 2025, details of which are set out here.

Board leadership and Company purpose

The role of the Board (Principle A)

The Board is responsible for providing leadership of the Company to promote the long-term sustainable success of the Company within a framework of prudent and effective controls. The Board oversees the delivery of the strategy of the Company whilst ensuring that the Company's culture remains aligned with the stated purpose, values and strategy. It ensures the maintenance of the highest standards and behaviours and is responsible for reviewing the performance of management, ensuring that there are appropriate systems of internal controls and risk management and that the necessary financial and human resources are in place for the Company to achieve its objectives and provide long-term value to Members and wider stakeholders.

The Directors have a broad range of skills, knowledge and experience and bring independent judgement to bear on issues of strategy, performance, risk management, resources and standards of conduct which are integral to the success of the Company. The Board had established a robust governance structure through its six committees that support the Directors in discharging their duties to promote the long-term sustainable success of the Company. The Board reviews stakeholder engagement by taking account of the views of key stakeholders. It promotes diverse engagement mechanisms, receives updates and provides feedback to ensure that engagement activities remain effective.

Purpose, values, strategy and culture (Principle B)

The Company's purpose sets out why it exists, which is to provide confidence and resilience to the economy and return risk to the market. The Company has a clear strategy, as set out in the Strategic Report on page 28, which guides what it does and promotes a strong culture of core values which determines how the strategy is implemented.

The values define the Company and provide the guiding principles to shape the actions of the Company's employees to help deliver the strategy. Such values are illustrated by encouraging the behaviours of the Company's employees, to BE EPIC, that is: Bold, Excellent, ESG Centric, Personable, Innovative and Collaborative.

The Board considers the Company's culture throughout the year, through updates such as the annual Engagement Survey, to ensure alignment with the Company's values and strategy.

Resources and controls (Principle C)

The Board is responsible for ensuring that the necessary financial and human resources are in place for the Company to achieve its objectives. It is also responsible for reviewing management's performance against those objectives.

As set out on page 56, the Risk Committee has been delegated responsibility by the Board for oversight of the risk management framework and controls and the audit committee has the responsibility for oversight of the financial controls.

Both Committees are charged with challenging and reviewing the checks and balances in place to ensure the delivery of the Company's strategic objectives.

Stakeholder engagement (Principle D)

At Pool Re, the Board receives regular updates on stakeholder engagement and spends a significant amount of time considering stakeholder perspectives. In 2024–25, Pool Re continued its extensive stakeholder engagement programme with its Members and other key stakeholders to ensure the successful delivery of the Treaty Transformation project, further details of which can be found on page 22. In addition, a clearly defined stakeholder engagement programme has been developed with forums representing stakeholder groups, such as the Member Advisory Group and the Technical Advisory Group. Regular engagement meetings are held with Members and quarterly meetings are held with HM Treasury. Further details of stakeholder engagement can be found in the Section 172 Statement on page 42.

Workforce policies and practices (Principle E)

The Board has oversight of workforce policies and procedures and their alignment with the Company's values. Pool Re considers its people to be a key pillar within the business model who live its value of doing the right thing to deliver value for stakeholders.

Pool Re has in place clear policies regarding recruitment, retention, promotion, performance management, rewards and incentives and flexible working. Further details can be found on page 87. Whistleblowing policies and procedures are reviewed and approved annually by the Board and available on the intranet, and a Whistleblowers' Champion has been appointed which allows the workforce to report any concerns relating to wrongdoing (page 59).

Division of responsibilities

The role of the Chair (Principle F)

Angela Knight is Chair of the Board of Directors. The Chair was independent on appointment and remains independent. She leads the Board and promotes a culture of openness and debate by facilitating constructive Board relations, and monitors the Board's effectiveness by ensuring that each Director contributes to Board discussions. The Chair is supported by the Senior Independent Director, Alan Rubenstein, who acts as a sounding board for the Chair and serves as an intermediary for the other Directors, if required. Neither are involved in the day-to-day management of the Company. The Board is responsible for evaluating its own and its Committees' performance. The Chair evaluates the Directors' performance and the Senior Independent Director evaluates the Chair's performance with oversight from the Nominations and Governance Committee which has the Board-delegated responsibility for the annual evaluation of the performance of the Board and Committees, including the performance of individual Directors.

Division of responsibilities (Principle G)

In the financial year to 31 March 2025, the Board was comprised of ten Non-Executive Directors, of whom six are independent, and one Executive Director (the CEO). With the exception of the CEO, none of the Company's Executive Management are Members of the Board of the Company, thereby ensuring a clear division between the leadership of the Board and the executive leadership of the Company's business. The Chair of the Board and the CEO meet regularly without the presence of the other Directors and Executive Team and maintain a close working relationship to ensure the integrity of the Board's decision-making processes and successful delivery of the strategy. Save for the matters reserved for the Board, the CEO (with the support of the senior executive team) is responsible for proposing the strategy to be adopted by the Company, running the business in accordance with the strategy agreed by the Board and implementing Board decisions.

Role of the NEDs (Principle H)

It is the role of the Non-Executive Directors to provide constructive challenge, strategic guidance and offer their respective specialist advice whilst holding management to account against agreed performance objectives. They meet regularly throughout the year without the Executive being present.

The Non-Executive Directors are encouraged to operate outside the Board in order to develop a good understanding of the business and its relationships with significant stakeholders across all levels of the organisation.

The Nominations and Governance Committee assesses the time commitments presented by the Directors' other commitments prior to appointment and any additional appointments during their tenure at Pool Re require approval by the Board. Directors are provided with regular and timely management information to enable them to operate effectively.

Role of the Company Secretary in supporting the Board (Principle I)

The Board and each of the Committees are supported by the Company Secretary and the Company Secretariat. The Company Secretary works with the Chair and the CEO to ensure that Board procedures are complied with, advising the Board on governance matters, supporting the Chair and helping the Board and its committees to function effectively by ensuring accurate, timely and clear information flows between the management and the Board in support of effective discussion and decision-making.

Composition, succession and evaluation

Board composition (Principle J)

The Nominations and Governance Committee regularly reviews the skills, attributes and diversity mix of Board members. It prepares a description of the role, capabilities and time commitment required for the role to ensure that the right skillsets and a breadth of perspectives are represented at the Board. The Committee manages the appointment process, where appropriate, using the expertise of leading executive search firms with financial expertise and access to talent from a diverse range of candidates. Candidates are drawn from a variety of backgrounds to ensure a positive effect on the quality of decision making.

The Chair, with the oversight of the Nominations and Governance Committee, supports optimal board composition by ensuring that procedures are in place for an orderly succession for Board and Senior Management roles. The Committee seeks to identify individuals for nomination as senior management, taking account the candidates' skills, experience, fitness and propriety and time commitment and ensuring that diversity is promoted in its widest sense of gender, social and ethnic backgrounds, cognitive and personal strengths. Further information on the work of the Committee can be found on page 53, on Board composition on page 49 and on succession planning for senior management on page 76.

Skills, knowledge and experience (Principle K)

The experience and knowledge of the Directors is regularly assessed across a skillset of 18 categories, recorded and reviewed at least annually by the Nominations and Governance Committee. The length of service of the Board as a whole is kept under review and regularly refreshed.

Board evaluation (Principle L)

Following the external independent evaluation exercise undertaken in the previous year, in the current reporting period, the Board undertook an internal review to assess its progress. The Board performance review assessed the performance and effectiveness of the Board and its Committees. Further information on the Board performance review can be found on page 58.

Audit, risk and internal control

Internal and external audit (Principle M)

Oversight of risk management, internal controls and compliance is the delegated responsibility of the Risk Committee and oversight of internal financial controls is the delegated responsibility of the Audit Committee. In addition, the Audit Committee has Board-delegated responsibility for annually assessing the independence and effectiveness of the outsourced internal audit function.

The procedures to ensure the effectiveness of both the internal and external auditor are set out in the Committee's terms of reference and in the Company's internal Board procedures manual. The Risk and Audit Committees are responsible for reporting to the Board on risk and audit matters and on the system of risk management and internal controls. Further information on the work of the Audit Committee can be found on page 51 and further information on the work of the Risk Committee can be found on page 56.

Fair, balanced and understandable assessment (Principle N)

The Board confirms that the Company's annual report and accounts, taken as a whole, are fair, balanced and understandable, providing the information necessary for the Members to assess the Company's position and performance, business model and strategy.

The Audit Committee undertakes a due diligence approach to assess this requirement and provides assurance to the Board that the fair, balanced and understandable assessment of the Company's position and prospects is evidenced by the viability statement and the going concern statement which are set out on page 62.

The Audit Committee also confirms to the Board that the Annual Report and Accounts provides a comprehensive analysis of the Company's position at the end of the reporting period. They present a fair, complete, and unbiased view, and are written in clear and concise language that ensures understandability.

Risk management and internal controls (Principle O)

Oversight of the Board-delegated responsibility for establishing procedures to manage risk, oversee the internal control framework and determine the nature and extent of the principal risks the Company is willing to take to achieve its long-term objectives, is provided by the Risk Committee. This Committee oversees the risk function and provides assurance to the Board. Risk preferences and appetites are set by the Board following consultation with the Risk Committee and with Senior Management. The Board is responsible for the effectiveness of governance, risk management and internal controls for the period up to and including the approval of the annual report and it carries out a review of their effectiveness following a thorough analysis and report from the Risk Committee. The last review was carried out by the Risk Committee and, subsequently, the Board in June 2025 and no significant weaknesses were identified. The Board agreed with the conclusions made in the report that these processes have been operating effectively. Further information on the Risk Committee's risk management and internal controls work, the main features of the risk management and internal controls system and the process to identify, evaluate and manage principal and emerging risks can be found on page 55 of the Risk Management section and page 56 under the Risk Committee's activities.

Remuneration

Remuneration policies (Principle P)

The Remuneration Committee has the Board-delegated responsibility for developing remuneration policy. The Committee determines the policy that applies to all staff and is designed to promote the long-term sustainable success of the Company. Its aim is to ensure that management and staff are remunerated fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel. Further information on the work of the Remuneration Committee can be found on page 55.

Executive remuneration (Principle Q)

The Remuneration Committee has delegated responsibility to develop policy on Executive remuneration and Director and senior management remuneration. Salaries are justified against benchmarking data and the calibre of the individual and linked to satisfactory performance and the achievement of financial and non-financial strategic objectives. Incentives and rewards are aligned with the values and culture of the Company. Executive pay is determined annually and approved by the Board. Further information on the work of the Remuneration Committee can be found on page 55.

Independent judgement (Principle R)

The responsibility for remuneration decisions ultimately rests with the Board, following recommendations from the Remuneration Committee. Where necessary, the Remuneration Committee, on behalf of the Board, takes independent advice from external consultancies, on levels of remuneration to seek to ensure these appropriately recognise responsibilities and are broadly market competitive. Any Executive salary increases generally reflect the Company's standard approach to all-employee salary increases. No Director or Executive is involved in decisions regarding their own remuneration.

BIOGRAPHIES

The Board, Executive Management and Corporate Information

Details of the Directors of the Company who served during the year and up to the date of signing the financial statements are set out as follows:

Angela Knight CBE
Chair of the Board

Angela Knight joined Pool Re in November 2021 as Chair of the Board. Angela is also the Chair of the Nominations and Governance Committee and is a Member of the Investment Committee and the Remuneration Committee. Angela's current Non-Executive Directorships include Encore Capital Group Inc, Arbuthnot Banking Group Plc and Arbuthnot Latham & Co Ltd. Until January 2024, she was a Non-Executive Director of Vanquis Banking Group plc. In addition, Angela is an Independent Member of the Astana Financial Services Authority, the Kazakhstan regulator.

Prior to joining Pool Re, Angela was the Senior Independent Director at TP ICAP plc and Chair of the Office of Tax Simplification. She has extensive experience in both the public and private sectors, having been a Member of Parliament and Treasury Minister (Economic Secretary). Prior to that she worked for many years in the engineering industry. Since Parliament, she has been the Chief Executive of the British Bankers Association and the CEO of Energy UK, as well as serving on several company Boards. From 2023–2024, she served as the Master of the Worshipful Company of International Bankers.

In addition, Angela is an independent Member of the Astana Financial Services Authority, a Kazakhstan financial services regulator.

Thomas Clementi
Chief Executive Officer

Tom Clementi was appointed CEO of Pool Re in April 2022, prior to which he was CEO of MS Amlin, a Lloyd's underwriting agency, where he spent 13 years in various management roles. In December 2023, he was appointed as a Director of the Association of Chief Executives (ACE).

Tom was a Director of the Lloyd's Market Association between 2017 and 2020 and a common Councillor in the City of London between 2017 and 2022. Before joining the insurance sector, Tom worked as a solicitor at Linklaters. He currently serves as a Governor of the Royal Ballet School and is a Member of the National Preparedness Commission and the OECD's High Level Advisory Board on Catastrophic Risks. Tom has an MBA from INSEAD business school and a degree from Oxford University.

Kevin Allchorne

Kevin joined the Pool Re board in January 2023. He is the Chair of the Reinsurance Committee and a Member of the Risk Committee, the Audit Committee and the Nominations and Governance Committee. He worked as a reinsurance treaty underwriter for Amlin's Syndicate 2001 for 20 years before being appointed head of Amlin London and active underwriter of the syndicate in 2012. From 2014 to 2015 he was Global Managing Director of Amlin's reinsurance business. Subsequent to leaving Amlin, Kevin has served as an independent NED of MAP Underwriting Limited since 2016. Previously, he was a Director and advisor to Giroux Ltd, a Data Analytics Consultant for the MGA sector. In April 2024, Kevin was appointed as a Trustee of Music 24, a leading community music charity, working to support people affected by ill-health and/or disability.

Catherine Cripps

Catherine Cripps joined the Board in June 2022. She is the Chair of the Remuneration Committee and is a Member of the Risk Committee, the Audit Committee, the Investment Committee and the Nominations and Governance Committee. Catherine brings significant financial markets and investment industry experience spanning more than 30 years, where she held a number of senior executive roles. She is an experienced Non-Executive Director and currently serves as a Non-Executive Director of Goldman Sachs International and Goldman Sachs International Bank, chairs those companies' Board Risk Committees, and is a Member of their Audit Committees. She is also the Non-Executive Chair of Polar Capital Technology Trust plc and recently completed a four-year term as Director of the Nuclear Liabilities Fund Ltd where she chaired the Investment Committee. In June 2023, Catherine was appointed as an Independent Member of the Investment Committee of the Marie Curie charity. Until November 2024, she was a Non-Executive Director of Maniyar Capital Advisors Ltd.

Colm Holmes

Colm joined the Pool Re Board in January 2024. He is a Member of the Nominations and Governance Committee. Colm was appointed CEO of Allianz Insurance in the UK in December 2021. Prior to joining Allianz, he was Global CEO for the General Insurance business of Aviva, the FTSE 100 insurer, and President and CEO of Aviva Canada and CEO of Aviva UK General Insurance. Colm joined Aviva as CFO for the UK General Insurance business in 2013. In a career that spans 35 years, he has also worked at Zurich Insurance and JP Morgan. Colm holds a bachelor's degree in business from Trinity College, Dublin and is a Chartered Accountant (ACA) and a Member of the Institute of Chartered Accountants in England and Wales (ICAEW).

Barbara Merry

Barbara Merry has been a Non-Executive Director of Pool Re since February 2019 and is the Chair of the Risk Committee and the Audit Committee. She is also a Member of the Investment Committee, the Reinsurance Committee and the Nominations and Governance Committee. Barbara was formerly employed at the Corporation of Lloyd's (1985–1999), as MD of Omega Underwriting (1999–2001) and as CEO of Hardy Underwriting Group plc (2002–2014). She is now a portfolio NED with Berkshire Hathaway European Insurance Company DAC, Berkshire Hathaway International Insurance Limited and BGC Brokers LP/BGC European Holdings LP. Previously, Barbara was a Non-Executive Director of Domestic and General Insurance Plc and Argus Group Holdings Limited.

Owen Morris

Owen Morris joined the Pool Re Board as a Non-Executive Director in November 2023. He is a Member of the Nominations and Governance Committee. Owen was appointed UK Personal Lines Managing Director at Aviva UK Digital Limited in April 2021 and has led the transformation of one of the UK's largest Personal Lines businesses. During his time at Aviva, Mr Morris was previously the Chief Underwriting and Data Officer for the Group, founded its global data science practice in 2017, and was Managing Director of Aviva's Quote Me Happy business, Aviva's online digital, direct business. Mr Morris has been a Fellow of the Institute of Actuaries since 2006 and has been an active Member of a number of research working parties covering elasticity modelling; model monitoring and validation; and fairness in insurance pricing.

Kenneth Norgrove

Ken Norgrove joined the Board in November 2022. He is a Member of the Reinsurance Committee and the Nominations and Governance Committee. Ken has been Chief Executive Officer of RSA, UK & International since January 2022. Previously, he was the CEO of RSA Scandinavia from 2019 until the acquisition of RSA by IFC in June 2021. Under Ken's leadership, the subsidiary delivered its best financial results in a decade, building a stable platform for sustained profitability. Ken's history with RSA dates back to 1986, including a four-year term in the UK where he set up the very successful global renewable energy business. Ken is a Chartered Insurance Director, a Chartered Insurer and fellow of the Chartered Insurance Institute UK (CII). He is the Deputy President of the ABI Board and the Vice President of the Insurance Institute, London.

Dame Susan Owen

Dame Sue Owen DCB was appointed to the Board on 1 July 2020, following nomination by HM Treasury. She is a Member of the Risk Committee, the Audit Committee, the Remuneration Committee and the Nominations and Governance Committee. Sue is an economist with more than 30 years' experience in Government, including 14 years at the Treasury. She led the Department for Digital, Culture, Media & Sport 2013–2019, having also worked in the British Embassy in Washington, No. 10, International Development and as Strategy Director General in Work and Pensions. Having retired from the civil service in 2019, Sue now chairs the UK Debt Management Office Advisory Board and chairs the Governors of the Royal Ballet. In addition, she is a Non-Executive Director at Pool Re Nuclear, Serco plc, Pantheon International plc, Methera Global Communications and a Trustee at Opera Holland Park. She is also a part-time Specialist Partner at Flint Global, and a Member of the DAF NV Supervisory Board.

Alan Rubenstein

Alan Rubenstein joined the Board of Pool Re in March 2021 as a Non-Executive Director. He is the Senior Independent Director. He is the Chair of the Investment Committee and a Member of the Remuneration Committee and the Nominations and Governance Committee. Alan was formerly the Chief Executive of the Pension Protection Fund, having previously worked in investment banking, asset management, pensions and insurance in the course of a 40-year career in financial services. Now a portfolio Non-Executive Director, he currently chairs the Board of the National House Building Council, and is a Member of the Boards of Fidelity International's UK holding company and subsidiaries. He also serves as Trustee of a number of trusts related to Dignity Group Holdings Ltd.

Executive Management

Chief Executive
Thomas C Clementi

Chief Finance and Investment Officer
Appointed 14 May 2025

Richard A Roberts

Chief Finance and Operations Officer
Retired as CFO on 14 May 2025

Peter N Aves FCA

Chief Underwriting Officer
Jonathan Gray

Chief Investment Officer
Retired 31 May 2025

Ian M Coulman MCSI

General Counsel, Chief Risk Officer and Company Secretary
*Resigned as Company Secretary 1 April 2025**

Rhodri D Cruwys

Chief Communications Officer
Tracey A Paul

Chief People Officer
Georgina E Wicken

*Taryn L Jones appointed as Company Secretary 1 April 2025

Corporate information

Registered in England, United Kingdom
Registration number 2798901

Registered office
7 Savoy Court
London WC2R 0EX

Principal office
Equitable House
47 King William Street
London EC4R 9AF

Telephone number + 44 (0) 20 7337 7170
E-mail enquiries@poolre.co.uk
Website www.poolre.co.uk

Remuneration and Staff Report

In accordance with our Framework Agreement as agreed with HM Treasury dated 5 May 2022, Pool Re is required to comply with the Government Financial Reporting Manual (FReM) and to produce a remuneration and Staff Report.

This report sets out the Company's remuneration policy, with particular reference to Directors' remuneration, and details the amounts paid to Directors and Executive Management. The report also provides details of the composition of staff employed by the Company and presents measures relating to fair pay and gender pay gap reporting.

Reward and remuneration policy

The Remuneration Committee has the responsibility, delegated to it from the Board, for developing remuneration policy.

The Committee determines the reward and remuneration policy which applies to Directors and staff, designed to promote the long-term sustainable success of the Company, with remuneration aligned to the Company's purpose and values.

The Company's policy is to reward Directors and staff in accordance with the role, the market rate for similar positions, and the specific contribution of the individual, having regard to the provisions of the Framework Agreement. Staff remuneration is linked to performance and the achievement of financial and non-financial strategic objectives.

The Company aims to offer a reward package that is competitive with comparable companies in the sector and of similar size and complexity, in order to attract and retain quality people. Staff remuneration is subject to an annual market benchmarking review to supplement remuneration intelligence from recruitment agencies. Independent benchmarking of Non-Executive Directors' fees is carried out every three years. In the intervening two years, any increase in Non-Executive Directors' fees is aligned with staff increases.

The salary and performance-related bonus of the Chief Executive, who is the only Executive Director, and that of the Executive Management team, is decided annually by the Remuneration Committee and recommended to the Board for approval.

The Chair receives an annual fee. All other Non-Executive Directors receive a basic fee for membership of the Board and the Nominations and Governance Committee, plus fees for additional responsibilities, including acting as the Senior Independent Director and for chairing or membership of the remaining Committees of the Board.

The Executive Director is employed on a standard contract of employment with a 6-month notice period; Non-Executive Directors' terms, including 3-month notice periods, are detailed in letters of appointment. All Directors are subject to re-election each year.

Whilst the Remuneration Committee takes independent advice from external consultancies where necessary on behalf of the Board, the responsibility for remuneration decisions rests with the Board. No Director or Executive is directly involved in setting their own remuneration.

Pool Re's Members set the total maximum amount that could be payable to Directors at the Company's Annual General Meeting, approving the overall figure included in the Articles and as amended from time to time.

The Remuneration Committee proposes a fee for the Chair and in turn asks the Board to approve. The Chair, together with the Chief Executive, proposes Non-Executive Directors' fees, which are put to the approval of the full Board, after discussion at, and recommendation by, the Remuneration Committee. Non-Executive Director fees are not performance-related and there is no provision for compensation if a contract is terminated.

Directors' remuneration (audited)

Details of the Directors' remuneration for the year ending 31 March 2025 and the comparatives for the year ending 31 March 2024 are shown below.

Year ended 31 March 2025	Banded fees and salary £'000	Banded performance related bonus £'000	Banded pension and cash in lieu of pension £'000	Benefits in kind £'00	Banded total for the 12-months £'000
Executive Director					
T C Clementi	465–470	470–475	45–50	48	990–995
Non-Executive Directors					
A A Knight CBE	120–125	-	-	-	120–125
K Allchorne	70–75	-	-	-	70–75
C G Cripps	80–85	-	-	-	80-85
B J Merry	80–85	-	-	-	80–85
C J Holmes	-	-	-	-	-
M Moore	-	-	-	-	-
K M Norgrove	50–55	-	-	-	50–55
Dame Sue Owen	60–65	-	-	-	60–65
A M Rubenstein	75–80	-	-	-	75–80
Sums paid to third parties for Director services					
O C Morris	40–45	-	-	-	40–45

Notes:

The Executive Director is paid a salary and Non-Executive Directors are paid fees. The Executive Director does not receive fees or any extra remuneration for his role as a Director. Salaries and fees are stated for the financial period they are earned in and relate to each Director's period of appointment. For the Executive Director, the figure in the "Fees and salary" column consists of basic salary.

"Performance related bonus" figures are based on specific financial and non-financial performance targets and align with the period disclosed.

"Pension" amounts are paid to the Company's defined-contribution pension scheme, or as payroll payments in lieu of pension contributions.

"Benefits in kind" are in respect of private medical insurance for the Executive Director. This represent the gross (pre-tax) value of the benefits that UK income tax is charged on.

By mutual agreement, Colm Holmes and Matthew Moore have taken up their role as a Director of Pool Re on a pro bono basis. As a result, they do not receive Board fees.

By mutual agreement, the 2023–2024 and 2024–2025 fees for Owen Morris are paid to a third party.

No payments were made in the period in respect of former Directors.

**Full year equivalent only shown for Directors who served for a part of the year.*

Year ended 31 March 2024

	Banded fees and salary £'000	Banded performance related bonus £'000	Banded pension and cash in lieu of pension £'000	Benefits in kind £'00	Banded total for the 12-months £'000	Banded total Full year equivalent* £'000
Executive Director						
T C Clementi	450–455	450–455	45–50	52	950–955	
Non-Executive Directors						
A A Knight CBE	120–125	-	-	-	120–125	
K Allchorne	60–65	-	-	-	60–65	
C G Cripps	70–75	-	-	-	70–75	
C Gienal (resigned 31 December 2023)	35–40	-	-	-	35–40	45–50
D N Jagger (retired 4 September 2023)	25–30				25–30	60–65
B J Merry	80–85	-	-	-	80–85	
M Moore	-	-	-	-	-	
K M Norgrove	50–55	-	-	-	50–55	
Dame Sue Owen	60–65	-	-	-	60–65	
A M Rubenstein	70–75	-	-	-	70–75	
A C Winslow (resigned 31 August 2023)	20–25	-	-	-	20–25	50–55
Sums paid to third parties for Director services						
C J Holmes (appointed 16 January 2024)	5–10	-	-	-	5–10	40-45
O C Morris (appointed 29 November 2023)	10–15	-	-	-	10–15	40–45

Fair pay disclosures (audited)

The fair pay disclosure shows the relationship between the remuneration of the highest-paid Director and the remuneration of employees at the 25th, 50th and 75th percentile of pay and benefits of our workforce. The 50th percentile is also known as the median, being the midpoint of our range of salaries.

The banded remuneration of the highest paid Director employed by Pool Re in the 12-month period 2024–25 was £945–950k (2023–24: £905–910k). For these purposes, total remuneration includes base salary, bonuses and taxable benefits. It does not include pension contributions or pay in lieu of pension contributions.

In 2024–25, no employees received remuneration in excess of the highest paid Director (2023–24: none). Staff remuneration ranged from £35–40k to £945–950k (2023–24: £25-30k to £905–910k).

The ratio of the total remuneration of the highest-paid Director to the remuneration of the workforce as a whole (excluding the highest-paid Director) is shown below:

	12 months to 31 March 2025		12 months to 31 March 2024	
	Salary component	**Total remuneration**	**Salary component**	**Total remuneration**
Band of highest paid Director's total remuneration (£000)	465–470	945–950	450–455	905–910
Median remuneration (£'000)	80–85	100–105	80–85	95–100
- Ratio	5.6	9.3	5.6	9.5
25th percentile pay ratio	50–55	55–60	50–55	60–65
- Ratio	9.0	16.9	9.0	15.2
75th percentile remuneration (£'000)	145–150	185–190	125–130	195–200
- Ratio	3.2	5.3	3.6	4.7

The table above excludes employer pension contributions.

The ratios for the 25th, 50th and 75th percentile show little changes from the previous year's data. Total remuneration shows somewhat more variability year on year than the salary component. This is due to the mix of joiners and leavers in 2024–25, in particular the number of mid-year leavers who do not receive bonuses.

Percentage change in total salary and bonuses for the highest paid Director and the staff average (audited)

The average number of persons employed on a full-time equivalent basis by the Company increased from 42 in 2023–24 to 47 in 2024–25.

The 2024–25 average staff remuneration data reflects changes in the mix of staff in the Company, with a number of more junior staff recruited in the year.

The headcount increase was at levels below the Executive Management team, both filling vacancies and in respect of several new roles to meet the growing demands on the business.

In 2024–25, no employees received remuneration in excess of the highest paid Director (2023–24: none). Staff remuneration ranged from £35–40k to £945–950k (2023–24: £25–30k to £905–910k).

The ratio of the total remuneration of the highest-paid Director to the remuneration of the workforce as a whole (excluding the highest-paid Director) is shown below:

12 months to 31 March 2025

Percentage increase / decrease from 2023-24	Salary and allowances	Bonuses
Staff average	0%	-4%
Highest paid Director	4%	4%

All staff are included in the discretionary performance bonus plan, subject to completion of probation periods. Additionally, all staff are eligible for inclusion in the company pension plan, funded with 10% employer contributions and 6% employee contributions. Pool Re ceased to offer private medical insurance and pension sacrifice arrangements for individuals first employed after the 5 May 2022 signing of the Framework Document with HM Treasury.

Executive Management remuneration (audited)

The individuals listed below served as members of the Pool Re Executive Management in 2024–25 and 2023–24.

CHIEF EXECUTIVE
Tom Clementi

CHIEF FINANCE AND OPERATIONS OFFICER
Peter Aves FCA

CHIEF UNDERWRITING OFFICER
Jonathan Gray ACII

CHIEF INVESTMENT OFFICER
Ian Coulman MCSI

GENERAL COUNSEL, CHIEF RISK OFFICER AND COMPANY SECRETARY
Rhodri Cruwys

CHIEF COMMUNICATIONS OFFICER
Tracey Paul

CHIEF PEOPLE OFFICER
Georgina Wicken

Details of the Executive Management remuneration for the years ending 31 March 2025 and 31 March 2024 are shown below.

Year ended 31 March 2025

	Banded salary £'000	Banded performance related bonus £'000	Banded pension and cash in lieu of pension £'000	Benefits in kind £'00	Banded total £'000
Executive Director					
T C Clementi	465–470	470–475	45–50	48	990–995
Executives					
P N Aves	205–210	100–105	20–25	119	340–345
I M Coulman	230–235	195–200	20–25	84	455–460
R D Cruwys	215–220	150–155	20–25	70	395–400
J A Gray	275–280	320–325	25–30	-	620–625
T A Paul	180–185	90–95	15–20	30	290–295
G E Wicken	120–125	65–70	10–15	-	195–200

Year ended 31 March 2024

	Banded fees and salary £'000	Banded performance related bonus £'000	Banded pension and cash in lieu of pension £'000	Benefits in kind £'00	Banded total £'000
Executive Director					
T C Clementi	450–455	450–455	45–50	52	950–955
Executives					
P N Aves	200–205	80–85	20–25	126	310–315
I M Coulman	220–225	220–250	20–25	88	470–475
R D Cruwys	205–210	145–150	20–25	75	380–385
J A Gray	265–270	290–295	25–30	-	585–590
T A Paul	175–180	85–90	15–20	32	280–285
G E Wicken	100–105	55–60	10–15	-	165–170

Notes:

Georgina Wicken's remuneration is in respect of an 80% full-time equivalent contract.

"Pension" amounts are paid to the Company's defined-contribution pension scheme, or as payroll payments in lieu of pension contributions.

Four individuals, all members of the Executive Management team, received a total of £48,840 of pension contributions in 2024–25, in excess of the contractual values stated above, in error. These amounts are fully recoverable by the Company in 2025–26.

Gender Pay Gap Reporting

The gender pay gap measures the difference in pay between male and female employees.

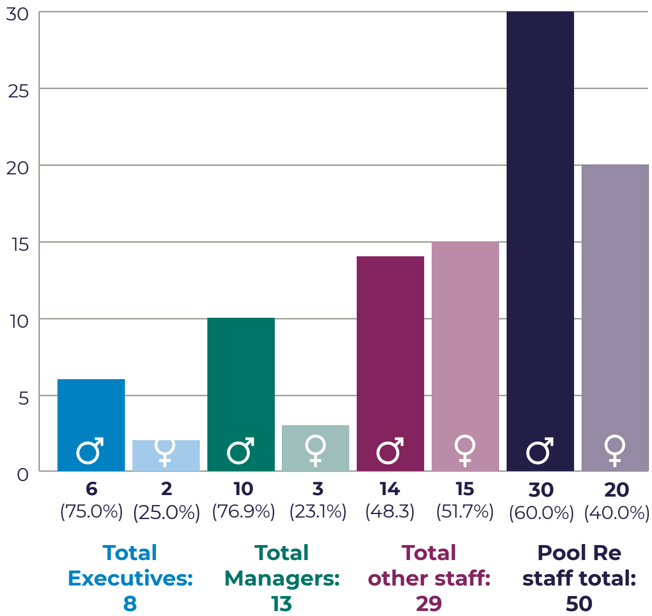
In accordance with Section 17.4 of the May 2022 Framework Agreement between HM Treasury and Pool Re, we are publishing data on the organisation's gender pay gap as prescribed by the Government Equalities Office published gender pay gap reporting guidance.

This reporting is mandatory for employers with a headcount of 250 or more. Pool Re's headcount at the reporting date, 5 April 2025, was 50 (5 April 2024: 46). This excludes Non-Executive Directors, whose remuneration is detailed separately in this report. As we are a relatively small organisation, changes in pay and staff movements for just one employee can have a substantial impact on our pay gap reporting for the year. Nevertheless, we believe this reporting is a tool to help us to reflect on progress and pursue our ambition to become a fully inclusive and diverse workforce.

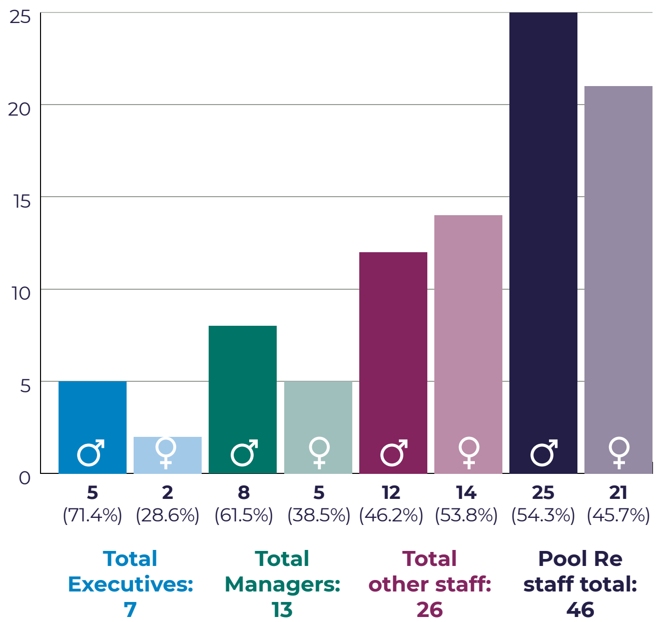
Our mean gender pay gap (the differences between the average earnings of males and females) based on salaries on 5 April 2025 stood at 74.3% (5 April 2024: 78.3%).

The gender pay gap is calculated based on the 30 male and 20 female members of staff employed by Pool Re at 5 April 2025 (25 male and 21 female at 5 April 2024) shown in the table right. We recognise the need to increase female representation at Executive and Management level, through a combination of recruitment and developing our existing staff.

Headcount 5 April 2025



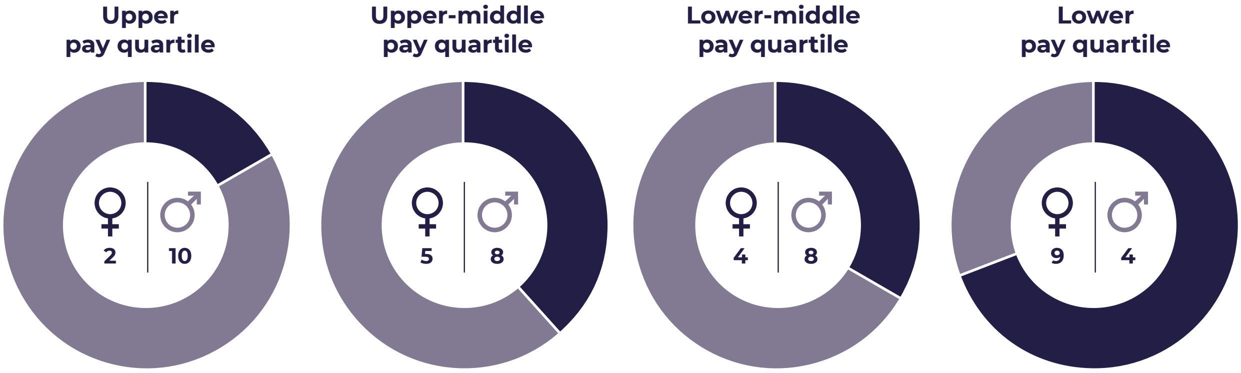
Headcount 5 April 2024



Female Male

Gender representation by level

The gender representation for each pay quartile is shown below:



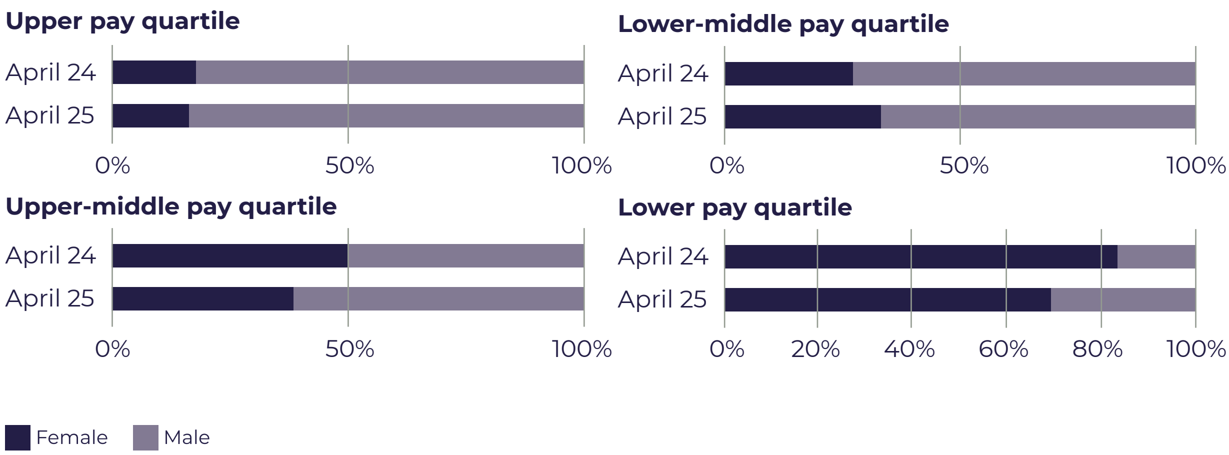
The comparison of 5 April 2025 data with 5 April 2024 is shown below. Our relatively small staff data set means that the gender representation by quartile results are very sensitive to individual joiners and leavers. Between 5 April 2024 and 5 April 2025 there were 16 joiners (6 female, 10 male) and 12 leavers (7 female, 5 male). We believe that the gender representation by level will improve over time as we refocus our recruitment processes and as relatively recent female hires progress through the organisation.

Severance and exit payments (audited)

There were two statutory redundancies in 2024–25 (2023–24: one). The total cost of one redundancy was in the £0–£25,000 band and one in the £25,000–50,000 band (2023–24: one redundancy in the £25,000–50,000 band).

Losses and special payments (audited)

Pool Re has not incurred any losses or special payments requiring disclosure (2023–24: nil).



ESG Approach

Our approach to Environmental, Social, and Governance (ESG) principles is about ensuring we act sustainably, ethically, and in the best interests of our stakeholders. Being a responsible business goes far beyond providing terrorism reinsurance. We're committed to making a positive impact on the environment, society, and the way we operate as an organisation.

Our environmental responsibility

We recognise the importance of reducing our environmental impact and playing our part in the transition to a more sustainable future. That means working to lower our carbon footprint, using resources more efficiently, and embedding sustainability in our day-to-day operations.

Currently, we employ just over 50 staff members in just one location that occupies 575 square metres. As a result, we realise our ability to have a material impact on carbon emissions is limited from an operations perspective. But there are some actions we can take to support a more sustainable and fairer environment.

We're constantly looking for ways to make our offices greener, reduce waste, and make more responsible choices when it comes to travel, procurement, and energy use. We're also considering evolving challenges that environmental changes may bring and how they could impact the wider risk landscape — our ambition is to achieve a carbon-neutral position by 2050.

Our social commitment

At Pool Re, people are central to our mission — whether it's supporting the well-being of our employees and partners or contributing to the communities we serve. While we are a relatively small organisation, we are acutely aware of our capacity to create a meaningful impact that extends well beyond our core operations. With this perspective, we actively seek to enrich the wider community by fostering a culture of engagement. This includes dedicating time, effort, and financial resources to support local initiatives and volunteer efforts.

At Pool Re, social inclusion is not merely a principle. It is a deeply embedded commitment reflected in our daily practices, policies, and organisational culture. From recruitment to employee engagement, we strive to cultivate an environment where every individual feels respected, valued, and empowered to succeed.

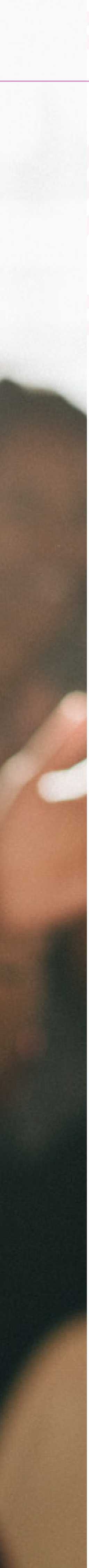
One of our most significant initiatives has been the anonymisation of CVs during the recruitment process. This straightforward yet impactful measure helps mitigate unconscious bias at the earliest stage, ensuring candidates are assessed solely on their qualifications and experience. This initiative is part of a broader strategy that includes mandatory training for all staff on topics such as microaggressions, unconscious bias, and workplace respect — equipping our team with the knowledge and tools to nurture an inclusive workplace.

We understand that inclusion is rooted in respect. To support this, we have implemented flexible working arrangements that enable employees to balance better their professional and personal responsibilities — whether they are parents, caregivers, or simply in need of a more adaptable schedule. Our commitment to equity is further demonstrated through regular equal pay reviews and annual benchmarking of all roles to ensure fairness across the organisation.

Our Equity, Diversity, and Inclusion (EDI) working group plays a pivotal role in guiding our efforts, while our 'Next Gen' forum ensures that younger voices are heard and have direct access to senior leadership, including the CEO. Although internal feedback indicates that our workplace is already inclusive, these platforms help us remain proactive and responsive.

We acknowledge that there is still progress to be made, for example in enhancing physical accessibility to our offices for potential candidates. However, we are committed to continuous improvement. By embedding our values into performance appraisals and bonus frameworks, and through bi-annual culture surveys, we consistently monitor our progress and hold ourselves accountable.

At Pool Re, social inclusion is a dynamic and evolving journey. It is about listening, adapting, and taking meaningful action — ensuring that every individual, regardless of background or circumstance, has the opportunity to contribute and feel a genuine sense of belonging.



Community Working Group

The purpose of the Community Working Group is to help the Company's wider community to thrive. Through strategic partnerships with charities and the organisation of impactful events, they extend a helping hand to the underprivileged sectors of society. Their efforts are a testament to the power of collaboration and compassion in action, as they work tirelessly to ensure that the benefits of growth and security are accessible to everyone.

Partnerships

The East End Community Foundation (EECF)

The East End Community Foundation (EECF) was carefully selected by the Community Working Group to be Pool Re's "Charity Partner" for the financial years 2024–25, 25–26 and 26–27. Focused on London's most deprived boroughs, the EECF is dedicated to alleviating poverty in Tower Hamlets, Newham and Hackney, as well as the City of London. A multi-year arrangement with the EECF is allowing us to maximise the benefits of our relationship with the charity, deepening our ties and providing the EECF with greater financial stability and ability to plan for the future, as they know that they will have a committed income over that period. This allows them to invest in multi-year projects, again helping to ensure that the EECF maximise their impact in the East End.

- **Tea Dance:** In April 2024, a team from Pool Re volunteered at the EECF's annual Tea Dance, an event aimed at combatting pensioner isolation in the East End. Volunteers undertook a number of roles, including setting up and decorating the venue, preparing and serving refreshments and welcoming and interacting with guests.

- **Winter Appeal:** In December 2024, as part of the EECF's "Life Chances Winter Appeal", Pool Re volunteers helped pack and gift tag winter care packages which were distributed to 1,500 older people in need in the East End. For many recipients, receiving these winter care packages provides much needed warmth and comfort, the packages containing festive treats, kitchen cupboard staples alongside winter warmth clothing and a Christmas card. It also offers a lifeline to those pensioners living in isolation, reminding them that they are cared for and not forgotten during the difficult winter months.

- **YES Project:** In February 2025, Pool Re hosted an innovative 'YES Project' youth employability day in collaboration withthe EECF. The Youth Employment Scheme (YES) Project provides young people with support developing their employability and soft skills, with an aim of helping them move into secure work. The day was packed with activities including educational sessions discussing imposter syndrome, CVs, cover letters, interview tips and how to dress for success. The day also included mock interviews, networking opportunities and talks from all Pool Re department representatives on their personal career paths.

The Switch

The Switch is our education charity partner. It is a charity committed to helping children and young people in Tower Hamlets fulfil their potential, which Pool Re supports financially and through the volunteering efforts of our staff. Running a range of volunteer programmes designed to give young people essential skills, boost their aspirations and increase their employment prospects. Through this partnership our staff have impacted our local communities through a variety of their programmes, including:

- **Reading partners:** This programme mobilises Pool Re volunteers to deliver weekly one-on-one reading support sessions, to primary school pupils who may be experiencing reading difficulties or require additional support. The initiative aims to:
  - » Develop and inspire an enjoyment of reading.
  - » Improve reading comprehension, speaking and listening skills.
  - » Provide role models from the world of work.
- **Abacus:** Pool Re volunteers have supported family financial literacy project engaging children and their parents in Tower Hamlets; exploring the practical and emotional aspects of managing money and engaging with the world of work.
- **Mentoring programme:** This offers Pool Re volunteers the opportunity to guide and support an assigned student through impartial guidance on career choices in the hope of raising their aspirations and helping them get closer to achieving their goals.

Through this partnership our staff have impacted our local communities through a variety of their programmes.

Our approach to Governance

Pool Re's Governance strategy seeks to ensure that the Company is run in such a way that it fulfils its purpose and achieves its goals by establishing:

- appropriate decision-making processes and controls so that the interests of all stakeholders (including Members, employees, suppliers, customers and the community, regulators and HM Government) are balanced;
- sound and transparent processes through which the Company's objectives are set and pursued in the context of the social, regulatory and market environment.

Pool Re has an established governance framework that is aligned to the UK Corporate Governance Code and the Financial Reporting Manual (FReM), and compliant with the regulatory rulebooks of the PRA and FCA, including the Senior Managers and Certification Regime.

Key ESG focus areas

Underwriting
We're committed to aiding our Members and other stakeholders as they evaluate the impact of terrorism on developing a sustainable future and seek to influence positive change.

Investing
Our investment portfolio carries significant exposure to ESG-related risks. By engaging with our investment managers, we can actively challenge them on the investments they make on our behalf — this is part of Pool Re's Investment Policy. But we also subscribe to an independent third-party database that provides information and analytics on ESG-related matters. This enables us to assess the environmental impact of our investments, track variations, and to hold investment managers accountable for their decisions concerning environmental, social, and governance factors.

Operations
Additional recycling units, low energy and timed lighting have helped us to reduce energy consumption already, but we're continuing our dialogue with other building tenants and our landlord to determine if we can reduce the environmental impact of the building even further.

Risk Framework

Everyone at Pool Re is responsible for managing risks.

Pool Re's Risk Management Framework sets out the overall approach to risk identification, assessment, management and reporting. It is codified into underpinning policies and procedures and overseen through a robust risk governance framework, with the tone set from the top. This promotes the right risk behaviour throughout our organisation and enables effective risk-based decision-making.

Our risk strategy

Pool Re's risk strategy is to focus on risk versus reward and on the resilience and sustainability of its operations. This ensures Pool Re has a strong control environment which is proportionate to its business model and aligned with regulatory expectations. Everyone at Pool Re is responsible for managing risks. We carry out regular risk assessments, stress testing and monitoring, which supports our ability to adapt to perceived threats and capitalise on opportunities and, therefore, maintain a delicate equilibrium between risk exposure and the potential for strategic growth.

Our approach to risk management

Our Risk Management Framework comprises several key components.

Risk governance

Risk strategy

Risk processes

Risk enablers

Risk governance

The Board sets the tone from the top and has established a Risk Governance Framework that supports the effective implementation of Pool Re's Risk Management Framework. It includes a system of internal controls to safeguard the Company's assets and reputation, and to ensure compliance with laws and regulations. These responsibilities are delegated to the Risk and the Audit Committees. The Risk Committee is tasked with providing risk oversight and challenging the implementation of the Risk Management Framework across the business. Within the context of the Risk Governance Framework, the Audit Committee is responsible for overseeing the development and implementation of the internal audit plan.

Risk strategy

The Board owns the risk preferences and risk appetites. The risk preferences set our attitude towards risks and support our decision-making by clearly identifying the risks that we are willing to accept, avoid or mitigate. The risk appetite and accompanying key risk metrics and thresholds define the amount of risk that our organisation is willing to take to meet our strategic objectives.

Risk processes

Pool Re's Risk Management Framework is composed of several tools and procedures which support risks identification, measurement, management, monitoring and reporting. The key components of the Risk Management Framework include:

- A regulatory horizon-scanning process which enables the identification, analysis and proactive implementation of key regulatory changes.
- An emerging risks process which supports the identification and management of new or evolving risks.
- A risk events process which allows Pool Re to identify and actively manage risk incidents and near-misses, which in turn supports the strengthening of its control framework.
- A risk and control self-assessment process which supports the identification and assessment of key risks and control effectiveness.
- Second-and third-line independent challenge of key strategic initiatives and material controls to ensure risks are identified and adequately mitigated.
- A stress and scenario testing framework which helps improve our risk management capabilities.
- A policy framework to ensure minimum standards of control and effective delegation of responsibilities in relevant risk areas.
- Quarterly and annual risk reports which enable effective risk oversight.

Risk enablers

Pool Re's Risk Management Framework is enabled by our three lines of defence model which promotes clear risk accountability and a more objective risk analysis, which in turn drives an effective risk culture.

Board	**Executive Management**	The Executive Management and staff are responsible for the implementation of the Risk Management Framework within their department and therefore hold the primary responsibility for risk identification, measurement, monitoring and reporting.	**First Line**
	Risk Committee	The risk management and compliance functions are responsible for the establishment of the Risk Management Framework, and providing guidance and independent challenge in respect to the implementation of the Risk Management Framework within business processes.	**Second Line**
	Audit Committee	The Internal Audit function provides independent assurance over Pool Re's internal control framework.	**Third Line**

Principal risks and uncertainties

The Directors consider that the principal risks which face the Company, together with details of the control measures adopted by the Company, are as follows:

1 Strategic risk

The Company is exposed to strategic risk through internal factors and the external business environment, including the changing terrorism threat, execution of its business strategy, and environmental, social and governance concerns.

Key risk mitigants and controls

The Company's approach to the management of strategic risk is considered in the context of the agreed initiatives of the long-term strategy of the Company. Exposure is managed by continual review of the business strategy in conjunction with the commitment to develop plans and contingencies that reflect changes in the external environment whether political, regulatory, economic, social, technological, legal or environmental.

2 Insurance risk

The Company is exposed to insurance risk arising from inherent uncertainties regarding the occurrence, quantum and timing of its insurance liabilities. Insurance risk is considered to be the most significant risk for Pool Re and carries the largest gross exposure.

Key risk mitigants and controls

The Company's approach to the management of insurance risk reflects the commitments contained in the agreements which underpin the Pool Re scheme. We accept all risks presented to us which meet the scheme criteria.

Exposure to insurance risk is managed through the placement of a commercial reinsurance programme with high credit-rated reinsurers; exposure management; and robust claims management processes. In addition, under the Retrocession Agreement with HM Treasury, the Company would draw public funds if claims were to exceed its resources. This risk and its mitigations are described further in Note 5(a) to the financial statements.

3 Market risk

The Company is exposed to market risk through its investments in financial assets. Market risk arises from fluctuations in asset prices due to movements in interest rates, exchange rates and other economic variables.

Key risk mitigants and controls

The Company's investment strategy is relatively conservative, designed to preserve capital and limit volatility from market fluctuations while still delivering an acceptable return.

Exposure to market risk is managed through regular monitoring of investment performance and returns, employing expert fund managers across diversified asset classes, investing in high-quality investments, and oversight of the Company's investment strategy and performance by the Investment Committee. This risk and its mitigations are described further in Note 5(b) to the financial statements.

4 Credit risk

The Company is exposed to credit risk arising from a counterparty failing to perform its financial obligations, including failure to perform them in a timely manner.

Key risk mitigants and controls

Exposure to credit risk predominantly arises from financial investments and commercial reinsurance contracts. These exposures are managed through the use of high-quality counterparties and setting appropriate investment limits with individual or group counterparts and reinsurance counterparts. This risk and its mitigations are described further in Note 5(b) to the financial statements.

5 Liquidity risk

The Company is exposed to liquidity risk through its investments in financial assets against the contingency that they may be required in the short term to deal with a claim or series of claims, but with the recognition that they may not be called upon for long periods.

Key risk mitigants and controls
Exposure to liquidity risk is managed through holding assets in high-quality liquid investments, meeting any cash outflow by using the Company's funds, and then drawing on support provided by HM Treasury, should that be required. The commercial reinsurance programme contributes to the management of liquidity risk, creating additional liquidity following a large incident. This risk and its mitigations are described further in Note 5(b) to the financial statements.

6 Operational risk

The Company is exposed to operational risk through inadequate controls or failures in people, processes and/or systems, including those from an external party.

Key risk mitigants and controls
Exposure to operational risk is managed through a risk management and control framework which seeks to ensure that the effectiveness of processes, systems and controls throughout the Company are assessed regularly, and gaps or deficiencies addressed upon identification. Arrangements with external providers are monitored and their appropriateness assessed periodically. The Company maintains a strong and open relationship with its regulators and embraces a good conduct culture.

Emerging risks

Pool Re defines emerging risks as new or familiar risks that become apparent in new or unfamiliar conditions. These risks are identified, prioritised and managed through our emerging risk process. They are distinguished from our principal risks by the high degree of uncertainty as to how and when the risk might crystallise and its impact to Pool Re. Our top emerging risks include:

- **Evolving terrorism threat landscape:**
  The methodology and the way in which terrorism attacks are carried out evolve constantly, making it a difficult and subjective risk to manage and mitigate.

  » **Impact:** If Pool Re does not keep pace with evolving threat from the point of view of coverage and definitions, there could be significant negative legal, reputational and financial consequences.

  » **Mitigation:** The UK benefits from the presence of a strong countrywide terrorism mitigation infrastructure. Furthermore, the introduction of Martyn's Law should enhance the protective and preparedness capabilities across all premises within scope, following the implementation phase. There is continuous engagement between Pool Re and the Counter Terrorism Police.

  In addition, Pool Re is actively trying to address the potential mismatch between policyholder expectations and the scope of cover provided and to develop its cover to meet the needs of policyholders.

- **Cyber risk:**
  Continually emerging elements can be noticed in increasingly sophisticated attacks and in the widening of the attack surface, leveraging the evolution of new technologies.

  » **Impact:** The impact is totally dependent on the specific cyber incident. Even with controls and mitigations in place, a user error or zero-day threat is not predictable and could materially impact Pool Re's operations.

  » **Mitigation:** Key controls include the security training and awareness programme and the maintenance of a resilient IT strategy and infrastructure, including third party cyber security checks.

- **Macroeconomic crisis:**
  A macroeconomic crisis can be triggered by a variety of factors, including for example a financial sector crisis, missteps in foreign and/or local policy, commodity shocks, natural disasters and political or social unrest. These shifts can cause fluctuations in the global markets, potentially leading to significant economic events such as a heightened inflation, and in severe cases, a global financial crisis.

  » **Impact:** A significant, sustained reduction in the value of the financial assets, particularly fixed income assets could be significant to Pool Re given the size of its investment portfolio relative to the insurance service result. This could be particularly significant in the event a macroeconomic crisis coincides with claims arising. From an insurance perspective, claims inflation driven by supply chain issues could lead to increase in the cost of claims and extreme weather/geopolitics could particularly influence the availability and/or cost of reinsurance purchases.

  » **Mitigation:** The investment fund strategy is designed to withstand short-term shocks, with external advisers retained to provide guidance on the investment fund strategy. Pool Re regularly conducts stress testing to assess potential impacts and management actions it could take should this risk crystallise. Pool Re's pricing model takes into consideration inflation and reinsurance costs.

- **Artificial intelligence and disruptive technologies:**
  AI and other disruptive technologies continue to evolve and are becoming more widespread in their use, transforming industries, reshaping business models and challenging traditional practices.

  » **Impact:** The increased adoption of AI, automation and other disruptive technologies creates a risk around the lack of transparency within decision-making, changes market dynamics and increases the complexity of cyber threats and the potential risks to data security.

  » **Mitigation:** Pool Re is exploring ways to introduce AI into its operation to drive efficiency, optimise processes and drive innovation. This will be undertaken once a thorough review of controls has been conducted, ensuring alignment with organisational objectives.

- **Government policy:**
  Pool Re's status as an Arm's Length Body of the UK Government inherently subjects it to Government policy decisions.

  » **Impact:** This close link with the Government means that any shifts in policy direction could significantly affect Pool Re's business model and overall viability.

  » **Mitigation:** Pool Re actively engages with the Government and political parties through regular and periodic meetings to ensure alignment and address potential policy changes.

Independent Auditor's Report to the Members of Pool Reinsurance Company Limited and the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of Pool Reinsurance Company Limited and its Group for the year ended 31 March 2025 which comprise the:

- Consolidated and Parent Company Statements of Financial Position as at 31 March 2025;
- Consolidated Statement of Profit or Loss, Consolidated and Parent Company Statements of Cash Flows and Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and the UK adopted International Accounting Standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of Pool Reinsurance Company Limited and its Group's affairs as at 31 March 2025 and of the profit for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom' (2022). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of Pool Reinsurance Company Limited and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Companies Act 2006
HM Treasury and related authorities	Managing Public Money
	Framework agreement between HM Treasury and Pool Reinsurance Company Limited

Conclusions relating to going concern

In auditing the financial statements, I have concluded that Pool Reinsurance Company Limited and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the Director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included obtaining sufficient audit evidence to conclude that:

- The Directors have a reasonable expectation that Pool Reinsurance Company Limited has sufficient resources to continue operating for the foreseeable future taking account of the size of its investment fund and the existence of the Retrocession Agreement with HM Government.
- The directors' assessment of the going concern basis of accounting is appropriate in the circumstances.

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

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Director's considered it appropriate to adopt the going concern basis of accounting.

My responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the presumed risk of fraud through management override of controls, an area where my work has not identified any matters to report.

The key audit matters were discussed with the Audit Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 51–52. There have been no changes to the key audit matters reported in my previous report. However, in relation to the key audit matter of insurance accounting, I consider that some risks recognised in relation to the implementation of IFRS 17 for the first time last year are no longer significant. I have described these changes in further detail opposite.

Insurance accounting

Description of risk
Pool Reinsurance Company Limited recognises insurance contract liabilities of £66 million and reinsurance contract liabilities of £514 million, both reported in Note 15. We consider the accounting for insurance contracts to be a key audit matter, as it is fundamental to the Company's purpose and the specialised nature of its business and the contracts held requires judgment to be exercised, particularly in relation to eligibility to apply the premium allocation approach (PAA) and the 'facts and circumstances' assessment for potentially onerous contracts. These judgements are described in further detail in Note 4.

Implementing IFRS 17 for the first time in the previous year increased the level of inherent risk in that period, and consequently I have assessed fewer significant risks of material misstatement in the current period. However, there continues to be complexity in accounting for the HM Treasury Retrocession Agreement under IFRS 17, due to the variability in contractual cash flows arising from the profit-based further premium and interest payable under that contract.

The transition to the new reinsurance treaty, involving the introduction of the new reinsurance treaty itself on 1 April 2025, the cancellation of existing reinsurance contracts issued on the same date and associated modifications made to the HM Treasury Retrocession Agreement further increased the level of risk in relation to the Company's reporting for these contracts.

Given this, I identified significant risks in relation to:

- the selection of appropriate methods for measuring the liabilities for remaining coverage arising from both the Company's inwards business and reinsurance contracts held; and
- the appropriate assessment of new or modified reinsurance contracts held against the financial reporting framework.

In common with the previous year, I did not identify a significant risk in relation to insurance claims and related liabilities as Pool Reinsurance Company Limited has not experienced any loss events, nor received any claims in the current or previous financial year.

These risks apply to both the parent and the group.

Whilst not assessed as significant risks, the scope of my work also covered wider aspects of the Company's reporting for insurance and reinsurance contract liabilities, for example in relation to the integrity of the models and their inputs.

How the scope of my audit responded to the risk

I assessed the adequacy of the design of key controls over the significant risks specified above and their implementation.

I also performed the following procedures:

- I reviewed and challenged management's assessments of the new reinsurance treaty and its implications for groups of insurance and reinsurance contracts already recognised as at the reporting date to confirm they accurately reflected the agreed contractual terms and were in accordance with IFRS 17.
- I obtained the modified Retrocession Agreement and management's assessment of the impact, including in relation to eligibility for the premium allocation approach, assessing whether the accounting treatment was in accordance with IFRS 17 and accurately reflected the contractual changes made.

In relation to those aspects of this key audit matter which I did not consider to be a significant risk, I performed further audit procedures to:

- Review management's judgments in relation to the identification of groups of onerous contracts to confirm these were still appropriate, considering both internal and external sources of evidence in relation to the risk.
- Independently recalculate insurance and reinsurance contract liabilities to confirm that management's models accurately applied their chosen method.
- Confirm that the input data used in the modelling agreed to supporting evidence and appropriately reflected the impact of contract modifications and cancellations; and
- Review the presentation and disclosure of insurance-related balances, with a particular focus on the implications of the introduction of the new reinsurance treaty.

I engaged an independent actuary as an auditor's expert and financial reporting specialists with experience in the insurance sector to support my work across this area, where I deemed this appropriate.

Key observations	Based on the work performed and evidence obtained, I found that the judgements made by management in applying IFRS 17, and consequently the resulting measurements and disclosures in the financial statements, were appropriate.

Investments portfolio

Description of risk

Pool Reinsurance Company Limited's investment fund, valued at £7.0 billion as at the reporting date, is dominated by its portfolio of debt securities (mostly government and corporate bonds), which make up around 78% of the total fund value. These, alongside a smaller portfolio of equities, are actively traded, with £7.8 billion of sales and £7.9 billion of purchases recorded in the Statement of Cash Flows during 2024–25 and are measured at fair value through profit or loss under IFRS 9, Financial Instruments. Pool Reinsurance Company Limited's investments are managed by external investment managers and custodians who provide pricing information for financial reporting purposes.

These securities can usually be valued without significant subjectivity or complex modelling. However, given the large values, even a low rate of error in recording trades or pricing assets could, across the portfolio, lead to a material misstatement. There is also a risk in such a large portfolio with frequent trading that not all securities reported in the Statement of Financial Position belong to the Company. As a result, I consider the valuation and existence of these investments to be a key audit matter and, in relation to the debt securities portfolio specifically, one of the most significant assessed risks of material misstatement.

I consider the key risks in relation to the valuation and existence of debt instruments to be as follows:

- Trading transactions (purchases and sales) may be recognised inappropriately, reported incorrectly in the cash flow statement, or may not have occurred;
- Investments may have been recognised that Pool Reinsurance Company Limited is not party to;
- Fair values may not be compliant with the financial reporting framework, or reported inaccurately; and
- Related disclosures may be inadequate or inaccurately prepared.

These risks apply to both the parent and the group.

The scope of my audit work also included Pool Reinsurance Company Limited's holdings in equities, derivative financial assets, mutual funds and venture capital funds, which I did not consider to be significant risks of material misstatement. Further details of the investments including the valuation techniques applied by management are disclosed in Notes 5 and 11 of the financial statements.

How the scope of my audit responded to the risk

I understood and evaluated the design and implementation of key controls in place to mitigate these risks, including those operating at service organisations (including asset custodians) through review of service auditor reports and Pool Reinsurance Company Limited's complementary controls.

I also performed the following procedures to address the significant risks of material misstatement:

- I obtained independent confirmation of the investments held at the year end from the asset custodians, reconciling these to investment manager reports and the financial statements.
- I independently recalculated asset prices as at 31 March 2025 using third party pricing sources, reviewing alternative sources of evidence and performing enhanced risk assessment procedures for the small minority of assets where an independent price could not be obtained.
- I evaluated whether management had made appropriate judgements regarding the classification of investments under the fair value hierarchy.
- I tested samples of sales and purchases to confirm that they had been accurately recorded; and
- I reviewed the related disclosures against the requirements of the financial reporting framework to confirm that they had been prepared accurately based on the underlying records and were complete.

In addition, I performed further audit procedures to independently confirm the existence of Pool Reinsurance Company Limited's equity, derivative financial asset and fund holdings and to assess that the valuations were reasonable.

Key observations

Based on the work performed and evidence obtained, I found that trading transactions had been recorded appropriately and that the associated balances reported in the financial statements existed and were valued appropriately.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for Pool Reinsurance Company Limited and its Group's financial statements as a whole as follows:

	Group	Parent Company
Materiality	£100 million (2023–24, £98 million)	£99 million (2023–24, £97 million)
Basis for determining materiality	1.5% of net assets of £6.7 billion (2023–24, 1.5% of net assets of £6.5 billion)	1.5% of net assets of £6.7 billion (2023–24, 1.5% of net assets of £6.5 billion) reduced to ensure this is below group materiality
Rationale for the benchmark applied	I have based materiality for both the Group and Parent Company on net assets since the funds available to meet potential future claims are fundamental to the group and company's operations and purpose and, in my view, are of most interest to the primary users of the accounts.	

Performance materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2024–25 audit (2023–24: 65%). Performance materiality was lower in 2023–24 as it took into consideration that it was my first year auditing the company. In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

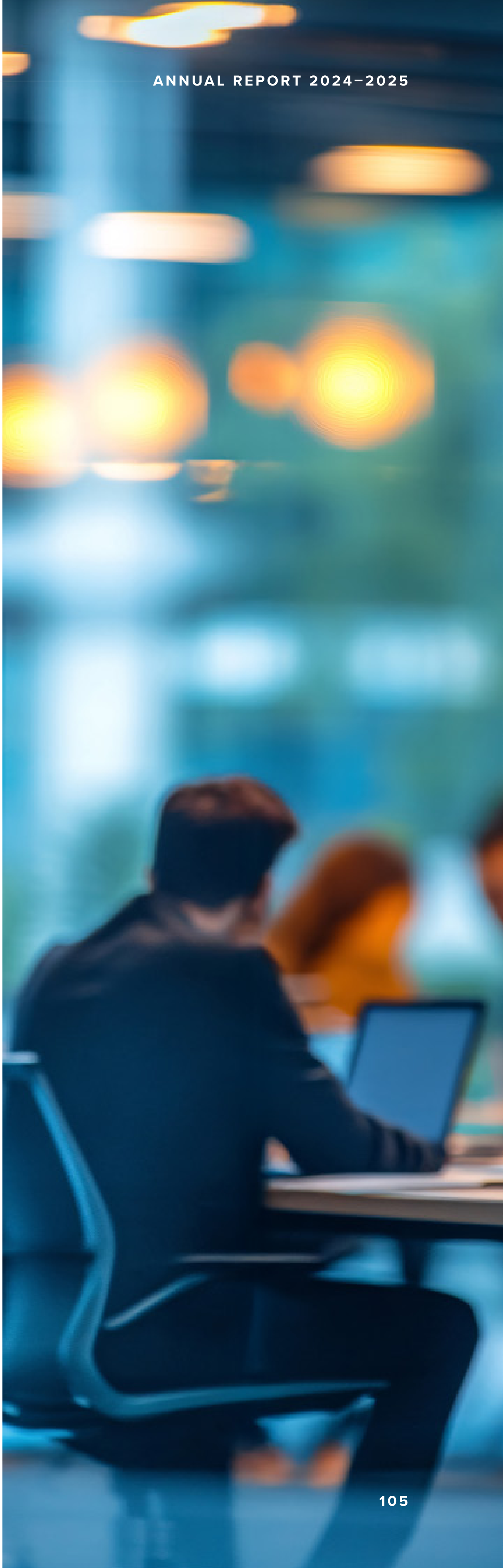
Other materiality considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error reporting threshold

I agreed with the Audit Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £1 million, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.



Audit scope

The scope of my Group audit was determined by obtaining an understanding of Pool Reinsurance Company Limited and its Group and its environment, including the Group wide controls, and assessing the risks of material misstatement at the Group level.

As the subsidiaries are co-located with the parent and share common processes and management, I scoped my audit and carried out our risk assessment procedures at the level of the whole group. However, in practice, Pool Reinsurance Company Limited's subsidiaries are immaterial to the group individually and in aggregate and my work was therefore focused on the audit of the parent company, which covered substantially all of the Group's net assets, expenses and revenue.

Together with the procedures performed at Group level, such as reviewing the accuracy and completeness of the Group's consolidation procedures, this gave me the evidence I needed for my opinion on the Group financial statements as a whole.

Other information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The Directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

As prescribed by the Companies Act 2006

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.
- the parts of the Annual Report subject to audit have been properly prepared in accordance with HM Treasury's Government Financial Reporting Manual.

Matters on which I report by exception

In the light of the knowledge and understanding of Pool Reinsurance Company Limited and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Director's remuneration specified by law are not made; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to Pool Reinsurance Company Limited and its Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 69;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 69;
- Directors' statement on fair, balanced and understandable set out on page 69;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 69;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 69; and
- The section describing the work of the audit committee set out on page 68.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' and Accounting Officer's Responsibilities, the Directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within Pool Reinsurance Company Limited from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as deemed necessary to enable the

preparation of financial statement to be free from material misstatement, whether due to fraud or error;

- preparing the Remuneration Report and Staff Report in accordance with HM Treasury's Government Financial Reporting Manual;
- preparing the Annual Report, in accordance with the Companies Act 2006; and
- assessing Pool Reinsurance Company Limited and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the entity [or the Group] or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the applicable law and International Standards on Auditing (UK) (ISAs (UK)).

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud:

- considered the nature of the sector, control environment and operational performance including the design of Pool Reinsurance Company Limited and its Group's accounting policies, key performance indicators and performance incentives.

- inquired of management, Pool Reinsurance Company Limited and its Group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to Pool Reinsurance Company Limited and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including Pool Reinsurance Company Limited and its Group's controls relating to Pool Reinsurance Company Limited and its Group's compliance with the Companies Act 2006, Managing Public Money; the Financial Services and Markets Act 2000, the Financial Conduct Authority Handbook and the Prudential Regulation Authority Rules;
- inquired of management, Pool Reinsurance Company Limited's and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within Pool Reinsurance Company Limited's and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of Pool Reinsurance Company Limited and its Group's framework of authority and other legal and regulatory frameworks in which Pool Reinsurance Company Limited's and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Pool Reinsurance Company Limited's and its Group. The key laws and regulations I considered in this context included Companies Act 2006, Managing Public Money, employment law, tax legislation, the Financial Services and Markets Act 2000, the Financial Conduct Authority Handbook and the Prudential Regulation Authority Rules.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Steve Young (Senior Statutory Auditor)

30 June 2025

For and on behalf of the
Comptroller and Auditor General (Statutory Auditor)
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP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Financial Statements

Consolidated Statement of Profit or Loss

For the year ended 31 March 2025

	Notes	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Insurance revenue	6	263,274	262,658
Insurance service expenses	6, 8	(3,429)	(1,233)
Net expenses from reinsurance contracts held	6	(362,396)	(276,545)
Insurance service result		**(102,551)**	**(15,119)**
Investment result	7	438,074	441,272
Finance expenses from reinsurance contracts held	7	(12,230)	(3,018)
Net insurance and investment result		**323,293**	**423,134**
Other operating income		6	51
Other operating expenses	8	(18,324)	(18,293)
Total other income and operating expenses		**(18,318)**	**(18,242)**
Profit before tax		**304,975**	**404,892**
Tax expense	10	(92,364)	(84,876)
Profit for the year		**212,611**	**320,016**

The above results all relate to continuing operations and to risks located in the United Kingdom.

There were no amounts recognised in other comprehensive income in the current or preceding periods other than those included in the consolidated statement of profit or loss. Therefore, no statement of other comprehensive income has been presented.

Company number: 2798901

The notes on pages 118–173 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2025

	Notes	31 March 2025 £000	31 March 2024 £000
ASSETS			
Property, plant and equipment	*12*	846	1,282
Financial assets carried at fair value	*11*	7,038,299	6,860,729
Insurance contract assets	*15(i)*	137	140
Reinsurance contract assets	*15(ii)*	-	4,577
Investment and other receivables	*14*	97,695	141,252
Current tax assets		-	630
Cash and cash equivalents	*13*	344,955	272,001
Total assets		**7,481,931**	**7,280,612**
EQUITY AND LIABILITIES			
Retained earnings	*18*	6,657,815	6,541,827
Total equity		**6,657,815**	**6,541,827**
LIABILITIES			
Deferred tax liabilities	*17*	64,124	59,796
Insurance contract liabilities	*15(i)*	65,896	64,171
Reinsurance contract liabilities	*15(ii)*	514,267	353,866
Financial liabilities carried at fair value	*11*	21,868	25,371
Current tax liabilities		7,713	-
Investment and other payables	*16*	150,248	235,581
Total liabilities		**824,116**	**738,784**
Total equity and liabilities		**7,481,931**	**7,280,612**

The financial statements on pages 114–117 were approved by the Board of Directors on 30 June 2025 and signed on its behalf by:

Tom Clementi
Chief Executive Officer

Company number: 2798901

The notes on pages 116–171 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2025

	Notes	£000
Balance at 1 April 2023		**6,254,902**
Profit for the year		320,016
Dividends paid to Members	20	(33,093)
Balance at 31 March 2024		**6,541,827**
Balance at 1 April 2024		**6,541,827**
Profit for the year		212,611
Dividends paid to Members	20	(96,623)
Balance at 31 March 2025		**6,657,815**

The notes on pages 118–173 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2025

	Notes	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
OPERATING ACTIVITIES			
Profit before tax		304,975	404,892
ADJUSTMENTS FOR:			
Net foreign exchange loss		118,990	106,757
Net gains on financial assets/liabilities carried at fair value		(335,104)	(377,207)
Income from financial assets carried at fair value		(236,126)	(180,435)
Depreciation	*12*	546	520
Interest expense		12,855	3,034
CHANGES IN OPERATIONAL ASSETS AND LIABILITIES:			
Changes in insurance and reinsurance contract assets/liabilities		166,706	(14,776)
Proceeds from sale of financial assets carried at fair value		7,773,620	5,781,949
Purchase of financial assets carried at fair value		(7,852,757)	(5,677,127)
Decrease/(Increase) in investment and other receivables		19,030	(17,562)
(Decrease)/Increase in investment and other payables		76,065	(7,164)
Cash generated from operations		**48,800**	**22,881**
Taxation paid		(79,693)	(32,782)
Interest paid		(25,700)	(25,932)
Interest received		204,005	145,454
Dividends received		15,801	16,667
Net cash flows from operating activities		**163,213**	**126,288**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	*12*	(109)	(134)
Net cash flows from operating activities		**(109)**	**(134)**
FINANCING ACTIVITIES			
Dividends paid to Members	*20*	(96,623)	(33,093)
Lease payments	*16*	(440)	(441)
Net cash flows used in financing activities		**(97,063)**	**(33,534)**
Net increase in cash and cash equivalents		**66,041**	**92,621**
Opening cash and cash equivalents balance	*13*	**268,714**	**168,498**
Net increase in cash and cash equivalents		66,041	92,621
Effect of exchange rate fluctuations on cash and cash equivalents		3,829	7,596
Closing cash and cash equivalents balance	*13*	**338,584**	**268,714**

The notes on pages 118–173 form an integral part of these financial statements.

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2025

1 General information

Pool Reinsurance Company Limited (the "Company") is a mutual company limited by guarantee, incorporated in England and Wales, with its principal place of business at Equitable House, 47 King William Street, London, EC4R 9AF. Its principal activity is to provide reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland.

The Company is the parent of two subsidiary undertakings, Pool Re Services Limited and Pool Re Solutions Limited. Both subsidiaries are incorporated in England and Wales and are 100% owned by the Company (the three entities together constitute the "Group").

2 Basis of preparation

The financial statements of the Company, and the Group's consolidated financial statements have been prepared in accordance with United Kingdom adopted International Accounting Standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and in accordance with the provisions of the Companies Act 2006 as applicable to companies reporting under international accounting standards.

Following the parent company's designation as an Arm's-Length Body ("ALB") of HM Treasury ("HMT") and the signing of the Framework Agreement between HMT and the Company on 5 May 2022, the financial statements have also been prepared in accordance with the Accounts Direction issued by HMT on 14 December 2023 and subsequently updated, and reflect the requirements set out in the Framework Agreement between HMT and the Group. Under this Direction, and in addition to the Companies Act 2006, the Group has had regard to the principles and disclosure requirements set out in the Government Financial Reporting Manual ("the FReM") issued by HMT for the relevant financial year, to the extent that the FReM clarifies or supplements the Companies Act requirements in relation to the financial statements and selected disclosures within the Annual Report and Accounts. The information contained in the Group's Annual Report and Accounts is consolidated into the Annual Report and Accounts of HM Treasury.

The Group includes two subsidiary undertakings, Pool Re Services Limited and Pool Re Solutions Limited, and as the Company has control of both subsidiary companies, they are consolidated within these financial statements. Further details on the Group structure are disclosed in Note 19. Financial statements for the Company are disclosed following the notes to these financial statements. Due to the immaterial nature of the subsidiary companies, the notes to these financial statements have been disclosed on a consolidated basis. Additional disclosure of information relating to the Company has been provided where management judges it to be of benefit to the users of the accounts.

The financial statements have been prepared on a historical cost basis, except for certain financial instruments, including derivative instruments, which are measured at fair value. Investments in subsidiaries reported in the Company financial statements are measured using the equity method. The Statement of Financial Position of the Group has been presented in order of increasing liquidity. All amounts presented in the Statement of Profit or Loss relate to continuing operations.

The preparation of financial statements in conformity with United Kingdom adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Any areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Group's principal activity as a monoline reinsurer, is the provision of reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland. Due to the single line of business and geographic concentration, a segmental analysis of the Group's (re) insurance contracts, as prescribed by IAS 1.29-31 and IFRS 17.96 has not been deemed necessary for disclosure in these financial statements.

The Group undertakes an annual capital assessment, as approved by the Board, to determine its capital resource requirements. The assessment considers the Group's strategic, insurance, market, credit, liquidity and operational risks and the impact of those risks on the Group's capital requirements.

Following the completion of HMT's 5-year review of the scheme in early 2022, an updated Retrocession Agreement ("the HMT Retrocession Agreement") was entered into extending the unlimited guarantee. For further details on the HMT Retrocession Agreement, see Note 3(e). The current assessment confirms that the Group has adequate capital resources to meet its liabilities as they fall due.

Furthermore, this assessment is consistent with the conclusions reached by The Prudential Regulation Authority ("PRA"), as set out in its direction dated 10 November 2020, which stated that the Company's capital requirement is zero. The assessment, which remains valid until 1 January 2026, and which Management reasonably expects will be extended, is based upon the PRA's recognition that the capital resources available to the Group include capacity available from HMT under the HMT Retrocession Agreement.

Based on current assessments, management has determined that the financial statements should be prepared on a going concern basis for the period ending 31 March 2025.

The financial statements of the Company and Group are presented in pound sterling and rounded to thousands. The functional currency of the Company and Group is pound sterling.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New standards, interpretations and amendments to published standards that have been adopted by the Group

The Group has applied the following amendments for the first time in the year commencing 1 April 2024, which did not have a material impact on its consolidated financial statements or the Company's financial statements.

(i) Amendments to IAS 1 – Presentation of Financial Statements: 'Classification of Liabilities as Current or Non-Current'

(ii) Amendments to IAS 1 – Presentation of Financial Statements: 'Non-Current Liabilities with Covenants'

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

(b) Standards, interpretations and amendments to published standards which are not yet effective

(i) Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates': 'Lack of Exchangeability'

Amendments to IAS 21 were issued in August 2023 and are effective for annual reporting periods beginning on or after 1 January 2025. The amendments provide guidance on determining when a currency is exchangeable and how to establish the exchange rate when it is not. These amendments are not expected to give rise to a material impact on the Group's consolidated or the Company's financial statements.

(ii) Amendments to IFRS 9, 'Financial Instruments' and IFRS 7, 'Financial Instruments: Disclosures': 'Amendments to the Classification and Measurement of Financial Instruments'

Amendments to IFRS 9 and IFRS 7 were issued in May 2024 and are effective for annual reporting periods beginning or after 1 January 2026, subject to UK endorsement.

The amendments include:

- Clarification around the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- Clarification and guidance for assessing whether a financial asset meets the solely payments of principal and interest ("SPPI") criterion.
- New disclosure requirements for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets).
- An update to the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI").

These amendments are not expected to give rise to a material impact on the Group's consolidated or the Company's financial statements.

(iii) Annual Improvements to IFRS Accounting Standards - Volume 11
The IASB issued its annual improvements in July 2024, which include a collection of minor amendments to accounting standards IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. These are applicable for annual reporting periods beginning on or after 1 January 2026.

(iv) IFRS 18 'Presentation and Disclosure in Financial Statements'
IFRS 18, issued in April 2024, will replace IAS 1, 'Presentation of Financial Statements'. The standard is effective for reporting periods beginning or after 1 January 2027, with earlier application permitted, subject to UK endorsement. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals, which aim at increasing comparability of the financial performance of similar entities, as well as provide more relevant information and transparency to users. The Group is in the early stages of implementation, however, no financial impacts are expected as a result of adoption.

(v) IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements without changing the fundamental reporting requirements of IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after 1 January 2027, with early application permitted, subject to UK endorsement. The application of IFRS 19 is not expected to have any financial impact on the presentation of the Group's financial statements.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities that are controlled by the Group as at 31 March 2025. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group controls another entity, the existence and effect of the potential voting rights that are currently exercisable are considered. The financial statements of subsidiaries are included in the consolidated financial statements only from the date that control commences until the date that control ceases.

All intercompany transactions, balances, income and expenses between Group entities are eliminated on consolidation.

The Company applies the equity method to account for subsidiaries. Investments in subsidiaries are initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of the subsidiaries net assets (share of results).

The controlled entities listed in Note 19 are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts under S479A-479C. The Company has guaranteed the debts and liabilities of the controlled entities at the reporting date in accordance with Section 479C of the Companies Act 2006.

(d) Foreign currency

Foreign currency transactions are translated into pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss for the period.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(e) Insurance contracts

The accounting policy set out below is applicable to insurance contracts that are issued by the Group and reinsurance contracts held by the Group, unless indicated otherwise.

(i) Definition and classification

Insurance contracts are defined as those contracts under which the Group accepts significant insurance risk from a policyholder. Significant insurance risk criteria are met if, and only if, an insured event could cause an insurer to make significant additional payments to a policyholder in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expire.

The Group has reviewed the nature of the inwards and outwards (re)insurance business it transacts. It is satisfied that all such business transfers significant insurance risk and has therefore treated the relevant contracts as insurance contracts for the purposes of these financial statements.

The Group's financial position and its obligations to meet claims under its agreements with Members are assured in that the Group has entered into a Retrocession Agreement with HMT, under which the Group would draw funds from HMT if claims were to exceed the Group's resources. The HMT Retrocession Agreement specifies circumstances in which amounts paid by HMT will be repayable by the Group, which would be subject to agreement between the parties. However, in certain circumstances when the HMT Retrocession Agreement is terminated, HMT is not entitled to repayment of amounts it has paid to the Group.

Premium is payable to HMT for providing retrocession cover only when the funds standing to the credit of the Insurance Fund and the Investment Fund, as defined by the HMT Retrocession Agreement, exceed £1 billion. These funds are broadly equivalent to premiums received, investment income earned and investment gains, less investment losses, incurred claims, taxation and expenses, subject to certain differences in the timing of their recognition. The retrocession premium may become immediately payable, in certain circumstances, if the Group fails to comply with the conditions of the HMT Retrocession Agreement.

(ii) Level of aggregation

The Group's contracts are aggregated into the following portfolios:

- Insurance contracts issued covering losses and damage from Acts of Terrorism; these insurance contracts are managed as two separate lines of business, with the risks relating to the classes of insurance contracts considered to be different, as such, the Group aggregates insurance contracts issued into two portfolios as follows:

  » **Class A:** Property damage and business interruption; and
  » **Class B:** Non-damage business interruption.

- Reinsurance contracts held are grouped into portfolios at contract level, with reinsurance contracts measured at the individual contract level.

Portfolios are further divided based on expected profitability at inception into three categories:

- Onerous contracts, if any;

- Contracts with no significant risk of becoming onerous; and

- The remaining groups of contracts in the portfolio.

A group of insurance contracts is considered to be onerous at initial recognition if the fulfilment cashflows allocated to that group of contracts in total are a net outflow. This occurs if the present value of expected claims, attributable expenses and risk adjustment exceeds the premium. As all insurance contracts issued are measured under the Premium Allocation Approach ("PAA") model, the Group takes the Standard's default assumption that no groups are onerous unless facts and circumstances indicate otherwise. The Group has determined that it currently does not have contracts falling into the category of onerous contracts.

Portfolios of reinsurance contracts held are assessed for aggregation separately from portfolios of insurance contracts issued.

The Group has set its cohorts at annual intervals based on underwriting year.

(iii) Recognition

Groups of insurance contracts issued are initially recognised from the earliest of the following:

- the beginning of the coverage period;
- the date when the first payment from the policyholder is due or actually received, if there is no due date; and
- when the Group determines that a group of contracts becomes onerous.

The Group considers the mid-point of each quarter as the recognition date for insurance contracts issued, being the proxy coverage start date for policies incepting during the quarter, as it receives premiums and the associated premium declaration from Members on a quarterly basis for all the policies incepted.

A group of reinsurance contracts held that covers the losses of insurance contracts issued is recognised at the earlier of:

- the beginning of the coverage period of the group or the initial recognition of any underlying insurance contract issued; or
- if the entity recognises an onerous group of underlying contracts before the beginning of the coverage period of the group of reinsurance contracts held — at the same time as the onerous group of underlying contracts if the Group entered into the related reinsurance contract held at or before that date.

Currently, the Group recognises all reinsurance contracts held at the beginning of the coverage period of the group of contracts. Currently there are no reinsurance contracts providing coverage for onerous groups of underlying insurance contracts and no underlying contracts incepting after coverage start date, therefore the Group has not needed to apply IFRS 17.62A, which mandates to delay recognition until the inception date of the underlying insurance contract.

Only contracts that meet the recognition criteria by the end of the reporting period are included in the groups. When contracts meet the recognition criteria in the groups after the reporting date, they are added to the groups in the reporting period in which they meet the recognition criteria, subject to the annual cohorts' restriction. Composition of the groups is not reassessed in subsequent periods.

(iv) Derecognition and modification
An insurance contract issued is derecognised when it is:

- extinguished (i.e. when the obligation specified in the insurance contract issued expires or is discharged or cancelled); or

- the contract is modified, and certain additional criteria are met.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification of the contract as an adjustment to the relevant liability or asset for remaining coverage.

The Group has not identified any issued insurance contracts where modifications would result in significant changes to the risk, and therefore no derecognition is required in the current period. However, following the Group's transition to the new Treaty Scheme, all inwards contracts in force at 31 March 2025 will be cancelled and derecognised on 1 April 2025, refer to Note 23 — Subsequent Events for further details.

When a group of insurance contracts is derecognised, adjustments to remove related rights and obligations and account for the effect of the derecognition result in the following amounts being charged immediately to the profit or loss statement:

- if the contract is extinguished, any net difference between the derecognised part of the liability for remaining coverage ("LRC") of the original contract and any other cash flows arising from extinguishment;

- if the contract is transferred to a third party, any net difference between the derecognised part of the LRC of the original contract and the premium charged by the third party; or

- if the original contract is modified resulting in its derecognition, any net difference between the derecognised part of the LRC and the hypothetical premium that the entity would have charged if it had entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification.

(v) Contract boundary
The Group uses the concept of contract boundary to determine which cash flows should be considered in the measurement of groups of insurance contracts. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:

- the Group has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or

- both of the following criteria are satisfied:

- the Group has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio; and

- the pricing of the premiums for coverage up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date.

Cash flows outside the insurance contracts boundary relate to future insurance contracts and are recognised when those contracts meet the recognition criteria.

For groups of reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations of the Group that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or in which the Group has a substantive right to receive services from the reinsurer.

Cash flows that are not directly attributable to a portfolio of insurance contracts are recognised in other operating expenses as incurred.

(vi) Measurement - Premium Allocation Approach

Initial measurement
The Group applies the PAA to all insurance contracts it issues and reinsurance contracts that it holds, because:

- the coverage period of each contract in the group is 12 months or less; or
- for contracts longer than 12 months, the Group has assessed possible future scenarios and reasonably expects that the measurement of the LRC for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the General Measurement Model ("GMM").

For insurance contracts issued, on initial recognition, the Group measures the LRC as the amount of premiums received. For insurance contracts issued where the coverage period is greater than 12 months, insurance acquisition cash flows are deferred and recognised over the coverage period of contracts in a group. The Group does not currently incur any acquisition expenses related to the contracts it issues.

For reinsurance contracts held on initial recognition, the Group measures the Asset for remaining coverage ("ARC") as the amount of ceding premiums paid, plus broker fees paid to a party other than the reinsurer. For reinsurance contracts held, broker fees and commissions are recognised over the coverage period of contracts in a group along with premiums ceded.

Subsequent measurement
The carrying amount of a group of insurance contracts issued at the end of each reporting period is the sum of:

- the LRC; and
- the liability for incurred claims ("LIC"), comprising of fulfilment cash flows related to past service allocated to the group at the reporting date.

The carrying amount of a group of reinsurance contracts held at the end of each reporting period is the sum of:

- the remaining coverage; and
- the incurred recoveries (on incurred claims), adjusted for the effect of changes in the default risk of the reinsurer and a risk adjustment for non-financial risk.

For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:

- increased for premiums received in the period.
- decreased for the amounts of expected premium receipts recognised as insurance revenue for the services provided in the period.

The Group does not incur insurance acquisition cash flows in respect of currently issued insurance contracts or any other relevant pre-recognition cash flows that may be included in subsequent measurement of LRC.

For reinsurance contracts held, at each of the subsequent reporting dates, the remaining coverage is:

- increased for ceding premiums paid in the period;
- increased for any commissions paid to brokers or other parties;
- decreased for the expected amounts of ceding premiums and broker fees recognised as reinsurance expenses for the services received in the period; and
- decreased/increased for the effect of the time value of money in relation to significant financing components.

If facts and circumstances indicate that a group of insurance contracts measured under the PAA is onerous on initial recognition or has become onerous subsequently, the Group increases the carrying amount of the LRC, recognising a loss component, to the amounts of the excess of the fulfilment cash flows that relate to the remaining coverage of the group of contracts, over the carrying amount of the LRC of the group. The amount of such an increase is recognised in insurance service expenses. Subsequently, the loss component is amortised over the coverage period of the group of contracts.

When a loss is recognised on initial recognition of an onerous group of underlying insurance contracts or on addition of onerous underlying insurance contracts to that group, the carrying amount of the ARC for reinsurance contracts held measured under the PAA is increased by the amount of expected recoveries that will be recognised in the profit or loss, with a loss recovery component being established or adjusted for that amount. The loss recovery component is calculated by multiplying the loss component recognised on underlying insurance contracts by the percentage of claims on underlying insurance contracts that the Group expects to recover from the reinsurance contracts held that are entered into before or at the same time as the loss is recognised on the underlying insurance contracts.

Were a loss event to arise the company would use what is considered the most appropriate loss damage function to project fulfilment cash flows based on notified exposures. As individual loss events are different by nature actuaries would compare expected loss estimates by risk and policy against actual claim amounts from cedants as they emerge over time. These estimates will take into account policy limits, and inflationary changes in average limits as 'live' policy details are confirmed. Such considerations will help bridge the difference with previously reported exposure which may lag live values. Discounting and risk adjustments would be applied as disclosed in sections 4(a) (ii) and 4(a) (iii).

Claims payment patterns are expected to vary by size of the event and would be applied to overall loss estimates to predict liquidity requirements.

Currently there is no risk adjustment as there is effective certainty over the current nil liability, as disclosed in Note 5.

(vii) Insurance revenue
As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period measures the transfer of promised services at an amount that reflects the portion of consideration the Group expects to be entitled to in exchange for those services.

For groups of insurance contracts measured under the PAA, the Group recognises insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of revenue recognised is calculated by using the most appropriate basis available, which is considered to be the eighths basis. This basis assumes premium received for a particular quarter represents policies which incept, on average, at the mid-point of the quarter.

(viii) Insurance service expenses
Insurance service expenses include directly attributable insurance service expenses, including:

- incurred claims;
- other incurred directly attributable insurance service expenses;
- amortisation of insurance acquisition cash flows;
- changes that relate to past service; and
- changes that relate to future service (i.e. losses/reversal on onerous groups of contracts from changes in the loss components).

Currently there are no claims handling costs as the Group has not incurred any claims during the year.

For contracts measured under the PAA, amortisation of insurance acquisition cash flows is based on the passage of time. Other expenses not meeting the above categories are included in other operating expenses in the profit or loss.

(ix) Net income/(expenses) from reinsurance contracts held
The Group presents financial performance of groups of reinsurance contracts held on a net basis in net income/(expenses) from reinsurance contracts held, comprising the following amounts:

- reinsurance expenses;
- incurred claims recovery;
- other incurred directly attributable insurance service expenses; and
- changes relating to past service (i.e. adjustments to incurred claims).

Reinsurance expenses are recognised similarly to insurance revenue. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received services at an amount that reflects the portion of ceding premiums the Group expects to pay in exchange for those services.

For groups of reinsurance contracts held measured under the PAA, the Group recognises reinsurance expenses based on the passage of time over the coverage period of a group of contracts.

Ceding commissions that are not contingent on claims of the underlying contracts issued reduce ceding premiums and are accounted for as part of reinsurance expenses.

(x) (Re)insurance finance income or expenses
(Re)insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For contracts measured under the PAA, the main amounts within (re)insurance finance income or expenses are:

- interest accreted on the LIC;
- interest accreted on the LRC in relation to significant financing components; and
- the effect of changes in interest rates and other financial assumptions.

(f) Employee benefits

The Group provides a range of benefits to employees, including a defined contribution pension plan and annual bonus arrangements.

(i) Short-term benefits
Short-term benefits, including salaries, holiday pay, accrued bonuses and pension contributions, are recognised in the period in which employees provide the services to which the payments relate.

(ii) Defined contribution pension plan
The Group operates a defined contribution pension plan for its employees. Under the pension plan the Group pays fixed contributions to an independently administered pension fund. Once the contributions have been paid, the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the statement of financial position.

(iii) Annual bonus arrangements
The Group operates annual bonus plans for employees. An expense is recognised in profit or loss when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

(iv) Long-term incentive plans
The Group operated a cash-settled long-term incentive plan for members of senior management which ceased on 1 January 2022. The plan was based on an individual's personal targets in developing the business and deferred over a period of three years. Payment may be reduced or forfeited in instances where an individual leaves employment or a material risk event occurs. Final payments under the plan were discharged in January 2025.

(g) Expenses

All expenses are recognised on an accruals basis and are charged to profit or loss.

(h) Property, plant and equipment

Capital expenditure on computer equipment and office equipment is depreciated by equal instalments over the estimated useful lives of the assets. Expenditure on computer software is written off as incurred.

Property, plant and equipment are stated at historical purchase cost less accumulated depreciation and any impairment loss. Depreciation is calculated to write off the costs of tangible assets, less their residual values, over their expected useful lives using the straight-line basis. Fixtures and fittings are depreciated over the lease term of the office premises. Furniture is depreciated over five years and computer and telephone equipment over two years. At each reporting date, tangible assets are reviewed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset and, where necessary, the carrying amount is adjusted accordingly.

Additions are included at their original purchase price plus any costs directly attributable to bringing the asset to its working condition for its intended use. Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Leased assets (the Group as lessee)

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date at which the asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made before the commencement date, less any lease incentives received. The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset’s useful life and the lease term. Right-of-use assets are presented on the statement of financial position as property, plant and equipment.

The lease liabilities arising from a lease are initially measured at the present value of the lease payments to be made over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily identified, the discount rates set by HM Treasury and promulgated in Public Expenditure System papers as a suitable proxy. After the commencement date, the amount of the lease liability is increased to reflect interest charges and reduced for the lease payments made. The carrying amount of lease liabilities are remeasured if there is a modification of the lease, including a change in the lease term or a change in future lease payments. Lease liabilities are presented on the statement of financial position as investment and other payables.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is re-measured using the changed cash flows and changed discount rate. Further, a corresponding adjustment is also made to the right-of-use asset.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (i.e. leases with a value of less than £5k). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Current and deferred tax

Taxation is charged on investment income receivable plus realised and unrealised gains, less interest payable and investment expenses, for the period. Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date and adjustments to tax payable in prior periods.

Deferred tax is recognised in respect of all material temporary differences that have originated but not reversed at the balance sheet date where the transactions or events result in an obligation to pay more tax in the future or a right to pay less tax in the future, including revaluation gains and losses on investments recognised in profit or loss.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

(k) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

This assumes that the transaction takes place in the principal market under current market conditions. Fair value is a market-based measure and in the absence of observable market prices in an active market, it is measured using the assumptions that market participants would use when pricing the asset or liability.

The best evidence of fair value of a financial instrument at initial recognition is normally the transaction price. If an asset measured at fair value has a bid price, the bid price is considered to best represent fair value.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 5(v).

(l) Financial assets and liabilities

The Group classifies its financial assets and liabilities as i) financial assets/liabilities at fair value through profit or loss, ii) investment and other receivables and iii) investment and other payables. Management has classified on initial recognition, its financial assets held for investment purpose, at fair value through profit or loss ("FVTPL"). This is in accordance with the Group's documented investment strategy and consistent with the management and reporting of investment performance and risk to the Group's Directors on a fair value basis. The gains or losses arising from fair value changes on assets measured at FVTPL are recognised in profit or loss and presented within investment result in the period in which they arise.

The Group recognises a financial asset or financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. A financial asset is derecognised when either the contractual rights to the cash flows from the asset expire, or the asset is transferred, and the transfer qualifies for derecognition through an assessment of the contractual rights to receive cashflows and the extent to which the Group retains the risks and rewards of ownership. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Purchases and sales of financial assets are recognised at the trade date. Financial assets and liabilities are initially recognised at fair value. After initial recognition, financial assets and liabilities are measured as described below.

(i) Financial assets/liabilities at fair value through profit or loss
Financial assets/liabilities are classified into this category at inception if managed and evaluated on a fair value basis in accordance with a documented strategy.

(ii) Investment and other receivables
Receivables are non-derivative financial assets with fixed or determinable payments. Receivables are carried at amortised cost less any provision for impairment.

(iii) Investment and other payables
Payables are initially recognised at fair value and then subsequently carried at amortised cost.

(m) Derivative financial instruments
Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently valued at fair value at each reporting date as they are held for trading. All derivatives are carried as assets when the fair value is positive and liabilities when the fair values are negative. Fair value changes in derivative financial instruments are recognised immediately in profit or loss.

(n) Investment and other receivables
Investment and other receivables are comprised of pending settlement amounts for the disposal of investment assets, prepayments and accrued income.

(o) Cash and cash equivalents
Cash and cash equivalents include cash at bank and in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash at bank and in hand and deposits held at call with banks are measured at amortised cost.

(p) Investment and other payables
Investment and other payables consist of pending settlement amounts for the acquisition of investment assets and accruals.

(q) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(i) Non-financial assets

Objective factors that are considered when determining whether a non-financial asset (such as property, plant and equipment) may be impaired include, but are not limited to the following:

- adverse economic, regulatory or environmental conditions that may restrict future cash flows and asset usage and/or recoverability;
- the likelihood of accelerated obsolescence arising from the development of new technologies and products; and
- the disintegration of the active market(s) to which the asset is related.

(ii) Financial assets

An expected credit loss ("ECL") model is applicable for all assets measured at amortised cost. The Group measures its receivables at amortised cost. The assessment of credit risk and the estimation of an ECL are unbiased, probability-weighted and incorporate all available information relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of economic conditions at the reporting date. The forward-looking aspect of IFRS 9 requires judgement as to how changes in economic factors affect ECLs. Impairment charges are recognised in the statement of profit or loss within operational expenses.

The ECL is a three-stage model based on forward-looking information regarding changes in credit quality since inception. Credit risk is measured using a probability of default ("PD"); exposure at default ("EAD"); and loss given default ("LGD") as follows:

- PD is an estimate of the likelihood of default of the asset.
- EAD is an estimate of the exposure at that future default date, taking into account expected changes in the exposure after the reporting date.
- LGD is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive. It is usually expressed as a percentage of the exposure at default.

The three stages of ECL are defined and assessed as follows.

- **Stage 1** – no significant increase in credit risk since inception, ECL is calculated using a 12-month PD.
- **Stage 2** – a significant increase in credit risk since inception, ECL is calculated using a lifetime PD.
- **Stage 3** – credit impaired, ECL is calculated using a lifetime PD.

A significant increase in credit risk is considered to have incurred when payments are 30 days past due, or earlier if other factors indicate the risk has increased significantly since inception. Financial assets are written off when there is no reasonable expectation of recovery on a case-by-case basis.

(r) Investment return

Investment income on financial assets consists of interest receivable, dividends and realised and unrealised gains and losses on financial assets and liabilities at FVTPL.

Interest income is recognised as it accrues and is reported, while dividend income is recognised when the right to receive payment is established.

Realised gains and losses on financial assets and liabilities occur on disposal or transfer and represent the difference between the proceeds received net of transaction costs, and the original cost.

Unrealised gains and losses arising on financial assets and liabilities measured at FVTPL represent the difference between the carrying value at the end of the prior year, or purchase price during the current year, less the previously recognised unrealised gains and losses in respect of disposals made during the year.

(s) Distributions

Distributions to the Group's Members are determined in accordance with the provisions of the Articles of Association and HMT Retrocession Agreement, which govern the conditions under which distributions may be declared and paid, including the discretion afforded to the Directors to recommend and pay the distribution.

As distributions require Director approval prior to payment, they are therefore recognised in the period when they have been approved. See Note 20 for further details regarding the distribution to Members.

(t) Related party transactions

Where the Group has entered into related party transactions, the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements are disclosed in the notes to the financial statements.

4 Critical accounting judgements and estimation uncertainty

The judgements and assumptions involved in the Group's accounting policies that are considered by Management to be the most important and material to the preparation of these financial statements are discussed below. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Significant accounting judgements

Insurance contracts

(i) Measurement model

IFRS 17 states that entities may adopt the PAA measurement model if at inception of the group of contracts, the entity reasonably expects that such a simplification would produce a measurement of the LRC for the group that would not differ materially from the one that would be produced under the GMM. All insurance contracts issued, and reinsurance contracts held by the Group, with coverage periods of more than 12 months, are assessed for eligibility for the use of the PAA on initial recognition, using the Group's PAA eligibility framework. Where insurance and reinsurance contracts do not automatically qualify for measurement using the PAA, the Group exercises judgement in determining whether the LRC produced under the PAA would not differ materially from the LRC under the GMM.

Materiality is a key consideration in the quantitative assessment of results. The Group's internal PAA eligibility framework was developed based on both the relative difference between the LRC valuation under PAA and GMM and absolute measures of materiality, based on audit materiality and error reporting thresholds.

IFRS 17 requires consideration in respect of changes in assumptions that may be reasonably expected during the coverage period which would affect the measurement of the LRC. Management has used judgement to determine a number of reasonably expected scenarios impacting the key assumptions, such as loss ratios, discount rates, and the risk adjustment. Management have also given consideration to factors that could give rise to a variation in cash flows, such as additional premiums under the contractual provisions of the HMT Retrocession Agreement. Upon the initial application of IFRS 17 on 1 January 2023, groups of contracts for all in force annual cohorts were modelled and assessed as eligible to use the PAA. Under IFRS 17, reassessment is not required after inception unless a contract is modified. During the reporting period ending 31 March 2025, management conducted an assessment of all groups of contracts for annual cohorts incepting or modified during the period to determine their eligibility for the PAA, and undertook modelling where required. This process confirmed that all contracts in force during the reporting period were eligible for the PAA.

(ii) Onerous contracts

In using the PAA, the Group assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group has considered the structure of the scheme and its unique position in the market, including the existence of the unlimited government guarantee provided by way of the HMT Retrocession Agreement. This has been assessed against the key facts and circumstances relating to the insurance contracts issued, including historical profitability, expected loss and expense ratios and the current threat environment, and determined that is a reasonable assumption that the Group has no onerous contracts. If at any time during the coverage period the facts and circumstances indicate that a group of insurance contracts is onerous, the Group establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero. Where the Group recognises a loss on initial recognition of an onerous group of underlying reinsurance contracts, and the Group has a corresponding reinsurance contract held, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held, measuring the expected recovery of the losses.

(iii) Discount rates

IFRS 17 requires entities to determine discount rates using either the 'bottom up' or 'top down' approach. The 'top down' approach involves using discount rate curves derived from a portfolio of reference assets adjusted to remove the characteristics of the assets that are not present in insurance contracts, but not requiring elimination of the illiquidity premium. The Group has elected to apply the 'bottom up' approach which requires the use of risk-free rate curves and adding an illiquidity premium. The standard does not specify how to derive the illiquidity premium; therefore Management is required to exercise judgement in determining a suitable illiquidity premium.

As the Group does not currently hold any reserves for incurred claims and expenses, it only requires the derivation of discount rates for measuring (i.e. discounting future premiums cashflows and accretion of interest) the remaining coverage of the HMT Retrocession Agreement, due to a significant financing component.

The UK nominal risk-free yield curve published by the Bank of England, for a maturity of 3.25 years, representing the period of the significant financing component, has been used as a proxy for the liquid risk-free yield. Due to qualitative factors, including the short coverage period and relative liquidity of LRC balances compared to LIC balances, Management has assessed the HMT Retrocession Agreement as being liquid and hence no allowance for an illiquidity premium is required.

The following UK nominal risk-free discount rates were applied for the underwriting periods presented below:

Period commencing	**Maturity of 3.25 years**
1 January 2019	0.743%
1 January 2020	0.535%
1 January 2021	-0.117%
1 January 2022	0.791%
1 January 2023	3.578%
1 January 2024[1]	3.473%

Notes:

[1] As a result of the Group's transition to the new Treaty scheme effective 1 April 2025, and in accordance with the Deed of Rectification, the payment period for the 2024 underwriting year has been extended from 31 March 2025 to 30 June 2025. Accordingly, the maturity period for the 2024 underwriting year has been revised to 3.50 years, compared to the standard 3.25 years applied in previous underwriting years.

(iv) Risk adjustment

A risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The risk adjustment will be determined for each 'loss event', since each loss event is rare and unique, and allocated to the relevant group of contracts. The risk adjustment for non-financial risk is determined using a scenario-based technique. The risk adjustment is applied to the LIC but not to the LRC under the PAA.

The process of determining a best estimate liability generates a discrete probability distribution of plausible loss scenarios for each 'loss event', covering both favourable and unfavourable outcomes. From this distribution, a plausible unfavourable scenario is selected consistent with the Group's risk appetite established over the normal course of business. The risk adjustment is the difference between the best estimate liability and the value of the undiscounted future cash flows of the unfavourable scenario. The confidence level is derived by reading the percentile at the chosen unfavourable scenario from the discrete probability distribution, allowing for diversification, if any, between the loss events and between groups of contracts.

Consistent with the risk adjustment calculation approach, the confidence level will be disclosed at an overall entity level, i.e. a single confidence level for both inwards and outwards contracts. In case of multiple loss events, the confidence level will be derived from a combined discrete probability distribution, allowing for diversification (if any) between the loss events and between groups of contracts.

Fair value hierarchy classification
Significant judgement is required to categorise financial assets and liabilities under the fair value hierarchy classifications defined in IFRS 13 Fair Value Measurement. The Group exercises judgement in determining whether a market is active and if valuations in these markets reliably reflect the price of an arm's length transaction. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques using observable and unobservable inputs. The risks related to these judgements are set out in Note 5 opposite.

(b) Significant accounting estimates and assumptions

Insurance contracts

(i) Estimation of future cash flows
In estimating future cash flows, including premium receipts, reinsurance premium payments and claims, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external data, updated to reflect current expectations about future events. The estimates of future cash flows reflect the Group's view of current market conditions at the reporting date, ensuring the estimates of any relevant market variables are consistent with observable market prices, however, these cash flows are inherently uncertain in size and timing. The Group applies the PAA to simplify the measurement of insurance contracts.

Key uncertainty in estimating future cash flows arises due to the contractual terms of the HMT Retrocession Agreement, which provides for Further Premium to be payable to HM Government, which is calculated as 25% of the surplus reported by the Group. Due to Further Premium being linked to profitability, there is inherent uncertainty in the value of expected future cash flows. See Note 6 for further details regarding the calculation of Further Premium.

There are currently no other significant judgements or estimates to disclose in connection with applying the accounting policies.

5 Management of insurance and financial risk

The Board is responsible for establishing effective risk governance and a system of internal controls to safeguard the Group's assets and to ensure compliance with laws and regulations. These responsibilities are delegated to the Risk Committee, which is tasked with providing risk oversight and challenge across the business.

(a) Insurance risk

The Group is exposed to insurance risk as a primary consequence of its business. Key risks focus on the risk of loss due to timings, amount, frequency and severity of an insured event relative to the expectations at the time of underwriting.

The Group is exposed to the following insurance risks:

Underwriting risk

This is the risk that future claims experience on business written is materially different from the results expected, including adverse changes in the value of insurance liabilities resulting from significant uncertainty of pricing, underwriting and provisioning assumptions related to extreme or exceptional circumstances.

The Group's approach to the management of underwriting risk is influenced by the commitments contained in the agreements which form the foundations of the Group's scheme. The Group undertakes to accept all risks presented to it which meet the criteria of the scheme and has a Retrocession Agreement with HM Government which makes funds available where it faces claims beyond the extent of its ability to pay from its own resources. Under the PRA capital regime, the Group has a capital resource requirement set equal to zero. These arrangements are designed to ensure that the Group can accept all exposures presented to it without limit.

In turn, these arrangements ensure that the Group can provide primary insurers with the reinsurance protection they need to enable them to provide terrorism cover to all clients upon request to the full extent of their policy programme. Hence, it is not an objective to limit the assumption of insurance risk but to ensure that:

- risks accepted fall within the criteria set by the scheme and fall within the scope of the Retrocession Agreement;
- pricing is fair between the Members of the scheme; and
- administration arrangements are in place in the event of a major claim.

The Group's appetite for underwriting risk is therefore unlimited, provided that losses will ultimately be met by its funds and its retrocessional cover.

The Group is exposed to concentration risk, including business line and geographic concentration, on the insurance contracts it writes by the very nature of its business. The Company is a monoline reinsurer, with its principal activity to provide reinsurance for losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland.

Reserve risk

Reserve risk relates to both premium and claims. There is a risk of understatement or overstatement of reserves arising from:

- The uncertain nature of claims, in particular low frequency events such as terrorism;
- Data issues in the claims reporting process;
- Operational failures;
- Changes in claims trends, including a slowdown in processing of reinsurance recoveries; and
- Changes in underwriting and business written.

Understatement of reserves may result in not being able to pay claims when they fall due, while overstatement of reserves can lead to a surplus of funds being retained, resulting in opportunity cost; for example, lost investment return.

Given the very low frequency of claims impacting the Group, there is not a material exposure to reserve risk.

Reinsurance risk

This is the risk of inappropriate selection and/or placement of reinsurance arrangements, with either individual or multiple reinsurers, which renders the transfer of insurance risk to the reinsurer(s) inappropriate and/or ineffective.

Key risks relating to reinsurance risk include:

- Reinsurance concentration risk - the risk of excessive credit risk exposure to any given counterparty;
- Reinsurance capacity being reduced and/or withdrawn;
- Reinsurance contract terms being inappropriate or ineffective resulting in classes of business not being appropriately reinsured;
- Non-adherence to reinsurance policy terms and conditions, resulting in reinsurance recoveries not being made in full;
- Inappropriate or inaccurate management information and/or modelling being used to determine the value for money and purchasing of reinsurance.

The Group uses reinsurance to protect the underwriting result against low-frequency, high-severity losses through the transfer of catastrophe claims volatility to reinsurers.

The Group reduces its sensitivity to insurance risk through the purchase of commercial retrocessional reinsurance. Our reason for purchasing reinsurance centres around three core objectives: to protect the Pool Re fund, to distance HM Treasury and the UK taxpayer from paying potential losses, and to return terrorism risk to the private market. The three-year contract incepted on 1 March 2022 covering terrorism losses which are triggered by damage, the proximate cause of which was an Act of Terrorism. The cover was placed across four layers totalling £2,400 million attaching at £400 million. The price paid for the period 1 March 2024 to 28 February 2025 was £43.1 million, which included broker commission.

The Group entered into a new three-year agreement which incepted on 1 March 2025. The cover is placed across two layers totalling £2,750 million attaching at £1,000 million. To align with the flexible retention choice offered annually to Members under our new Reinsurance Treaty, from 2025 the attachment point has been changed from 'losses to Pool Re, net of Member retentions' to 'ground up losses to Pool Re Members'. This change affords retrocessional partners greater certainty around their probability of attachment over a three year period. The cost for the period 1 March 2025 to 28 February 2026 will be £52.7 million, including broker commission. The commercial retrocessional reinsurance cover is fully back-to-back with the cover the Group provides to Members. The minimum credit rating for reinsurers accepted is A- and the contract incorporates a downgrade clause allowing the Group to remove a reinsurer if its rating is downgraded.

Pool Re's reinsurance objectives are also developed by our involvement with the Insurance-Linked Security ("ILS") market. On 8 March 2022, the Group placed a three-year ILS bond ('Cat Bond') with a principal amount of £100 million, issued through a special purpose vehicle ("SPV"), Baltic PCC Limited. The Cat Bond (Baltic PCC Series 2022-1 Class A Principal At-Risk Variable Rate Notes 07/03/2025) had an initial interest spread of 5.50% and an initial attachment level of £500 million and a maturity date of 7 March 2025, with the loss period commencing on 1 March 2022. The annual re-set following revisions to exposure information resulted in the Group selecting an updated interest spread of 5.49% as of 29 February 2024. By maintaining the interest spread, the issue had a revised initial attachment level of £725 million, recovering at a rate of 50p/£1 loss up to an exhaustion level of £925 million. The cover was fully back-to-back with the cover the Group provides to Members. The Cat Bond was fully collateralised and therefore exposed to minimal credit risk. The Cat Bond matured on 7 March 2025, with a new three-year ILS issuance undertaken on 1 April 2025. See Note 20 for further details.

The table below shows claims outstanding at the end of the reporting year. Significant controls are in place to ensure, to the extent possible, that liquid funds are available to meet claims or a series of claims as and when necessary.

Claim development table

Reporting year	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Estimate of ultimate claims costs:						
• At end of reporting year	-	-	-	-	-	-
• One year later	-	-	-	-		-
• Two years later	-	-	-			-
• Three years later	-	-				-
• Four years later	-					-

Reporting year	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
Current position:						
Current estimate of cumulative claims	-	-	-	-	-	-
Cumulative payments to date	-	-	-	-	-	-
Gross liability recognised in the balance sheet	-	-	-	-	-	-
2020 and prior					-	-
Claims handling provision					-	-
Adjustment for non-financial risk					-	-
Effect of discounting					-	-
Other LIC					-	-
Total					-	-

The Group had a single claim, over the nine years preceding the current reporting period, for a total of £787k in 2017, which was paid in full within one year after the reporting date. Given the Group has a nil LIC balance at the end of the current reporting period and the immaterial value of claims in the preceding periods, the Group has deemed it not necessary to present a claims development table for a period of greater than five years.

As at 31 March 2025, there are no outstanding claims, nor are there any known loss events or circumstances that might reasonably be expected to give rise to a claim, including any events that would give rise to a balance of losses ‘incurred but not reported’ (“IBNR”), therefore the Group have not recognised a balance for LIC at the reporting date. In addition, given the time elapsed since the previous reported loss event, the Group are confident that the balance of losses ‘incurred but not enough reported’ (“IBNER”) should be nil.

(b) Financial risk management objectives

The overall financial risk management objective is to invest the Group's assets against the contingency that they may be required in the short term to deal with a claim or series of claims, but with recognition that they may not be called upon for extended periods.

The Group has adopted risk policies to address the management of its financial risks and there are procedures in place to identify, assess and manage the risks faced by the Group.

The Board has set an investment strategy and has employed independent investment managers under specific mandates to administer the Group's investments. In addition, the Group has an Investment Committee which considers all aspects of the Group's investment activity and, where appropriate, makes recommendations to the Board.

The investment strategy rests on the two main objectives for the fund of stability and liquidity, with the asset allocation aligned to these. Two stability risk measures and one liquidity risk measure have been adopted and risk budgets have been agreed in respect of each measure.

The investment portfolio is diversified, and the investment policy sets limits on the Group's exposure to various types of investment. There is a formal process to review regularly and, where appropriate, rebalance the asset allocation towards the target allocation.

Following a review of the Group's investment strategy in December 2024, several key changes were made to asset class exposures in both equity and fixed income, which were implemented in the period ending 31 March 2025. The strategic asset allocation to direct equity was increased from 7.5% to 10% (excluding indirect exposure via derivatives or fund vehicles), as shown below in Note 5(i), this was funded via a reduction in the Group's UK Gilt portfolio.

Additionally, the guidelines for the investment grade corporate bond mandates, which account for 55% of the strategic asset allocation were amended during the period, specifically with a change of benchmark. The historic benchmarks were combined government and corporate benchmarks, with an approximately 50:50 split, whereas the new custom benchmarks consists solely of investment grade credit. While the average credit rating profile for the investment grade corporate bond mandates has remained at A-, the revised benchmark has a larger tilt towards A and BBB rated exposures, with a resulting reduction in AAA and AA exposure. The impact of these changes is shown below in Note 5(i).

Reports on investment performance are considered at the quarterly Investment Committee meetings and as a standing item in the Group's quarterly Board meetings. The Group meets regularly with the investment managers and the custodians and there is a process for considering and resolving any operational issues which arise. The Group also reviews the investment manager and custodian System and Organisation Controls ("SOC") reports on an annual basis where applicable.

Derivative contracts are used by the Group only for the purposes of efficient portfolio management. Hence, derivatives are used to reduce risk, to reduce cost or to generate additional capital or income at a risk level consistent with the risk profile of the Group.

The Group is exposed to a range of financial risks through its financial assets, financial liabilities and policyholder liabilities, the most important of which are market (equity price, commodity price, interest rate and currency), credit and liquidity risk.

When setting the strategic asset allocation, the Group is subject to concentration risk in a variety of forms including:

- Large exposures to individual assets (either bond issuers or deposit-taking institutions);
- Large exposures to different assets where movements in values and ratings are closely correlated; and
- Large exposures to geographical locations.

Concentration risk on investments arises through excessive exposure to particular industry sectors, geographical locations, groups of business undertakings or similar activities. The Group is generally not exposed to significant concentration risk due to the Group credit policy and limits framework, which restricts investments in individual assets and asset classes, and due to the diversified nature of the overall portfolio.

(i) Market risk

Equity price risk

The Group is exposed to equity price risk as a result of changes in the value of its holdings in direct equities and equity derivative instruments which are included within financial assets at fair value.

In order to mitigate its exposure to the risk of changes in the prices of individual equities, the Group has a broadly diversified portfolio of global equities which is managed against the MSCI All Country World Index ("ACWI") Value Weighted Index. The MSCI ACWI Value Weighted Index is based on a traditional market cap weighted parent index, MSCI ACWI, which includes large and mid-cap stocks across 23 developed market and 24 emerging market countries.

The table below shows the profit/loss impact should equity market indices increase/ decrease by 10%, with all other market variables held constant.

	31 March 2025 **£000**	31 March 2024 **£000**
Notional exposure to equity markets	941,163	731,476
Sensitivity to 10% movement in value of equities	92,349	73,148
Total equity market exposure	13.4%	10.7%

Commodity price risk
The Group is exposed to commodity price risk as a result of changes in the value of its holdings in commodity derivative instruments which are included within financial assets at fair value.

The table below shows the profit/loss impact should commodity market indices increase/decrease by 10%, with all other market variables held constant.

	31 March 2025 **£000**	31 March 2024 **£000**
Notional exposure to equity markets	11,014	11,131
Sensitivity to 10% movement in value of commodities	1,101	1,113
Total commodity market exposure	0.2%	0.2%

Interest rate risk

The Group is exposed to interest rate risk which arises primarily from investments in fixed interest securities. Debt and fixed income investments represent a significant proportion of the Group's assets, and the Board continually monitors the investment strategy to minimise the risk of a fall in the portfolio's market value which could affect its ability to settle claims as they fall due. The fair value of the Group's investment portfolio of debt and fixed income holdings is normally inversely correlated to movements in market interest rates. If market interest rates rise, the fair value of the Group's debt and fixed income investments would tend to fall and vice versa, if credit spreads remained constant. Debt and fixed income assets are predominantly invested in high-quality corporate and government bonds.

Modified duration has been used as the measure of sensitivity of the Group's fixed interest portfolio to changes in interest rates. Modified duration is the weighted average of the duration of each holding in the portfolio, taking into account the key characteristics of the coupon, maturity and cash flows.

The Group uses certain derivatives to mitigate this interest rate risk. Investments in derivatives are governed by specific provisions within the investment mandates and can only be made for the purposes of efficient portfolio management.

The fair value of assets in the Group's statement of financial position exposed to interest rate risk are analysed below as follows:

	31 March 2025	31 March 2024
	£000	**£000**
Government issued bonds	899,443	2,214,852
Agency and government supported bonds	441,090	393,179
Asset-backed securities	91,545	114,678
Mortgage-backed instruments	68,496	10,637
Corporate bonds	3,667,414	2,590,730
Loans	233,880	215,896
Short-term deposits and commercial paper	314,791	221,273
Bond funds	363,392	347,917
Hedge Funds	144,158	86,871
Derivative financial instruments	3,533	(42)
	6,227,742	**6,195,990**

The table below shows the value of the Group's holdings of financial assets and liabilities reported within other financial investments exposed to interest rate risk at the year end and shows the profit/loss impact of a 50-basis point, parallel decrease/increase in interest rates assuming all other assumptions remain unchanged.

	31 March 2025 **£000**	31 March 2024 **£000**
Notional exposure to interest rate risk	6,227,742	6,195,990
Sensitivity to 50-basis point movement in interest rates	80,776	78,727
	Years	**Years**
Average modified duration	2.59	2.54

The carrying value of the liability under the HMT Retrocession Agreement is exposed to interest rate risk, as future cash flows and profit or loss may be affected by changes in the explicit interest rate ("SONIA") charged on the contract. The following sensitivity analysis has been performed based on a reasonably expected movement in the explicit interest rate of +/- 50 basis points, showing the resulting 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, however, for the purposes of the below analysis all variables, with the exception of the explicit interest rate, have been held constant. It should be noted that movements in these variables are non-linear.

	31 March 2025 **£000**	31 March 2024 **£000**
Carrying value of HMT Retrocession Agreement	509,773	353,827
Sensitivity to 50-basis points increase in interest rates[1]	(3,352)	(2,269)
Sensitivity to 50-basis points decrease in interest rates[1]	3,329	2,257

Notes:

[1] *The impact of changes in interest rates is consistent across profit or loss and equity.*

Currency risk

The Group is exposed to currency risk in respect of investments denominated in a currency other than pound sterling. The Group's policy is to manage its exposure to non-sterling currencies through the use of forward contracts.

The table below shows the value of assets denominated in currencies other than Sterling not covered by foreign exchange contracts at the year end. The table also shows the impact on profit/loss if Sterling had weakened/strengthened by 25% against the mix of currencies within the uncovered portion of the Group's investment fund, with all other variables held constant.

	31 March 2025 £000	31 March 2024 £000
Unhedged investments	575,722	446,171
Sensitivity to 25% weakening in value of Sterling on unhedged investment	197,448	149,737
Sensitivity to 25% strengthening in value of Sterling on unhedged investment	(111,820)	(88,626)

The table below shows the increase/decrease in profit from a 25% weakening/strengthening of Sterling against the Group's top five unhedged foreign currency exposures.

	31 March 2025			31 March 2024		
	Fair value of asset £000	Increase in profit £000	Decrease in profit £000	Fair value of asset £000	Increase in profit £000	Decrease in profit £000
EUR	60,966	24,505	(9,683)	23,351	9,152	(3,849)
CAD	25,015	8,401	(4,966)	20,139	6,713	(4,028)
HKD	41,670	13,906	(8,324)	25,631	8,558	(5,117)
JPY	78,438	25,907	(15,831)	45,402	15,126	(9,085)
USD	93,815	31,478	(18,639)	66,383	21,546	(13,626)
	299,904	**104,197**	**(57,443)**	**180,906**	**61,095**	**(35,705)**

(ii) Credit risk
Credit risk arises from the failure of a counterparty to perform its financial obligations, including a failure to perform those obligations in a timely manner. The Group is exposed primarily to counterparty default risk, which arises from the following sources:

- Investments — this arises from the investment of funds in a range of investment vehicles permitted by the investment policy.
- Reinsurance recoveries — this represents amounts receivable from the reinsurer to cover claims paid to policyholders.
- Insurance contracts issued — this arises from the collection of premiums from Members.

The Group cedes insurance risk to reinsurers, but, in return, assumes counterparty default risk against recoveries as it remains liable for claims payments to policyholders in case of reinsurer default. The Group's panel of reinsurers is therefore important, and both the quality and amount of the assumed counterparty default risk are subject to approval whereby reinsurance is only purchased from reinsurers that hold a credit rating of at least A- at the time cover is purchased.

Due to the nature of the Company's reinsurance contract agreements with its Members, there is no significant counterparty default risk relating to the insurance contracts it issues.

The Group's investment policies are designed to restrict the level of credit risk in the fund by setting limits on individual investments or groups of investments. Such limits are set with reference to the credit ratings determined by established credit rating agencies and individual issuer limits. The Group also mitigates counterparty credit risk by concentrating debt and fixed income investments in a portfolio of high quality, investment grade, corporate and government bonds, which are considered to have low credit risk.

The Group assesses the condition and creditworthiness of financial depositories by reviewing credit grades provided by rating agencies and other publicly available information. The Group also places limits on the level of counterparty exposure to financial depositories.

The Group receives reports from its investment managers detailing any breaches of mandates including those resulting from defaults and past due items. No financial assets of material value were past due or impaired at the year end.

The total exposure of the Group's assets to credit risk at the year end was £6,582,544k (31 March 2024: £6,577,649k), representing the total value of insurance and reinsurance contract assets, bonds, loans, derivative financial instruments, short-term deposits, cash at bank and in hand and investment and other receivables.

	31 March 2025 £000	31 March 2024 £000
Insurance contract assets	137	140
Reinsurance contract assets	-	4,577
Equities and investment funds	632,477	607,673
Debt and fixed income holdings	5,469,133	5,591,528
Derivative financial instruments	98,007	10,363
Short-term deposits	305,365	225,810
Cash at bank and in hand	41,618	46,634
Other debtors	35,816	90,924
Total assets bearing credit risk	**6,582,554**	**6,577,649**

The tables below analyse the credit quality of debt and fixed income securities exposed to credit risk held by the Group.

	AAA	AA	A	BBB	BB & below	Not rated	31 March 2025 £000
Government issued bonds	45,256	745,978	37,419	28,555	47,838	-	905,046
Agency and government supported bonds	259,654	133,138	42,522	7,715	2,134	-	445,163
Asset-backed securities	7,464	3,038	10,786	34,629	36,926	-	92,843
Mortgage backed instruments	-	64,864	1,129	2,105	506	-	68,604
Corporate bonds	280,440	366,843	1,986,600	868,182	218,788	1,429	3,722,282
Loans	-	-	-	138	218,755	16,302	235,195
Total	**592,814**	**1,313,861**	**2,078,456**	**941,324**	**524,947**	**17,731**	**5,469,133**

	AAA	AA	A	BBB	BB & below	Not rated	31 March 2024 £000
Government issued bonds	346,172	1,752,549	47,004	42,984	36,858	-	2,225,567
Agency and government supported bonds	250,845	100,955	44,802	-	558	-	397,160
Asset-backed securities	49,465	2,964	5,315	28,162	29,744	-	115,650
Mortgage backed instruments	3,921	3,889	1,119	1,376	389	-	10,694
Corporate bonds	284,429	323,597	1,199,502	649,450	169,385	-	2,626,363
Loans	-	-	6,230	3,269	201,811	4,784	216,094
Total	**934,832**	**2,183,954**	**1,303,972**	**725,241**	**438,745**	**4,784**	**5,591,528**

The tables below analyse the credit quality of financial and insurance assets (excluding debt and fixed income securities analysed above) held by the Group.

	AAA	AA	A	BBB	BB & below	Not rated	31 March 2025 £000
Insurance contract assets	-	-	-	-	-	137	137
Reinsurance contract assets	-	-	-	-	-	-	-
Equities and investment funds[1]	-	-	-	-	-	632,477	632,477
Derivative financial instruments	-	-	-	-	-	98,007	98,007
Short-term deposits	305,365	-	-	-	-	-	305,365
Cash at bank and in hand	41,618	-	-	-	-	-	41,618
Other debtors	-	-	-	-	-	35,816	35,816
Total	**346,983**	**-**	**-**	**-**	**-**	**766,438**	**1,113,421**

	AAA	AA	A	BBB	BB & below	Not rated	31 March 2024 £000
Insurance contract assets	-	-	-	-	-	140	140
Reinsurance contract assets	-	-	-	-	-	4,577	4,577
Equities and investment funds[1]	-	-	-	-	-	607,673	607,673
Derivative financial instruments	-	-	-	-	-	10,363	10,363
Short-term deposits	225,810	-	-	-	-	-	225,810
Cash at bank and in hand	46,634	-	-	-	-	-	46,634
Other debtors	-	-	-	-	-	90,924	90,924
Total	**272,444**	**-**	**-**	**-**	**-**	**713,677**	**986,121**

Notes:

[1] *Equities and investment funds includes bond funds of £363,392k (31 March 2024: £347,917k) and hedge funds of £269,085k (31 March 2024: £259,756k).*

At the reporting date, excluding UK Government Gilts and US Government Securities, the maximum credit risk exposure to a single counterparty amounted to 1.4% of the Net Asset Value (31 March 2024: 2.0%).

The Group has no financial assets and financial liabilities that have been offset in the Consolidated statement of financial position as at 31 March 2025 (31 March 2024: nil). In accordance with IFRS 7, disclosure is included below regarding recognised financial instruments subject to enforceable master netting arrangements, irrespective of whether they are offset in the Consolidated Statement of Financial Position.

	31 March 2025 £000	31 March 2024 £000
Derivative assets	97,992	10,363
Derivatives liabilities	(21,868)	(25,371)

The table below details the margin requirements, margin positions and collateral posted or held in respect of derivative contracts at year end.

	31 March 2025 £000	31 March 2024 £000
Initial margin requirements	4,648	1,076
Securities on deposit	3,100	10,952
Cash collateral posted	7,011	26,459
Cash collateral held	62,470	4,455

Securities on deposit at 31 March 2025 of £3,100k (31 March 2024: £10,952k) are disclosed within financial assets carried at fair value, specifically within debt and fixed income holdings and consist solely of US Treasury Notes. The Group retains all the risks and rewards of the pledged securities; therefore the assets do not qualify for derecognition and remain disclosed on the Group's statement of financial position.

Cash collateral held is included in Short-term deposits, which is reported under cash and cash equivalents on the Statement of Financial Position. Cash collateral held is regarded as encumbered.

(iii) Liquidity risk
Liquidity risk is the risk of being unable to access cash from the sale of investments or other assets in order to settle financial obligations as they fall due.

The Group's overall financial risk management objective is to invest the assets against the contingency that they may be required in the short term to deal with a claim or series of claims, or other insurance contract liabilities, but with recognition that they may not be called upon for extended periods. As at 31 March 2025, 20% (31 March 2024: 28%) of the Group's investment assets were held in bonds with maturities of less than 18 months.

The contractual maturity profile of the fair value of these securities is as follows:

Fair values at balance sheet date analysed by contractual maturity as at 31 March 2025

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	31 March 2025 £000
Debt and fixed income holdings	654,011	818,933	3,107,761	831,566	**5,412,271**
Short-term deposits	304,388	-	-	-	**304,388**
Cash at bank and in hand	40,566	-	-	-	**40,566**
	998,966	**818,933**	**3,107,761**	**831,566**	**5,757,226**

Fair values at balance sheet date analysed by contractual maturity as at 31 March 2024

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	31 March 2024 £000
Debt and fixed income holdings	1,231,270	886,408	2,814,646	612,536	**5,544,861**
Short-term deposits	225,367	-	-	-	**225,367**
Cash at bank and in hand	46,634	-	-	-	**46,634**
	1,503,271	**886,408**	**2,814,646**	**612,536**	**5,816,862**

Cash and cash equivalents reported within the Statement of Cash Flows include cash collateral positions in respect of foreign exchange derivative contracts at year end. Cash collateral received is included in Short-term deposits and is regarded as encumbered. The value of cash collateral held at 31 March 2025 was £62,470k (31 March 2024: £4,455k).

The Group has financial liabilities shown on the face of the Statement of Financial Position in respect of insurance contract liabilities, creditors, deferred tax and derivatives. The table below is a maturity analysis of the Group's financial liabilities. Cash flows in respect of derivative liabilities are shown on an undiscounted basis.

Financial liabilities and outstanding claims as at 31 March 2025

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	31 March 2025 £000
Derivatives	21,385	121	185	177	**21,868**
Insurance contract liabilities	65,896	-	-	-	**65,896**
Deferred tax	-	40,087	24,037	-	**64,124**
Reinsurance contract liabilities	276,815	237,452	-	-	**514,267**
Other creditors, including investment and lease creditors	149,737	511	-	-	**150,248**
	513,834	**278,170**	**24,222**	**177**	**816,403**

Financial liabilities and outstanding claims as at 31 March 2024

	Within 1 year £000	Between 1 & 2 years £000	Between 2 & 5 years £000	Over 5 years £000	31 March 2024 £000
Derivatives	25,349	-	22	-	**25,371**
Insurance contract liabilities	64,171	-	-	-	**64,171**
Deferred tax	-	28,226	31,570	-	**59,796**
Reinsurance contract liabilities	167,212	180,622	6,032	-	**353,866**
Other creditors, including investment and lease creditors	234,639	942	-	-	**235,581**
	491,370	**209,790**	**37,624**	**-**	**738,784**

(iv) Capital management

The Group falls within the exclusion in Article 11 of EU Directive 2009/138/EC (Solvency II Directive). Following applications by the Group, in November 2020 the PRA extended certain waivers previously granted to the Group under section 138A of the Financial Services and Markets Act 2000, such that those waivers continue until 1 January 2026, and which management reasonably expects will be extended. The principal effects of those waivers are that the Group is not regulated as if subject to Solvency II and the Group's Capital Resources Requirement is zero. The Group also benefits from a waiver of certain reporting requirements, which are in force until 31 March 2027.

Notwithstanding these waivers, the Group maintains an efficient capital structure consistent with its risk profile and the requirements of its business.

The Group's objectives in managing its capital are:

- to consider the profile of its assets in the context of its liabilities, taking account of the risks inherent in the business;
- to maintain financial strength to support business growth;
- to satisfy the requirements of its regulators, its Members and its ultimate policyholders;
- to retain financial flexibility by maintaining strong liquidity and access to a range of capital markets; and
- to manage exposures to movement in exchange rates.

As detailed in Note 5(a) the Group considers not only traditional sources of capital funding, but also reinsurance as an alternative source of capital.

(v) Fair value estimation

The Group classifies financial instruments held at fair value in the Statement of Financial Position into the following levels in accordance with IFRS 13 Fair Value Measurement. A fair value measurement is categorised in its entirety based on the lowest level input that is significant to the fair value measurement.

Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical instruments;

Level 2: Fair values measured using directly or indirectly observable inputs or other similar valuation techniques for which all significant inputs are based on market observable data; and

Level 3: Fair values measured using valuation techniques for which significant inputs are not based on market observable data.

The following tables show the Group's financial assets and financial liabilities measured at fair value:

FINANCIAL ASSETS AS AT 31 MARCH 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities and investment funds	710,820	725,708	91,508	**1,528,036**
Debt and fixed income holdings	799,028	4,613,243	-	**5,412,271**
Derivative financial instruments	4,734	93,258	-	**97,992**
	1,514,582	**5,432,209**	**91,508**	**7,038,299**

FINANCIAL LIABILITIES AS AT 31 MARCH 2025	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Derivative financial instruments	1,151	20,717	-	**21,868**
	1,151	**20,717**	**-**	**21,868**

FINANCIAL ASSETS AS AT 31 MARCH 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Equities and investment funds	526,574	711,927	67,004	**1,305,505**
Debt and fixed income holdings	2,135,295	3,409,507	58	**5,544,861**
Derivative financial instruments	53	10,310	-	**10,363**
	2,661,923	**4,131,744**	**67,062**	**6,860,729**

FINANCIAL LIABILITIES AS AT 31 MARCH 2024	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Derivative financial instruments	95	25,276	-	**25,371**
	95	**25,276**	**-**	**25,371**

The fair value of assets included in Level 1 are determined by the unadjusted quoted bid price in an active market at the reporting date. At the year-end, these assets comprised mainly developed market government bonds (including index-linked government bonds), listed equities and exchange traded derivatives.

If quoted prices in active markets are not available as defined in Level 1, the fair value of the asset can be determined using a valuation technique with inputs that are observable (i.e. using market data), either directly or indirectly. Assets valued using such valuation techniques are categorised in Level 2. The Group has classified corporate bonds, emerging market government and semi- government bonds, asset-backed securities, loans, mutual funds and over the counter ("OTC") derivatives within Level 2. The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured.

Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information and reflect appropriate adjustment for the risks of the instrument. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates. The Group's Level 3 financial instruments consist of unlisted equity and debt securities issued by a single counterparty and investments in limited partnership structures. There were no transfers in or out of Level 1, 2 or 3 of the fair value hierarchy in the period.

Level 3 instruments solely relate to investments in limited partnerships, all of which have limited observable inputs on which to measure fair value. Limited partnership investments are carried at fair value. The effect of changing one or more inputs used in the measurement of fair value of these instruments to another reasonable assumption would not be significant.

Investments in limited partnership structures are valued by utilising a variety of techniques dependent on the nature of the underlying portfolio companies within the partnership. Valuation techniques employed include relative valuation methodologies such as discounted public company and private merger and acquisition comparables, discounted cash flow models including enterprise value to trailing twelve-month revenue and transactional valuations based on pre and post-money valuations. Cost, plus or minus the net income advised as attributable to the Group at the reporting date is taken as a reliable measurement of fair value where investments have not been revalued since initial recognition.

The Group's investment policy allows for an allocation of 3% of the total investment fund value to these limited partnership structures, as at 31 March 2025 the maximum allocation under the policy was £217 million (31 March 2024: £205m). Total capital committed to limited partnerships at 31 March 2025 is £118,735k (31 March 2024: £93,506k), with capital called to date at 31 March 2025 of £79,691k (31 March 2024: £56,446k). The fair value of limited partnerships reported in Level 3 is £91,508k (31 March 2024: £67,004k).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the relevant reporting period during which the transfers are deemed to have occurred.

	Level 3 **£000**
As at 31 March 2024	67,062
Acquisitions	25,618
Disposals	(3,556)
Transfers into Level 3	-
Net losses recognised at fair value through profit or loss	2,384
As at 31 March 2025	**91,508**

6 Insurance service result

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
INSURANCE REVENUE		
Insurance revenue	263,274	262,658
Total insurance revenue	**263,274**	**262,658**
INSURANCE SERVICE EXPENSES		
Incurred claims and other claims expenses	-	-
Other directly attributable expenses	(3,429)	(1,233)
Total insurance service expenses	**(3,429)**	**(1,233)**
NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD		
Reinsurance expenses	(362,396)	(276,545)
Claims recovered	-	-
Total net expenses from reinsurance contracts held	**(362,396)**	**(276,545)**
Total insurance service result	**(102,551)**	**(15,119)**

Gross premiums written by the Group for the 12 months to 31 March 2025 totalled £257,945k (31 March 2024: £261,733k). This all relates to the Group's principal activity which is reinsurance business conducted on a mutual basis from risks located in England, Wales and Scotland.

Under the Group's HMT Retrocession Agreement, 50% (31 March 2024: 50%) of the value of gross premiums written for policies incepting during the year are payable as outward reinsurance premiums to HM Government. For the 12 months to 31 March 2025, this amounted to £128,973k (31 March 2024: £130,867k).

Following the transition to an excess of loss treaty reinsurance scheme on 1 April 2025, see Note 23, all existing contracts under the current facultative scheme were cancelled. The cancellation of these contracts resulted in the cancellation of the unearned portion of the 50% share of gross premiums payable to HM Government under the HMT Retrocession Agreement relating to those underlying contracts which were cancelled.

A Further Premium amount is also payable to HM Government in accordance with the HMT Retrocession Agreement. This provision requires a matching payment to HM Government in years when the Company declares and pays a distribution to its Members. The Further Premium is calculated as 25% (31 March 2024: 25%) of the Surplus reported by the Group for the period. Surplus, for these purposes, is calculated as profit for the year before deducting the 25% Further Premium payable to HM Government.

In accordance with IFRS 17, Further Premium is recognised in the financial statements in the reporting period in which the related insurance service is provided. This recognition is based on forecast expected future cash flows taking into account the probability of payment. This treatment differs from that of distributions to Members, which are recognised only in the period in which they are formally declared and paid. Further details are provided in Note 3(s).

In the reporting period, the Further Premium amounted to £86,382k (March 2024: £96,623k). As a result of the treaty and cancellation of all facultative scheme contracts, the earnings pattern of the 25% Further Premium share payable to HM Government under the HMT Retrocession Agreement, which reflects the profit on the Group's business written during the period, has been accelerated for the 2024 annual cohort. This reflects the termination of the facultative scheme and full recognition of the 25%

Further Premium share relating to the previous scheme. The impact of this change was an increase in Reinsurance service expense of approximately £51 million for the period ending 31 March 2025.

Seasonality of the Further Premium, which is driven largely by investment performance in any given year, also contributed to the increased Reinsurance service expense in the period of £29 million.

Premium payable to HM Government is due no later than 31 March in the third year following the end of the relevant underwriting year. The outstanding liability payable to HM Government is reported under reinsurance contract liabilities in the statement of financial position.

Commercial and ILS retrocession cover was also purchased during the year, as further detailed in Note 5(a). For the 12-month period ended 31 March 2025, reinsurance expenses were as follows:

- Commercial Retrocession reinsurance expenses totalled £44,263k (31 March 2024: £39,368k), of which £1,341k (31 March 2024: £1,333k) related to broker commissions.
- ILS reinsurance expenses totalled £5,794k (31 March 2024: £6,264k), including £701k (31 March 2024: £658k) attributable to issuance costs.

The Group's principal activity is to provide reinsurance in respect of losses arising from damage to, or destruction of, commercial property resulting from Acts of Terrorism within England, Wales and Scotland. Given the monoline nature of the business model and geographic restrictions, the Group has not provided any further analysis by operating segment.

7 Net insurance finance and investment result

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
FINANCE INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD		
Interest accreted	(12,230)	(3,018)
Finance expense from reinsurance contracts held	**(12,230)**	**(3,018)**
Net insurance finance expenses	**(12,230)**	**(3,018)**

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Investment income including interest receivable	236,126	180,435
Net realised gains on financial investments at fair value through profit or loss	124,758	215,598
Net unrealised gains on financial investments at fair value through profit or loss	91,358	54,855
Investment income	**452,242**	**450,888**
INVESTMENT EXPENSES		
Investment management and other expenses	(14,168)	(9,616)
Total investment result	**438,074**	**441,272**
Total net investment return, insurance and reinsurance finance income/(expenses)	**425,844**	**438,254**

The Group discounts future cash flows to reflect the time value of money. Interest rates used for discounting are determined and fixed at the inception of each underwriting year. Interest accretion on the HMT Retrocession Agreement for the 12-month period ended 31 March 2025 totalled £12,230k (31 March 2024: £3,018k). The significant year-on-year increase is primarily attributable to the elevated interest rate environment, with rates rising substantially during 2023 and continuing into the 2024/25 financial year.

8 Operational expenses

(a) Operational expenses

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Wages and salaries	6,384	6,359
Social security costs	929	861
Pension costs	370	400
Director fees	593	626
Other staff costs	1,056	932
Travel and entertainment	124	156
Property and office costs	832	905
IT costs	461	677
Depreciation	410	465
Professional and legal fees	2,995	4,766
External risk mitigation project funding	3,292	1,304
Other costs	878	842
Total non-directly attributable expenses	**18,324**	**18,293**
Wages and salaries	1,528	780
Social security costs	196	108
Pension costs	153	78
Other staff costs	222	-
Travel and entertainment	32	29
Property and office costs	239	98
IT costs	706	88
Professional and legal fees	353	52
Total directly attributable insurance services expenses	**3,429**	**1,233**
Total operational expenses	**21,753**	**19,526**

(b) Auditor's remuneration

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Fees payable to the Group's auditors for the audit of the Group's financial statements	297	475
Fees payable to the Group's auditors for other services:		
Other assurance services	29	35
Other non-audit services	-	-
	326	**509**

The audit fee for the 12 months ending 31 March 2025 of £326k (31 March 2024: £509k) includes £295k (31 March 2024: £390k) for the current period, an adjustment of -£14k relating to the prior year (31 March 2024: £37k), and £45k (31 March 2024: £82k) of irrecoverable VAT.

9 Employee and Directors

The monthly average number of persons employed on a full-time equivalent basis by the Group during the year was 47 (31 March 2024: 42).

Employees

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Staff costs for these persons were:		
Wages and salaries	7,912	7,139
Social security costs	1,125	969
Other pension costs	523	478
	9,560	**8,586**

Of the total aggregate remuneration, £1,877k (31 March 2024: £965k) is included in the Insurance Service result as part of other directly attributable expenses. See Note 8 for further details.

Directors

As at 31 March 2025, there were 10 Non-Executive Directors (31 March 2024: 10) and one Executive Director, the Chief Executive. The Directors of the Group who were in office during the year can be found within the Directors' Report. Total remuneration paid to Directors is as follows:

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
The Directors' emoluments were as follows:		
Aggregate emoluments	1,544	1,553
Sums paid to third parties for Director services	41	22
	1,585	**1,575**

Details of Directors' remuneration are included within the Remuneration and staff report on page 76.

Notes to the consolidated financial statements for the year ended 31 March 2025

10 Tax on profit on ordinary activities

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Tax on profit on ordinary activities comprised:		
United Kingdom Corporation Tax:		
Current tax on income for the year at 25.00% (31 March 2024: 25.00%)	(85,348)	(33,775)
Withholding tax deducted from investment income	(2,688)	(1,840)
Total current tax	**(88,036)**	**(35,614)**
Deferred tax liability - origination and reversal of timing differences at 25.00% (31 March 2024: 25.00%) - Note 17	(4,328)	(49,262)
Tax on profit on ordinary activities	**(92,364)**	**(84,876)**

Factors affecting the tax charge for the year

The tax assessed for the year is different from the standard rate of UK Corporation Tax: 25.00% (31 March 2024: 25.00%). The differences are explained below:

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Profit on ordinary activities before tax	**304,975**	**404,892**
Corporation Tax at the standard UK rate of 25.00% (31 March 2024: 25.00%) on profit on ordinary activities	(76,244)	(101,223)
Adjustments for non-taxable items. Tax at 25.00% (31 March 2024: 25.00%) on:		
Insurance income	(21,379)	2,118
Dividend income	5,850	4,410
Other investment expenses, capital allowances and bank charges	(535)	(40)
Investment gains on equities	999	819
Investment gains on index-linked government bonds	2,560	6,819
Foreign taxes	(2,647)	(1,873)
Adjustments in respect of prior year	(968)	4,093
Deferred tax charge	1	-
Tax on profit on ordinary activities	**(92,364)**	**(84,876)**

11 Financial assets and liabilities

Financial assets designated at fair value through profit or loss are measured at fair values, with all changes from one accounting period to the next being recorded through profit or loss.

	31 March 2025 £000	31 March 2024 £000
FINANCIAL ASSETS		
Debt and fixed income holdings	5,412,271	5,544,861
Equities and investment funds	1,528,036	1,305,505
Total investments	**6,940,307**	**6,850,366**
Derivative financial instruments	97,992	10,363
Total financial assets carried at fair value	**7,038,299**	**6,860,729**

The effective maturity of the debt and fixed income holdings due within one year and after one year are as follows:

	31 March 2025 £000	31 March 2024 £000
Within one year	654,011	1,231,858
After one year	4,758,260	4,313,002
	5,412,271	**5,544,861**

An analysis of the credit risk and contractual maturity profiles of the Group's financial instruments is given in Note 5.

	31 March 2025 £000	31 March 2024 £000
FINANCIAL LIABILITIES		
Within one year	21,385	25,349
After one year	483	22
	21,868	**25,371**

As at 31 March 2025 the purchase cost of equities and investment funds was £1,246,835k (31 March 2024: £1,057,981k), the purchase cost of debt and fixed income holdings was £5,542,831k (31 March 2024: £5,628,362k) and the purchase cost of derivatives was £1,628k (31 March 2024: £432k).

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. In general, under these agreements, the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

The tables below show fair values of derivative financial instruments outstanding at year end and which are subject to the above arrangements.

	31 March 2025		31 March 2024	
	£000 Fair value	**£000** Notional	**£000** Fair value	**£000** Notional
ASSETS				
Foreign exchange contracts	91,590	4,425,927	9,836	2,431,903
Futures contracts	4,734	848,779	53	5,084
Options contracts	154	13,635	368	8,828
Swap contracts	1,514	98,075	106	6,659
	97,992	**5,386,416**	**10,363**	**2,452,474**

	31 March 2025		31 March 2024	
	£000 Fair value	**£000** Notional	**£000** Fair value	**£000** Notional
LIABILITIES				
Foreign exchange contracts	20,208	3,377,976	25,246	2,834,352
Futures contracts	1,151	180,103	95	163,984
Options contracts	17	8,492	8	2,820
Swap contracts	492	42,005	22	2,681
	21,868	**3,608,576**	**25,371**	**3,003,837**

The movement through the Profit or Loss Statement for derivatives for the 12-month period to 31 March 2025 was as follows: foreign exchange contracts produced a gain of £131,959k (31 March 2024: gain of £99,719k); futures contracts produced a gain of £10,934k (31 March 2024: gain of £301k); options contracts produced a loss of £268k (31 March 2024: loss of £185k) and swap contracts produced a gain of £12k (31 March 2024: loss of £5k).

12 Property, plant and equipment

	Right of use assets £000	Other equipment £000	Total £000
BOOK COST			
As at 1 April 2024	**3,947**	**2,029**	**5,976**
Additions	-	109	109
Disposals	-	-	-
As at 31 March 2025	**3,947**	**2,138**	**6,085**
ACCUMULATED DEPRECIATION			
As at 1 April 2024	2,928	1,766	4,694
Charge for the year	394	152	546
Disposals	-	-	-
As at 31 March 2025	**3,322**	**1,918**	**5,240**
NET BOOK VALUE			
As at 31 March 2025	**625**	**220**	**846**

Notes to the consolidated financial statements for the year ended 31 March 2025

	Right of use assets £000	Other equipment £000	Total £000
BOOK COST			
As at 1 April 2023	3,947	2,007	5,954
Additions	-	135	134
Disposals	-	(113)	(113)
As at 31 March 2024	**3,947**	**2,029**	**5,976**
ACCUMULATED DEPRECIATION			
As at 1 April 2023	2,532	1,754	4,286
Charge for the year	396	124	520
Disposals	-	(112)	(112)
As at 31 March 2024	**2,928**	**1,766**	**4,694**
NET BOOK VALUE			
As at 31 March 2024	**1,019**	**263**	**1,282**

The charge for depreciation for the 12-month period ending 31 March 2025 was £546k (31 March 2024: £520k). Depreciation for right-of-use assets consists of £394k (31 March 2024: £396k) for office leasing.

13 Cash and cash equivalents

	31 March 2025 £000	31 March 2024 £000
Cash at bank and in hand	40,566	46,634
Short-term deposits	304,388	225,367
Cash and cash equivalents per the statement of financial position	**344,955**	**272,001**
Bank overdrafts	(6,371)	(3,287)
Cash and cash equivalents	**338,584**	**268,714**

Short-term deposits include debt securities with an original maturity date of less than three months and money market funds.

Of the total amount of Short-term deposits at 31 March 2025, £62,470k (31 March 2024: £4,455k) relates to cash collateral received in respect of foreign exchange derivative contracts and is regarded as encumbered.

14 Investment and other receivables

	31 March 2025 £000	31 March 2024 £000
Prepayments and accrued income	61,554	49,853
Other receivables:		
Investment debtors	35,816	90,924
Other debtors	325	475
Total investment and other receivables	**97,695**	**141,252**

The amounts expected to be recovered before and after one year are estimated as follows:

	31 March 2025 £000	31 March 2024 £000
Within one year	97,695	141,252
After one year	-	-
	97,695	**141,252**

There is no significant credit risk within investment and other receivables. The Group recognised a loss of £nil (31 March 2024: £nil) for the impairment of receivables during the 12-month period ending 31 March 2025. The carrying amounts are reasonably approximate to the fair value at reporting date.

15 Reconciliation of the liability for remaining coverage and the liability for incurred claims

(i) Insurance contracts issued measured under the premium allocation approach

	31 March 2025		
	Excluding loss component £000	Loss component £000	Total £000
Opening insurance contracts issued liabilities as at 1 April 2024	(64,171)	-	**(64,171)**
Opening insurance contracts issued assets as at 1 April 2024	140	-	**140**
Net opening balance as at 1 April 2024	**(64,031)**	**-**	**(64,031)**
Insurance revenue	263,274	-	**263,274**
INSURANCE SERVICE EXPENSES			
Incurred claims and other directly attributable expenses	(3,429)	-	**(3,429)**
Insurance service expenses	**(3,429)**	**-**	**(3,429)**
Net insurance revenue	**259,845**	**-**	**259,845**
Total amounts recognised in profit or loss	**259,845**	**-**	**259,845**
CASH FLOWS			
Premiums received	(261,573)	-	**(261,573)**
Claims and other directly attributable expenses paid		-	**-**
Total cash flows	**(261,573)**	**-**	**(261,573)**
Net closing balance as at 31 March 2025	**(65,759)**	**-**	**(65,759)**
Closing insurance contracts issued liabilities as at 31 March 2025	(65,896)	-	**(65,896)**
Closing insurance contracts issued assets as at 31 March 2025	137	-	**137**
Net closing balance as at 31 March 2025	**(65,759)**	**-**	**(65,759)**

Notes to the consolidated financial statements for the year ended 31 March 2025

	31 March 2024		
	Excluding loss component £000	Loss component £000	Total £000
Opening insurance contracts issued liabilities as at 1 April 2024	(66,604)	-	**(66,604)**
Opening insurance contracts issued assets as at 1 April 2024	145	-	**145**
Net opening balance as at 1 April 2023	**(66,458)**	**-**	**(66,458)**
Insurance revenue	262,658	-	**262,658**
INSURANCE SERVICE EXPENSES			
Incurred claims and other directly attributable expenses	(1,233)	-	**(1,233)**
Insurance service expenses	**(1,233)**	**-**	**(1,233)**
Insurance service result	**261,425**	**-**	**261,425**
Total amounts recognised in profit or loss	**261,425**	**-**	**261,425**
CASH FLOWS			
Premiums received	(258,998)	-	**(258,998)**
Claims and other directly attributable expenses paid	-	-	**-**
Total cash flows	**(258,998)**	**-**	**(258,998)**
Net closing balance as at 31 March 2024	**(64,031)**	**-**	**(64,031)**
Closing insurance contracts issued liabilities as at 31 March 2024	(64,171)	-	**(64,171)**
Closing insurance contracts issued assets as at 31 March 2024	140	-	**140**
Net closing balance as at 31 March 2024	**(64,031)**	**-**	**(64,031)**

Notes to the consolidated financial statements for the year ended 31 March 2025

(ii) Reinsurance contracts held measured under the premium allocation approach

	31 March 2025		
	Excluding loss component £000	Loss component £000	Total £000
Opening reinsurance contracts held liabilities as at 1 April 2024	(353,866)	-	**(353,866)**
Opening reinsurance contracts held assets as at 1 April 2024	4,577	-	**4,577**
Net opening balance as at 1 April 2024	**(349,289)**	**-**	**(349,289)**
NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD			
Allocation of reinsurance premiums paid	(362,396)	-	**(362,396)**
Net income/(expenses) from reinsurance contracts held	**(362,396)**	**-**	**(362,396)**
Finance (income) expenses from reinsurance contracts held	(12,230)	-	**(12,230)**
Total amounts recognised in profit or loss	**(374,626)**	**-**	**(374,626)**
CASH FLOWS			
Premiums paid including ceding commissions and other directly attributable expenses	209,648	-	**209,648**
Recoveries from Reinsurance claims	-	-	**-**
Total cash flows	**209,648**	**-**	**209,648**
Net closing balance as at 31 March 2025	**(514,267)**	**-**	**(514,267)**
Closing reinsurance contracts held liabilities 31 March 2025	(514,267)	-	**(514,267)**
Closing reinsurance contracts held assets as at 31 March 2025	-	-	**-**
Net closing balance as at 31 March 2025	**(514,267)**	**-**	**(514,267)**

	31 March 2024		
	Excluding loss component £000	Loss component £000	Total £000
Opening reinsurance contracts held liabilities as at 1 April 2023	(362,196)	-	**(362,196)**
Opening reinsurance contracts held assets as at 1 April 2023	558	-	**558**
Net opening balance as at 1 April 2023	**(361,638)**	**-**	**(361,638)**
NET INCOME/(EXPENSES) FROM REINSURANCE CONTRACTS HELD			
Allocation of reinsurance premiums paid	(276,545)	-	**(276,545)**
Net income/(expenses) from reinsurance contracts held	**(276,545)**	**-**	**(276,545)**
Finance (income) expenses from reinsurance contracts held	(3,018)	-	**(3,018)**
Total amounts recognised in profit or loss	**(279,563)**	**-**	**(279,563)**
CASH FLOWS			
Premiums paid including ceding commissions and other directly attributable expenses	291,912	-	**291,912**
Recoveries from Reinsurance	-	-	**-**
Total cash flows	**291,912**	**-**	**291,912**
Net closing balance as at 31 March 2024	**(349,289)**	**-**	**(349,289)**
Closing reinsurance contracts held liabilities 31 March 2024	(353,866)	-	**(353,866)**
Closing reinsurance contracts held assets as at 31 March 2024	**4,577**	-	**4,577**
Net closing balance as at 31 March 2024	**(349,289)**	**-**	**(349,289)**

There has been no change in the risk of non-performance by the issuer of reinsurance contracts held, therefore this has not been disclosed in the above tables.

16 Investment and other payables

	31 March 2025 £000	31 March 2024 £000
Social security and other taxes payable	243	219
Investment creditors	132,818	223,067
Lease liabilities	942	1,370
Bank overdrafts	6,371	3,287
Other creditors	1,777	1,147
	142,151	**229,091**
Accruals	8,097	6,490
Total investment and other payables	**150,248**	**235,581**

The amounts expected to be settled before one year and after one year are estimated as follows:

	31 March 2025 £000	31 March 2024 £000
Within one year	141,640	228,149
After one year	511	942
	142,151	**229,091**

The carrying amounts are reasonably approximate to the fair value at reporting date.

Lease arrangements

As a lessee, the Group has one lease which relates to the rental of office space. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease does not have the option to extend.

Right-of use leases

	31 March 2025 £000	31 March 2024 £000
Balance at beginning of period	**1,370**	**1,795**
Interest on lease liabilities	12	16
Lease payments	(440)	(441)
Balance at end of period	**942**	**1,370**
Non-current	511	942
Current	432	428

Group maturity analysis of right-of-use lease liabilities

	31 March 2025 £000	31 March 2024 £000
Within 1 year	432	428
Between 1 year and 2 years	510	432
Between 2 years and 5 years	-	510
	942	**1,370**

Analysis of amounts included in the Group comprehensive statement of profit or loss

	12 moths to 31 March 2025 £000	12 moths to 31 March 2024 £000
Depreciation of right-of-use assets	394	396
Interest on lease liabilities	12	16
Total	**406**	**412**

Analysis of amounts included in the statement of cashflows

	12 moths to 31 March 2025 £000	12 moths to 31 March 2024 £000
Lease payments	(440)	(441)
Total	**(440)**	**(441)**

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed.

17 Deferred tax

	31 March 2025 £000	31 March 2024 £000
Deferred tax asset	3	3
Deferred tax liability	(64,127)	(59,799)
Net deferred tax liability	**(64,124)**	**(59,796)**

Deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the Group's statement of financial position.

	31 March 2024 £000	Profit or Loss Account (charge)/credit £000	31 March 2025 £000
Tangible assets	3	-	**3**
Total deferred tax assets	**3**	**-**	**3**
Financial assets	(59,799)	(4,328)	**(64,127)**
Total deferred tax liabilities	**(59,799)**	**(4,328)**	**(64,127)**
Net total deferred tax liability	**(59,796)**	**(4,328)**	**(64,124)**

Deferred tax assets of £3k have been recognised on temporary timing differences on tangible assets (31 March 2024: £3k).

A deferred tax liability of £64,127k has been recognised in respect of timing differences on the realisation of equities and investment funds at 31 March 2025 (31 March 2024: £59,799k).

In accordance with IAS 1, all deferred tax assets and liabilities are classified as non-current. The amount of deferred tax asset expected to be recovered after more than 12 months is £3k (31 March 2024: £3k).

18 Movement in retained earnings

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Retained earnings at beginning of period	**6,541,827**	**6,254,902**
Profit for the financial period	212,611	320,016
Dividends paid to Members	(96,623)	(33,093)
Retained earnings at end of period	**£6,657,815**	**6,541,827**

19 Group structure

Controlled entities
This section lists the Group's controlled entities. The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company at 31 March 2025 and the results for the financial year then ended.

The Group has no controlling entity.

	Company Number	Country of Incorporation	Date of Incorporation	31 March 2025 %	31 March 2024 %
ULTIMATE PARENT ENTITY					
Pool Reinsurance Company Limited					
CONTROLLED ENTITIES					
Pool Re Services Limited[1]	13679394	United Kingdom	14/10/2021	100	100
Pool Re Solutions Limited[1]	13610468	United Kingdom	08/09/2021	100	100

Notes:

[1] The registered address for Pool Re Services Limited and Pool Re Solutions Limited is Equitable House, 47 King William Street, London, EC4R 9AF, United Kingdom

20 Distribution to Members

At an Extraordinary General Meeting held on 21 November 2014, amendments to the Retrocession Agreement between Pool Re and HM Government were approved by the Members. The terms, which took effect from 1 January 2015, include the provision for the Company to pay a dividend to Members in the event that it has earned a profit in the period, equal to 25% of the profit after tax, before Further Premium payable to HM Government.

The Board declared such a dividend on 13 September 2024 in respect of its results for the 12-month period ending 31 March 2024. The amount of the dividend paid was £96,623k (in respect of the 15-month period ending 31 March 2023: £33,093k).

21 Floating charge over the Group's assets

On 2 February 2017 and 7 April 2025, Pool Reinsurance Company Limited executed deeds granting HM Treasury floating charges over the Group's assets. The deeds and associated charges relate respectively to the Retrocession Agreements applicable up to and including 31 March 2025 and from 1 April 2025. The terms of the charges restrict Pool Reinsurance Company Limited from creating, or allowing to subsist, any further charges over the Group's assets without the consent of HM Treasury. The floating charges crystallise and take effect as a fixed charge in the event, inter alia, of default by Pool Reinsurance Company Limited in meeting certain of its obligations to HM Treasury under the relevant Retrocession Agreement and upon termination of such Agreement.

22 Related party transactions

The Group has related party relationships with the UK Government, in addition to its subsidiaries and Directors.

(a) UK Government
The Company is classified as an ALB of HMT, following classification to the central government subsector by the Office of National Statistics. Information contained within the Group's Annual Report and Accounts is consolidated into the HMT Group accounts, thereby giving rise to a relationship with HMT, Government departments and Central Government bodies.

The Group's material balances with departments and bodies of Government comprise amounts owed to HMT as detailed in Notes 3(e) and 6 and amounts owed to HMRC for corporation tax, VAT, and other employment related taxes. The Group's investment strategy permits its investment in UK Government debt issued by HM Treasury. As at 31 March 2025, the Group's direct holdings of UK Government debt was £667,891k (31 March 2024: £981,177k). This excludes any indirect holdings via mutual funds.

Other Government related transactions include payments to the Home Office and the SSCL Metropolitan Police Service totalling £2,348k (31 March 2024: £679k) in respect of project funding, and the Group's regulator, the Financial Conduct Authority, all of whom are ultimately controlled by the UK Government. All fees payable were made in the ordinary course of business and are not unusual in their nature or conditions.

(b) Key management personnel
Key management includes Executive and Non-Executive Directors. The Group has not entered into any transaction with Directors of the Group or their immediate relatives, other than the emoluments that are paid. Total compensation for key management personnel is disclosed in Note 9 to the financial statements and further detailed in the Remuneration Report on page 76.

(c) Directors and Officers shared with Pool Re Members
In the normal course of its operations, the Group has entered into transactions with Member insurers of the Pool Re Scheme, whose Directors and Officers include Non-Executive Directors of the Group. All such transactions, relate to inwards reinsurance business, and were completed on market terms.

Details of transactions entered into and the balances with the Member insurers are as follows:

Member insurer	Non-Executive Director	Relationship with Member	Transactions 12 months to 31 March 2025 £000	Balance outstanding 31 March 2025 £000	Transactions 12 months to 31 March 2024 £000	Balance outstanding 31 March 2024 £000
Allianz	Colm Holmes	Director and CEO	15,872	6,533	20,975	6,165
Aviva	Owen Morris	Personal Lines MD	30,620	7,461	44,422	8,684
Axa	Claudio Gienal[1]	Director and CEO	-	-	12,576	-
Berkshire Hathaway	Barbara Merry	NED	156	51	357	55
Liberty Mutual	Matthew Moore	Director & President of Underwriting	3,349	811	4,619	1,006
RSA	Kenneth Norgrove	Director and CEO	16,136	5,661	22,971	4,518

Notes:

[1] Claudio Gienal resigned from the position of Non-Executive Director on 31 December 2023, with total related party transactions presented to the date of resignation.

(d) Subsidiaries

Transactions between the Company and its subsidiaries that are deemed to be related parties have been eliminated upon consolidation and are not disclosed in these notes. Further details of the group structure are included in Note 19 of these financial statements.

23 Subsequent events

(i) Scheme transition

Effective 1 April 2025, the Group transitioned from a facultative obligatory treaty to an excess of loss treaty reinsurance scheme. As a result, all existing contracts under the facultative scheme were cancelled and derecognised. Upon cancellation, all rights and obligations associated with these contracts ceased, and the corresponding groups of insurance contracts were derecognised from the Group's financial statements. Any related insurance contract liabilities were adjusted accordingly.

The cancellation and de-recognition of existing facultative contracts resulted in the requirement for the subsequent reimbursement of unearned insurance revenue to Members. As per Note 3 (e)(vii), the Group recognised insurance revenue based on the passage of time over the coverage period of a group of contracts. The amount of revenue recognised was calculated using the eighths basis. This basis assumed premium received for a particular quarter represented policies which incepted, on average, at the mid-point of the quarter.

To ensure a more precise determination of the unearned insurance revenue due back to Members, the unearned insurance revenue will be recalculated based on specific risk exposure data as submitted by Members and policy rates in force. The recalculation of unearned insurance revenue and repayment to Members is expected to be complete by January 2026. The value of unearned insurance revenue as reported in these financial statements £119,296k. Any variance in the calculation methodologies is not expected to be material. Any excess or deficit in the value of unearned insurance revenue calculated will be recognised immediately in insurance revenue as relating to prior services.

The accounting treatment applied to the de-recognition of existing contracts aligns with the Group's accounting policies, as outlined in Note 3e(iv).

In accordance with IFRS 17, groups of contracts must be recognised at the earlier of the beginning of the coverage period or the date when the first payment from a policyholder in the group become due. The coverage period for the new treaty contracts began on 1 April 2025, which was deemed the date of initial recognition. These contracts have a coverage period of 12 months and will be expected to qualify for PAA in accordance with IFRS 15.53(b). As part of the transition from a facultative to a treaty-based reinsurance scheme, the level of aggregation applied for grouping insurance contracts will also change — from two separate groups under the facultative structure to a single group deemed to be the treaty arrangement. The transition to treaty is not expected to have a material impact on the Group's financial position or performance.

As the transition occurred after the reporting date, it is considered a non-adjusting post balance sheet event in accordance with IAS 10.

(ii) ILS issuance

On 1 April 2025, the Group placed a three-year insurance linked security (ILS) bond with a principal amount of £100 million, issued through a special purpose vehicle, Baltic PCC Limited. The bond (Baltic PCC Series 2025-3 Class A Principal At-Risk Variable Rate Notes 31/03/2028) has an initial interest spread of 5.90% and an attachment level of £700 million and a maturity date of 31 March 2028, with the loss period commencing on 1 April 2025. The issue recovers at a rate of 33.3p/£1, up to an exhaustion level of £1,000 million. The structure is designed to sit immediately below the commercial retrocession programme, and to accommodate potential future ILS bond issuances. The cover is fully back-to-back with the cover the Group provides to Members. The ILS is fully collateralised and therefore exposed to minimal credit risk.

24 Date of authorisation for issue of the financial statements

These financial statements were authorised for issue by a Director of the Company on the date of the audit report.

Parent Company Statement of Financial Position

As at 31 March 2025

	Notes[1]	31 March 2025 £000	31 March 2024 £000
ASSETS			
Property, plant and equipment	*2**	756	1,218
Investment in subsidiaries	*3**	691	199
Financial assets carried at fair value	*11*	7,038,299	6,860,729
Insurance contract assets	*15(i)*	137	140
Reinsurance contract assets	*15(ii)*	-	4,577
Trade and other receivables	*5**	97,314	142,505
Current tax assets		-	701
Cash and cash equivalents	*6**	343,541	269,735
Total assets		**7,480,738**	**7,279,802**
EQUITY AND LIABILITIES			
Retained earnings	*7**	6,657,818	6,541,837
Total equity		**6,657,818**	**6,541,837**
LIABILITIES			
Deferred tax liabilities	*4**	64,127	59,799
Insurance contract liabilities	*15(i)*	65,896	64,171
Reinsurance contract liabilities	*15(ii)*	514,267	353,866
Financial liabilities carried at fair value	*11*	21,868	25,371
Current tax liabilities		7,547	-
Trade and other payables	*8**	149,215	234,759
Total liabilities		**822,920**	**737,965**
Total equity and liabilities		**7,480,738**	**7,279,802**

Notes:

[1] References to the notes refer to those of the consolidated financial statements. References to notes denoted with '' refer to the notes to the parent company financial statements.*

The financial statements on pages 174–176 were approved by the Board of Directors on 30 June 2025 and signed on its behalf by:

Tom Clementi
Chief Executive Officer

Company number: 2798901

The notes on pages 177–180 form an integral part of these financial statements.

Parent Company Statement of Changes in Equity

For the year ended 31 March 2025

	Notes[1]	£000
Balance at 1 April 2023		**6,254,902**
Profit for the year		320,026
Dividends paid to Members	*20*	(33,093)
Balance at 31 March 2024		**6,541,837**
Balance at 1 April 2024		**6,541,837**
Profit for the year		212,604
Dividends paid to Members	*20*	(96,623)
Balance at 31 March 2025		**6,657,818**

Notes:

[1] References to the notes refer to those of the consolidated financial statements. References to notes denoted with '' refer to the notes to the parent company financial statements.*

Parent Company Statement of Cash Flows

For the year ended 31 March 2025

	Notes[1]	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
OPERATING ACTIVITIES			
Profit before tax		304,802	404,835
ADJUSTMENTS FOR:			
Net foreign exchange loss		118,989	106,755
Net gains on financial assets/liabilities carried at fair value		(335,104)	(377,207)
Income from financial assets carried at fair value		(236,126)	(180,435)
Profit on disposal of property, plant and equipment		-	(9)
Depreciation	2*	462	486
Interest expense		12,853	3,034
Share of results in subsidiaries		(492)	(199)
CHANGES IN OPERATIONAL ASSETS AND LIABILITIES:			
Changes in insurance and reinsurance contract assets/liabilities		166,706	(14,776)
Proceeds from sale of financial assets carried at fair value		7,773,621	5,781,949
Purchase of financial assets carried at fair value		(7,852,757)	(5,677,127)
Decrease/(Increase) in investment and other receivables		20,663	(18,813)
(Decrease)/Increase in investment and other payables		75,854	(7,987)
Cash generated from operations		**49,471**	**20,508**
Taxation paid		(79,622)	(32,782)
Interest paid		(25,698)	(25,932)
Interest received		204,005	145,454
Dividends received		15,801	16,667
Net cash flows from operating activities		**163,957**	**123,914**

INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2*	-	(26)
Net cash flows used in investing activities		**-**	**(26)**
FINANCING ACTIVITIES			
Dividends paid to Members	20	(96,623)	(33,093)
Lease payments	16	(440)	(441)
Net cash flows used in financing activities		**(97,063)**	**(33,534)**
Net increase in cash and cash equivalents		**66,894**	**90,354**
Opening cash and cash equivalents balance	6*	**266,448**	**168,498**
Net increase in cash and cash equivalents		66,894	90,354
Effect of exchange rate fluctuations on cash and cash equivalents		3,829	7,596
Closing cash and cash equivalents balance	6*	**337,170**	**266,448**

Notes:

[1] References to the notes refer to those of the consolidated financial statements. References to notes denoted with '' refer to the notes to the parent company financial statements.*

Notes to the Parent Company Financial Statements March 2025

1 Basis of preparation

Full details on the basis of preparation are set out in Note 2 to the consolidated financial statements.

In accordance with the exemption permitted under Section 408 of the Companies Act 2006, the Company's statement of profit or loss and related notes have not been presented in these separate financial statements.

2 Property, plant and equipment

	Right of use assets £000	Other Equipment £000	Total £000
BOOK COST			
As at 1 April 2024	3,947	1,812	5,759
Additions	-	-	-
Disposals	-	-	-
As at 31 March 2025	**3,947**	**1,812**	**5,759**
ACCUMULATED DEPRECIATION			
As at 1 April 2024	2,928	1,613	4,541
Charge for the year	395	67	462
Disposals	-	-	-
As at 31 March 2025	**3,323**	**1,680**	**5,003**
NET BOOK VALUE			
As at 31 March 2025	**624**	**132**	**756**

	Right of use assets £000	Other Equipment £000	Total £000
BOOK COST			
As at 1 April 2023	3,947	2,008	5,955
Additions	-	116	116
Disposals	-	(312)	(312)
As at 31 March 2024	**3,947**	**1,812**	**5,759**
ACCUMULATED DEPRECIATION			
As at 1 April 2023	2,532	1,753	4,285
Charge for the year	396	90	486
Disposals	-	(230)	(230)
As at 31 March 2024	**2,928**	**1,613**	**4,541**
NET BOOK VALUE			
As at 31 March 2024	**1,019**	**199**	**1,218**

The charge for depreciation for the year ended 31 March 2025 was £462k (31 March 2024: £486k).

Depreciation for right-of-use assets includes £395k (31 March 2024: £394k) for office leasing and £nil (31 March 2024: £2k) for office equipment leasing.

3 Investment in subsidiaries

	31 March 2025 £000	31 March 2024 £000
Opening investment in subsidiary undertakings	199	-
Additional investment in subsidiary undertakings	492	199
Closing investment in subsidiary undertakings	**691**	**199**

Further details of the group structure are included in Note 19 of the consolidated financial statements.

4 Deferred tax

	31 March 2025 £000	31 March 2024 £000
Deferred tax asset	-	-
Deferred tax liability	(64,127)	(59,799)
Net deferred tax liability	**(64,127)**	**(59,799)**

Deferred tax assets and deferred tax liabilities relating to the same tax authority are presented net in the Company's balance sheet.

	31 March 2024 £000	Profit or Loss Account (charge)/credit £000	31 March 2025 £000
Trading losses	-	-	-
Tangible assets	-	-	-
Total deferred tax assets	-	-	-
Financial assets	(59,799)	(4,328)	(64,127)
Total deferred tax liabilities	**(59,799)**	**(4,328)**	**(64,127)**
Net total deferred tax liability	**(59,799)**	**(4,328)**	**(64,127)**

Deferred tax assets of £nil (31 March 2024: £nil) have been recognised on current year tax losses of £nil (31 March 2024: £nil).

A deferred tax liability of £64,127k has been recognised in respect of timing differences on the realisation of equities and investment funds at 31 March 2025 (31 March 2024: £59,799k).

In accordance with IAS 1, all deferred tax assets and liabilities are classified as non-current. The amount of deferred tax asset expected to be recovered after more than 12 months is £nil (31 March 2024: £nil).

5 Investment and other receivables

	31 March 2025 £000	31 March 2024 £000
Prepayments and accrued income	60,977	49,717
Other receivables:		
Investment debtors	35,816	90,924
Amounts due from group undertakings	216	1,442
Other debtors	305	422
Total investment and other receivables	**97,314**	**142,505**

The amounts expected to be recovered before and after one year are estimated as follows:

	31 March 2025 £000	31 March 2024 £000
Within one year	97,314	142,505
After one year	-	-
Total investment and other receivables	**97,314**	**142,505**

There is no significant credit risk within investment and other receivables. The Company recognised a loss of £nil (31 March 2024: £nil) for the impairment of receivables during the year ended 31 March 2025.

6 Cash and cash equivalents

	31 March 2025 £000	31 March 2024 £000
Cash at bank and in hand	39,153	44,367
Short-term deposits	304,388	225,367
Cash and cash equivalents per the Statement of Financial Position	**343,541**	**269,735**
Bank overdrafts	**(6,371)**	**(3,287)**
Cash and cash equivalents	**337,170**	**266,448**

Short-term deposits include debt securities with an original maturity date of less than three months and money market funds.

7 Movement in retained earnings

	12 months to 31 March 2025 £000	12 months to 31 March 2024 £000
Retained earnings at beginning of period	6,541,837	6,254,902
Profit for the financial period	212,604	320,026
Dividends paid to Members	(96,623)	(33,093)
Retained earnings at end of period	**6,657,818**	**6,541,837**

8 Investment and other payables

	31 March 2025 £000	31 March 2024 £000
Social security and other taxes payable	24	46
Investment creditors	132,818	223,067
Lease liabilities[1]	942	1,370
Bank overdrafts	6,371	3,287
Amounts due to group undertakings	2,296	1,919
Other creditors	1,786	189
	144,238	**229,879**
Accruals	4,977	4,880
Total investment and other payables	**149,215**	**234,759**

The amounts expected to be settled before one year and after one year are estimated as follows:

Within one year	143,727	228,937
After one year	511	942
Total investment and other payables	**144,238**	**229,879**

Notes:

[1] The Company has one lease, details of which are included in Note 16 to the consolidated financial statements.

9 Related party transactions

Further details of related party transactions are included in Note 22 to the consolidated financial statements.

Intra-group transactions		31 March 2025 Related party balances £000	12 months to 31 March 2025 Related party transactions £000	31 March 2024 Related party balances £000	12 months to 31 March 2024 Related party transactions £000
Relationships	**Related party balances:**				
Subsidiary	Due (to)/from Pool Re Services Limited	(1,031)	(20,344)	(697)	(10,183)
Subsidiary	Due (to)/from Pool Re Solutions Limited	(1,049)	(3,662)	220	(1,611)
Total related party balances		**(2,081)**	**(24,006)**	**(477)**	**(11,794)**

Profile of Membership

As at 31 March 2025	Number of Members	Percentage of Members	Number of votes	Percentage of votes
ANALYSIS BY JURISDICTION				
Belgium	2	1.6%	23	0.8%
Bermuda	1	0.8%	3	0.1%
France	2	1.6%	-	0.0%
Germany	2	1.6%	3	0.1%
Gibraltar	2	1.6%	-	0.0%
Guernsey	12	9.4%	77	2.8%
Ireland	13	10.2%	84	3.1%
Isle of Man	5	3.9%	41	1.5%
Liechtenstein	2	1.6%	3	0.1%
Luxembourg	3	2.3%	2	0.1%
United Kingdom	57	44.5%	2,436	89.9%
United States of America	3	2.3%	10	0.4%
	104	**81.3%**	**2,682**	**98.9%**
Active underwriters of Lloyd's Syndicates	24	18.8%	29	1.1%
	128	100.0%	2,711	100.0%
ANALYSIS BY NUMBER OF VOTES				
0	25	19.5%	-	0.0%
1-25	82	64.1%	345	12.7%
26-50	9	7.0%	331	12.2%
51-100	6	4.7%	403	14.9%
101-150				
151-200	2	1.6%	351	12.9%
201-250	2	1.6%	454	16.7%
251-300				
301-350	1	0.8%	313	11.5%
351-400				
401-450				
451-500				
501-550	1	0.8%	514	19.0%
551-600				
601-650				
651-700				
	128	**100%**	**2,711**	**100%**

Under Article 33 of the Articles of Association, any Member who becomes a Member shall have one vote until the end of the calendar year in which they became a Member. Thereafter, under the provisions of Article 31, a Member has one vote for each £100,000 of premium or part thereof for reinsurance placed with the Group in the calendar year prior to the poll. Under Article 32, if data for the prior calendar year is not available when the votes are to be cast, data from the previous prior calendar year may be used.

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POOL Re

REINSURING TERRORISM RISK